



 **The Container Store®**

Sustainability
Report

2021

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CEO Message



MAY 2022

At The Container Store, we recognize the importance of our impact on people, the planet and the communities where we operate. It is imperative to the success of our business that we continue to learn, improve and advance our vision in those key areas by implementing a strong and thoughtful Environmental, Social and Governance (“ESG”) strategy. We are excited to mark an important milestone in our journey by publishing our first Sustainability Report for fiscal year 2021.

Not only is this report the right thing to do, but we also know it matters to our customers, employees, communities and shareholders, and we are committed to updating it annually. I am incredibly proud of the strides our company has made in having a positive impact even before I joined in February 2021. I have complete confidence we will make progress on the areas we have identified for growth in the months and years to come.

In 2021, we created new roles for Diversity, Equity and Inclusion (“DE&I”) and ESG. These two leaders have already had a tremendous influence across the business by establishing new and exciting initiatives in DE&I and spearheading our first materiality assessment, an important step in developing our overall ESG strategy.

We took significant steps toward a sustainable future in this past year. For our people, we accomplished milestones like raising our minimum hourly wage to \$15 an hour and forming three internal DE&I Councils. I was proud to join nearly 2,000 CEOs in signing the CEO Action for Diversity and Inclusion Pledge on behalf of The Container Store. We published our workforce demographics which included that 53% of our senior leadership team is female and 33% of senior leadership identifies as Black, Indigenous or a Person of Color. All of our progress was accomplished while navigating external complexities and dynamic environments due to COVID-19.

For our customers and the planet, we formed an internal Sustainability Committee and joined the Environmental Protection Agency’s (EPA) Green Power Program in addition to establishing our first Renewable Energy Credits (ERC) program to offset power use by our stores, distribution centers and corporate office. We also grew our sustainable product offering to approximately 1,600 items. Sustainable products are now merchandised in a clear way, both in-store and online, for our customers to shop mindfully. These are just a few of the numerous sustainability highlights that we plan to build on over time.

While we have much to do to accomplish our long-term vision, I am excited about building upon our progress to date. We are well on our way to a more prosperous social and environmentally driven future. Thank you for being invested in our story.

Satish Malhotra,
CEO and President of The Container Store

About The Container Store

ABOUT US

The Container Store Group, Inc. (“The Container Store”) is the leading specialty retailer of organizing solutions, custom closets and in-home services in the United States and the only national retailer devoted to the category. We provide an unmatched assortment of products and solutions designed to transform lives through the power of organization.

During fiscal year 2021, our operations consisted of the following three business lines. First, The Container Store (“TCS”) consists of our retail stores, website and call center (which includes business sales), as well as our in-home business services. Second, Closet Parent Company, Inc. (“Closet Works”) is a designer, manufacturer and supplier of wood-based custom home storage and organization solutions. The Container Store Group, Inc. acquired Closet Works on December 30, 2021 for total cash consideration of \$21.4 million. Closet Works is not included within the scope of this year’s sustainability report. Third, The Container Store, Inc.’s wholly-owned Swedish subsidiary, Elfa International AB (“Elfa”) designs and manufactures component-based shelving and drawer systems and made-to-measure sliding doors. The Container Store began selling Elfa products when The Container Store formed in 1978, and then acquired Elfa in 1999. Elfa publishes an independent [Sustainability Report](#), and therefore is excluded from this report.

The Container Store operates 94 stores with an average size of approximately 25,000 square feet in 33 states and the District of Columbia. Our stores receive all of our products directly from one of our two distribution centers in Coppell, Texas and Aberdeen, Maryland. Elfa operates three manufacturing facilities, with two located in Sweden and one in Poland. Headquartered in Dallas, Texas and publicly traded on the New York Stock Exchange (NYSE) since 2013, The Container Store generated \$1.1 billion in consolidated net revenue in fiscal 2021.



PERFORMANCE HIGHLIGHTS AND RECOGNITIONS IN 2021

- \$1.1 Billion Net Revenue
- Created an [Environmental Policy](#) and [Human Rights Policy](#)
- Renewed Our Foundational Principles
- Joined EPA Green Power Program
- Launched new loyalty program, Organized Insider
- Performed our first ESG Materiality assessment
- Conducted a formal pay equity review
- Updated our brand purpose
- CEO Action Pledge

TRADE ASSOCIATIONS MEMBERSHIPS

- The Container Store is a member of the following associations:
- American Institute of Architects (“AIA”)
 - National Association of Productivity and Organizing Professionals (“NAPO”)
 - American Society of Interior Designers (“ASID”)



OUR FOUNDATION PRINCIPLES

In 2021, we modernized our Foundation Principles, seven fundamental business philosophies about treating people with respect and dignity. We have mapped these Foundation Principles to the topics discussed in this report using the corresponding icons. We also personalized our employee-naming conventions. Our teams now rally around our new brand purpose: *The Container Store exists to transform lives through the power of organization*. This purpose does not stop at our customers, it applies to all stakeholders. Our new brand campaign underscores our inclusive philosophy, [Welcome to The Organization](#), which launched in February 2022.

For more information, please visit our [Foundation Principles](#) webpage.



1 Great Person = 3 Good People



Train for Success



We Sell Complete Solutions



Air of Excitement



The Best Selection, Quality & Service



When It's a Win-Win, We All Win



Communication Is Leadership

Materiality & Stakeholder Engagement



MATERIALITY ASSESSMENT

In 2021, we conducted our first formal materiality assessment to identify and prioritize the ESG topics most important to our business and stakeholders. With the guidance of third-party experts, we benchmarked peers and public reporting, analyzed external trends, interviewed key internal and external stakeholders, and scored key issues. This process helped us determine topic prioritization and highlight key areas of risk and opportunity across ESG. To conclude our assessment, we developed a comprehensive materiality matrix, which was reviewed and validated by senior management and the Board of Directors.

Our materiality matrix illustrates the most critical ESG topics to our business and stakeholders. The top-ranked issues are indicated in the table below and are discussed in this report. Topics not mentioned in the table below will be monitored regularly and reported on as needed. We plan to use our materiality matrix to identify opportunities for improvement in the future.

CATEGORY	TOP MATERIAL TOPICS
Environmental	<ul style="list-style-type: none"> Product Stewardship Emissions & Energy
Social	<ul style="list-style-type: none"> Talent Recruitment, Engagement & Retention Diversity, Equity & Inclusion Customer Engagement & Satisfaction
Governance	<ul style="list-style-type: none"> Responsible Supply Chain Practices Digital Technology & E-Commerce Privacy, Data Protection & Cybersecurity



STAKEHOLDER ENGAGEMENT

At The Container Store, we engage our stakeholders to identify priorities, determine risks, highlight opportunities, and enhance responsible business practices.

STAKEHOLDER GROUP	ENGAGEMENT ACTIVITIES	IMPORTANT ESG TOPICS
Employees	<ul style="list-style-type: none"> Annual Employee Pulse Survey Employee First Fund Trainings (Onboarding, Compliance & Ethics, Cybersecurity, Sales and Others) Employee Newsletter (1Equals3) Anonymous Hotline 	<ul style="list-style-type: none"> Talent Recruitment, Engagement & Retention Learning Development & Training Diversity, Equity & Inclusion Compensation & Benefits Digital Technology & E-Commerce
Customers & Business Partners	<ul style="list-style-type: none"> Routine Customer Survey Customer-Facing Blog (Container Stories) Emails and Newsletters Brand Ambassador and Influencer Programs Rewards and Discount Programs Social Media Webinars and Videos 	<ul style="list-style-type: none"> Social Impact of Products & Services Customer Engagement & Satisfaction Health, Safety & Well-being Product Stewardship Digital Technology & E-Commerce
Investors	<ul style="list-style-type: none"> Annual Shareholder Meeting Trend, Risk and ESG Strategy Interviews Quarterly Calls and Webcasts Investor-Facing Website SEC Filings 	<ul style="list-style-type: none"> Corporate & ESG Governance Product Stewardship Responsible Supply Chain Practices Emissions & Energy Privacy, Data Protection & Cybersecurity
Suppliers	<ul style="list-style-type: none"> Supplier Events Supplier Communications Third-Party Audits Trade Shows 	<ul style="list-style-type: none"> Supplier Diversity Council Responsible Supply Chain Practices Product Stewardship Emissions & Energy Product Safety
Communities	<ul style="list-style-type: none"> Employee Volunteerism Charitable Giving Program New Store Launch Events Teacher Discount Program 	<ul style="list-style-type: none"> Health, Safety & Well-being Social Impact of Products & Services Product Stewardship Product Safety



Corporate & ESG Governance



At The Container Store, we commit to doing our part to contribute to the well-being of our customers, communities, and the environment. This commitment affects everything we do, from daily operations at our stores, headquarters and distribution centers to the vendors we work with and the products we offer.

The Nominating and Corporate Governance Committee of the Board of Directors oversees our ESG efforts. Our Chief Financial Officer, a member of the executive committee, leads the ESG function. The Senior Director of ESG manages corporate sustainability activities and strategy, and reports to the Chief Financial Officer. Weekly meetings track progress across ESG goals and efforts.

This year, we formed a Sustainability Committee to oversee sustainable product development and materials selection on a bi-weekly basis. The Sustainability Committee consists of cross-functional members, and is led by the Vice President of Merchandising.



“I am pleased with the strides The Container Store has made in our ESG efforts over the past fiscal year. We hired for director roles in both ESG and DEI and performed our first materiality assessment to identify key areas of opportunity across ESG. I am looking forward to the next step in this journey by establishing goals and key metrics to measure our progress in the future.”

– Jeff Miller, Chief Financial Officer



“I am thrilled to be a part of highlighting our progress across key ESG topics through our first Sustainability Report. This annual report will offer greater transparency to our stakeholders and establish a clear path forward.”

– Ivet Taneva, Senior Director, ESG



“I am proud to be a part of a company that walks the talk and is committed to doing what’s right for our people, our partners, and the communities we serve. Our goal is to be a company that reflects the communities we live in, celebrates rich cultural heritage, and everyone has equitable opportunities to thrive.”

– LaTisha Brandon, Senior Director, Diversity, Equity & Inclusion



Environment



> EMISSIONS
& ENERGY

> PRODUCT
STEWARDSHIP

Emissions & Energy



We continue to look for solutions that will help reduce our overall energy consumption and support our transition to renewable energy, both to improve our costs and business resilience, as well as the communities in which we operate.

The Senior Director of ESG manages Emissions & Energy programs, and reports to the Chief Financial Officer. The Nominating and Corporate Governance Committee of the Board of Directors also oversees this topic.

Within our stores, we look for ways to improve efficiency, utilize natural light and update lighting fixtures. For example, in 2018, we started to include full LED lighting in all future stores, as well as our distribution center in Aberdeen, MD. In fiscal 2021, we launched a program to retrofit six of our stores. We aim to add more stores to this program every year.

“The Container Store is passionate about the environment and is fully committed to reducing the overall footprint of our operations.”

– Satish Malhotra, CEO and President

We offset power usage in our stores, distribution centers and corporate office with 100% renewable energy. In addition to establishing our very first Renewable Energy Credits (“REC”) Program, The Container Store is also a member of the [EPA’s Green Power Program](#). We will continue to look for new opportunities to reduce our overall greenhouse gas emissions and carbon footprint. For more details about our commitments, reference our [Environmental Policy](#).

HIGHLIGHT



The Container Store Joins United States Environmental Protection Agency’s Green Power Partnership

In the fall of 2021, we [joined](#) the United States Environmental Protection Agency’s (“EPA”) Green Power Partnership. We use more than 57 million kilowatt-hours (kWh) of green power annually, enough to match 100 percent of our electricity use. Our investment in 100 percent renewable energy — specifically wind power — helps offset energy use from our stores, distribution centers and corporate offices. “We are proud to join the EPA’s Green Power Partnership. Using green power helps further reduce our organization’s emissions footprint,” said President and CEO, Satish Malhotra. To learn more about the program, visit the EPA’s [Green Power Partnership website](#).

100%

renewable energy that offsets our power usage in stores, distribution centers and corporate office

In compliance with environmental regulations, we track and monitor our Scope 1 and Scope 2 emissions according to the Green House Gas (“GHG”) Protocol. In fiscal 2021, we onboarded software partners to help us measure our baseline Scope 1 and Scope 2 GHG emissions and energy intensity data. Once we have established key baseline metrics for our stores, distribution centers and support center, The Container Store plans to focus on projects and opportunities to reduce emissions and overall energy use throughout our operations. In the future, we plan to introduce Scope 3 emissions tracking and develop emissions-related goals in this segment.

ENVIRONMENTAL MANAGEMENT SYSTEM

Our company, including all members of the Board of Directors, officers, and employees, must comply with all applicable environmental laws and regulations. This year, we plan to implement Navex, a new Environmental Management System (“EMS”) system. Our EMS is expected to provide useful data insights into our efforts to manage our energy, waste and water usage.

To advance our commitment to reducing our environmental footprint, we also track our water use by location. Please see our [Water Usage Disclosure](#) page for more information.

CLIMATE RISK

We are beginning to understand The Container Store’s unique risks and potential impacts resulting from the effects of global climate change. These risks can include transition risks and physical risks. As we understand more about the climate risks associated with our business, we will consider the recommendations of the Task Force for Climate-Related Financial Disclosures (“TCFD”).

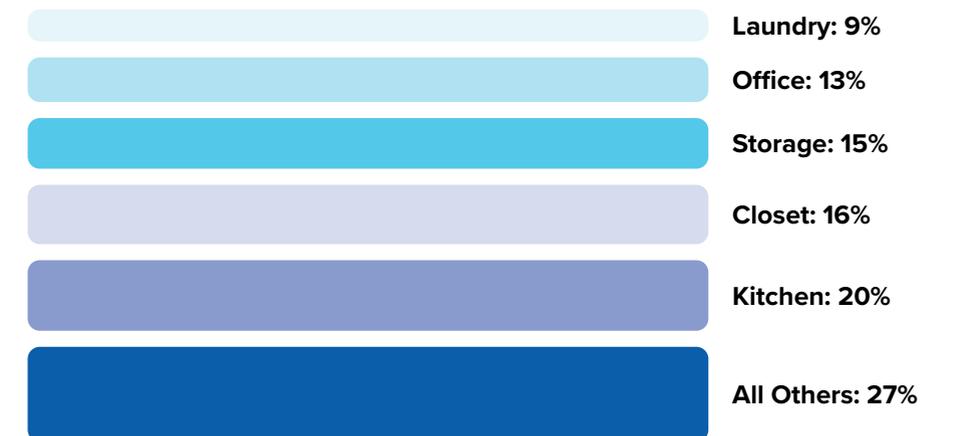
Product Stewardship



We manage our products throughout their lifecycle and provide our customers with products that advance circularity. The Chief Merchandising Officer and other members of the merchandising team manage most initiatives related to sustainable products, with additional help and insight from Legal, ESG, E-Commerce, Marketing, and the Chief Executive Officer. The Board of Directors receives occasional updates on this topic. Additionally, the Container Store’s Sustainability Committee includes a working group that advances product stewardship in merchandising.

We advance product stewardship through providing sustainable options for our customers. We offer approximately 1,600 products that are either made from renewable materials, recycled or composted products or products that promote the health of our environment and homes. We inform customers of our sustainable product offerings through our [Sustainability Made Simple In-Depth Guide](#).

Sustainable Solutions by Department^{[1], [2]}



[1] This chart represents our sustainable solution offerings by department as of April 2nd, 2022.

[2] The percentages for each department are associated with stock-keeping unit (SKU) data.

HIGHLIGHT



RENEWABLE MATERIALS



HEALTHIER HOME & ENVIRONMENT



SUSTAINABLE SUPPLIER



RECYCLED



RECYCLABLE

Sustainable Solution Icons

In 2021, we launched sustainable icons in store and online to help customers choose solutions that are aligned with their values. Our Training and Development team trains in-store employees to identify and explain these icons to customers. Products with the “Renewable Materials” icon incorporate renewable materials into products that can be manufactured or generated quickly enough to keep pace with how fast they are used. Products with the “Recycled” icon use materials or processes that are designed to avoid landfills. Products with the “Healthier Home and Environment” icon include products that meet one or more of the following criteria: clean, biodegradable, bio-based, BPA free, paraben free, replacement of single use plastic, organic cotton, compostable and low VOCs.

Approximately

1,600

sustainable product options

As part of our product stewardship strategy, we develop business partnerships to champion new, environmentally conscious offerings. The Container Store x KonMari by Marie Kondo line exemplifies our commitment to diversify our product line with more sustainable solutions. In this partnership, we collaborated with tidying expert, bestselling author and host of the Netflix TV show Sparking Joy, Marie Kondo, to launch a collection that includes over 165 unique items categorized as “Recycled,” made from “Renewable Materials” or contributes to a “Healthier Home & Environment.” This line uses premium materials including bamboo, ceramic, recycled fiberboard and wood certified by the Forest Stewardship Council. [In-Depth Guide.](#)

“When I was looking to develop products, I wanted a sustainable line that would spark joy and deliver the versatility and expertise The Container Store is famous for. I am so proud of what we have created together and thrilled that we were able to infuse aspects of my Japanese heritage into the collaboration.”

– Marie Kondo

PACKAGING LIFECYCLE MANAGEMENT

We look for innovative solutions to reduce packaging and product waste, and we promote the use of recyclable materials wherever possible. For example, we collaborated with one of our packaging vendors to use 100% recyclable corrugate boxes, resulting in the following impact^[1] for calendar year 2021:

11,627,000

gallons of water saved

28,237

trees saved

1,661

tons of CO₂ prevented from operation activities

5,481

cubic yards diverted from landfill

As we strive to divert waste from the landfill at our stores, we will work to establish waste reduction goals and promote circularity throughout our business. For example, in 2021, we transitioned from using bubble wrap in our packaging to recyclable paper. For more information, see our [Environmental Policy.](#)

[1] The impact metrics listed above represents the data from one of The Container Store’s packaging vendors.



Social



> HUMAN CAPITAL
MANAGEMENT

> CUSTOMER
ENGAGEMENT &
SATISFACTION

Human Capital Management

We ensure an inclusive workplace culture that attracts and retains high-performing, diverse talent. The Executive Vice President of Human Resources is responsible for the following topics: Talent Retention, Engagement & Recruitment; Employee Development & Training; Health Safety & Well-being; Diversity, Equity & Inclusion; and Ethics & Compliance. Relevant programs and initiatives include recruitment, performance management, associate relations, talent development, succession planning and employee engagement functions. The Board of Directors oversees performance related to these topics and receives quarterly updates on Human Capital Management. For more information, please reference our [Human Rights Policy](#), which describes our stance on Human Rights, our commitment to Health & Safety, our approach to DE&I, and our expectations of ethical behavior for our employees and suppliers.

“Our focus on diversity, equity and inclusion makes us stronger, more productive and more creative. It enables us to attract top talent, creates professional growth opportunities, and therefore, makes us a more successful organization.”

– John Marazio, EVP Human Resources

TALENT RECRUITMENT, ENGAGEMENT & RETENTION



We believe one great person with passion, perspective and a range of experiences has the energy and drive to achieve more than three good people without those traits. Our philosophy attracts other great people, making it easy to build a dedicated team who will exceed goals and create a successful work environment. Our culture shows why we hire great people from diverse backgrounds and foster an equitable, inclusive and safe environment where everyone can thrive.

We conduct an annual Employee Satisfaction and Engagement Survey, or “Pulse Survey.” We also perform Employee Exit Surveys. Results from our surveys have a direct effect on our management policies. We strive to pay a fair wage to our employees, which is why we raised our minimum hourly wage to \$15 an hour in 2021.

86%

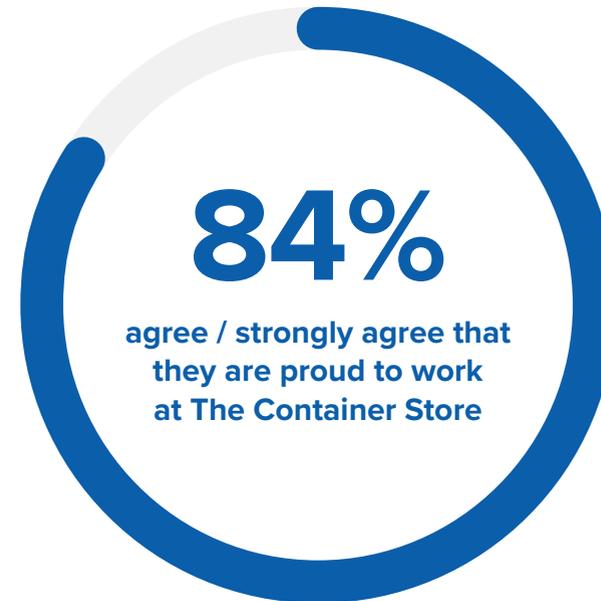
participation in our 2021 Employee Pulse Survey

\$15

minimum hourly wage

One of the ways we retain great employees is through great benefits. We offer full-time and part-time employees standard benefit options like medical, dental and vision plans, paid time off, 401(k) plans and store discounts. We also offer benefits like pet insurance, a 24-hour Employee Assistance Program, a leadership development program and celebrations like TCS Appreciates.

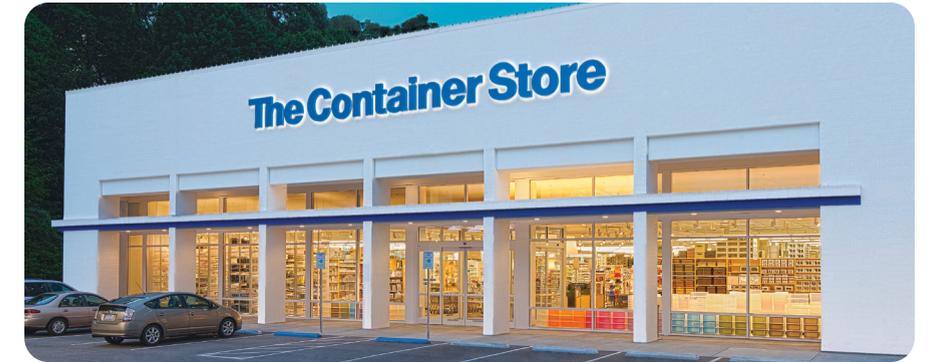
Employee Pulse Survey Results



EMPLOYEE DEVELOPMENT & TRAINING



At The Container Store, we commit to a robust and ongoing training and development program. Through training, we equip our team to meet the needs of our customers, whether they work in our Stores, Distribution Centers or Support Center. Training also helps our employees become knowledgeable and trusted experts armed with intuition and trained for success. We offer a steady stream of learning opportunities designed to refresh skills and create a work environment full of passion and energy.



In 2021, we introduced a new framework for Performance Management that included a new annual performance appraisal form, new rating categories and an accelerated timeframe for employees to receive their annual performance review. In addition, we launched a test pilot for a select group of employees during which we administered annual performance appraisals online.

The pilot was a success and we will move to a paperless performance appraisal process in 2022.

HEALTH, SAFETY & WELL-BEING



The Container Store is committed to providing a safe and healthy workplace environment for all, including our vendors. The Human Resources function has primary responsibility for Health, Safety & Well-being. The Loss Prevention and Risk Management function, also manages aspects of Health, Safety & Well-being, as well as the safety and security of all our employees and customers, injury reporting, safety training and risk management.

The health and safety of our employees and customers are vital to the health of our business. We strive to minimize injury or illness, as well as property loss or business interruption caused by accidents, fire or other hazards. The Container Store is committed to providing quality equipment, access to clean water, safe tools and necessary protective equipment to keep employees safe. This commitment includes providing ongoing training and the necessary resources and time required to maintain a safe place to work.

Additionally, we expect all employees to cooperate with our safety measures and actively help keep each other safe. All employees must recognize hazards, anticipate risks and act to eliminate or control them. We expect our employees to communicate with each other and our management team when they observe unsafe acts, or if there is potential for an unsafe working environment. For example, in 2021, we implemented a mass communication system to notify employees of risk events occurring near our locations and provide information that enable employees to feel safe and secure during a risk event. We also use these notifications to confirm the welfare of our employees and provide assistance as needed.

Health and safety remains top of mind for our business as COVID-19 continues to impact the communities in which we operate. Within the store, we take the temperatures of employees and vendors as they enter the building and follow all state or local mandates, regardless of vaccination status. For all confirmed positive cases, we conduct contact tracing.

We also prioritize employee well-being. Our wellness program, “Contain Your Health,” offers monthly incentives that encourage employees to enrich their well-being. We also publish a weekly employee newsletter with tips to maintain well-being.

For more information, please reference our [Human Rights Policy](#).

DIVERSITY, EQUITY & INCLUSION

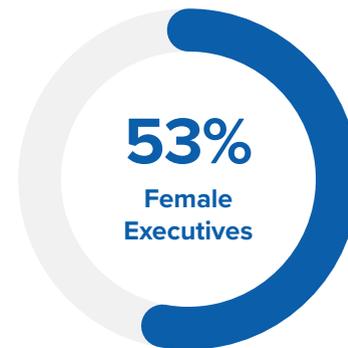


We commit to doing everything we can, as individuals and as a company, to ensure that all of us, regardless of ethnicity, gender identity, gender expression, sexual orientation, age, ability or religious affiliation, possess equal opportunity to grow, develop and achieve our goals. The Container Store provides equal opportunities in compliance with federal laws, including the United States Equal Employment Opportunity Commission laws and guidance. Please refer to our Performance Data table to view our workforce composition.

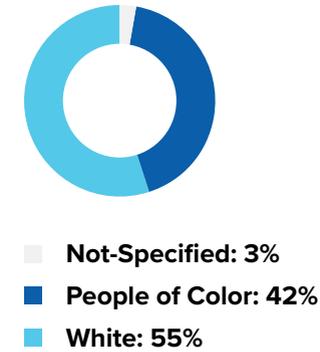
Percent of Racially Diverse Executives



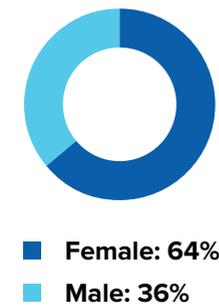
Percent of Female Executives



Racial Diversity of the Total Workforce^[1]



Gender Diversity of the Total Workforce^[1]



We know that our commitment to a diverse, equitable and inclusive culture starts from the top. Our CEO, Satish Malhotra, demonstrated his commitment by signing the [CEO Action Pledge for Diversity & Inclusion](#). Through this pledge, The Container Store commits to actions that cultivate a trusting environment that welcomes all ideas and empowers employees to feel comfortable discussing diversity and inclusion. We advance this commitment through unconscious bias education annually and during onboarding, working with other companies to develop best practices, sharing our DE&I plans with our Board of Directors and implementing accountability systems to track our progress. You can read more about what the pledge entails at the [CEO Action Pledge](#) webpage.

HIGHLIGHT



Employee First Fund

Our Employee First Fund, established in 2013, provides grants to employees that are experiencing unforeseen emergencies like a major medical situation, a catastrophic event or other grave challenges. A company contribution set up the fund, and employee contributions and other company stakeholders provide financial support to the Fund today.

[1] Total Workforce metrics exclude management. This data is based on rounded values.

HIGHLIGHT



Sustainability
Interest Group



Abilities Employee
Resource Group



Mosaic Employee
Resource Group



Military, Veteran & Patriots Employee
Resource Group



Contain Your Health
Interest Group



Pride Employee
Resource Group



Parents Affinity Group for Employees (PAGE)
Interest Group

Employee Resource & Affinity Groups

Our Employee Resource & Affinity Groups help guide how we give back to the community while providing a space for employees to connect, support, and celebrate diverse cultural heritages. These employee-led groups provide invaluable insight to the business and help bring awareness to causes that affect us all.

Our approach to diversity, equity, and inclusion includes [four pillars of change](#):

- 1 **Educate Everyone**
- 2 **Be Accountable & Engage**
- 3 **Recruit, Retain & Develop**
- 4 **Listen & Respond to Employee Concerns**

In the last year, we made significant strides in our DE&I journey. For example, we hired a Senior Director of DE&I responsible for the management of DE&I efforts. This role reports to the Executive Vice President of Human Resources. In 2021, we also established DE&I Councils that meet quarterly.

- One of our councils is the Executive DE&I Council (“EDEIC”), responsible for aligning DE&I efforts with the corporate mission and strategy, and ensures the application of the DEI strategies at all levels of the organization. The EDEIC is comprised of four members of the C-Level Leadership Team, the four ERG Executive Sponsors, and the chair and co-chair of the DE&I Advisory Council.
- The DE&I Advisory Council (“DEIAC”) supports the strategic implementation of the DEI strategy, and provides feedback and recommendations on initiatives, processes, policies and practices. Members of the DEIAC are nominated and represent various levels, locations and people groups throughout the stores, the distribution centers and the support center.

In 2021, we advanced our DE&I corporate strategy by launching employee resource groups and establishing a diversity dashboard. Furthermore, we hired an outside consultancy to conduct a formal pay equity review to ensure that regardless of gender, race or ethnicity, we provide equal pay for equal work. The pay equity review showed that the steps we are taking to pay our employees equitably are working. We consistently and regularly review our pay practices to ensure equity and this will not change moving forward; when we do identify potential differences in pay, we will research those differences, determine any explanatory factors and, if appropriate, take action such as adjusting employee pay.

For more information about our DE&I programs, please visit our [Diversity, Equity & Inclusion](#) page.





11 million+

Loyalty Program members

Customer Engagement & Satisfaction



We earned our reputation as an industry leader because of our excellent employees, our unique culture and proven record of customer service. The Consumer Insights team and Marketing team, both of which report to the Chief Marketing Officer, manage Customer Engagement & Satisfaction. The Customer Insights team also manages some customer engagement responsibilities with support from the E-Commerce team. The Board of Directors and senior leadership receive regular updates on Net Promoter Score (“NPS”) for closets, retail and e-commerce, as well as updates on brand health tracking.

To understand the needs of our customers, we track a variety of metrics including whether customers feel valued and whether we made their day better. We aim to deepen our relationship and engage with our customers directly through email and social media campaigns. Our Customer team is also available to answer questions, address complaints and provide additional feedback.

We reward our customers engagement through our [Loyalty Program](#), Organized Insider. This program offers discounts for first-time orders, birthday and member savings, member gifts, special event invitations, and receipt-free returns. The program consists of 3 tiers based on a customer’s annual spending level:

- **Enthusiast:** All members will have receipt-free returns, bonus savings days, birthday discounts and one Insider Savings Day per year
- **Experienced:** Enthusiast benefits plus new tier achievement savings, early access to select new products, shopping events and higher discounts
- **Expert:** Experienced benefits with deeper discounts, exclusive event invitations and an annual year-end gift

HIGHLIGHT



Community Impact

The Container Store gives back to the communities we serve. We focus on causes that are important to our employees and customers. We accept donation requests from certified 501(c) (3) nonprofits, professional services and membership-based organizations that are located in markets we serve. We provide gift cards and products when appropriate to support auctions, raffles and other fundraising events. We also donate Elfa shelving to various organizations to help with their facility storage and organizational needs. We advance our community contributions through TCS Gives partnership, in which we donate to organizations such as the Children’s Hospital of Richmond and Genesis Women’s Shelter.

The Container Store is also proud to announce its partnership with Paul Quinn College (PQC). Through its Work Program, corporate partners provide students with paid, real-world work experience while completing their bachelor’s degree with minimum to no debt.



Governance

> ETHICS & COMPLIANCE

> RESPONSIBLE SUPPLY CHAIN PRACTICES

> DIGITAL TECHNOLOGY & E-COMMERCE

> PRIVACY, DATA PROTECTION & CYBERSECURITY



Ethics & Compliance



Legal compliance is the foundation of The Container Store's ethical standards. Relationships with customers, vendors, competitors, employees, governmental bodies and officials must comply with all laws, rules and regulations applicable to the conduct of The Container Store's business. The Board of Directors and Audit Committee oversee Ethics & Compliance, as well as the Chief Financial Officer and Executive Vice President of Human Resources. All employees, regardless of position or rank, undergo compliance training annually and are required to acknowledge understanding and commitment to upholding our [Code of Business Conduct and Ethics](#).

We encourage employees to report known or suspected violations through our third party reporting provider, Conversant. Employees can report openly, confidentially and/or anonymously by calling a Conversant, or by accessing the Code of Business Conduct and Ethics Violation Allegation [website](#). Employees may also send questions or comments to their manager, department head or Human Resources. The Human Resources team, along with relevant governing parties, conducts a thorough investigation of any allegation to determine whether a violation has occurred. Once the investigation concludes, we take the appropriate action and follow up with the employee who made the allegation.

“No matter how big the company becomes, our way of doing business with Conscious Capitalism in mind will stay the same.”

– Our Code of Business Conduct and Ethics

Responsible Supply Chain Practices



Sustainability is critical to the future success of our company and our brand integrity, and we seek out suppliers with the same values. The Vice President of Supply Chain oversees The Container Store’s direct procurement, and reports to the Chief Merchandising Officer. The Director of Procurement oversees indirect procurement, and reports to the Chief Financial Officer.

We expect all business partners throughout our supply chain to conduct business in an ethical, transparent, responsible and sustainable way. [Our Supplier Code of Conduct \(“Human Rights Policy”\)](#) guides our efforts beyond foundational compliance practices. Our Code addresses our expectations for suppliers related to child labor, forced labor, wages, freedom of association, human trafficking, environmental practices and anti-corruption. We reserve the right to engage in monitoring activities to confirm compliance with our [Code of Business Conduct and Ethics](#), including announced and unannounced on-site assessments.

In 2019, we launched our Responsible Sourcing Program and in 2021 hired a Corporate Social Responsibility Coordinator to evolve the program. All disclosed manufacturing locations must conduct a third-party audit annually or biennially, depending on origin and/or risk. The Responsible Sourcing team reviews every audit and communicates to the supplier any improvements that need to take place. Since the launch of the Responsible Sourcing Program, The Container Store has successfully reviewed 73% of active supplier factories.

We aim to provide a safe, secure and healthy environment for our employees, vendors and customers. We also align our policies with the [UN Guiding Principles on Business and Human Rights](#) strive to eliminate acts of modern slavery from occurring within our business. We take the necessary measures to assess the effectiveness of our approach and educate employees who have direct responsibility for supply chain management including regular training on compliance with anti-bribery and corruption laws, alongside company policies.

The Container Store will not do business with any company that knowingly engages in modern slavery or human trafficking. Our merchandise suppliers agree to contracts requiring that the finished products and materials were not produced from child or forced labor and to comply with the local laws where they operate. At the time of onboarding, suppliers must respond to a questionnaire with topics related to business resilience, management practices and security. We conduct audits of select merchandise suppliers based on risk.

In 2021, The Container Store joined the [Supplier Ethical Data Exchange](#) (“Sedex”), the world’s largest collaborative platform for companies to manage and improve working conditions in global supply chains, in an effort to enhance and formalize our Responsible Sourcing Program. Sedex will enable us to work with our suppliers in a proactive manner and drive improvements within our supply chain. In 2022, we plan to leverage our third-party partnership with Sedex, as well as our other new partnership with EcoVadis, to improve our audit process and ESG performance.

SUPPLIER DIVERSITY PROGRAM

Our new Supplier Diversity Program promotes economic inclusion by ensuring equitable opportunities for small and diverse-owned businesses to pitch their products and services to us. The Senior Director of DE&I manages Supplier Diversity Program, and reports to the Executive Vice President of Human Resources. We also established a Supplier Diversity Council charged with advancing and monitoring the implementation of the supplier diversity strategy and progress in accordance with the program’s established goals. Members of the Supplier Diversity Council include cross-functional leaders who meet every other month.

“The buying team at The Container Store sources products all over the world to keep the assortment fresh and engaging as consumer needs and interests evolve. Sustainability and support of diverse-owned businesses are not only priorities for our company, but our customers, too, and are all reflected in these new introductions.”

– John Gehre, Chief Merchandising Officer





The Container Store Partners With EcoVadis to Integrate ESG Into Supply Chain Practices

In fiscal 2021, The Container Store onboarded the EcoVadis 360° ESG assessment platform to deepen our responsible procurement practices. By using supplier qualitative scorecards across ESG factors, we will be able to evaluate our overall risk and identify opportunities for improvement. The Container Store plans to kick off the program with internal stakeholders and suppliers in fiscal 2022.

We became corporate members of the Regional Affiliates of the National Minority Supplier Development Council (“NMSDC”) and Women’s Business Enterprise National Council (“WBENC”) to help build more inclusive supply chains and increase diverse representation within our vendor base. Furthermore, we are devoted to engaging with minority business enterprises (“MBEs”) and women business enterprises (“WBEs”) to provide the tools necessary to do business with us. This year, we also hosted an inaugural product showcase, where we spotlighted new products from minority-owned businesses.

To participate in our Supplier Diversity Program, businesses must be based in the United States and maintain certifications from at least one of the following agencies:

- United States Small Business Administration (“SBA”)
- National Minority Supplier Development Council (“NMSDC”)
- Women’s Business Enterprise National Council (“WBENC”)
- Disability:IN
- National Veteran-Owned Business Association (“NaVOBA”)
- United States Pan Asian American Chamber of Commerce (“USPAACC”)
- National LGBT Chamber of Commerce (“NGLCC”)
- Or a Federal, Regional and State certifying agencies

Digital Technology & E-Commerce



As part of our investment in digital technology, The Container Store selected the [Medallia Experience Cloud](#) to harness customer feedback to improve daily operations. This program helps us deliver better customer experiences, engage employees and create exponential growth for our businesses.

The Container Store also works with [Narvar](#) to help simplify the post-purchase experience for consumers at every touchpoint through branded order tracking, proactive updates and online returns management. We build a stronger customer relationship when we extend the brand experience from the time a consumer clicks the “buy” button to the time when they receive our package. This process results in a higher level of trust, repeat visits and brand loyalty.



“Consumer behavior and the retail experience has changed dramatically. It is more important than ever that we understand the complete experience our customers have with The Container Store, from an in-store experience to our digital platforms. We are committed to a data-driven approach to understand our customers’ journey so we can continue to provide the highest level of service and ensure we’re a brand known for positive and memorable experiences.”

– Satish Malhotra, CEO and President



Instacart and The Container Store Partner to Launch Same-Day Delivery Nationwide

We partnered with [Instacart](#), the leading online grocery platform in North America, to offer customers same-day delivery from all 94 The Container Store locations. With this new offering, customers can have our wide assortment of kitchen, closet, office and storage essentials delivered to their door. The new partnership began in Texas, but has expanded nationwide across 33 states and Washington D.C.. “Consumer buying behavior has changed increasingly in the past year, and our partnership with Instacart is going to allow us to meet our customers’ ever-changing needs,” said Satish Malhotra, CEO of The Container Store.

Privacy, Data Protection & Cybersecurity



As we evolve how we use data at The Container Store, we evolve our methods to protect it. We take responsibility to protect customer information seriously. A security breach or cyber-attack of our website or information technology systems could damage our reputation and our relationships with customers or employees, expose us to litigation risk and harm our business and the trading price of our common stock.

The Senior Director of Information Security & Chief Information Security Officer oversees critical information security concerns, and reports to the Chief Financial Officer and the Chief Information Officer. The Board of Directors oversee information security matters through quarterly written updates and an annual update to the Audit Committee. Additionally, executives support information security through the Information Oversight Committee, which includes representatives from Information Security, Finance, Accounting, Human Resources and Legal. We update the Enterprise Risk Management Status annually to assess the relative risk of cybersecurity and other technology-related risks.

To improve our program, we developed a three-year roadmap, created our Information Security Policy and established other related procedural documents. Within our program, we go beyond compliance to ensure management of key risks. Each year, we engage key stakeholders in a robust incident response simulation to prepare for the case of a real cyberattack. Our incident response function has a very strong program, involving the Information Oversight Committee, as well as the Chief Marketing Officer. In addition, we provide annual information security training to all employees and additional trainings related to phishing and payment security for relevant employees.

We track our performance using third-party security ratings, as well as assessments and testing administered through independent auditors. We partner with a variety of organizations to improve our security, such as Tanium, Rapid7 and Accenture. We also track several metrics to present to leadership including server malware incidents, antivirus alerts, email threats and other key indicators.

It is important that we provide our customers with a variety of payment options so they can spend and manage their finances in a way that makes sense for their lifestyle. To complement The Container Store Credit Card, we now offer Afterpay, the leader of “Buy Now, Pay Later” payments, bringing flexible spending to customers in-store and online. We also added PayPal to our payment options.

Our first mobile-app, launched in fiscal year 2021 and is available for download on the Apple App Store and Google Play. It allows us to reach customers where they are primarily shopping online: their mobile phones, and makes it simple and convenient to shop, check an order status, and find inspiration on organizing projects and tips.





“We are proud of the strides our company has made and we recognize there is still a lot of exciting work to be done. We will continue to evaluate our supply chain and sustainability practices to offer our customers quality products that keep our planet in mind.”

– Satish Malhotra, CEO and President

About This Report



This report represents our first sustainability report and is informed by our inaugural materiality assessment. Unless otherwise stated, this report covers information for fiscal 2021 (April 4, 2021 through April 2, 2022) and the scope includes our The Container Store (“TCS”) operating segment only, which represents approximately 94% of our total consolidated net sales^[1].

We plan to report on our sustainability progress on an annual basis. In the future, we plan to align our report with both the Global Reporting Initiative (“GRI”), as well as the Sustainability Accounting Standards Board (“SASB”) Household & Personal Products and Multiline and Specialty Retailers & Distributors Standards.

We welcome your questions and feedback. Please contact us at investorrelations@containerstore.com. For additional information about the company, please visit [containerstore.com](https://www.containerstore.com).

ADDITIONAL INFORMATION

- [The Container Store Investor Relations](#)
- [2021 Form 10-K](#)
- [2021 Proxy Statement](#)
- [Code of Business Conduct and Ethics](#)
- [Privacy Policy](#)
- [Diversity, Equity & Inclusion](#)
- [Corporate Social Responsibility](#)
- [Human Rights Policy](#)
- [Environmental Policy](#)

[1] Elfa International AB (“Elfa”) and Closet Parent Company, Inc. (“Closet Works”) are not included in this report unless explicitly stated.

Performance Data Table

INDICATOR ^[1]	UNIT	2019	2020	2021
Environment				
GHG Scope 1 Emissions ^[2]	MtCO ₂ e	2,129	1,822	2,127
GHG Scope 2 Location-Based Emissions ^[2]	MtCO ₂ e	20,097	18,455	17,802
GHG Scope 2 Market-Based Emissions ^[2]	MtCO ₂ e	21,425	19,684	20,315
Water Usage ^[2]	kGal	14,293	10,852	10,806
Total Energy Consumed ^{[2], [3]}	kWh/year	48,692,548	44,986,473	47,995,923
Percentage Renewable ^[3]	Percent (%)	NA	NA	100% Wind
Total Green Power Usage ^{[2], [3]}	kWh/year	NA	NA	47,995,923
Green-e Certified Wind RECs Energy Certificates ^[3]	Yes/No	NA	NA	Yes
Percent Green Power ^{[3], [4]}	Percent (%)	NA	NA	100%
Social				
Number of Employees ^[5]	Number (#)	4,592	4,703	4,727
Number of Temporary Employees	Number (#)	208	44	31
Percent of Women in Workforce	Percent (%)	64%	65%	64%
Percent of Women in Management	Percent (%)	60%	61%	62%
Percent of Racially Diverse Employees in United States Workforce (Management):^[6]				
Hispanic/Latinx	Percent (%)	13%	11%	13%
White	Percent (%)	73%	78%	73%
Black/African American	Percent (%)	6%	5%	6%

INDICATOR ⁽¹⁾	UNIT	2019	2020	2021
Asian	Percent (%)	6%	4%	5%
Multiracial	Percent (%)	1%	1%	2%
Native Hawaiian / Pacific Islander	Percent (%)	1%	1%	1%
Native American / Alaska Native	Percent (%)	1%	1%	<1%
Percent of Racially Diverse Employees in United States Workforce (All Other Employees):⁽⁶⁾				
Hispanic/Latinx	Percent (%)	20%	17%	20%
White	Percent (%)	55%	59%	55%
Black/African American	Percent (%)	15%	16%	15%
Asian	Percent (%)	4%	4%	4%
Multiracial	Percent (%)	3%	3%	3%
Native Hawaiian / Pacific Islander	Percent (%)	0%	0%	0%
Native American / Alaska Native	Percent (%)	0%	0%	0%
Not-Specified	Percent (%)	3%	1%	3%
Average Hourly Wage of Full-Time Store & DC Employees (Excluding Overtime)	United States Dollar/Hour	19.93	19.67	20.95
Average Hourly Wage of Part-Time Store & DC Employees (Excluding Overtime)	United States Dollar/Hour	14.30	14.44	15.84
Total Recordable Incident Rate	Rate	5.44	6.79	5.85
Lost Time Incident Rate	Rate	2.21	1.28	1.40
Employee Fatalities	Number (#)	0	0	0
Net Promoter Score ("NPS") ⁽⁷⁾	Number (#)	NA	NA	78
Total Spend With Diverse Suppliers ⁽⁸⁾	United States Dollar	NA	\$17.6 million	\$24.2 million

Governance

Number of Directors	Number (#)	9	9	9
Percent of Racially Diverse Board of Directors Members	Percent (%)	11%	22%	22%
Percent of Women on Board of Directors	Percent (%)	33%	33%	44%
Percent of Non-Executive Directors on Board	Percent (%)	89%	78%	89%
Percent of Independent Directors	Percent (%)	78%	78%	89%
Independent Chairperson	Yes/No	No	No	Yes
Percent of Female Executives	Percent (%)	54%	60%	53%
Percent of Racially Diverse Executives	Percent (%)	20%	11%	18%
Number of Retail Locations	Number (#)	93	93	94
Total Area of Retail Space	Square Feet	2,184,400	2,169,948	2,189,147
Number of Distribution Centers	Number (#)	2	2	2
Total Area of Distribution Centers	Square Feet	1,600,000	1,600,000	1,600,000

[1] Data reflects The Container Store ("TCS") reporting segment. It does not include Closet Parent Company, Inc. ("Closet Works") nor Elfa International AB ("Elfa") information.

[2] This data is reported on a calendar year basis (January 1, 2021 to December 31, 2021), rather than a fiscal year basis.

[3] The Container Store began tracking this metric in 2021, and, therefore, does not have historical data.

[4] Our investment in 100 percent renewable energy focuses on wind energy.

[5] Based on fiscal year data.

[6] This data is based on rounded values.

[7] Net Promoter Score ("NPS") is used to measure the loyalty of customers to a company and is different from Employee Net Promoter Score ("eNPS") used to measure employee satisfaction and loyalty.

[8] Our Diverse Suppliers include tier 1 and tier 2 suppliers that have obtained a qualifying certification. See the Responsible Supply Chain Practices section of this report for more details.



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