

**BIG
LOTS!**

BIG CARES

2022 Environmental, Social,
and Governance Report





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A MESSAGE FROM OUR CEO

Thank you for your interest in our 2022 Environmental, Social, and Governance (ESG) Report—BIG Cares 2022. We're excited to share all the ways that Big Lots has moved these areas forward, making a difference for our communities, associates, and stakeholders as we continue to serve the needs of our customers. Though there have been many successes, 2022 was a very challenging year for us financially, as our core customers were greatly impacted by multiple macroeconomic headwinds. We believe that when one hurts, we all help. In tough economic times, I'm prouder than ever of the mission that has inspired this company for years and continues to inspire the work we do today—to help people live BIG and save LOTS. I'm also very proud that, even in a tough financial environment, we were able to continue doing good and continue making progress in all aspects of our ESG journey.

In the following pages, you'll read about the efforts we've made in our communities through work with our charitable partners and associate volunteers; in our workplaces, with new initiatives and resources dedicated to associate development and Diversity, Equity, and Inclusion (DEI); and for our environment, through ongoing resource efficiencies and sustainable practices throughout the organization.

After almost 50 years of grassroots philanthropic work in our communities, in 2015, we formalized our ongoing commitment to serving communities through the Big Lots Foundation, focusing on four main pillars—hunger, housing, healthcare, and education. Since 2015, our teams have raised more than \$46 million—including over \$9 million in 2022 alone—for charitable organizations and partnerships such as Nationwide Children's Hospital and their *On Our Sleeves* movement, the National Veterans Memorial and Museum, the American Heart Association, Feeding America, and several additional worthy causes and events, both local and national.

Our generous and dedicated associates are our most valuable resource at Big Lots. In 2022 alone, they volunteered more than 2,000 hours to charitable organizations of their choice. They make the work we do for

our customers and communities possible, and I couldn't be more grateful. It has been our priority to attract, develop and retain good people as well as create inclusive workplaces where everyone can feel a sense of belonging. We believe every difference makes a difference. For us, this means that the broad perspectives and lived experiences represented by our associates positively impact our culture and our business. In 2022, we doubled down on these commitments, creating a DEI leadership office and the new position of Vice President of DEI, launching our formal DEI initiative, and significantly expanding DEI touchpoints with our associates throughout the year to foster dialogue and education. In 2022, we also exceeded our goal of having at least 70% of our associates participate in inclusion training.

This is our second ESG report, and I'm gratified to share with you all our associates' outstanding leadership and commitment to Big Lots' mission. I'm also thankful for the good that they do every day, both for our customers and in supporting one another. Although we believe we have made great strides together in every major area of ESG since our inaugural 2020 report, we know that we are still growing in many aspects of our ESG journey. There is always more work to be done. It is an honor to lead a company that puts people first, and I am excited for the progress we'll make together in 2023 and beyond.

We thank you for reading this report—BIG Cares 2022—and look forward to hearing your feedback on our progress.

Sincerely,



Bruce Thorn

Bruce K. Thorn, President & CEO





ABOUT BIG LOTS

Headquartered in Columbus, Ohio, Big Lots, Inc. (NYSE: BIG) is one of America's largest home discount retailers, operating more than 1,425 stores in 48 states, as well as a best-in-class e-commerce platform with expanded fulfillment and delivery capabilities. Founded in 1967, we consolidated our business under the name Big Lots in 2001 when we began trading on the New York Stock Exchange. Today, we employ more than 36,000 associates and strive to create the best workplace culture possible for our team.

Our Mission

Our mission is to help people “Live BIG and Save LOTS” by offering unique treasures and exceptional bargains on everything for their home, including furniture, seasonal decor, kitchenware, pet supplies, food items, laundry, cleaning essentials, and more.

Our Vision

Our vision is to be the BIG difference for a better life by delivering exceptional value to customers, building a “best places to grow” culture, rewarding shareholders with consistent growth and top tier returns, and doing good in local communities.

Our Values

Throughout our evolution over the last 50 years, our mission, vision, and values have stayed the same—to help people live BIG and save LOTS. At Big Lots, we align our mission with our values by ensuring we are customer obsessed and Lead with the Customer—meaning our core customer base is the heart of our company, mission, vision, and core values. Through research and an ambition to grow, we continue to find ways to help our customers save money and time while still delivering unmatched value. We Treat All Like Friends, approaching every interaction with respect and honesty. We Succeed Together, working openly and collaboratively to solicit innovative ideas and fresh perspectives to help make our workplace better. We Play to Win, measuring our performance in profit, accelerating growth, and taking ownership for meeting company and individual goals.

About This Report

We at Big Lots are pleased to present our 2022 Environmental, Social, and Governance (ESG) Report—BIG Cares 2022—covering historical company information and highlighting our ESG efforts and associated data from calendar years 2021 and 2022, unless otherwise noted. This report has been prepared in alignment with the Sustainability Accounting and Standards Board (SASB) Standards, specifically the Multiline and Specialty Retailers & Distributors industry standard. We welcome questions and feedback on this report to biglotsesg@biglots.com, and we look forward to reporting on our ESG efforts and progress on a regular cadence in future years.

BIG PROGRESS AT A GLANCE

Environment

84%



Domestic carriers certified by SmartWay

98%

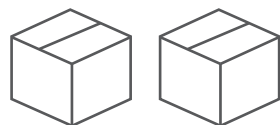
Facilities with LED lighting

9%

Renewable energy usage

2 million

Boxes reused annually



13.7 million ft

Paper saved by reducing the length of customer receipts

Social

\$18.4 million

Philanthropic dollars raised in 2021 and 2022



100%

Import suppliers screened against social criteria

50/50



Gender ratio of corporate headquarters promotions

74%

Big Lots associates who completed DEI training

Governance



New human rights policy launched

New ESG committee formed

First female Board chair elected in 2022

3 out of 4 standing Board Committees chaired by women

60%



Board members who identify as female



20%

Board members who identify as racially diverse

GOVERNANCE

We believe that transparent corporate governance practices can expand our market presence and drive profitable growth for our company and our shareholders. We strive to maintain a diverse [Board of Directors](#) that values equity, ethics, and integrity in its leadership and can instill those qualities in our business dealings.

Our 10-person Board is currently comprised of nine independent directors, including a non-executive Chair, and our President & CEO. We also aim to keep our Board diverse in recognition of our diverse customers—60% of our Board identifies as female and 20% identifies as racially or ethnically diverse. In 2022, our Board elected its first female Chair, Cynthia T. Jamison. In addition, three of our four standing Board Committees are also chaired by women.





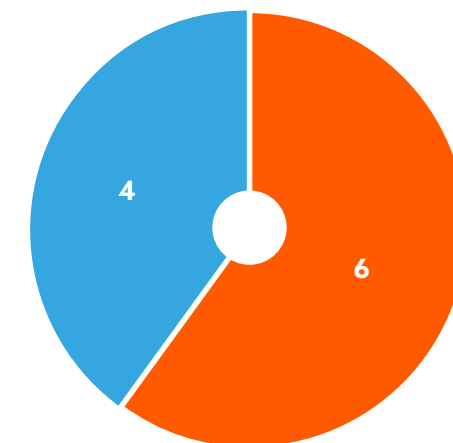
Big Lots was honored for its boardroom representation at the Women's Forum of New York's 2021 Breakfast of Corporate Champions.

Big Lots' other governance highlights include:

- Annual election of all directors and Majority Voting Standard
- Mandatory Board retirement at age 72
- Limit of four public company directorships that Board members can hold at one time
- Annual shareholder engagement and Proxy Access
- Annual Board and Committee self-evaluations
- Executive session of non-associate directors at all regularly scheduled Board meetings
- Director orientation and continuing education

Moving forward, we will uphold our commitment to a diverse Board and develop policies to support our management of stakeholder engagement. For more information on our corporate governance practices, please visit our [Corporate Governance webpage](#).

Board Gender Diversity

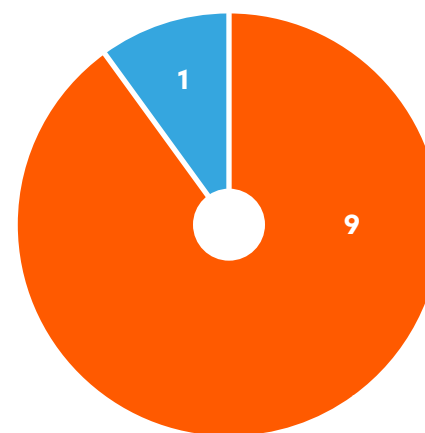


Women Men

CORPORATE GOVERNANCE

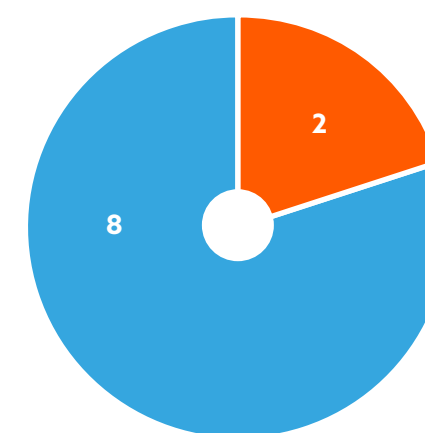
Big Lots has four standing [Committees](#) of the Board—Audit, Human Capital and Compensation, Nominating/Corporate Governance, and Capital Allocation Planning. Our Nominating/Corporate Governance Committee oversees our [ESG Committee](#), which is co-chaired by our Chief Financial Officer and our Chief Legal Officer. Our ESG Committee also includes the functional heads of investor relations, real estate, Diversity, Equity, and Inclusion (DEI), and compliance, among others. The ESG Committee takes a leadership role in shaping policies and practices related to current and emerging public policy as well as environmental and social issues that may affect operations and company performance. It also focuses on public policy issues related to vendor standards, environmental issues related to emissions, greenhouse gases, climate change, energy consumption and conservation programs, and social issues related to corporate citizenship, diversity, and philanthropic activities.

Director Independence



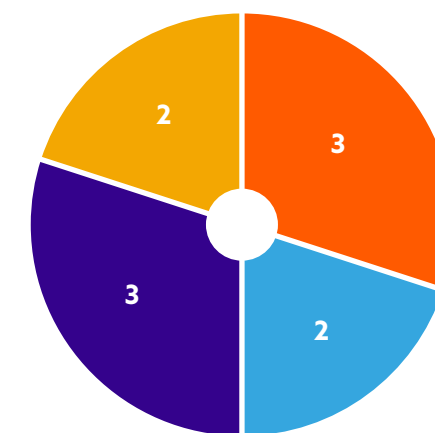
Independent Directors
Executive Officers

Director Tenure (Years)



< 3 3-10

Director Age (Years)



< 55 55-60
61-65 66+

Business Ethics

At Big Lots, we value honesty, integrity, and respect. We expect that everyone who represents our company conducts themselves in an ethical and responsible manner. As such, our [Code of Business Conduct and Ethics](#) covers a wide range of business principles to guide all directors, officers, and associates at Big Lots.

Associates are encouraged to talk to supervisors, managers, or any other appropriate personnel about observed illegal or unethical behavior. Associates may report such activity confidentially through our [BIG Voice hotline](#), available 24 hours a day, seven days a week. We do not tolerate retaliation of any kind against associates who make a report in good faith. We communicate these principles to our associates via our website, training, and in our communal workspaces. In all situations, we encourage accountability and for our associates to think before they act.

Supply Chain Management

At Big Lots, we work with companies across the globe to provide quality, affordable products to our customers. We recognize our responsibility to hold our suppliers to the highest ethical standards so our customers can feel good about the products they purchase. Our approach to supply chain management reflects our long-standing commitment to uncompromising integrity. **Moving forward**, we will identify opportunities to build environmental criteria into our supplier assessment screening to source more products with sustainable attributes (including those identified as sustainable or with fewer harmful chemicals).

Supplier Standards

We provide our suppliers with clear guidance on our standards through two key documents. Our [Vendor Routing and Compliance Guide](#) is applicable to suppliers whose products Big Lots directly imports into the United States, and our [Big Lots' Standard for Suppliers](#) is applicable to suppliers whose products are purchased domestically by Big Lots. These guides emphasize our commitment to responsible business conduct and include our Supplier Code of Conduct and [Human Rights Policy](#), which is informed by international frameworks including the United Nations Universal Declaration on Human Rights. These guides require all vendors, suppliers, manufacturers, contractors, and subcontractors to respect human rights and conduct business ethically. Requirements include:

- Complying with all laws, rules, and regulations
- Providing workers with minimum wages and benefits, maximum working hours, and healthy and safe working conditions
- Zero tolerance of forced labor and/or child labor
- Requiring nondiscrimination in hiring and freedom of association between workers
- Upholding anti-corruption and anti-bribery standards



Supplier Audits

To enforce our supplier standards, we contract with [QIMA](#) to conduct third-party audits on all supplier facilities that manufacture products directly imported by Big Lots, covering both Social and Ethical standards (S/E) and Customs Trade Partnership Against Terrorism (CTPAT) requirements. U.S. Customs and Border Protection recognizes Big Lots as a trusted trader based on these CTPAT audits.

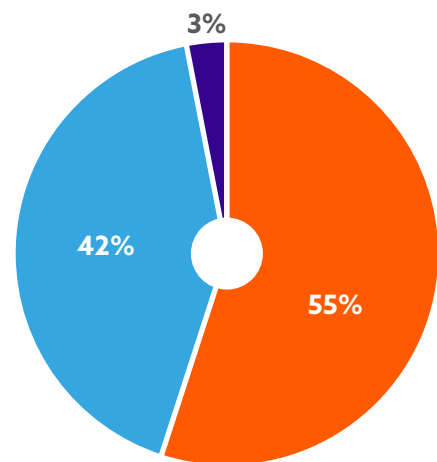
Our supply chain audits are based on SA8000 standards that evaluate health and safety, hygiene, waste management, child labor, wages and benefits, labor practices, and environmental management. We require all import orders to come from factories that have passed social, ethical, and CTPAT third-party audits.

Big Lots audits all supplier facilities annually, except for facilities that score in the "Acceptable range" (75% or higher with zero critical noncompliance issues); these facilities are re-audited every two years. Facilities that score in the "Urgent Action Required" range (50% or lower, or more than one critical noncompliance issue) are provided guidance on bringing their operations up to our standards and then are re-audited. Although we prefer to help our suppliers improve, we stop conducting business with any facility that receives repeated poor evaluations without sufficient improvement or commits a zero-tolerance infraction. Since implementing our audit process, we have seen a substantial, year-on-year improvement across our import supply chain and consistently exceed industry standards.



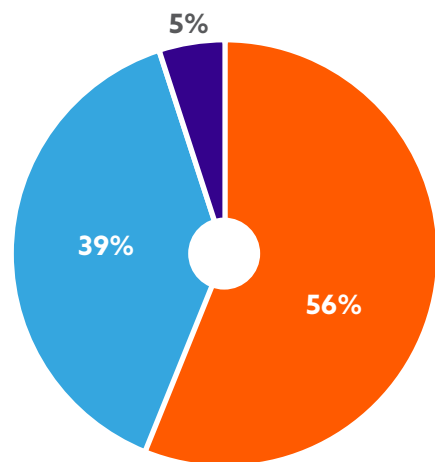
2020 Social/Ethical Audit Results

Total number of audits conducted: 479



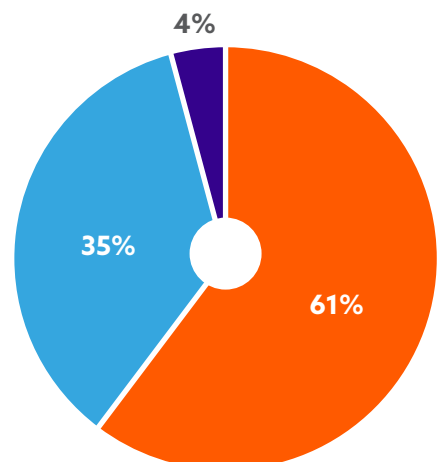
2021 Social/Ethical Audit Results

Total number of audits conducted: 407



2022 Social/Ethical Audit Results

Total number of audits conducted: 359



Acceptable Improvement Needed Urgent Action Required

Responsible Sourcing

At Big Lots, we want our customers to be able to feel good about the products they purchase in our stores. Our Supplier Risk Assessment Program, developed in partnership with Global Risk Management Solutions (GRMS), is designed to collect and manage key information regarding the regulatory compliance status and business operations of our import merchandise suppliers. This program helps us to remain compliant with internationally mandated laws and regulations. As of 2022, all directly imported merchandise suppliers must submit information through GRMS for verification.

All products imported by Big Lots are subject to a comprehensive manufacturer questionnaire during product development, as well as third-party testing by internationally recognized independent laboratories like SGS and Intertek. These steps address "chemicals of concern" listed by several states, such as Washington, Vermont, and Maine, as well as chemicals covered by California's Proposition 65.

Many of our private label soft goods and housewares products are OEKO-TEX® certified, meaning that they are certified to be free from harmful levels of over 300 substances and produced at socially responsible facilities. In 2022, our Big Lots' revenue from OEKO-TEX® certified products totaled more than \$31 million.

We intentionally source many food and consumer products that are organic or non-GMO verified, including many of our own private label products. In addition, we have made a commitment to source 100% cage-free eggs by 2025.

SOCIAL

Caring for our people—in our communities and our workforce—is a core aspect of how we do business. Giving back to our communities is an integral part of our culture. That’s why we incorporate it into our corporate values as “doing good as we do well.” Through charitable giving, point-of-sale campaigns, national partnerships, volunteerism, and much more, we aim to make a BIG difference in our communities and the lives of others.

We are also dedicated to the development and well-being of our associates. By providing competitive benefits, opportunities to grow careers, and a diverse and inclusive working environment, we are helping associates at every level of our organization reach their full potential and help our company succeed.





PHILANTHROPY

Our vision is to be the BIG difference for a better life, and we deliver on that vision by building stronger communities where all families can thrive. Through our culture of philanthropy, Big Lots remains dedicated to making a positive impact on the places we call home. The Big Lots Foundation is focused on improving the lives of families and children facing challenges in four key areas—hunger, housing, healthcare, and education—which we believe are the most basic needs of any community.

We carry out our philanthropy strategy through key programs and relationships:

- 1. National Point-of-Sale Donations Campaigns:** Engaging our customers and associates around the country to raise dollars and awareness for causes that impact all of us.
- 2. Big Lots Foundation Giving:** Investing in organizations that are fulfilling the Big Lots Foundation's mission in communities where our stakeholders live and work.
- 3. Volunteerism & Community Engagement:** Empowering our associates to give their time and talents to the causes they care about most.
- 4. In-Kind Donations:** Donating Big Lots products to nonprofit partners, allowing us to support local communities and reduce our environmental impact.
- 5. Focused Partnerships:** Driving impact with our time and donations to financially champion our partners' missions.

BIG LOTS FOUNDATION DONATIONS^[1]

KEY FOCUS PILLARS	CY 2021	LIFETIME GIVING
Education	\$922,131	\$5,899,856
Healthcare	\$511,736	\$4,393,354
Housing	\$751,800	\$4,190,955
Hunger	\$136,700	\$1,132,886

[1] This chart shows the amount donated to charitable organizations through the Big Lots Foundation and does not include dollars raised at point of sale, or support given to associates through the Big Lots Emergency Assistance Fund.

\$15.6 million

Lifetime giving provided by the Big Lots Foundation

National Point-of-Sale Donations Campaigns

Big Lots' point-of-sale fundraising program provides an opportunity for our customers to support our philanthropic partners when they shop at their local Big Lots. Through their generosity, we have raised more than \$46 million since 2015. In addition to our campaign with Nationwide Children's Hospital, over the past three years we have expanded our point-of-sale program to include new campaigns for two partners, the American Heart Association and the National Veterans Memorial and Museum. These funds have helped support groundbreaking research for women's heart health, resilience and wellness programs for veterans, free mental health resources for kids, and so much more.

Big Lots Foundation Giving

After nearly 50 years of grassroots philanthropy, we formalized our passion for giving back to our communities in 2015 through the establishment of the Big Lots Foundation. The Big Lots Foundation invests in communities around the country where our associates and customers live and work. We have a specific focus on supporting the central Ohio community where we are headquartered, but we also fund local nonprofits in the communities surrounding our stores and distribution centers. The Big Lots Foundation also supports our own associates during times of unexpected financial crisis, granting nearly \$2 million since 2015.

In line with our four pillars of philanthropy, the Big Lots Foundation is on a mission to improve and enrich the lives of families and children facing challenges with hunger, housing, healthcare, and education.

While equity has always been a focus of the Big Lots Foundation's mission, the establishment of our DEI office and DEI goals have given us an opportunity to further develop the Big Lots Foundation's strategy of investing in historically underrepresented communities. We are evaluating the Big Lots Foundation's focus areas, programs, and processes to understand how we can be more intentional about supporting racial equity and social justice. To learn more about our DEI efforts, please see the [Diversity, Equity, and Inclusion section](#) of this report.

National Exclaim Grant Program

Through our National Exclaim Grant Program, associate-led Philanthropy Ambassador Committees collaborate to review grant applications from nonprofits in their communities. Then, the Big Lots Foundation provides funds for each committee to invest in the nonprofits they believe will make the biggest impact. Since 2017, our Philanthropy Ambassador Committees have granted \$3 million to more than 630 nonprofits around the country.

Furniture Bank of Central Ohio

[The Furniture Bank of Central Ohio \(the Furniture Bank\)](#), one of the largest furniture banks in the country, works to reduce the impact of poverty by providing furniture to central Ohio families struggling with severe life challenges. In the last 24 years, we have provided the Furniture Bank with more than \$8 million in charitable contributions and in-kind furniture donations, while volunteering 6,200 hours toward painting and building furniture. Our leaders are equally committed to this cause, with two of our executives serving on the Board of the Furniture Bank.

Pelotonia

[Pelotonia](#) exists to engage and inspire a community committed to raising money for innovative cancer research. Every August, thousands of riders, volunteers, and supporters visit Columbus for Pelotonia's three-day cycling experience, all focused on ending cancer. Since 2012, Big Lots associates have raised more than \$1.8 million as part of Pelotonia's 15-year total of \$258 million.

"Our partnership with Big Lots has enabled the Furniture Bank of Central Ohio to turn empty houses into furnished homes of hope for more than 75,000 families over the past 24 years. Through their investment of time, talent, and treasure, they have impacted poverty by providing our most vulnerable families hope and stability by the simple act of furniture provision."

Phil Washburn, the Furniture Bank President & CEO

Our Region 36 Philanthropy Ambassador Committee made a grant to Family Central's "Vegetables from Garden to Table" childcare food program, which helped 1,100 children in Broward County, Florida develop healthy eating habits at an early age by providing them with supplies to start an indoor garden.



Volunteerism and Community Engagement

At Big Lots, our culture of philanthropy also means donating our time to support worthy causes. To encourage participation in volunteering events, each year we provide 16 hours of paid volunteer time off to all associates at our corporate headquarters, as well as to leadership in field and distribution centers. In 2021 and 2022, associates at our corporate headquarters donated nearly 3,500 hours of recorded time—and countless unrecorded hours—to a variety of organizations of their choice.

Make-A-Wish Foundation of Central Ohio, Kentucky, and Indiana

We are a proud supporter of the Make-A-Wish Foundation. In the Fall of 2022, we had the opportunity to make a wish come true for a young girl named Francesca who suffers from a rare neurological disorder. Francesca (Frankie) wished for a princess bedroom of her own. Using Big Lots Foundation funds, 34 Big Lots associates invested hundreds of volunteer hours to bring Frankie's princess vision to life, using their creative talents to design every element of the room. A [video about Frankie's Wish](#) can be viewed on Big Lots' YouTube channel.

Buddy Up for Life

Education is one of the Big Lots Foundation's four impact areas, and [Buddy Up for Life](#) is one organization where we have formed a meaningful partnership. This Columbus-based nonprofit organization impacts lives by cultivating increased independence, promoting greater health and wellness, and fostering meaningful friendships for individuals with Down Syndrome. Our associate volunteers support Buddy Up for Life's [Communication for Life](#) program, helping students develop social skills necessary to independently interact in professional and personal settings.

In-Kind Donations

Beyond the significant monetary donations and volunteer hours that we contribute to our communities, our stores and distribution centers also make substantial in-kind product donations to our charitable partners. Each year, we donate food, furniture, and household products that are not sold, diverting these goods from landfills and into the hands of families in need.

Feeding America

Through our partnership with [Feeding America](#), the nation's largest domestic hunger-relief organization, we minimize food waste while helping address one of our four charitable giving areas—hunger. Since 2013, we have been recognized as a Feeding America Mission Partner, donating more than 61 million pounds of food—totaling nearly 51 million meals—to help alleviate struggles with food insecurity in the U.S. In 2022, more than 400 Big Lots stores and all five of our distribution centers donated product to their local Feeding America partner foodbank.

| Make-A-Wish recipient Frankie experiences her princess-themed bedroom for the first time.



| A Buddy Up for Life participant smiles for a photo with a Big Lots associate.



Partnership Highlights

Nationwide Children's Hospital

Big Lots is proud to be a longstanding partner of Nationwide Children's Hospital (NCH). In 2016, we committed \$50 million to help fund the construction of the Big Lots Behavioral Health Pavilion at NCH, the nation's first and largest free-standing facility solely focused on child and adolescent behavioral health on a pediatric medical campus. The Pavilion opened in March 2020, and in October 2022, the U.S. Surgeon General Vivek Murthy praised the work being done there to address the rise in youth mental health struggles. To learn more about the positive impacts of the Big Lots Behavioral Health Pavilion, see [Nationwide Children's Hospital website](#).

This year, our associates also participated in the pilot of [Bloom](#), an online curriculum designed by the experts at NCH to help parents confidently support their kids' mental health. The pilot helped provide NCH with critical insights as they work to build out the curriculum's modules and resources.

In addition, we support the Big Lots Behavioral Health Scholarship, an award of up to \$10,000 to support a graduate student pursuing education and training in Behavioral or Mental Health, Psychology, or Social Work. More information on the Scholarship and its most recent recipient is available on [Nationwide Children's Hospital website](#).

On Our Sleeves®

Over the past nine years, our stores across the country have participated in point-of-sale campaigns to support NCH and [On Our Sleeves](#), the national movement dedicated to breaking stigmas around children's behavioral health. Over this time, our point-of-sale campaigns have raised nearly \$34 million, which has gone to helping parents and families in every community in America have access to free mental health educational resources.

In May 2021, to mark the launch of Mental Health Awareness Month, *On Our Sleeves* set a goal to provide free mental health resources for more than one million teachers and classrooms across America. Big Lots joined this movement as the first corporate partner and established a goal of getting *On Our Sleeves* materials into 150,000 schools. Our associates partnered with *On Our Sleeves* to host 11 surprise visits to Million Classroom Project Schools, delivering packages containing mental health resources and a \$1,000 Big Lots gift card to fund mental wellness activities for the schools' teachers and students. We were joined by special celebrity advocates, including Ashley Eckstein, Sophia Bush, and This Is Us star, Chris Sullivan.

The Big Lots Foundation is the presenting sponsor of the *On Our Sleeves 5K*, a community run in Ohio that helps spread awareness, break stigmas, and raise funds for the *On Our Sleeves* movement.

The National Veterans Memorial and Museum

The Big Lots Foundation is a founding donor of the [National Veterans Memorial and Museum \(NVMM\)](#). Located in Columbus, Ohio, the NVMM is the only museum in America that honors veterans from all branches of service. Since 2019, we have contributed nearly \$5.5 million to the NVMM, including more than \$1 million in donations through the Big Lots Foundation and \$4 million contributed by our customers through point-of-sale campaigns. Our associates also regularly volunteer their time at the NVMM. Big Lots supports our nation's heroes by providing a year-round 10% discount for veterans and active military personnel that are members of our Big Rewards program.

In 2022, we demonstrated our deep commitment to the NVMM and our country's veterans through several initiatives, including the following:

- We invested \$75,000 to support the pilot phase of the NVMM's [Veteran Concierge Service](#). Launched in August 2022, this program was designed to help veterans connect to meaningful employment and economic success.
- In February 2022, the NVMM hosted several veterans that were featured in the museum's special exhibition, [Depicting The Invisible: A Portrait Series of Veterans Suffering from PTSD](#), by artist Susan J. Barron. Our support enabled six featured veterans and their families to travel to Columbus, Ohio, for a special reunion and dinner. For many of them, it was their first time seeing the finished exhibition in person.

American Heart Association

Big Lots has a well-established relationship with the [American Heart Association \(AHA\)](#) and continues to support the fight against heart disease and stroke, striving to improve and save lives. Heart disease is the leading cause of death in women, and we see our partnership with the AHA as an opportunity to engage and educate our customers across the country, the majority of whom identify as women.

As a longstanding partner of the AHA, we wanted to do something BIG to help women live longer, healthier lives. In 2020, we committed to be the AHA's National Wear Red Day match partner by pledging to match \$1 million worth of donations, received on AHA's website, through 2023. In the first two years of the partnership, the match led to back-to-back record-breaking fundraising for the AHA. In addition to raising critical funds for the AHA's mission in support of women's heart health, the Big Lots Foundation enabled the AHA to educate millions through media impressions and webpage views.

During American Heart Month each February, we invite customers to donate and support the AHA's Go Red for Women movement. Go Red for Women is the AHA's comprehensive platform designed to increase women's heart health awareness and serve as a catalyst for change to improve the lives of women globally. We raised nearly \$2.3 million to support women's heart health during 2021 and 2022.

~\$2.3 million

raised to support women's heart health



Big Lots' support of the NVMM's special exhibition, *Depicting the Invisible*, embodied the meaningful ways we can have a tangible impact on the lives of those we honor and serve.



WORKPLACE

Our associates are an integral part of the Big Lots family, dedicated to our mission of helping people live BIG and save LOTS. We strive to create a workplace that allows them to thrive and grow both personally and professionally, by providing opportunities for training and development, paid volunteer time off, and competitive compensation and benefits. We aim to foster a culture of diversity and inclusion that welcomes and values people from all backgrounds, and are proud to have launched our new, formal DEI initiative. **Moving forward**, we will focus on enhancing “cultural intelligence” through DEI Strategic Focus Areas in talent representation, enterprise culture and experience, and business and marketplace; we will also take additional steps to build representation within our workforce to match the diverse communities we serve.

All employment decisions are based on business needs, job requirements, and individual qualifications without regard to race, color, religion, ethnic origin, sexual orientation, gender identity, age, disability, marital status, military service status, medical history, or any other status protected by the laws and regulations of the locations where we operate. We do not tolerate discrimination and/or harassment based on these characteristics.

Diversity, Equity, and Inclusion

At Big Lots, our culture influences how we operate, take care of our talent, and build an inclusive working environment. To create an environment that helps achieve our long-term goals, we have made DEI one of our chief business priorities. Monitoring data and tracking progress will enable us to identify new equity opportunities to incorporate.

DEI Strategy

With the support of our DEI council, advisory committee, and Business Resource Groups (BRGs), we are committed to growing the diversity in our leadership ranks, investing in our associate experience, and elevating diverse businesses. In 2022, we focused on advancing our DEI strategy to increase associate diversity through best practices and external partnerships that align with our community and recruiting efforts.

Our 2023–2026 DEI Strategic Focus Areas

Talent Representation

Safeguard equitable, advanced hiring practices

Retain diverse associate populations

Enterprise Culture and Experience

Promote inclusive leadership competencies

Provide an equitable experience and celebrate culture to drive belonging

Business and Marketplace

Commit to sourcing products from diverse and sustainable suppliers

Showcase relevant assortment and products



"It's important to me to be connected to our associates, and connection begins with listening. This year, we launched our CEO Coffee Chats, a two-way forum for diverse associate populations to meet directly with me and share thoughts on what we are doing well and where we can provide greater support. I've enjoyed our frank discussions and seeing the change such dialogue can build, and I look forward to continuing these chats into 2023."

Bruce Thorn, President & CEO

DEI Governance

Big Lots' DEI Strategy is led by our Vice President of DEI. We also maintain a DEI Executive Advisory Committee comprised of senior leaders that provides guidance, strategic influence, and direction for our company-wide DEI efforts. The Committee solicits ideas from our DEI Council, a group of associates with varied dimensions of difference, from all levels, locations, and business areas. **Moving forward**, our DEI Council will support corporate, merchandising, distribution centers, and field and store operations, along with expanded BRGs.

Big Lots is driving DEI progress with the use of data analytics. We have implemented self-identification into associate profiles to better understand our demographics and support our associates. Self-identification gives our associates the freedom to share data anonymously. We analyze this data to identify where our associates truly need support and use it to shape our DEI initiatives. The more we understand the identities of our associates, the more effective we will be at delivering programs that foster connection and support.

Using associate diversity data, we are building out strategic DEI initiatives that meet the needs of each group. For example, we have organized Big 6 Speaker events that are designed to connect the community and our associates. Speaker topics are aligned to national heritage months so that these events can offer more opportunity for intersectional conversations.

From left to right: Bruce Thorn, President and CEO; Lieutenant General Mike Ferriter, U.S. Army Retired, CEO of the National Veterans Memorial and Museum; and Ashley White, Vice President of DEI

HUMAN RIGHTS CAMPAIGN FOR CORPORATE EQUALITY INDEX

Human Rights Campaign Foundation's Corporate Equality Index (HRC CEI) is one of the leading national benchmarking tools measuring workplace equality on corporate policies, practices, and benefits pertinent to lesbian, gay, bisexual, transgender, and queer associates. Our participation in the index helps prompt positive change for our associates. For example, our DEI Council, Legal department, and Associate Relations department created new guidelines in 2021 to help align human resources, managers, and associates to the needs of transitioning transgender associates. We are proud to have maintained a HRC CEI score of 90 since 2019 and are committed to continuing our annual participation in the future.

In 2022, we received a Business Diversity Enhancement Award from the Ohio State University's Fisher College of Business as the "Most Outstanding Corporation" and from the Office of D&I Student services for "Contributions towards Diverse Business Enhancements."

Achieved Outcomes



1 Retain and Advance

- ✓ Increased representation of diverse identities by +13% YOY of Director level and above
- ✓ Corporate headquarters promotions have reached gender parity of 50/50



2 Attract Top Talent

- ✓ Store management populations have reached gender parity of 50/50
- ✓ Corporate headquarters hiring has reached gender parity of 50/50



3 Belonging

- ✓ Our DEI engagement survey met our goal score of 80%
- ✓ Completed inclusion training to over 74% of our company

Future Priorities



1 Retain and Advance

Advocate for every associate to have an equitable career path for advancement and leadership



3 Belonging

Drive a culture of continued learning that brings a sense of belonging and inclusivity to all



2 Attract Top Talent

Build representation within our workforce to reflect the communities we serve at our headquarters and leadership ranks

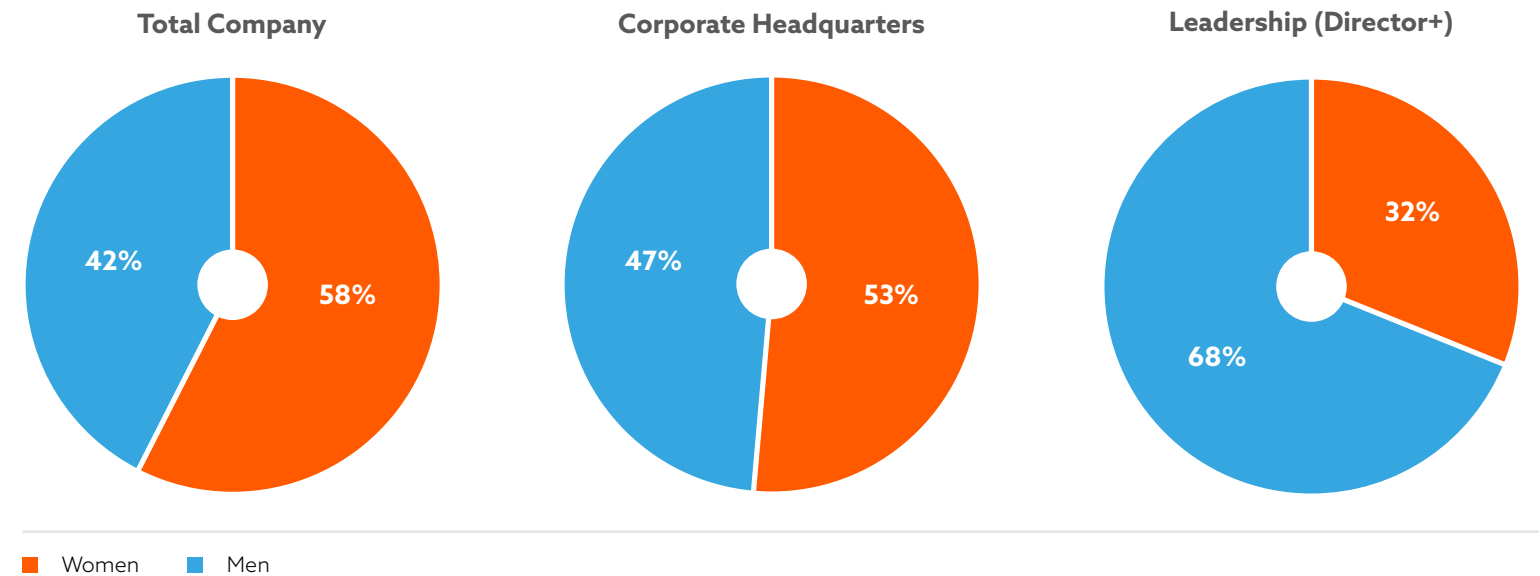


4 Marketplace

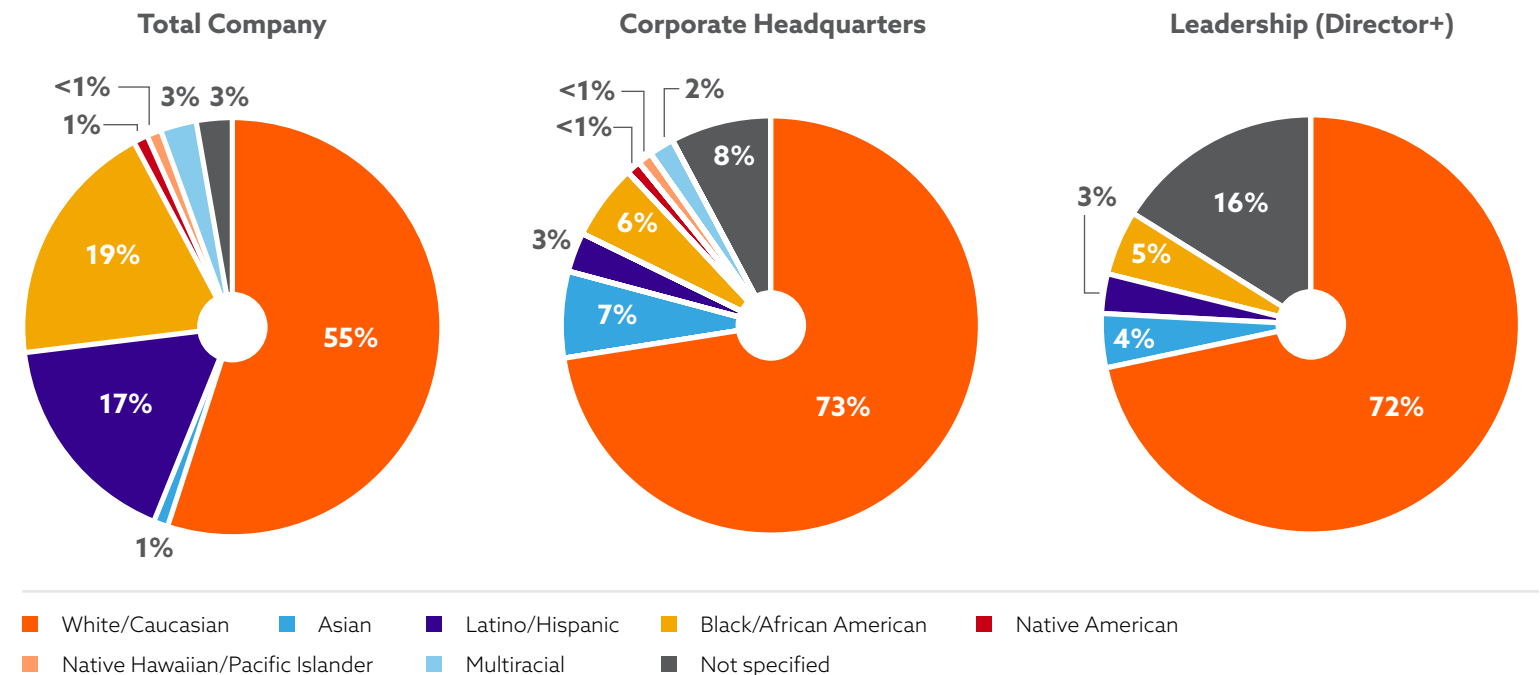
Align our business to equity goals to increase our relevance and elevate our communities

Associate Demographics

Gender Diversity



Race/Ethnicity Diversity





Business Resource Groups and Community Impact

Our DEI program has evolved to form four BRGs. These BRGs are associate-led groups designed to be safe spaces that provide all associates access to DEI leadership and community. The BRGs also provide support to their corresponding community by donating portions of their budgets, skills-based volunteering, and community support during local events.

Our intent is to empower each BRG to give back to their targeted communities through philanthropy. To achieve this, the Big Lots Foundation provides each BRG with philanthropic dollars their group can use to fund engagement opportunities with nonprofits supporting women, people of color, the LGBTQ+ community, and veterans.

BRGs provide support to their communities by donating portions of their budgets, skills-based volunteering, and community support during local events.

MVP (Military, Veterans and People Who Support)

Mission: To advocate for, be an ally of, and celebrate active-duty and reserve military personnel, veterans, their families, and supporters. We will engage with the military community through philanthropic events, recruitment and mentoring programs, service milestones, and other related celebrations to strengthen our relationships to support veterans.

2022 LEADERSHIP MOMENTS

- Welcomed Lieutenant General Mike Ferriter, U.S. Army Retired, CEO of the National Veterans Memorial and Museum to discuss how Big Lots can support veterans everyday by being inclusive in our hiring practices, community support, and product offerings.
- Created additional acknowledgment days for veterans for key moments in history and the present day.

BRG SPOTLIGHT INITIATIVE

National Veterans Memorial and Museum Veterans Day Events
MVP, our newest BRG, launched in late 2022. MVP's first event was a Veterans Day flag ceremony and breakfast at our corporate headquarters. MVP also proudly supported the National Veterans Memorial and Museum during their Veterans Day events by packaging gift bags, ushering veterans to and from seats, and providing crowd management and related support.

Big Pride

Mission: To increase access to leadership and the visibility of our members and cultures while providing a safe space for our community and allies at Big Lots. We believe that through learned and lived experiences, we can work to reduce bias and uplift our LGBTQ+ identifying associates.

2022 LEADERSHIP MOMENTS

- Hosted Denzil Porteous of Stonewall Columbus during our initial Big 6 conversation and DEI Council working session on the state of the community locally and how Big Lots can show up authentically.
- Led healing and action sessions with members to activate the company against bias and hate against the Pride community.

BRG SPOTLIGHT INITIATIVE

Columbus Pride Festival and Parade

Since 2018, we have participated in the Columbus Pride Festival and Parade, organized by Stonewall Columbus, an organization founded in 1981 that aims to increase the visibility and acceptance of the LGBTQIA+ community and welcomes more than 700,000 visitors to Columbus Pride annually. Over the past two years, the Big Lots Foundation has invested over \$30,000 with Stonewall in its support. Over 100 of our associates including senior leaders participated in the 2022 parade.

WIN (Women's Initiative Network)

Mission: To provide an open forum where associates nurture inclusiveness and advocate for women's empowerment. We collaborate on inspirational and aspirational relationships to reach our highest potential while representing Big Lots in our communities and serving as a key resource to our stakeholders.

2022 LEADERSHIP MOMENTS

- Hosted Claire Coder, founder & CEO of Aunt Flow and Forbes 30 Under 30 awardee, who spoke on how her business is empowering women and addressing period poverty.
- Partnered with Women for Economic Leadership Development (WELD) to drive discussions on career development, networking, and economic empowerment for our associates.

BRG SPOTLIGHT INITIATIVES

Dress for Success

WIN hosted a clothing drive benefiting Dress for Success Columbus, which empowers women to achieve economic independence by providing a network of support, professional attire, and career development tools to thrive in work and life.

Helping Women, Period

In honor of Women's History Month, WIN launched an internal initiative called Helping Women, Period in partnership with the Big Lots Foundation, [Aunt Flow](#) and the [Mid-Ohio Food Collective](#). The initiative educated our associates about the impact of period poverty in our community and raised resources to help provide access to free pads and tampons.

BI&POC (Black, Indigenous, and People of Color)

Mission: To engage in a work environment that enables all of our BI&POC associates to participate in, contribute to, and benefit from the cultural richness and economic vitality of our communities that we live, work, and serve in. We believe in the opportunity for all people to help eliminate activities that stigmatize, marginalize, or separate associates across our business.

2022 LEADERSHIP MOMENTS

- Hosted Josue Vicente and Sarah Brown for the Ohio Hispanic Coalition (OHCO) for our Hispanic Heritage Month Big Talk. This conversation focused on local leaders, education, and how we can support new Americans and local Hispanic businesses.
- Led Big Lots associates in the African American Male Wellness Walk in Columbus, Ohio.

BRG SPOTLIGHT INITIATIVE

Sports in a Bag

In Fall 2022, the BI&POC BRG and the Big Lots Foundation teamed up with the [Lindy Infante Foundation \(LIF\)](#) to provide free sports equipment and at-home athletic activities to 500 underprivileged youth in central Ohio through LIF's Sports in a Bag initiative. With a gift of \$7,500 from the Big Lots Foundation, our associates assembled 500 sports bags and also volunteered to distribute the bags to the children.

Big Lots associates volunteered to assemble sports bags for underprivileged youth through the LIF's Sports in a Bag initiative.





Talent Management

We aim to attract, develop, and retain talented associates who support our culture and mission, and we are committed to upholding fair, inclusive, and diverse talent management practices. We provide our associates with many programs and opportunities to expand their skillsets and grow their careers at Big Lots. Our Talent Development team works with our internal leaders and managers to prioritize the development of our internal talent pipeline. Through our annual talent review process, leaders identify high-potential associates to fill talent needs at every level of our company and assess their readiness for advancement. Evaluation of our talent continues through the highest level of the organization as our senior leaders regularly discuss the performance, potential, and targeted development actions for our associates at the director level and above. This ensures that Big Lots has ready-now talent for our key leadership roles.

Training and Development

Training and development are important to us because we are committed to helping our associates reach their full potential. We offer a variety of professional development opportunities and programs for associates to build skills, expand their knowledge, take on greater responsibility, and grow within Big Lots. We are proud to regularly offer training on high-demand topics like presentation skills, career management, coaching, and communication. Available to all corporate headquarters associates and exempt field associates, these hybrid (in-person and virtual) facilitator-led courses encourage active participation and knowledge-sharing. Big Lots University, our e-learning management system, is available 24/7 to all associates for a range of on-demand professional development courses.

LEADERSHIP DEVELOPMENT PROGRAMS

Because our goal is to promote talent from within, we provide our associates with a number of leadership development opportunities. For example, all leaders at our distribution centers are automatically enrolled in Leadership Fundamentals—an eight-part training program that consists of four core courses and four specialized courses in an associate's area of interest. Our General Manager Leadership development program focuses on accelerating the development of General Managers at our distribution centers. In addition, our Merchant-in-Training Program identifies high-potential, entry-level associates and guides them through intensive merchant training that prepares them to take on higher level roles throughout our merchandise function. This program has been highly successful year after year, and we look forward to developing these future leaders again in 2023.

MY BIG JOURNEY

In 2021, we launched a voluntary development program that encourages store associates at all levels to earn certification for roles they aspire to attain. Since its inception, nearly 2,700 associates completed at least one journey and over 1,000 participating associates have been promoted. In 2022, My Big Journey was formally integrated into our store succession planning process.

ASPIRE

ASPIRE is an accelerated career development program for high-potential associates. This program has improved high-potential associate retention and succession planning for leadership roles. In 2022, we proudly graduated 26 diverse individual contributors and managers who have developed advanced leadership skills through the program.

Engagement

Strong associate engagement and satisfaction not only helps improve our company's performance and the experience of our customers, but also promotes a sense of community among our associates. Every year, we conduct an associate engagement survey to collect feedback from our associates on engagement, manager effectiveness, inclusion, and performance enablement. The survey results give us insight into our company culture and help us identify areas of improvement to continue building a "best place to grow" environment. Our survey completion and engagement rates for 2022 again exceeded industry benchmarks.

89%

completion rate for our 2022 survey

77%

overall engagement rate

Performance Reviews and Peer Recognition

Giving recognition to our associates for their hard work is important to us. Performance management at Big Lots is an annual cycle that begins with setting strategy-aligned performance goals and ends with an annual performance review. We employ two processes for performance reviews: exempt associates are assessed at year-end and non-exempt associates are assessed based on the anniversary date of employment. Reviews assess what was achieved (i.e., the associate's performance based on annual performance goals set at the start of the year) and how it was achieved (i.e., leadership behaviors). An associate's overall rating determines salary adjustments and/or incentives based on eligibility.

Managers and associates hold quarterly conversations to review performance against goals and the progress being made on their individual development plans. On a quarterly basis, associates can also receive an internal cash award of up to \$500 when nominated for going above and beyond in their job through our Bring Your Big initiative.

EXCLAIM

In 2021, we launched Exclaim—a social media-inspired recognition platform that allows for increased peer-to-peer and leader-to-associate recognition across our company. Over 61% of our associates use this platform, and over 90% of our associates have received at least one recognition through Exclaim.

Compensation and Benefits

We offer our associates a comprehensive benefits package and competitive compensation. We benchmark our compensation structures for specific job positions to check for market competitiveness, as well as bonus and pay equity programs to support mutual benefits. We take great pride in our ability to provide our people with a full suite of benefits, which are listed on our [website](#).

We believe in taking care of our people, supporting work-life balance, health and wellness, income protection and retirement planning. Benefits are subject to eligibility requirements and part-time or full-time associate status. In 2023, we intend to make medical coverage even more flexible in our part-time medical care option.



| The Big Lots 2022 Pelotonia team.

Health and Wellness

The well-being of our associates is a top priority for us. For those enrolled in our medical program, Big Lots provides zero cost preventive care for the associate and enrolled family members. We reduced telehealth visits to a \$0 cost during the height of the COVID-19 pandemic (2020–2021) and telehealth visits continue to be subsidized for enrolled associates. In mid-2022, we expanded our medical plans to provide up to \$4,000 per year of reimbursement for travel and lodging for enrolled associates who do not have care available locally and must travel to seek safe access for covered medical services (for example, reproductive health care).

We are also proud to provide mental health benefits to every one of our associates through the Big Lots Employee Assistance Program. At Big Lots, we want our associates to have access to the resources they need to successfully manage their personal well-being and health and have expanded our benefits to meet this need.

Big Lots Foundation Emergency Assistance Fund

In 2015, we partnered with The Columbus Foundation and the Gifts of Kindness LLC to create the Big Lots Foundation Emergency Assistance Fund (the Fund). The Fund provides grants for food, shelter, and other basic needs to Big Lots associates experiencing financial hardship due to an unexpected personal crisis. This program has emergency guidelines in place to make funding available and accessible to as many associates as possible. Since the Fund's inception, we have awarded more than 3,000 grants totaling nearly \$2 million.

~\$2 million

granted to associates through the Big Lots Foundation Emergency Assistance Fund since 2015



Safety and Security

At Big Lots, we are always focused on associate safety. We never ask anyone to do anything that would jeopardize their safety, the safety of their coworkers, or the safety of our customers. All store associates must complete several mandatory training courses, which are assigned and tracked through our e-learning management system. Our security training includes interactive courses on information security and cybersecurity management; we approach these topics by managing risk, training our associates, and keeping up to date on cybersecurity and information security.

Asset Security

Our Vice President of Asset Protection is responsible for the security and integrity of our physical assets (stores, distribution centers, corporate headquarters, and products), as well as the physical safety of our customers and associates. Our team of more than 50 field leaders partners with our store managers to oversee the safety and security of our stores, distribution centers, products, and customer information to help mitigate physical and cyber security risks. APEX, our centralized online asset protection platform, allows our field leaders to access important reports, such as cases of shoplifting or safety incidents, in real time. This platform helps us conduct store audits, in person or virtually, via cameras. We have continued to scale and evolve this program, emerging as an industry leader in this space over the past two years.

Emergency Preparedness and Response

We have established processes and systems to alert store leaders of potential situations that may pose a threat to associate and customer safety. We use software applications for extreme weather notification and also for security risks such as civil unrest and protests.

STORE SAFETY AUDITS

Each store receives a comprehensive audit every year to assess the safety and security of our individual stores, as well as to identify trends across our store footprint, such as accidents and injuries. The audit results are uploaded into APEX, where they are aggregated to help us determine if additional training is needed at specific stores.

SAFETY TRAINING

We take safety training seriously and regularly look for ways to advance our safety training to prepare our associates for any situation. We launched aggressor/active shooter training through our learning management system for our store associates. We also launched non-argumentative/de-escalation training to help our associates appropriately deal with challenging situations involving customers. Maintaining the safety of our associates and our customers is a core value in our stores, supply chain, and corporate campus. Since 2021, our injury frequency rate is down 25%, recordable injuries are down 39%, and workers' compensation claims are down 31%.

Cybersecurity and Data Protection

Our information security team is responsible for Big Lots' cybersecurity and information security, including the security and integrity of our digital assets, our e-commerce platform, associated company data, and customer information. Jointly led by our Chief Technology Officer and our Vice President of Information Security, this team is responsible for presenting the cybersecurity update to our Board of Directors quarterly. Cybersecurity risk is managed by performing risk assessments and planning response strategies based on the results of these assessments. Results are documented in the cybersecurity risk assessment report and presented to our Board at least annually.

Our information security team engages with third-party cybersecurity and risk assessment experts to provide guidance and expertise. We use an independent service provider to assess our cybersecurity program and a managed security service provider to provide security monitoring. We regularly share security incident and threat intelligence information with our local FBI field agents.

Since 2013, we have partnered with a third-party security expert to perform a Cyber Security Maturity Assessment (CSMA) on a regular basis, which helps us understand our progress. The CSMA baselines and benchmarks the maturity level of Big Lots' cybersecurity program against industry standard measures and provides comparison data. In addition, an independent third-party performs an annual penetration test on our corporate buildings, stores, distribution centers, online, and wireless environments. To further our understanding of Big Lots cybersecurity, our Information Security team conducts an annual risk self-assessment using the Center for Internet Security (CIS) framework. The results of the CSMA and risk assessments allow us to identify and prioritize investments and cover identified gaps, which helps us continually mature and strengthen our cybersecurity program.

Each year, we assess our compliance with the Payment Card Industry Data Security Standard (PCI-DSS) that is designed to protect customer credit card data. We have been PCI compliant for over ten years and have not incurred any significant cybersecurity-related breach/incidents over the past five years. We are prepared to properly handle any incident and have a formal incident/breach response plan in place; we revise this plan at least annually for accuracy and response efficiency. We believe our associates are well trained in cybersecurity. They complete interactive cybersecurity training at least quarterly, which regularly includes phishing and corporate security, as well as integrated updates as we identify additional risks and opportunities for growth.

Please see our [Privacy Policy](#) for more information.

ENVIRONMENT

At Big Lots, we recognize it is important to care for our planet. To do this, we engage everyone within the organization to help our company operate sustainably. From company-wide environmental initiatives to our dedicated Big Sustainability Team, we are incorporating sustainable actions throughout the entire Big Lots organization. **Moving forward,** we will identify ways to further reduce our environmental footprint and implement changes that have a positive environmental impact.





ENVIRONMENTAL PROGRAMS

At our corporate headquarters, we have implemented several environmental programs to improve Big Lots' impact on the environment. With involvement throughout all levels of our organization, these programs give every associate at Big Lots an opportunity to make a BIG difference for our planet.

Big Sustainability Team

We know that when our associates are passionate about an issue, they deliver BIG results. That is why we created the Big Sustainability Team, a group of associates dedicated to reducing our environmental impact. The Team promotes events, activities and educational opportunities that encourage sustainable practices throughout the organization including a sustainability education video with over 40,000 views. The Big Sustainability Team continues to implement programs to reduce paper printing across all our stores, offices, and distribution centers.



In 2022, we harvested over 1,000 pounds of produce and herbs from the garden, all of which was donated to local food banks.

In 2022, the Big Sustainability Team represented Big Lots and participated in the Green Columbus Earth Day Fair, providing planting supplies, soil, and seeds for community members. Additionally, for the past six years, our Big Sustainability Team has managed a 9-bed community garden at our corporate headquarters. The Team drives many more sustainability initiatives that make a BIG difference using their passion for the environment, time, skills, and creativity.

LEED Certification

We designed our corporate headquarters and our newest distribution center in Apple Valley, CA (AVDC) with sustainability as a priority. Both facilities are Leadership in Energy and Environmental Design (LEED) certified, with the headquarters earning the additional distinction of SILVER certification. LEED is a globally recognized symbol of sustainability achievement and leadership that provides third-party certification of the design, construction, and operation of an efficient and environmentally friendly building. Common features include light emitting diode (LED) lights, low energy consumption workstations, natural light, low-flow toilets, and "smart" restroom fixtures that save energy and water, as well as solar panels at AVDC only. We recycle paper, plastic, and glass to reduce waste, offer free EV charging stations, and reserve prime parking spots for fuel efficient vehicles at these facilities.

Associate Initiatives

To make our organization more sustainable, we actively encourage our associates to submit cost savings ideas. Since launching in 2019, over 500 ideas have been submitted by our associates, with several implemented and many more in review. As an incentive, we award associates that submit innovative and creative ideas with a gift card. We review all ideas quarterly, and our team proposes next steps for ideas that will be implemented.

In response to numerous associate suggestions, we eliminated 1.2 inches of paper on customer receipts by replacing text with a QR code. We also give customers the option of an emailed receipt instead of paper.



ENERGY AND EMISSIONS

Optimizing our energy use is an important way to minimize our impact on the environment and reduce greenhouse gas (GHG) emissions. By implementing energy management systems (EMS) in our retail stores and utilizing renewable energy where possible, we have already made BIG improvements. In 2022, more than 90% of our electricity consumed is from the electrical grid. Many of our stores are participating in Demand Response Programs where Big Lots sites coordinate with local utility providers to strategically modify energy use during periods of high electrical demand. We began participating in Demand Response Programs in 2010, and now 127 sites are participating in 2022. **Moving forward**, we aim to expand participation in these programs to more of our sites. Additionally, we are using EMS and utility bill data to identify energy reduction opportunities and take steps to remedy excessive energy and water consumption.

Energy Use Optimization

We have installed EMS controls at 98% of our retail sites. These controls are programmed to optimize each site’s energy utilization through established HVAC set points and lighting schedules. In recent years, our building security systems have been integrated into the controls to further limit energy consumption after regular hours. These controls also make it possible for us to participate in critical energy curtailment programs to help limit the strain on local energy grids when demand is at its highest.

We have a team dedicated to monitoring and continually optimizing the EMS to keep improving and minimizing our energy use. As of 2022, 98% of all sites are benefiting from LED lighting products. An HVAC motor speed control (VFD) program was deployed in 2022 at 30% of the retail sites and the Durant, Oklahoma Distribution Center, which reduces energy consumption by an average of 12% at each of these sites.

We are working to reduce GHG emissions and improve fleet fuel economy by contracting with carriers that participate in the EPA SmartWay program. This program improves supply chain sustainability and helps carriers accurately measure, benchmark, and then improve our transportation efficiency. Over the last five years, we have increased our total usage of SmartWay carriers from 68% to 84% (total miles using SmartWay increased from 41% to 91% and total shipments from 63% to 89%). **Moving forward**, our goal is to have 95% of our miles driven by SmartWay carriers by 2025.

89%

of our total shipments use SmartWay carriers

OUR ENERGY USE^[1]

METRIC	2020	2021	2022
Gas in million British thermal units (MMBtu) and gigajoules (GJ)	546,521 MMBtu	580,326 MMBtu	612,532 MMBtu
	576,610 GJ	612,276 GJ	646,255 GJ
	(1,029 sites)	(1,041 sites)	(1,047 sites)
Electricity in kilowatt hours (kWh) and gigajoules (GJ)	515,484,720 kWh	492,544,293 kWh	468,928,654 kWh
	1,855,745 GJ	1,773,159 GJ	1,688,143 GJ
	(1,464 sites)	(1,473 sites)	(1,497 sites)
Total gigajoules (GJ)	2,432,355 GJ	2,385,435 GJ	2,334,398 GJ

[1] Energy usage is calculated based on sites (including retail locations, distribution centers, and headquarters) operated at any point during the year where Big Lots paid the utility bills. Excludes sites where the landlord pays the utility bills and sites that do not use gas.

Renewable Energy

At Big Lots, we recognize the importance of utilizing renewable energy. In California, we installed a 240-kW solar array to provide renewable energy at one of our facilities, and we are using renewable energy at seven sites in California. Additionally, we are utilizing renewable energy at 82 sites in Texas, further reducing our carbon footprint and fuel consumption. In total, about 9% of the energy we consume comes from renewable sources. We are proud of the renewable energy sources we have invested in, and we are continuously evaluating opportunities to further integrate renewable energy into our operations.

82

sites in Texas utilize renewable energy

Greenhouse Gas Emissions

In 2020, we retained [Tradewater](#) to help us establish a corporate emissions inventory based on 2019 data gathered from our corporate headquarters, five distribution centers and a sample of five retail stores in different climatic regions. This inventory estimated that approximately 10% of our GHG inventory is sourced from Scope 1 (direct) and Scope 2 (indirect) emissions that are within our operational control, and provided several recommendations for reducing GHG emissions. This work has provided a foundation for several projects detailed in this report, and for developing a more detailed GHG emissions inventory management plan.

In March 2021, Big Lots purchased 1,500 carbon offset credits, produced by Tradewater and retired on [VERRA's Verified Carbon Standard registry](#), to offset a portion of our 2021 corporate emissions. These high-quality, third-party verified offsets are the result of the permanent destruction of potent greenhouse gases collected in Ghana as organized by Tradewater.

Moving forward, we will identify opportunities to further reduce or offset our GHG emissions, reassess our Scope 1 and 2 emissions, and increase our GHG data governance.



WATER

To reduce our water consumption, we are monitoring and investing time to evaluate the water use throughout our facilities and identify reduction opportunities. This process has helped us identify leaks and other issues to successfully minimize our water use throughout the company.

OUR WATER USE

YEAR	KILOGALLONS (K GAL)	AVERAGE PER STORE
2020	151,619 kgal	127.3 kgal
2021	155,011 kgal	139.1 kgal
2022	152,246 kgal	134.6 kgal



WASTE

We have developed a waste reduction program to minimize the waste our stores and distribution centers produce, currently focused on three areas. Our stores donate food and unsold products to food banks, our distribution centers donate furniture to furniture banks, and all corporate sites recycle many materials we use, including cardboard, paper, and plastic/shrink wrap. We have service providers who manage 100% of our electronics and universal waste domestically, while batteries are recycled by our hazardous waste vendors. We continue to review how we measure success through a set of key performance indicators (KPIs) and how to best pilot a waste reduction program for the entire company. Currently, our program focuses on optimizing our waste management and proving the tools to achieve and sustain waste reduction in both cost and landfill to recycle ratio. **Moving forward**, we will identify more waste streams for waste diversion, such as plastic film and non-sale merchandise, as well as track and increase participation at all our facilities.

We recognize that to reduce waste throughout the company, we need to change associate behaviors. To do this, we developed a training video on sustainability that we offer to all associates via Big Lots University. In 2022, we ended printing weekly paper flyers for distribution in our stores and transitioned to electronic advertisements, saving 2,000 short tons of paper annually. We also began an educational campaign that trains cashiers on how to minimize plastic shopping bag usage. The campaign focuses on not bagging single items, maximizing the number of items per bag and reducing double bagging to reduce plastic waste. Additionally, nearly 350 of our stores are using reusable or paper bags in lieu of plastic bags and we offer reusable bags for purchase in all stores. Lastly, we reuse over 2 million boxes annually to reduce our cardboard waste.

OUR WASTE		
METRIC	2021	2022
Non-hazardous waste recycled (tons)	34,593	29,488
Non-hazardous waste to landfill (tons)	38,982	39,321
Hazardous waste generated (tons)	195	194
Total waste generated (tons)	73,770	69,003

Sustainability Accounting Standards Board (SASB) Disclosure Index

MULTILINE AND SPECIALTY RETAILERS & DISTRIBUTORS				
ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE	DATA RESPONSE/REFERENCE
Energy Management in Retail & Distribution				
(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	CG-MR-130a.1	Energy and Emissions , page 26
Data Security				
Description of approach to identifying and addressing data security risks	Discussion and analysis	n/a	CG-MR-230a.1	Cybersecurity and Data Protection , page 23
(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of customers affected	Quantitative	Number, Percentage (%)	CG-MR-230a.2	0
Labor Practices				
(1) Average hourly wage and (2) percentage of in-store associates earning minimum wage, by region	Quantitative	Reporting currency	CG-MR-310a.1	Compensation and Benefits , page 22 100% of our employees earn at least minimum wage per state mandates.
Workforce Diversity & Inclusion				
Percentage of gender and racial/ethnic group representation for (1) management and (2) all other employees	Quantitative	Percentage (%)	CG-MR-330a.1	Associate Demographics , page 18
Product Sourcing, Packaging & Marketing				
Revenue from products third-party certified to environmental and/or social sustainability standards	Quantitative	Reporting currency	CG-MR-410a.1	Currently Big Lots collects relative revenue information for our private label OEKO-TEX® certified products, discussed in Responsible Sourcing , page 9
Discussion of process to assess and manage risks and/or hazards associated with chemicals in products	Discussion and analysis	n/a	CG-MR-410a.2	Responsible Sourcing , page 9
Discussion of strategies to reduce the environmental impact of packaging	Discussion and analysis	n/a	CG-MR-410a.3	Waste , page 28
ACTIVITY METRIC				
Number of (1) retail locations (2) distribution centers	Quantitative	Number	CG-MR-000 A	U.S. Specific Numbers: (1) 1,425 retail locations (2) 5 distribution centers
Total area of (1) retail space (2) distribution centers	Quantitative	Number	CG-MR-000 B	U.S. Specific Numbers: (1) approximately 4,373,865 m ² (2) approximately 836,127 m ² See Annual Report (page 16-17)



Forward-Looking and Cautionary Statements

The information presented in this 2022 ESG Report – BIG Cares 2022 (this Report) is non-financial in nature and therefore has not been prepared in accordance with generally accepted accounting principles (GAAP), independently audited, or reviewed or evaluated using an established control framework. The information presented, including performance or other metrics, may be based on estimates and assumptions that require a high degree of complex and subjective judgment, and may not necessarily be comparable with similar information presented by other companies or calculated pursuant to all third-party standards of sustainability reporting. Certain of the standards and metrics used in preparing this Report continue to evolve and are based on management assumptions believed to be reasonable at the time of preparation but should not be considered guarantees. Inclusion of information in this Report is not an indication that we deem such information to be material or important to an understanding of our business or an investment decision with respect to our securities.

This Report contains or may contain forward-looking statements, including, but not limited to, statements regarding our future ESG-related policies or performance. Words such as “expects,” “anticipates,” “envisions,” “targets,” “goals,” “projects,” “intends,” “plans,” “believes,” “seeks,” “estimates,” variations of such words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements involve a number of risks and uncertainties. Any forward-looking statements that we make herein and in future reports and statements are not guarantees of future policy or performance, and actual policy or performance may differ materially from those in such forward-looking statements as a result of various risk factors, including, without limitation, factors relating to the economic environment, the impact of the COVID-19 pandemic, interest rates, availability of resources, competition, market concentration, land development activities, construction defects, product liability and warranty claims and various governmental rules and regulations. See “Item 1A. Risk Factors” in Part I of our Annual Report on Form 10-K for the year ended January 29, 2022, as the same may be updated from time to time in our subsequent filings with the SEC, for more information regarding those risk factors.

Any forward-looking statement speaks only as of the date made. Except as required by applicable law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in our subsequent reports on Forms 10-K, 10-Q and 8-K should be consulted. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995, and all of our forward-looking statements are expressly qualified in their entirety by the cautionary statements contained or referenced in this section.

This Report contains references to our website and other websites. Information on our website and such other reference of other websites is not incorporated by reference in or otherwise considered a part of this Report.

Unless this Report otherwise indicated or the context otherwise requires, the terms “Big Lots” or “our,” “its,” “we,” and “us” refer to Big Lots, Inc. and its subsidiaries.

**BIG
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