

2021 Listen Better Report

sonos

Environmental, Social and Governance at Sonos

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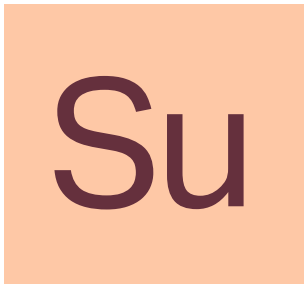
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A Message From Patrick

At Sonos, we're continually inspired by music's unique ability to transcend boundaries and bring people together. It's that same cohesion in our team that motivates us to make Sonos the most responsible company possible.

Over the past year, we have experienced firsthand the devastating effects of climate change, and like all corporations, we know we must act now to protect our planet for future generations. We answered this call with ambitious action by establishing a Climate Action Plan. We began by mapping the carbon footprint of our value chain – from sourcing materials and packaging to our product use and end-of-life. Based on the findings, we developed a plan focusing on the areas of greatest impact – products, supply chain and transportation. Implementing the plan will drive down the carbon footprint across our value chain towards our new FY40 net zero goal.

In addition to climate change, we are also tackling the growing problem of e-waste. We will continue to meet our customers' expectations for quality while at the same time extending product longevity. When a product is eventually in need of repair or disposal, our emerging design for disassembly process seeks to enable refurbishment or



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A Message From Patrick

recycling where possible. We also continue to improve software solutions that will keep older products in use for longer.

For our employees, communities and society as a whole, we continued to fight for social justice and equity, including strengthening our diversity, equity and inclusion (DEI) efforts. In FY21, we appointed a fully dedicated Chief Diversity, Equity and Inclusion Officer who reports directly to me. Additionally, our recent initiatives in policy, training, HR processes and development opportunities are already showing results in the diversity of our teams. We've begun to make progress in representation from historically marginalized groups at every level of management, creating teams with an invigorated vision and more opportunities for innovation.

We believe that nurturing all voices immeasurably benefits the appeal and potential of our products and services. But we still have a long way to go. That's why we will continue to invite feedback from both our internal employee resource groups and our external partnerships, striving to create a culture of inclusion companywide.

Our DEI efforts are not limited to our own operations. Our Supplier Diversity Program, launched in FY21, is driving broader business and societal change through new partnerships with companies owned by people from historically marginalized communities.

COVID-19 continues to be a global challenge, and while vaccine programs and public-health efforts are gradually establishing a "new normal," we are laser focused on keeping our employees, their families and broader communities healthy and safe. We will continue to support our employees as they work from home, and I'm truly humbled by their resilience, resourcefulness and positivity throughout the pandemic.

Safety precautions forced us to scale back elements of the in-person interactions that traditionally power our work with nonprofits. Our teams were quick to find new ways to give back and supported our Sonos Soundwaves partners in delivering over 16,000 hours of music education during FY21 alone, putting us well on track to meet our goal of 100,000 hours of music education by FY25.

With a hopeful, post-pandemic world coming into view, I am reenergized at the opportunity to keep building on our progress, and to take action upon exciting new plans for the future. I look forward to sharing what more we have achieved together in a year's time. We won't always get it right, but we will strive to listen better, and we hope you'll join us on our journey.

Patrick Spence

Chief Executive Officer, Sonos

Taking Action on the Climate Crisis

Our planet is facing a climate crisis that is already severely disrupting ecosystems and livelihoods. As a global company with our own environmental impacts, we must do our part to address climate change.

In FY21, we partnered with a leading third party to take the initial and significant step of measuring the carbon footprint of our value chain. This assessment revealed that 99.9% of our emissions are outside of our direct operations , or what are known as Scope 3 emissions, with most emissions related to the use of our products, supply chain manufacturing and distribution.

Based on our carbon footprint, we developed a Climate Action Plan to guide year-over-year progress to reduce our greenhouse gas emissions across those three focus areas. The plan, shown here, prioritizes reducing emissions as our first and preferred step to minimizing our impact and achieving our newly established goals to be carbon neutral in our value chain by FY30 and net zero by FY40. In support of these broader goals, we set FY30 and FY40 performance targets across each focus area.

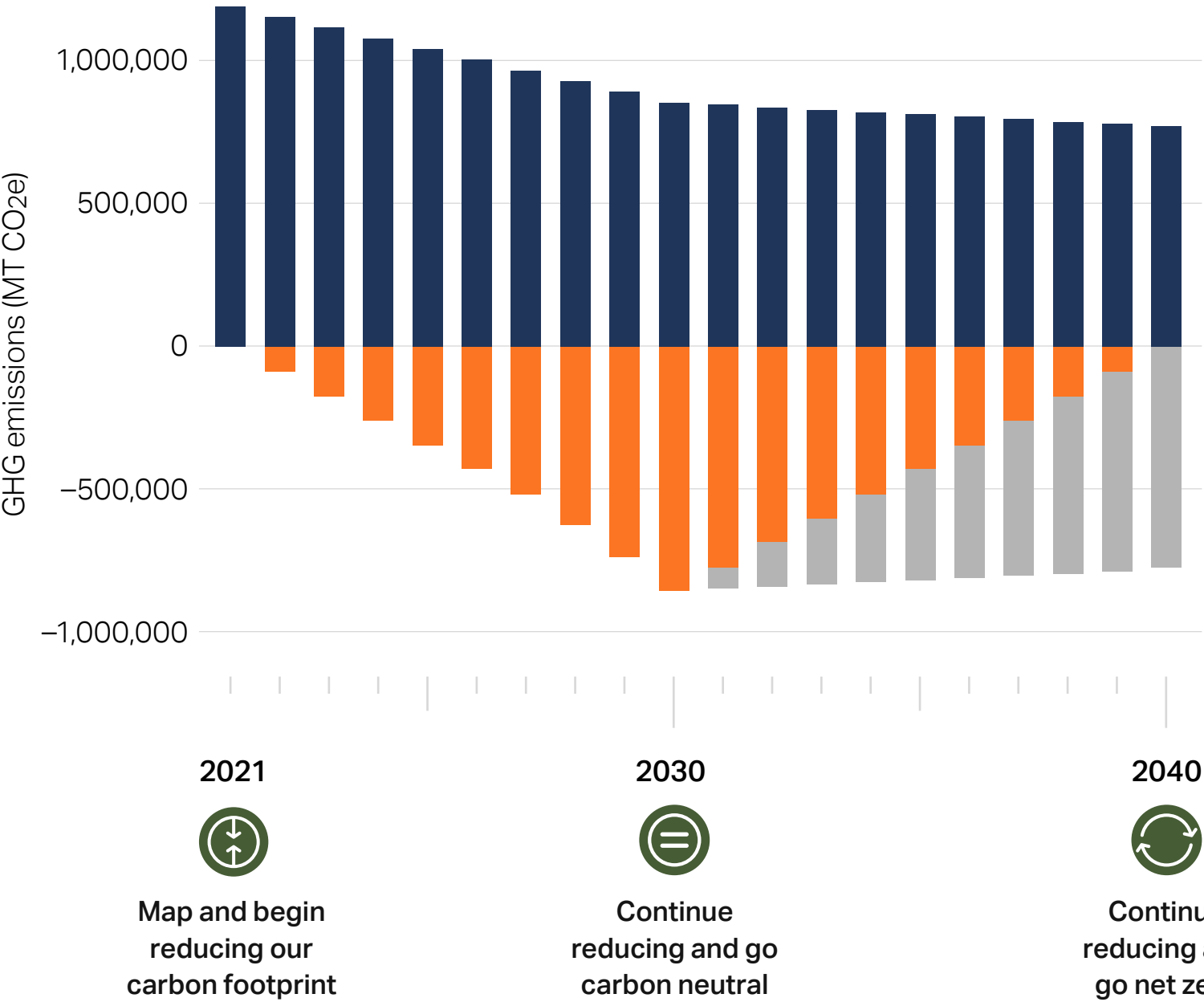
We recognize that as a growing company, we will not be able to achieve carbon neutral and net zero through reductions alone. As needed, we will use offsets and carbon removal to meet our FY30 and FY40 targets, respectively. In doing so, we will support natural ecosystems and embrace the latest advances in removal technology.

While we are inspired by this plan as a new way forward, we know we have a long way to go. We are committed to remaining transparent throughout our journey and will report on the plan’s progress in our future Listen Better Reports. Additionally, in our FY22 report, we will provide a disclosure of our climate risks by reporting to the Task Force on Climate-Related Financial Disclosures (TCFD).

More detail on our carbon footprint and Climate Action Plan is included in [Our Carbon Footprint](#).

Sonos Climate Action Plan MT CO2e (projected)

■ Reduced GHG emissions ■ Carbon offset ■ Carbon removal



Environmental

We integrate sustainability across every aspect of our company, from how we design and manufacture products to the way we operate our facilities. The climate crisis makes our sustainability initiatives all the more urgent, and we're stepping up our efforts across the board to reduce our impact.

Our Carbon Footprint

APPROACH

Minimizing our impact on the planet means being more efficient across our operations and supply chain.

To better understand our climate effects and how we can reduce our environmental impact, in FY21 we measured the FY20 carbon footprint of our value chain – from product manufacture to our daily operations to product end-of-life. This heightened visibility into our impact informed our first Climate Action Plan, prioritizing viable and cost-effective approaches to begin addressing our largest sources of greenhouse gas (GHG) emissions.





Moving forward, this plan will evolve and guide our efforts to reduce the energy, emissions, water and waste from all aspects of our business.

PROGRESS

Our FY20 carbon footprint was 1,231,430 metric tons of carbon dioxide equivalent. Of those emissions, 99.9% were Scope 3, 0.1% were Scope 2 and near zero were Scope 1. Of our Scope 3 emissions, product use is the most significant GHG contributor (75%), followed by product manufacturing in the supply chain (20%) and distribution (4%). See the chart on the next page for more detail.

Based on this footprint, we developed a four-step Climate Action Plan focused on our three high emission areas.

At a Glance: Sonos Climate Action Plan



Step 1 ✓		Map and disclose our carbon footprint
Step 2 FY22		Begin reducing our carbon footprint
Step 3 FY30		Continue reducing and go carbon neutral
Step 4 FY40		Continue reducing and go net zero

Our initial plans to reduce emissions will focus on lowering product energy consumption, pursuing low carbon opportunities and partnering with suppliers on energy conservation. Emissions reduction will remain our top priority for mitigating our impact. In order to achieve our goals to

be carbon neutral and net zero, we will invest in offsets and carbon removal technology, respectively, for emissions not mitigated through our reduction efforts.

In FY22, we will begin implementation of our Climate Action Plan. We will also continue to refine our calculations and improve our data year over year to inform our approach moving forward, including exploring the adoption of science based targets.





Performance Targets

-  **FY30** | **Achieve carbon neutrality in our value chain through reduction and offsets**
-  **FY40** | **Achieve net zero emissions in our value chain through reduction and carbon removal technology**



How our products are used
75.2%


Supply chain
19.5%

-  Distribution **3.9%**
-  Capital goods **0.5%**
-  Product end-of-life **0.4%**
-  Business travel **0.3%**
- Other 0.2%**

Our Scope 3 carbon footprint was **1,230,126** metric tons of CO₂e in FY20. Equivalent to:

138,418,589 gallons of gasoline consumed



148,136 homes' energy use for one year



267,528 passenger vehicles driven for one year



Product Sustainability

APPROACH

Our customers expect environmentally responsible products – made, enjoyed and retired – sustainably. By reducing the environmental footprint of our products, we can meet customer expectations, stay ahead of ever-evolving regulations and do what’s right for the planet.

In FY21, we launched our Product Sustainability Program to drive down the carbon footprint and environmental impact of our products. We empowered an internal “green team” to oversee and progress our work across four key areas:

- **Energy Efficiency:** Product energy use is the most significant contributor to our carbon footprint. We’re improving the energy efficiency of our product portfolio, with a focus on idle and sleep states.
- **Materials:** Electronic waste (e-waste) is one of the fastest-growing waste streams in the world. We’re reducing our use of virgin materials and envision a future where all our products can be recycled to make new products and are free from hazardous materials.
- **Product Longevity:** Guided by our Product Life Cycle Principles, we are striving to design our hardware and software in a manner that extends the useful lives of our products. When a product is eventually in need of repair or

disposal, our emerging design for disassembly seeks to enable refurbishment or recycling where possible.

- **Packaging:** We’re designing our packaging to reflect our responsibility to the planet. This means continuing to move toward sustainable paper and away from plastics.

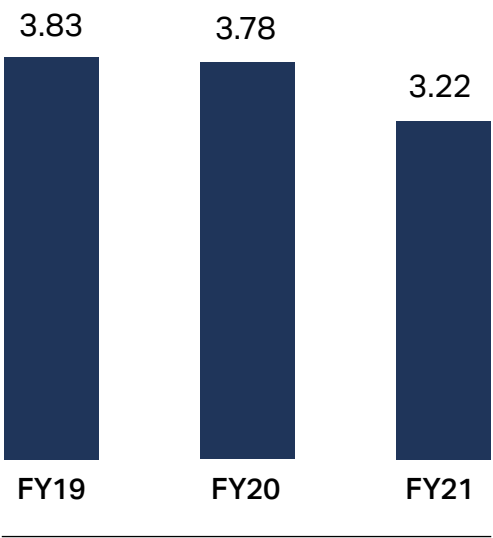
PROGRESS

Energy Efficiency

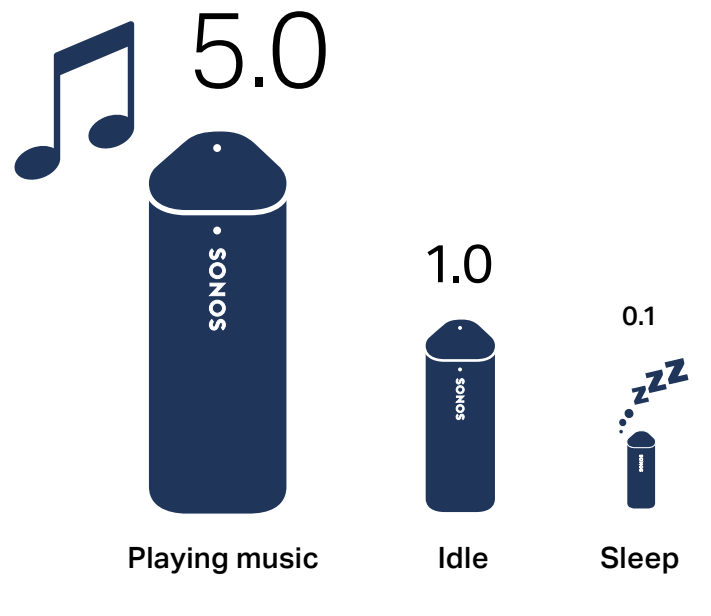
The overwhelming importance of climate change means we must create products that use less energy than the models they replace. We are doing this at a time when technology continues to drive an expansion in functionality that often requires more power.

As reflected in our Climate Action Plan, product efficiency is a strong focus for us. Our work aims to reduce the energy consumption of our products when they are not in use – the idle or sleep state – because this represents the majority of energy consumption during a product’s life. Our ambition is to achieve idle energy usage under 2 watts across our portfolio. We've established a team dedicated to product energy efficiency and we will report on their progress and establish targets in the coming year.

Average Idle Power Across Our Product Portfolio watts



Energy Use of Roam watts



Product Sustainability



In FY21, the average idle power across our product portfolio was 3.22 watts, a 15% decrease compared to FY20. During this year, we developed more efficient hardware and software to create the most energy efficient speaker in our portfolio, Roam – our battery-powered ultraportable. For Roam, we included two levels of power savings when not in use: the idle state, when a product is available on command, and the sleep state, which the product enters after 30 minutes in idle.

Roam is our first product to achieve just 1 watt at idle and 0.1 watt at sleep.

We are now applying the energy efficiency knowledge gained with Roam to our wider product portfolio. We also implemented a new power monitoring software that enables us to track how software updates impact energy consumption before we introduce them.

Materials

We are working to make our products more circular by transitioning to post-consumer recycled (PCR) plastics and reducing the use of hazardous materials. Our Product Sustainability Program taps into the latest innovations to identify alternative materials, which we then rigorously test to ensure they meet our quality standards. In FY21, we tested and validated color matches for PCR material that can be incorporated into new products beginning in FY23.

We also implemented a solution to give batteries used in our Move and Roam speakers a second life. We send batteries returned to Sonos in the United States to our third-party partner that recycles the material so it can be used in cathode development. We are exploring the potential for expanding this process for our batteries in Europe.

In FY21, we also focused on defining the requirements, which will lead to the removal of halogen elements from our products. Halogen elements can be harmful to people and the environment during product manufacturing and disposal if not handled responsibly. We will work to make new products halogen-free by FY23.



Performance Target



FY23

100% of new products will begin incorporating PCR plastics in place of some or all virgin plastics



FY23

All new products will be 100% halogen-free

Product Longevity

We strive to keep our products in use, longer. Designing for longevity of internet-connected devices means focusing on both hardware and software. We use quality components and materials to make our products robust and durable so they stay in use longer.

In FY21, we began our design for disassembly exploration, which we plan to incorporate into all new products launching in FY23. This approach builds in features – such as fasteners instead of adhesives – that make it easier to repair, refurbish

and recycle when a product is returned under warranty, or at the end of its life. We are also introducing a repairability index to our product development process that will launch internally by FY23. At the same time, we will conduct more research to determine when it is environmentally preferable to upgrade to a new, more energy efficient and sustainable product.

In addition to physical longevity, we keep product software updated with bug fixes and security patches many years after the product is no longer made. Sonos maintains two operating systems specifically so that we can continue supporting older products.

For information on how to recycle Sonos products, please see [our website](#).

Performance Target



FY23

100% of new speakers will incorporate design for disassembly through a repairability index for easy repair, refurbish and recycling

Product life cycle principles



Product Sustainability

Packaging

A comprehensive approach to product circularity must include packaging. And to us, premium packaging also means responsible packaging, so we always aim to use more paper and less plastic.

Our goal is to use 100% responsibly sourced paper for our packaging by FY25. This means the paper is either PCR (post consumer recycled), FSC-certified (Forest Stewardship Council) or made from recyclable plant-based fibers. In FY21, we achieved 94% responsibly sourced packaging paper compared to 92% in FY20.

In FY21, we undertook a major packaging design update to better align with our brand identity and sustainability objectives. Our solution is based on FSC-certified proprietary Sonos Custom Kraft paper. This paper was first used for our Roam speakers, and will continue to be used for new products launching between FY22 and FY25.

We have been moving away from single use plastics since FY12 due to their impact on the environment. According to the Ellen MacArthur Foundation, only 14% of plastic packaging is collected for recycling globally, while more than half is landfilled and a staggering 33.3% ends up in the

environment.¹ In FY21, we continued our efforts to develop cushions with wood or plant based fibers in place of foam, reducing our use of plastic and increasing the potential for recycling. We also removed single use plastic laminate for new and existing products with our Sonos Custom Kraft paper, enabling us to eliminate approximately 144,000 pounds of plastic in FY21.

To enhance our insights and expertise on sustainable packaging, we are members of the Sustainable Packaging Coalition and contribute data to ensure our How2Recycle labeling is accurate. We also started an environmental life cycle assessment and will use the findings to track our sustainability goals while analyzing the environmental footprint of our packaging. We will share the results of that assessment in FY22.

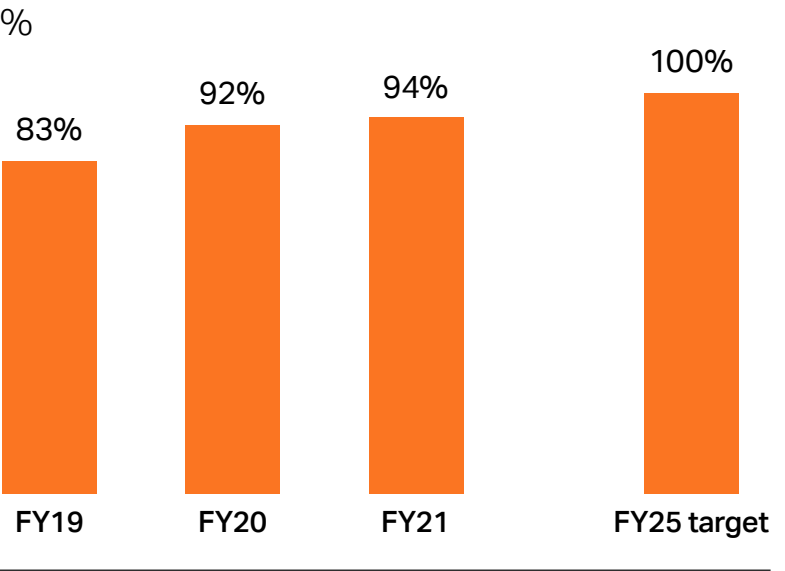
Performance Target



FY25

100% of paper in packaging will be responsibly sourced, including paper that is either PCR, FSC-certified or plant based fibers

Packaging Paper That is Responsibly Sourced



¹ [Extended Producer Responsibility](#), Ellen MacArthur Foundation, June 2021

A Premium, Sustainable Packaging System Sets a New Standard for Sonos

Sonos new packaging system, which launched with our Roam portable speaker, points the way to future sustainable packaging across the company's product portfolio.

Michelle Enright, Head of Packaging Experience, describes the Sonos approach to sustainable packaging: "We wanted the unboxing to feel like it's your birthday. The beauty of Roam's packaging is that we didn't need to sacrifice sustainability priorities to achieve that."

For Roam, our team maximized the proportion of packaging made from paper in line with our goal to phase out plastic. This solution was achieved using Sonos Custom Kraft paper, which is uncoated and FSC-certified.

"Most packaging that you'll see in stores will have a plastic coating to prevent scuffs and fingerprints. It also makes those materials far less recyclable," says Michelle. "One of the challenges with uncoated papers is that they all react differently to ink, so the visual system we created had to cater to the specific qualities of this new paper."

The finished packaging uses 100% responsibly sourced paper for Roam's box, and even the hanging loop on the top is made from paper fibers – negating the need for plastic. Overall, the packaging system is 97% paper, exceeding the design team's initial goal of 85%.



Social

At Sonos, we aim to have a positive impact on society – both within our company and outside it – supporting not only our employees, but our customers, partners and wider communities. We have been focusing our efforts on improving our diversity, equity and inclusion initiatives, as well as our approach to responsible supply chain practices, philanthropic giving and privacy and cybersecurity.

Diversity, Equity and Inclusion

APPROACH

Music has the unique ability to transcend cultural boundaries and bring people together, and we aim to make Sonos’ company culture just as inclusive and unifying. By embracing diversity and championing equity and inclusion, we are creating more engaged and fulfilled team members, and harnessing broader influences for innovation. All of this enables us to design products that are relevant to more people in more places.

Our approach to diversity, equity and inclusion (DEI) is focused on:

- **Diversity:** Talent acquisition and retention
- **Equity:** Policies, transparency and accountability
- **Inclusion:** Community, awareness and development

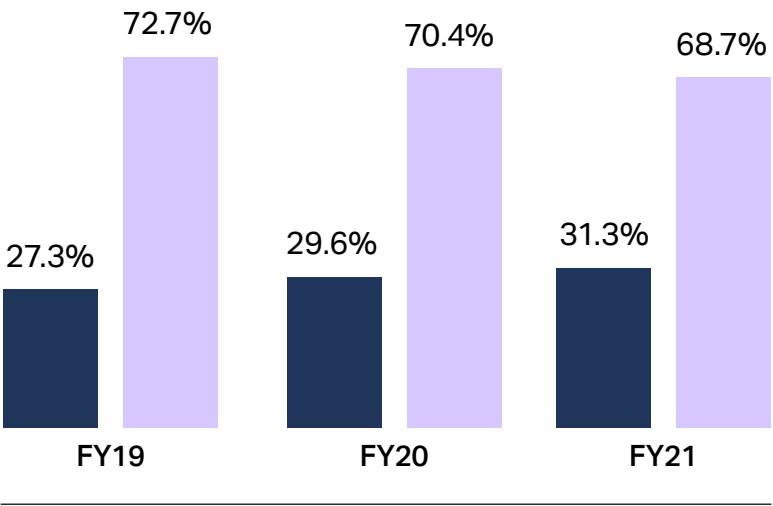
We’re prioritizing DEI across Sonos, from our inclusive recruitment practices to the companywide impact of our employee resource groups (ERGs), which build a sense of belonging among employees from underrepresented communities, fostering allyship companywide and helping to drive growth opportunities for individuals within Sonos, as well as the company at large.

And our efforts aren’t limited to our own operations, with initiatives such as our new Supplier Diversity Program, we’re driving broader business and societal change.

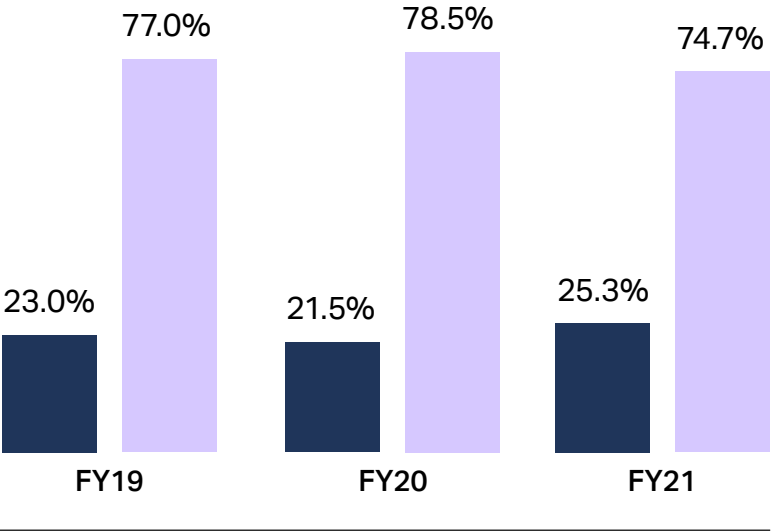
Global Workforce Gender Diversity² %

■ Female ■ Male

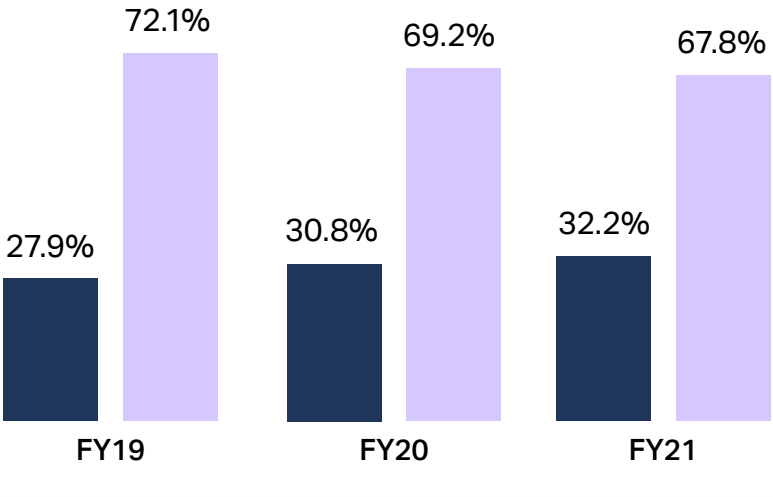
Global workforce



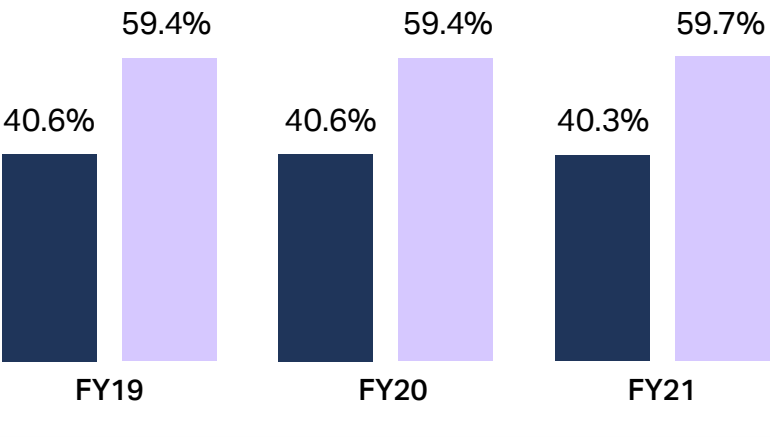
Director and above roles³



All other roles³



New hires



² FY21 DEI data represents our workforce as of September 30, 2021.
³ Director and above roles include the highest level individual contributors and managers, VPs and CXOs. All other roles include positions not included in director and above.

Diversity, Equity and Inclusion

PROGRESS

Our Inclusive by Design initiative, launched in FY20, is already delivering encouraging results, and continuing to inspire more.

The number of women across our global teams increased by nearly 2% in FY21. During that same time period, more than 40% of our new hires were women. Women now account for 31% of total employees and 25% of director and above positions.

Our racial and ethnic diversity also continues to improve, with employees from historically underrepresented groups up by 3% in FY21 compared to FY20, and now accounting for 35% of our total workforce and 19% of director and above

positions. In FY21, 44% of our new hires were from historically underrepresented groups, up 4% from FY20. We remain committed to transparency and share an in-depth diversity breakdown twice a year with our entire workforce to engage and inform employees on our progress.

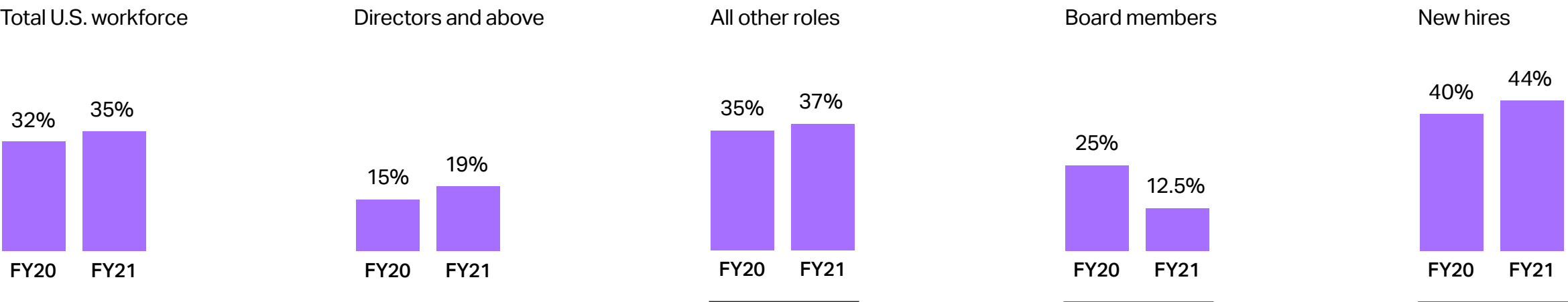
We continue to use hiring tools and training to address unconscious bias and increase DEI of underrepresented communities. In early FY22, we appointed a Chief Diversity, Equity and Inclusion Officer who will set new diversity hiring goals for the coming year, and ensure that we continue to attract, develop and retain diverse and inclusive teams.

Our commitment to improving DEI within our company saw significant progress in FY21, notably through our ERGs. For

example, the group Black@, an ERG for employees who identify as Black or African American, has been instrumental in making our complaint and escalation process more inclusive and equitable. With their help, we introduced AllVoices – a tool for anyone to share feedback about their lived experiences, DEI at Sonos or how we can improve our organizational culture. We also created an advisor program to support employees who raise issues through the process.

We are also driving DEI through comprehensive training, which in FY21 covered topics like allyship and intersectionality, inclusive hiring, interviewing and leadership and LGBTQIA+ awareness. All training was supported by additional media and materials on our intranet.

U.S. Workforce Representation from Historically Underrepresented Groups^{4,5} %



⁴ FY21 DEI data represents our workforce as of September 30, 2021.
⁵ This data represents the percent of U.S. employees that shared their race and ethnicity information. This was 70% of our U.S. workforce in FY20, and 77% in FY21.

Diversity, Equity and Inclusion

To ensure ongoing pay equity, we conduct comprehensive wage assessments for our global workforce. Our most recent assessment, in early FY21, showed no statistically significant negative impact on any demographic group. We'll conduct our next assessment in FY23.

In FY21, we launched our new Supplier Diversity Program to improve representation across our vendor base. Through this program, we will proactively identify and engage suppliers owned by members of underrepresented groups including

women, members of the LGBTQIA+ community, diverse racial and ethnic backgrounds, persons with disabilities and veterans. Our near-term goals for the program include:

- By FY23 increase spend with diverse suppliers and the percent they make up of our total vendors to 3% compared to a FY20 baseline.⁶
- By FY25 increase spend with diverse suppliers and the percent they make up of our total vendors to 5% compared to a FY20 baseline.⁶

In FY21, we also expanded the benefits of improved DEI directly with our customers by committing to feature at least 50% of music by artists from diverse communities on Sonos Radio’s original programming.

U.S. Workforce Representation⁷

	Asian		Black or African American		Hispanic or Latino		White		Other ⁹	
	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21	FY20	FY21
% of U.S. workforce	19%	20%	3%	4%	7%	7%	68%	66%	4%	4%
% of director and above roles ⁸	9%	10%	2%	2%	3%	5%	85%	81%	1%	3%
% of all other roles	21%	22%	4%	4%	7%	7%	65%	63%	4%	4%
% of new hires	25%	28%	3%	4%	7%	9%	60%	55%	5%	4%

⁶ Our FY20 baseline for spend with diverse suppliers is 2% and our FY20 baseline for percent of our total vendors is 1%.

⁷ Percentages are based on the 70% and 77% of our U.S. workforce that disclosed their race and ethnicity information in FY20 and FY21, respectively. We do not include non-disclosed persons in the analysis population. Percentages may not add up to 100 due to rounding.

⁸ Director and above roles include the highest level individual contributors and managers, VPs and CXOs. All other roles include positions not included in director and above.

⁹ Other includes the classifications: Native American or Alaska Native, Native Hawaiian or Pacific Islander, and "Two or More Races."

Supply Chain Responsibility

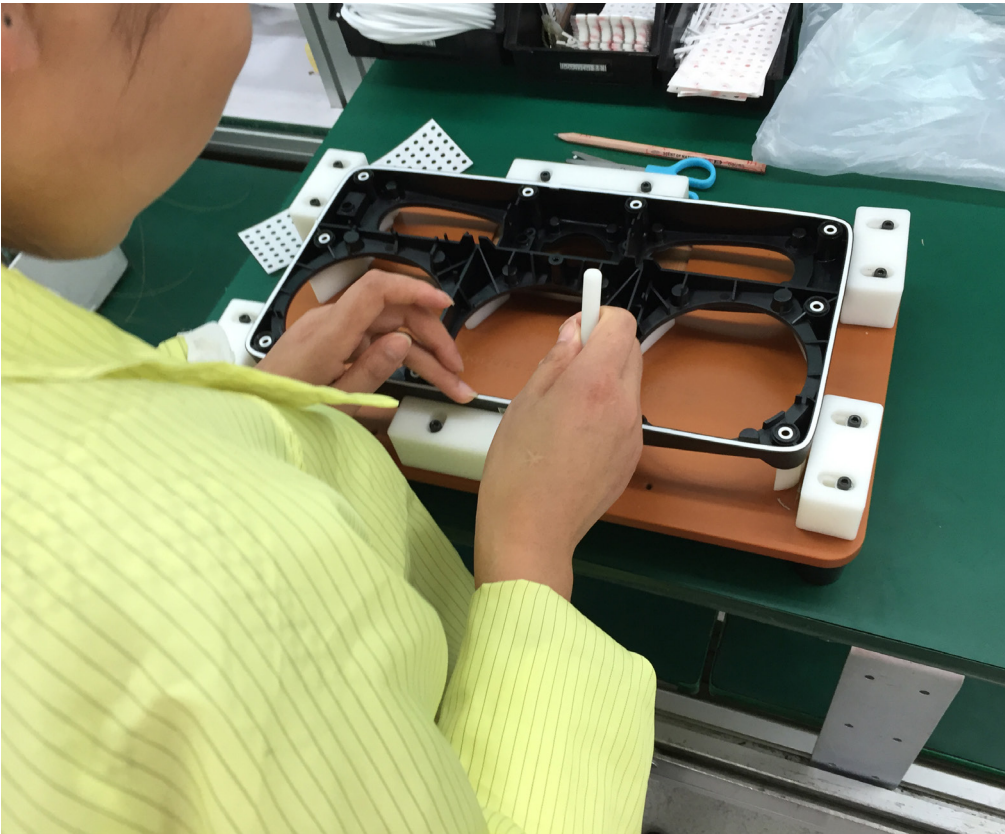
APPROACH

Building productive and long-term relationships with suppliers is essential to our business growth and success. Prioritizing these partnerships not only helps to strengthen social and environmental practices, but also reduces risk across the technology supply chain.

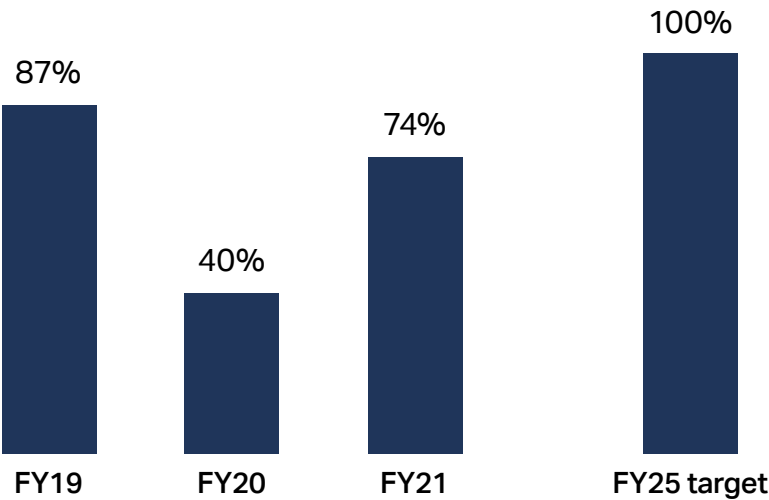
We aim to respect the human rights of all people making Sonos products and remain dedicated to following the UN Guiding Principles on Business and Human Rights, including transparent and accountable labor practices. We communicate our social and environmental standards to suppliers through our [Supplier Code of Conduct](#), which covers issues including fair wages, forced and child labor, human trafficking, environmental management systems, hazardous waste generation and conflict minerals.

We focus our efforts on our key suppliers, who represent 80% of our supply chain spend. We conduct in-person audits of these suppliers to confirm their compliance with our Code. If a noncompliance is identified, we will work with our suppliers to take corrective action. In rare instances where a noncompliance is not corrected, we will terminate our business with that supplier.

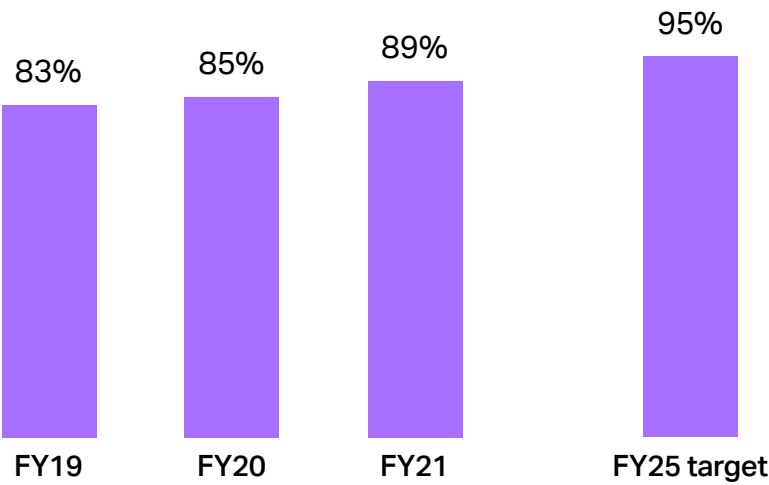
In FY21, we became an affiliate member of the Responsible Business Alliance (RBA) – the world's largest industry coalition dedicated to corporate social responsibility in global supply chains. Our existing Sonos Supplier Code of Conduct is already based on standards set by the RBA. As official members, we will further align our supply chain responsibility approach to RBA guidance, including incorporating the use of shared audits and other crucial transparency tools beginning in FY22.

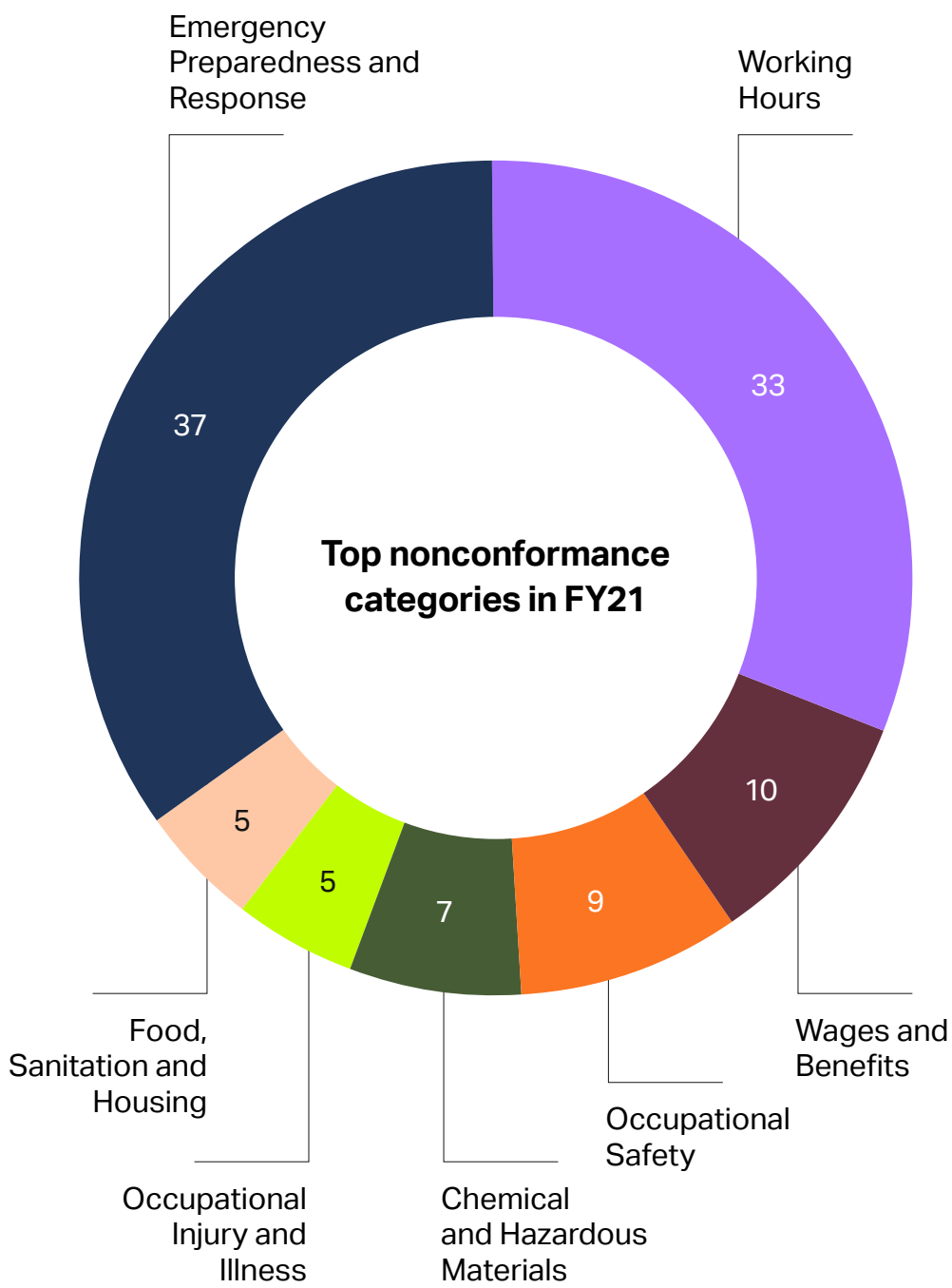


Key Suppliers Audited %



Critical and Major Issues Closed Within Target Time %





PROGRESS

As with many companies, our in-person auditing process was impacted by ongoing COVID-19 restrictions. In FY21, we conducted in-person audits for 73.5% of our key suppliers, up 33.5% from the previous year. To increase the number of audits and reach our goal of 100% by FY25, we have commissioned a third-party auditing partner to assist us. In FY22, we will utilize this partner, as well as the shared audits through the RBA, to reach more of our key suppliers. By FY22, our aim is to conduct in-person audits of 50% of key suppliers with critical issues in coordination with the RBA.

We categorize issues identified in our audits as critical, major and minor. In our FY21 audits, a total of 254 issues were

identified, including 14 critical, 139 major and 101 minor. Of the critical and major issues, 89% were closed within the target time, nearing our target of 95% by FY25. The most common issues identified included emergency preparedness followed by work hours.

Performance Target

- FY22** | 50% of suppliers with critical issues audited in person, in coordination with the RBA
- FY25** | 100% of key suppliers audited annually
- FY25** | 95% of critical and major issues closed within target time

Audits

	FY19	FY20	FY21
% of key suppliers audited	87%	40%	74%
Number of issues identified	400	297	254
Critical	0	2	14
Major	233	124	139
Minor	167	153	101
Critical and major issues closed within target time	83%	85%	89%

Giving Back

APPROACH

By giving back, we build stronger relationships with our communities, engage our employees and inspire the next generation of artists and innovators.

Our social impact program, Sonos Soundwaves, had a dual focus in FY21: music education for underserved youth, and the power of music for healing and resilience. We supported partner organizations across those focus areas by providing grants, product donations and employee volunteering. In late FY21, we restructured our Soundwaves program to focus on three core initiatives moving forward:

- **Sound Education:** Nurturing musical talent and technical skills for the next generation to create thoughtful and brilliant sound, across every genre.
- **Inclusive Sound:** Provides mentorship to women, people of color and underserved communities.
- **Regenerative Sound:** Protects forests and restores biodiversity through the use of bioacoustics, which combines acoustic devices with artificial intelligence to leave a positive impact.

We continue to encourage and support our people in their efforts to give back. Every year, employees receive 16 hours of paid time to volunteer with organizations and causes that matter to them.

PROGRESS

COVID-19 pushed us to rethink our approach to community partnerships. Despite the restrictions, we continued to support the causes we care about in a remote capacity, and in-person where possible. For example, in FY21, we sponsored the Girls Rock Summer Camp, providing scholarships to 20 underserved girls and young women so they could experience a multi-day art and music camp. We also partnered with Residency – a nonprofit that, with our help, provided over 1,500 hours of virtual arts enrichment programming to children in the greater Seattle area.

As part of our music for healing and resilience focus, in FY21 we supported the Vital Sounds Initiative and Project: Music Heals Us – a nonprofit that provides education and healing by bringing live music performances to marginalized communities, with a focus on elderly, persons with disabilities, rehabilitating, incarcerated and homeless populations. As part of the partnership, virtual bedside concerts and interactive experiences were introduced in 20 hospitals across the United States.

In total, our Soundwave partners contributed 16,455 hours to music education in FY21, bringing our total from FY19 to 73,490 – on track to meet our FY25 goal of 100,000 hours.

Hours of Music Education cumulative

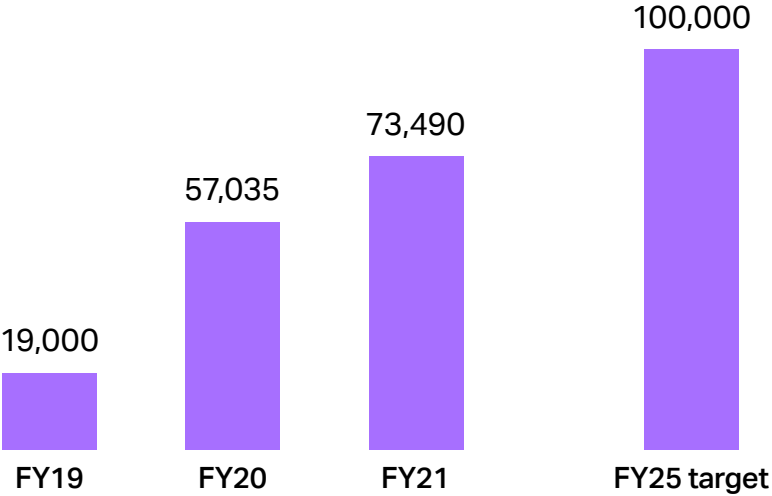


PHOTO COURTESY OF ZUMIX

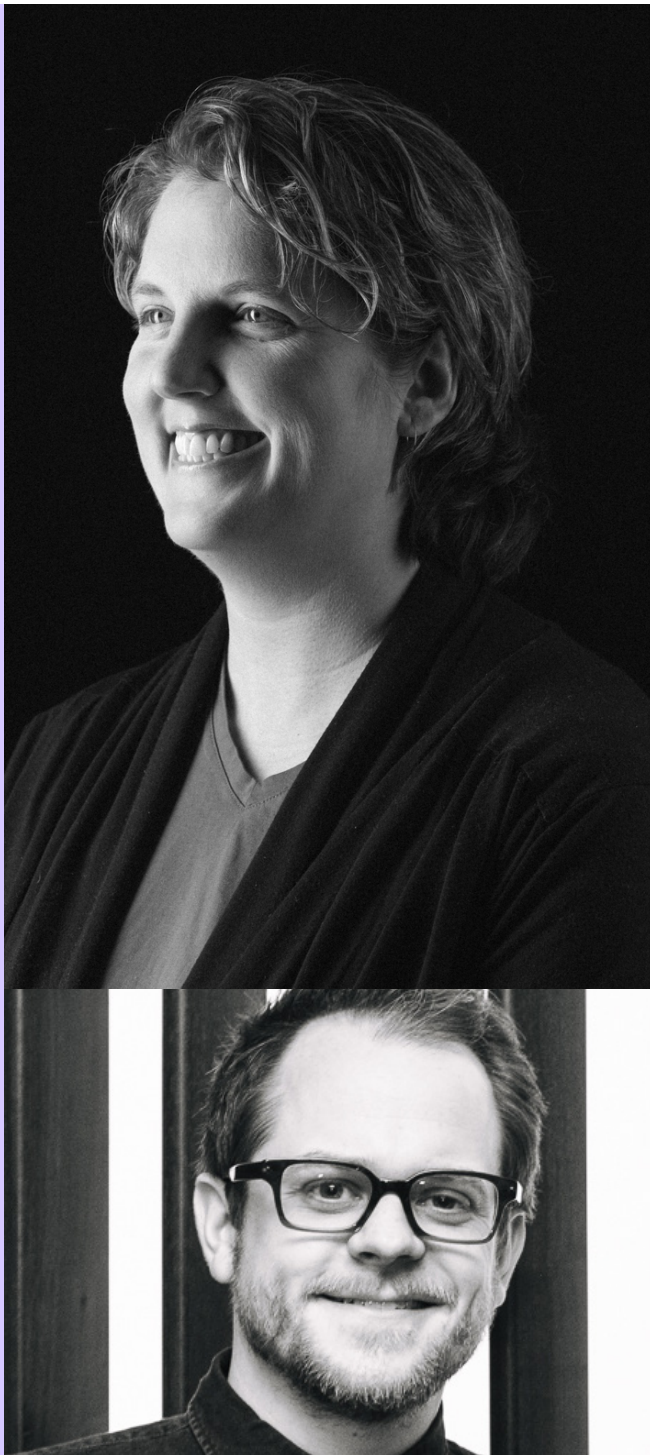
Sharing Skills to Strengthen Our Community

Skills-based volunteering is a meaningful way for our employees to use their expertise to have a positive impact within our communities.

For more than six years, Erika Abbas (top image) has excelled as a Distinguished Program Manager at Sonos. Her eye for detail and distinctive ability to organize and inspire colleagues made her a perfect candidate to sit on the Board of our Soundwaves partner, Zumix.

Zumix is a nonprofit dedicated to building community through music and creative technology. Erika helps guide the organization’s approach on everything from live events to fundraising. As well as serving as a general advisor, Erika also connects Sonos colleagues with opportunities to volunteer their skills with Zumix.

“The ability to positively impact the lives of hundreds of young people is the aspect of the role I find most fulfilling,” says Erika.



As our Director of Content and Brand Platforms, Joe Dawson (bottom image) has thrived at building initiatives with creators, artists and organizations that tell a story and deliver a real impact. It’s this experience that made him well-suited for the Board of the Urban Arts Partnership (UAP) – a Soundwaves partner creating innovative arts and tech programs for the youth.

“The opportunity to work with students in the space where technology and creativity intersect brings me the most joy,” says Joe.

Joe helps to evolve and shape the curriculum of UAP's largest program – School of Interactive Arts. Most recently, he helped design a master class curriculum with UAP, focusing on ways to approach creative projects, collaborate effectively and introduce students to new ways to think about music and sound design.

In FY21, we expanded our social impact efforts by using Sonos Radio to amplify and spread awareness of the vital work of multiple nonprofit organizations. We donated more than 19.4 million advertising slots to support causes such as Pride, crisis relief and Black History month. In fact, during Black History month alone, we donated over 60,000 hours of advertising, which led to 7 million impressions to Black led organizations like the NAACP.

In FY21, we also provided support to Music Declares Emergency, for their No Music on a Dead Planet’s climate conference. This one-day conference was held in London in October 2021 and brought together key music industry leaders to discuss how they can support the fight against climate change.

Performance Target



Privacy and Cybersecurity

APPROACH

We deeply respect our customers' privacy, and only use their data to enhance their sound experience – that's it. Our approach to privacy protects our reputation with customers and investors, reduces security risks and helps us stay in front of changing privacy regulations.

Privacy protection continues to evolve as technology and cybersecurity threats become more sophisticated. For cybersecurity, our approach includes technical and organizational measures to protect customer information. For example, we store data on computers with limited personnel access in controlled facilities, and we vet our third-party data center vendors against our security standards. More on our approach to privacy and cybersecurity is described in our [Privacy Statement](#), which builds on our Privacy Principles (right).

We cannot tackle the issues of privacy and cybersecurity alone. We work with third-party privacy organizations for feedback on our approach and we are active members of the International Association of Privacy Professionals – the world's largest global information privacy community.

We also welcome and encourage feedback on our security practices. Through our [Security Researcher Recognition Program](#), we recognize individuals who have discovered a vulnerability in our website, services, apps or players.

SONOS PRIVACY PRINCIPLES

We use data to serve our listeners.

We put the listener first, using data to provide incredible sound experiences. Nothing more. Nothing less.

We provide meaningful choices that are easy to understand.

We clearly present information to listeners at the right moment, allowing them to make effective choices.

We collect only what we need.

We believe data decays and loses value over time, so we delete it once it is no longer useful.

We protect the data of our listeners as if it were our own.

We continually seek to improve the security of listener data.

PROGRESS

We take every vulnerability concern reported to us seriously and each concern is thoroughly investigated and addressed by our Privacy team. Recent concerns included two industry-wide vulnerabilities on network protocol standards and Bluetooth. We quickly assessed these vulnerabilities for their impact on Sonos products and addressed them through enhanced authentication mechanisms and improved software, respectively.

Our approach to privacy also applies when we receive requests from government authorities for customer information for use in civil or criminal proceedings or following the theft of a product. When an authority requests data, we require them to submit a formal written request, such as a warrant, before we determine if we will share information. In FY21, we received 16 lawful requests for information from law enforcement agencies in the U.S. and Europe, 11 of which provided sufficient information and were granted. Every request was initiated by customers trying to recover stolen products.

Governance

Strong governance and a culture of ethics ensure we deliver a premium sound experience, responsibly.



Corporate and ESG Governance

APPROACH

The continued success of our company is dependent on us doing business the right way.

Our Board of Directors is key to the sound governance of Sonos, ensuring that our actions are aligned with our high ethical standards. Our Board is currently comprised of eight individuals, seven of whom are independent. Our strong corporate governance starts with the diverse perspectives of our Board members. As of FY21, three of our Board members are female, and one Board member is a person of color. The unique experiences and skills of our Board helps us stay responsive to the diverse needs of our customers and employees.

Our Board of Directors has three standing committees:

- **Audit**
- **Compensation, People and Diversity & Inclusion**
- **Nominating and Corporate Governance**

The Nominating and Corporate Governance Committee has oversight of our Corporate Social Responsibility and Sustainability Program. Our Director of Policy and Corporate Social Responsibility reports to this committee at least annually.

We determine our priority environmental, social and governance (ESG) issues and how to address them by seeking regular feedback from internal and external stakeholders. We believe that an open dialogue with our partners and investors is vital to the growth and evolution of our ESG approach. We welcome and encourage input on our approach and this report. Please send feedback to csr@sonos.com.

PROGRESS

In FY21, our Director of Policy and Corporate Social Responsibility engaged the Nominating and Corporate Governance Committee on the ESG topics of environmental sustainability and social impact, including COVID-19 relief efforts and human rights in the supply chain.

The full Board was engaged during the development of our 2021 Listen Better Report and were provided the opportunity to give direct feedback on our content.

OUR ESG POLICIES

- Anti-Corruption Policy
- Code of Conduct and Ethics
- Conflict Minerals Statement
- Privacy Statement
- Student and Dispatch Worker Standard for Supplier Facilities in China
- Supplier Code of Conduct
- UK Modern Slavery Act/California Transparency in Supply Chains Act Transparency Statement

You can access these policies at sustainability.sonos.com/reports.





2021 ESG Supplement



UN Sustainable Development Goals (SDGs)

SDG Indicator		Relevant SDG Targets	Sonos Action
<div>4</div> <div>QUALITY EDUCATION</div> <div></div>	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations	<div>■</div> Soundwaves philanthropic STEM efforts and music education for underserved youth
	Achieve gender equality and empower all women and girls	5.5 Ensure women’s full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	<div>■</div> Women representation in leadership <div>■</div> Approach to diverse recruitment and promotion <div>■</div> Global gender wage assessment
	Ensure access to affordable, reliable, sustainable and modern energy for all	7.3 By 2030, double the global rate of improvement in energy efficiency	<div>■</div> FY30 energy efficiency target
	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	<div>■</div> Supplier Diversity Program
<div>5</div> <div>GENDER EQUALITY</div> <div></div>		8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	<div>■</div> Global gender and U.S. ethnically diverse employee wage assessments
		8.8 Protect labor rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment	<div>■</div> Code of Conduct and supply chain auditing program <div>■</div> Affiliate member of the Responsible Business Alliance
	Reduce inequality within and among countries	10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	<div>■</div> Hiring and promoting talent from underrepresented groups <div>■</div> Inclusion and equity work led by Sonos employee resource groups
<div>7</div> <div>AFFORDABLE AND CLEAN ENERGY</div> <div></div>			
<div>8</div> <div>DECENT WORK AND ECONOMIC GROWTH</div> <div></div>			
<div>10</div> <div>REDUCED INEQUALITIES</div> <div></div>			

UN Sustainable Development Goals (SDGs)

SDG Indicator	Relevant SDG Targets	Sonos Action
	10.4 Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality	■ U.S. ethnically diverse employee wage assessments
	Ensure sustainable consumption and production patterns	12.2 By 2030, achieve the sustainable management and efficient use of natural resources
	12.4 By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	■ FY23 target for postconsumer recycled material in place of virgin plastic ■ Focus on safer chemicals, including making Sonos products halogen free by FY23 ■ Reducing waste through sustainable packaging
	12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	■ Sonos Annual Listen Better Report
	Take urgent action to combat climate change and its impacts	13.2 Integrate climate change measures into national policies, strategies and planning
	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans
	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

Sustainability Accounting Standards Board (SASB) Index

Technology & Communications – Hardware

Product Security

SASB Code	Metric	Response
TC-HW-230a.1	Description of approach to identifying and addressing data security risks in products	The Sonos Product Security team works with development teams to enable adoption of best practices for building secure products. The team pursues this goal by shepherding Sonos products through the security development life cycle (which includes data security best practices), building components to solve harder security problems, deploying tools to detect coding and configuration failures.

Employee Diversity & Inclusion

SASB Code	Metric	Response																														
TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff and (3) all other employees	<div><div><div>FY21 U.S. Workforce Racial and Ethnic Diversity*</div><table><tr><th></th><th>Asian</th><th>Black or African American</th><th>Hispanic or Latino</th><th>White</th><th>Other**</th></tr><tr><td>% of total U.S. workforce</td><td>20%</td><td>4%</td><td>7%</td><td>66%</td><td>4%</td></tr><tr><td>% of director and above roles</td><td>10%</td><td>2%</td><td>5%</td><td>81%</td><td>3%</td></tr><tr><td>% of all other roles</td><td>22%</td><td>4%</td><td>7%</td><td>63%</td><td>4%</td></tr><tr><td>% of new hires</td><td>28%</td><td>4%</td><td>9%</td><td>55%</td><td>4%</td></tr></table></div><div><p>* Percentages are based on the more than 77% of our U.S. workforce that disclosed their ethnicity information. We do not include non-disclosed persons in the analysis population. Director and above roles include the highest level individual contributors and managers, VPs and CXOs. All other roles include positions not included in director and above. Percentages may not add up to 100 due to rounding. FY21 data represents our workforce as of September 30, 2021.</p><p>**Other includes the classifications: Native American or Alaska Native, Native Hawaiian or Pacific Islander, and “Two or More Races.”</p></div></div>		Asian	Black or African American	Hispanic or Latino	White	Other**	% of total U.S. workforce	20%	4%	7%	66%	4%	% of director and above roles	10%	2%	5%	81%	3%	% of all other roles	22%	4%	7%	63%	4%	% of new hires	28%	4%	9%	55%	4%
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Sustainability Accounting Standards Board (SASB) Index

Employee Diversity & Inclusion

SASB Code	Metric	Response																																										
TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff and (3) all other employees	<div><div><div>Global Workforce Gender Diversity</div><table><tr><th></th><th colspan="2">FY19</th><th colspan="2">FY20</th><th colspan="2">FY21*</th></tr><tr><th></th><th>Female</th><th>Male</th><th>Female</th><th>Male</th><th>Female</th><th>Male</th></tr><tr><td>% of our global workforce</td><td>27.3%</td><td>72.7%</td><td>29.6%</td><td>70.4%</td><td>31.3%</td><td>68.7%</td></tr><tr><td>% of director and above roles**</td><td>23.0%</td><td>77.0%</td><td>21.5%</td><td>78.5%</td><td>25.3%</td><td>74.7%</td></tr><tr><td>% of all other roles***</td><td>27.9%</td><td>72.1%</td><td>30.8%</td><td>69.2%</td><td>32.2%</td><td>67.8%</td></tr><tr><td>% of new hires</td><td>40.6%</td><td>59.4%</td><td>40.6%</td><td>59.4%</td><td>40.3%</td><td>59.7%</td></tr></table></div><div><div>* FY21 data represents our workforce as of September 30, 2021.</div><div>** Director and above roles include the highest level individual contributors and managers, VPs and CXOs.</div><div>*** All other roles include positions not included in director and above.</div></div></div>		FY19		FY20		FY21*			Female	Male	Female	Male	Female	Male	% of our global workforce	27.3%	72.7%	29.6%	70.4%	31.3%	68.7%	% of director and above roles**	23.0%	77.0%	21.5%	78.5%	25.3%	74.7%	% of all other roles***	27.9%	72.1%	30.8%	69.2%	32.2%	67.8%	% of new hires	40.6%	59.4%	40.6%	59.4%	40.3%	59.7%
	FY19		FY20		FY21*																																							
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Product Life Cycle Management

SASB Code	Metric	Response
TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	All Sonos brand products contain IEC 62474 declarable substances.
TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Not applicable.
TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR criteria	Not applicable.
TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	We recovered 440 metric tons of end-of-life products in FY21 across our North America; Asia Pacific; and European, Middle East and Africa regions.

Supply Chain Management

SASB Code	Metric	Response
TC-HW-430a.1	Percentage of Tier 1 supplier facilities audited in the RBA Validated Audit Process (VAP) or equivalent, by (a) all facilities and (b) high-risk facilities	In FY21, we conducted in-person audits for 73.5% of our key suppliers, up 33.5% from the previous year.

Supply Chain Management

SASB Code	Metric	Response																
TC-HW-430a.1	Tier 1 suppliers’ (1) non-conformance rate with the RBA Validated Audit Process (VAP) or equivalent, and (2) associated corrective action rate for (a) priority non-conformances and (b) other non-conformances	<p>In our FY21 audits, a total of 254 issues were identified, including 14 critical, 139 major and 101 minor. Of the critical and major issues, 89% were closed within the target time, nearing our target of 95% by FY25.</p> <table><tr><th>Nonconformance Category</th><th>Top 7 Instances Identified in FY21</th></tr><tr><td>Emergency Preparedness and Response</td><td>37</td></tr><tr><td>Working Hours</td><td>33</td></tr><tr><td>Wages and Benefits</td><td>10</td></tr><tr><td>Occupational Safety</td><td>9</td></tr><tr><td>Chemical and Hazardous Materials</td><td>7</td></tr><tr><td>Occupational Injury and Illness</td><td>5</td></tr><tr><td>Food, Sanitation and Housing</td><td>5</td></tr></table>	Nonconformance Category	Top 7 Instances Identified in FY21	Emergency Preparedness and Response	37	Working Hours	33	Wages and Benefits	10	Occupational Safety	9	Chemical and Hazardous Materials	7	Occupational Injury and Illness	5	Food, Sanitation and Housing	5
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Occupational Injury and Illness	5																	
Food, Sanitation and Housing	5																	

Materials Sourcing

SASB Code	Metric	Response
TC-HW-440a.1	Description of the management of risks associated with the use of critical materials	Sonos relies on third-party platforms and partners to identify and manage risks associated with the use of critical materials. As risks are identified, Sonos works with our supply chain to reformulate raw materials, or to identify alternative materials, parts or suppliers as needed.

Activity Metric

SASB Code	Metric	Response
TC-HW-000.A	Number of units produced by product category	Sonos sold 6.5 million products in FY21.
TC-HW-000.B	Area of manufacturing facilities (square feet)	Sonos does not currently track this information.
TC-HW-000.C	Percentage of production from owned facilities	Sonos does not own any production facilities.

Household & Personal Products

Water Management

SASB Code	Metric	Response
CG-HP-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	Not reported.
CG-HP-140a.2	Description of water management risks and discussion of strategies and practices to mitigate those risks	Although our business is not water intensive, we aim to conserve water whenever possible, including at our offices.

Product Environmental, Health and Safety Performance

SASB Code	Metric	Response
CG-HP-250a.1	Revenue from products that contain Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) substances of very high concern	Not reported. As part of Sonos Product Sustainability Program, there is ongoing work to address changes in: REACH, the Restriction of Certain Hazardous Substances (RoHS), Department of Toxic Substances Control and the Environmental Protection Agency. Sonos is also working toward the migration to halogen-free products.
CG-HP-250a.2	Revenue from products that contain substances on the California DTSC Candidate Chemicals List	Not reported. As part of Sonos Product Sustainability Program, there is ongoing work to address changes in: REACH, the Restriction of Certain Hazardous Substances (RoHS), Department of Toxic Substances Control and the Environmental Protection Agency. Sonos is also working toward the migration to halogen-free products.
CG-HP-250a.3	Discussion of process to identify and manage emerging materials and chemicals of concern	Sonos relies on third-party platforms and partners to monitor emerging global regulations, standards and requirements. As new materials and chemicals of concern are identified, we work with our supply chain to ensure substitutions are made where necessary.
CG-HP-250a.4	Revenue from products designed with green chemistry principles	Sonos does not track its product revenue against green chemistry principles.

Sustainability Accounting Standards Board (SASB) Index

Packaging Life Cycle Management

SASB Code	Metric	Response
CG-HP-410a.1	(1) Total weight of packaging, (2) percentage made from recycled and/or renewable materials and (3) percentage that is recyclable, reusable and/or compostable	In FY21, we achieved 94% responsibly sourced packaging paper, which is made from either post consumer recycled, FSC-certified or plant based fiber paper. Our total weight of paper in our packaging was 9,788.1 metric tons, with 9,191.6 metric tons responsibly sourced.
CG-HP-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its life cycle	We’re designing our packaging to reflect our responsibility to the planet. This means continuing to move toward sustainable paper and away from plastics. Our goal is to use 100% responsibly sourced paper for our packaging by FY25. This means the paper is either PCR (post consumer recycled), FSC-certified (Forest Stewardship Council) or recycled plant-based fibers.

Environmental & Social Impacts of Palm Oil Supply Chain

SASB Code	Metric	Response
CG-HP-430a.1	Amount of palm oil sourced, percentage certified through the Roundtable on Sustainable Palm Oil (RSPO) supply chains as (a) Identity Preserved, (b) Segregated, (c) Mass Balance or (d) Book & Claim	Not applicable.

Activity Metric

SASB Code	Metric	Response
CG-HP-000.A	Units of products sold, total weight of products sold	Sonos sold 6.5 million products in FY21.
CG-HP-000.B	Number of manufacturing facilities	Not reported.