

Responsibility Report

SONOS

FISCAL

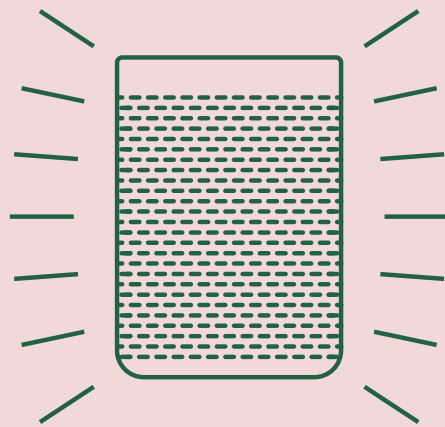
2019

Every company talks about making the world a better place but few acknowledge the reality that they could cause harm. We believe our products make people's lives better. But we also know that our business has an impact on society and the environment. That's why we pair our commitment to building great products with a commitment to doing as little harm as possible to our world.

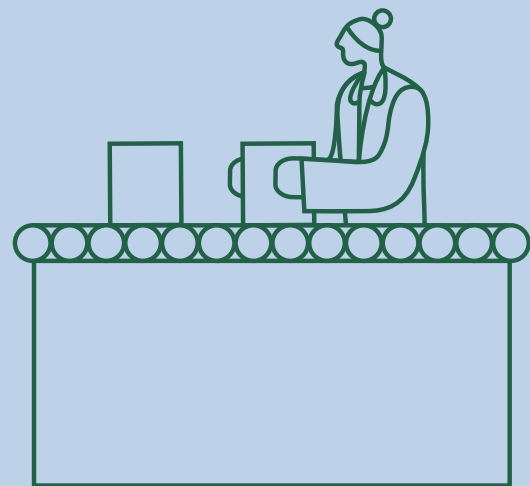
We take our responsibility into account in everything we do and consult experts to help determine our priority issues and how to address them. We organize these issues under the five pillars outlined in this report.

Our Director of Sustainability leads our efforts across these areas and reports on them to the relevant committees of the Board of Directors.

Product design



Supply chain



Our people



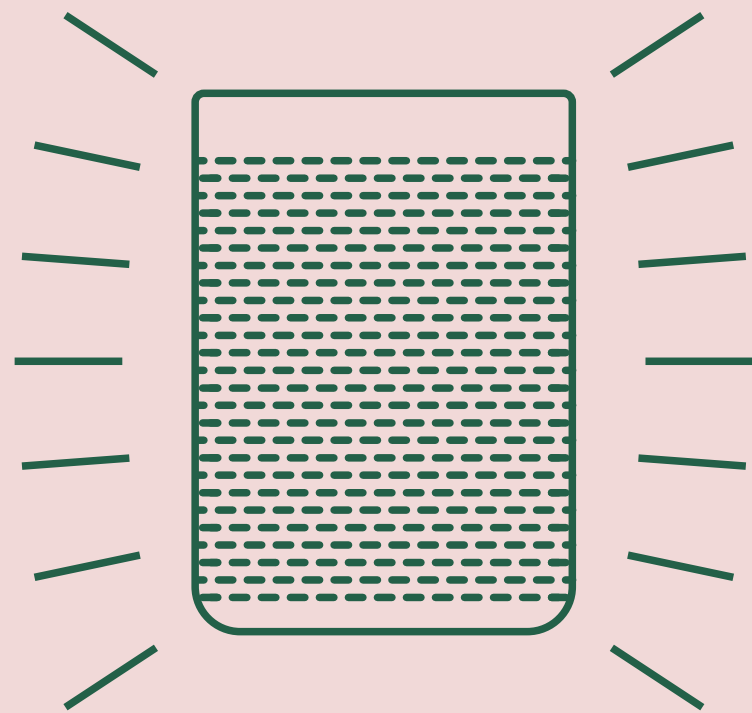
Operations



Social impact



Product design



We recognize the impact that consumerism has on the planet. We're committed to making our products and packaging better by building them with recycled materials and reducing the power they use.

Longevity and circularity

APPROACH

We build our products to last, using premium components and materials to make them robust and durable. In addition to physical longevity, we promise to maintain software updates for a minimum of five years after we stop selling a product. Past this time, the product will continue to function, but certain features may not be available.

Our commitment to longevity means that many of our products remain in use for a decade or more.

PERFORMANCE

This year we launched our first portable speaker, Move. This is powered by a rechargeable battery designed for 900 charge cycles, equivalent to about three years of use. When the battery eventually degrades, we designed Move so the customer can simply replace it at home. The easy change feature extends the life of the product, preventing perfectly good equipment from being disposed of due to the difficulty of battery replacement.

In rare cases our products end up with cosmetic defects, such as chipped paint. When this happens, we direct them to specialist facilities to be refurbished. These products are then used to fulfill warranty claims. Our goal is to make these products as good as new and put them back in the market to provide years of service. In 2019 we fulfilled approximately 57% of warranty claims using refurbished products.

We want to improve the circularity of our products. We started in 2019 by researching post-consumer recycled plastics and how to overcome the challenges in performance, availability and cost. Initially we aim for post-consumer recycled plastics to replace internal components where there are no aesthetic issues.



Photo: Sonos Move speaker

Standby power

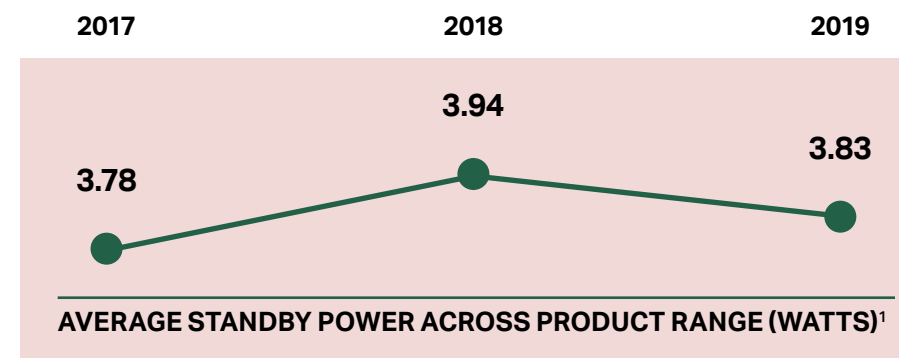
APPROACH

Sonos speakers are ready to play music and respond to commands almost instantly. To do this, our products go into standby when they aren't being used. The energy consumed in this mode is called 'standby power.'

We are pushing the boundaries of product design to achieve the minimum standby power level. As we update existing products and introduce new ones, we replace old components (like radio and processor platforms) with efficient electronics. Ever-smarter software powers only the functions necessary to activate the speaker. This delivers the immediate response our customers expect while reducing the standby power of our product portfolio.

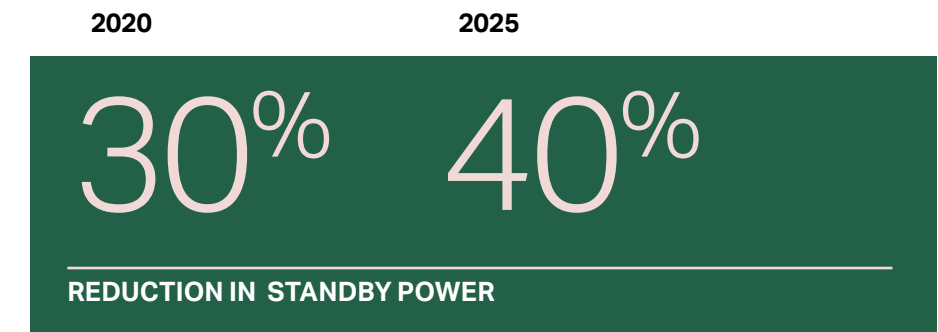
PERFORMANCE

Notable reductions in our standby power this year included our 2019 redesign of the iconic Sonos One, yielding a reduction of 18%, from 3.8 watts to 3.1 watts. We also replaced our Connect product with Port, reducing the power supply by 28%, from 5.0 watts to 3.6 watts.



Across our entire product portfolio in 2019 we reduced the average standby power 21.3% compared to a 2013 baseline.

GOALS



¹ 2017 and 2018 data have been restated due to a change in how we calculate standby power.

Packaging

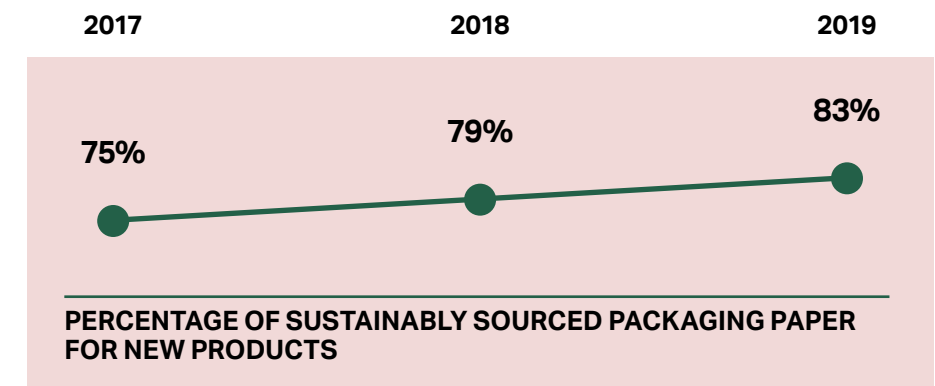
APPROACH

We work to meet the expectations of informed, environmentally conscious customers, with packaging that combines a premium unboxing experience and sustainability. Our new designs use fewer and better materials without compromising quality.

PERFORMANCE

In 2019 we launched four new products. Ninety-eight percent of the packaging for these products is paper-based or reusable material. Of that paper-based packaging, 83% is sustainably sourced — made from postconsumer recycled (PCR) material. We are on track to meet our 2020 packaging goal of 85% sustainably sourced packaging paper for new products.

We also removed foam cushions from the packaging of two new and two existing products, replacing them with PCR molded paper cushions. Inside our Sonos Move package, customers find the product protected by a reusable nylon bag in place of single-use plastic.



In the past, we included a legal booklet in our packaging. In 2019 we converted the booklet to a digital format in the U.S. and U.K., saving 207,000 pounds of paper and \$640,000 annually.

In 2019 we joined the Sustainable Packaging Coalition's [How2Recycle](#) program. As a member we commit to on-package labeling that explains how to recycle Sonos packaging in the U.S.

GOALS



CASE STUDY

Smart design delivers savings

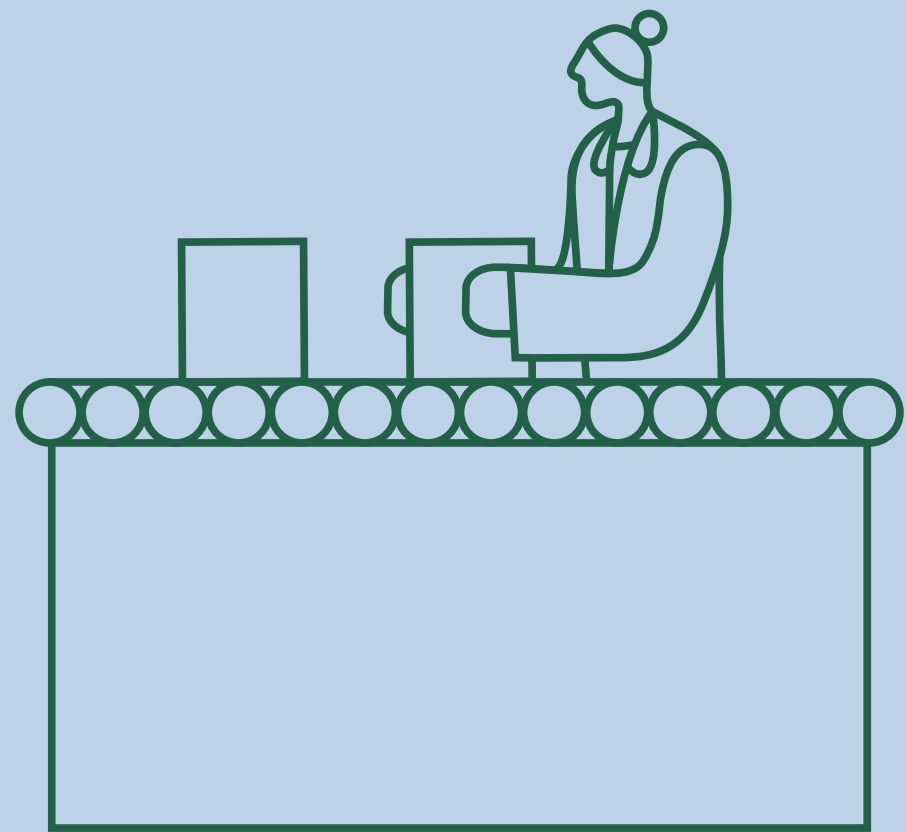
In 2019 we updated the packaging for Playbar, reducing its footprint without sacrificing product protection or compromising customer experience. We're using a smaller Playbar box, which cuts the environmental impact of materials and logistics by

40%. We also reduced the interior foam cushioning volume by 70%. The upgraded packaging solution achieves a 40% smaller environmental footprint.

Photo: The original (left) and new (right) Playbar packaging



Supply chain



We care about the people who work in our supply chain and about the environmental impacts associated with the manufacture of our products. Not only do we expect our suppliers to uphold our high product quality standards, they must also meet our stringent social and environmental requirements.

Supply chain

APPROACH

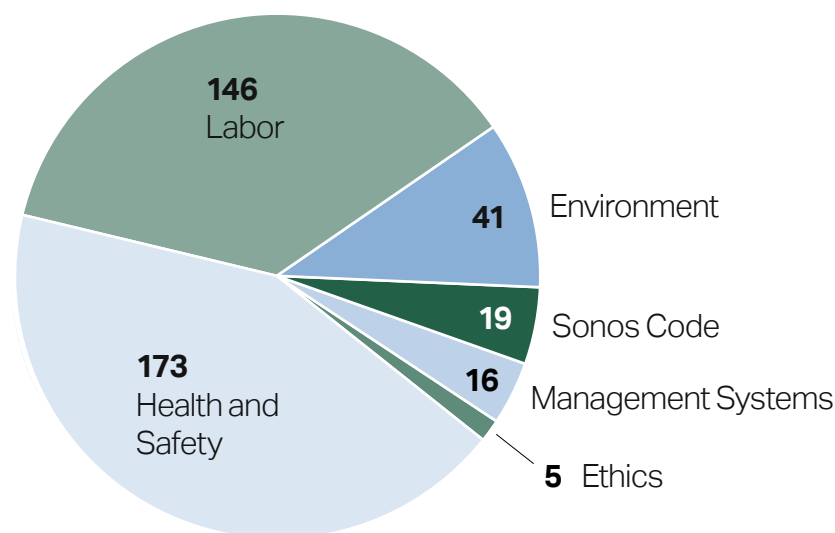
We are responsible for our products throughout their entire life cycle — including the materials and processes used in manufacturing. We help our suppliers understand and comply with our Supplier Code of Conduct and set social, ethical and environmental standards for their factories.

We provide support to our suppliers and we also check on their progress. Our supply chain team does the majority of our audits, with roughly 10% done by a third party. When an issue is identified, we work with suppliers on a corrective action plan. We prefer to see our suppliers improve, but in rare cases, when a supplier cannot come into compliance within our time frame, we will terminate our business.

PERFORMANCE

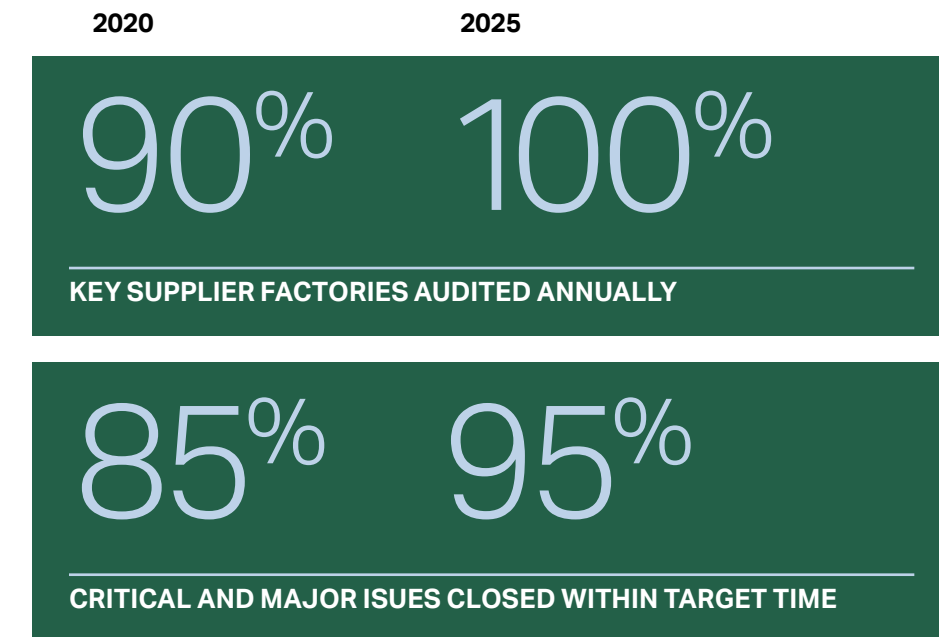
In 2019 we audited 87% of our key suppliers² — up from 74% last year. By 2025 we'll get to 100%. Most nonconformances identified were health and safety issues, followed by labor issues.

We categorize our nonconformances as minor, major and critical. If a critical issue is identified, we stop work with that supplier until they come into compliance. In 2019 our audits revealed 167 minor issues, 233 major and zero critical. We resolved 83% of issues within our target time, well on our way to meeting our 2020 goal of 85%.



NONCONFORMANCES BY CATEGORY

GOALS



² Key suppliers represent 80% of our supply chain spend.



CASE STUDY

Improving transparency through worker feedback

Candid worker feedback is essential to truly understanding the human rights and labor practices of our suppliers. In 2019 we partnered with ELEVATE to pilot a program that collects input from workers during social audits. Through the use of Laborlink technology, workers are offered the opportunity to voluntarily reply to an anonymous survey on their cell phone during or after an audit. This confidential worker feedback provides important insights into working hours and conditions as well as work atmosphere.

Direct worker feedback informs our work with suppliers to resolve issues and raise standards. Recognizing the value of this, we are exploring options to expand the program to more supplier facilities in 2020

Photo: Assembly of a Sonos product in our supplier's facility

Our people



Good ideas come from diverse perspectives. We believe that building a diverse team, supported by a culture where everyone feels a sense of belonging, will result in better, more innovative products and services that appeal to a wider variety of customers.

Inclusion and diversity

APPROACH

We want people from all backgrounds and identities to fully feel part of Sonos, which is why we continue to build our inclusive culture and improve our hiring practices. Our Chief Diversity & Inclusion Officer is passionate about making this happen.

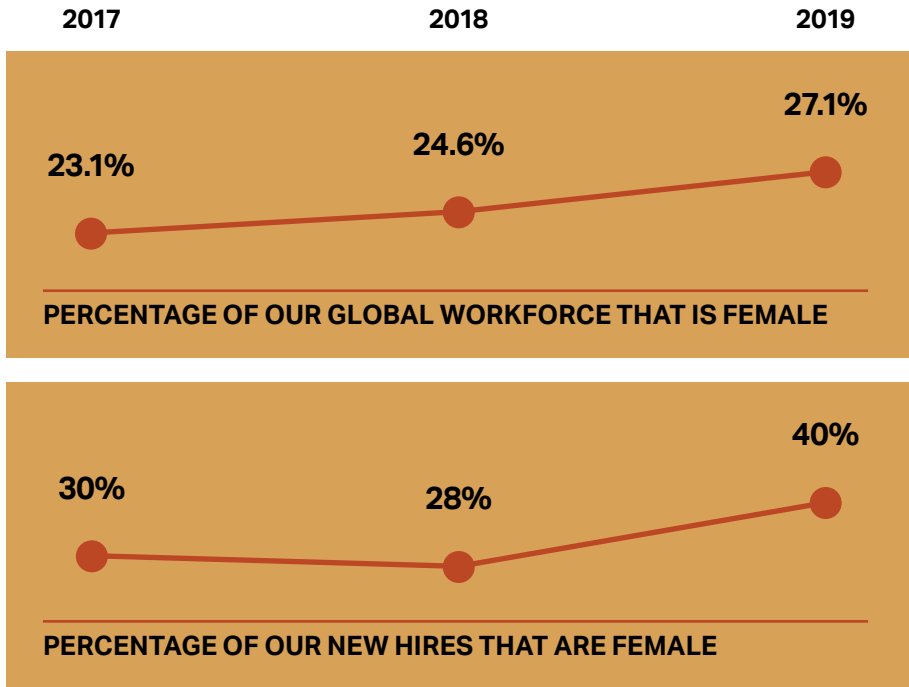
PERFORMANCE

To bring more diversity to Sonos, we've changed how job descriptions are written, trained 95% of our managers on equitable hiring practices and, driven by our CEO, we aim to have 50% of new hires be from underrepresented groups.³ In 2019 underrepresented groups made up 52% of our new hires.

During the year we also rolled out bias detection tools. Following our biannual performance review cycles, we analyze results across performance ratings, promotions and pay outcomes to check for fairness in our processes. As of 2019, we found no statistically significant differences based on gender.

At the end of 2019, women represented 27% of our global workforce and 40% of new hires, up by 2.5% and 12% respectively compared to the previous year.

We encourage employees to self-report demographic data so we can measure progress on diversity. At the end of 2019, 67% of U.S.



employees shared their ethnicity information. Of the employees who reported, 29% identify with underrepresented ethnic minority groups. We have a new system for collecting ethnicity data from new hires, which we will begin reporting in 2020.

We know that inclusion is key to attracting and retaining diverse talent. Our employee resource groups (ERGs) are helping to build an inclusive culture through company events and participating in our recruitment efforts.

³ Underrepresented groups include women and those from ethnically-diverse backgrounds.

This is what
an engineer
looks like.

#LinkedInWIT



CASE STUDY

Supporting the future female tech talent

Women are consistently underrepresented in our industry. The annual Grace Hopper Celebration — the world's largest gathering of women in technology — wants to change that.

For the second year running, we sent employees to Grace Hopper to accelerate their careers, get inspired and meet the next generation of talent. In 2019 we sponsored attendance for 13 women from different levels, departments and offices. Our CEO, Patrick Spence, also attended to represent Sonos in recruiting female tech leaders. At the career and interview booths, 11 additional Sonos team members connected with nearly 1,170 high-potential candidates.

Photo: Amanda Rainey, Sonos Software Test Manager

Operations



In all aspects of our operations we aim to be responsible and efficient. We respect privacy by putting our listeners first and only use data to provide incredible sound experiences. We also minimize our environmental impact by using less energy and reducing our waste and water use.

Privacy

APPROACH

As a technology company making internet-connected products, we have a heightened responsibility to respect the privacy of our customers.

To ensure that we get our approach right, we meet with internal experts and external thought leaders to better understand what customers expect of us when it comes to privacy. We learned that they want choice, control and clear communications.

We developed the Sonos Privacy Principles, which explain in simple terms how our values translate to our privacy behaviors. The principles build on our [Privacy Statement](#), which is a readable, plain-language legal document that evolves with our products and services.

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.

Facilities

APPROACH

We're greening our global operations and engaging employees in local activities to minimize the environmental impacts of our day-to-day operations.

Conserving resources — especially energy — is a win-win, reducing our footprint while saving money.

PERFORMANCE

Electricity used in our offices and employee air travel is our largest operational emission sources. After minimizing our energy use and air travel, we offset emissions through purchased renewable energy credits and carbon offsets. In 2019 we achieved carbon-neutral operations for the second year in row.

In August 2019 we moved our Seattle office into a LEED platinum building. Here we introduced efficient appliances, green cleaning supplies and reusable dishware and utensils.

In 2020 we will improve the procurement of our office supplies by narrowing our vendor list and streamlining purchases to direct dollars toward sustainable products in our global locations.



Photos: Sonos Seattle office

Social impact

Music is our inspiration at Sonos. We aim to give back to the communities where we live and work through our music education initiative, support for STEAM learning, and employee volunteering — so that the next generation of musicians and innovators can thrive.



Music education

APPROACH

Sonos Soundwaves is how we support quality music education around the world. It provides children in need with opportunities to think creatively, raise academic achievement, develop social skills and prepare for successful futures. Through our program, we partner with local nonprofits and contribute financial grants, product donations and employee volunteers.

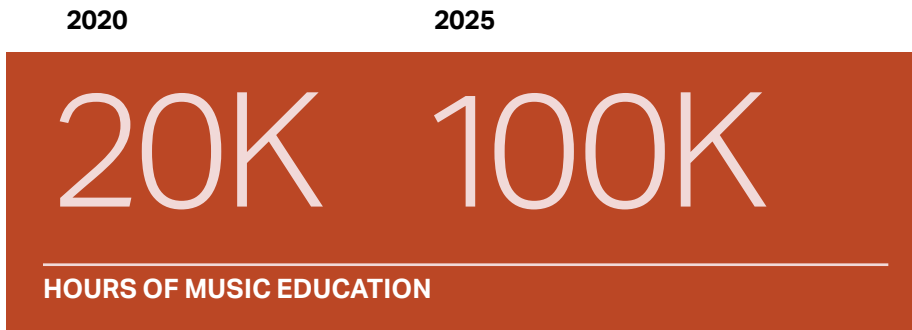
Not only does Soundwaves support the next generation of artists, it also helps retain and recruit new employees and strengthens our brand reputation as a company committed to doing the right thing.

PERFORMANCE

In 2019 we focused on building the Sonos Soundwaves network. We now have 10 partners in six cities located near our major Sonos offices. We selected leading nonprofits that connect us with underserved youth, including youth orchestras, a traveling music studio, and hands-on STEAM⁴ workshops. In 2019 we supported 1,200 students through more than 19,000 hours of music education — getting close to our 2020 goal of 20,000 hours.

During the year we worked with our partners to understand the impact of Soundwaves on underrepresented youth. We found that 63% of youth served by our U.S. partners were socioeconomically disadvantaged.⁵ Fifty-five percent of youth identified as female and 80% identified as people of color.

GOALS



⁴ Science, Technology, Engineering, Art, Math

⁵ As measured by the percentage receiving free lunch



CASE STUDY

Mentoring women in music

Shesaidso, a Sonos grantee, is a global network of women in the music industry that aims to break down gender stereotypes and create a diverse pool of role models for future generations.

According to Shesaidso, while entry-level positions in the industry are held equally by men and women, the number of women in management positions, or who stay in their industry jobs past the age of 30, drops to nearly 30%. To address this, with Sonos's support Shesaidso launched She.grows, which began as a pilot with 20 mentor-mentee pairs and grew to 50. Sonos employees across offices have volunteered to be mentors.

Photo: Shakira Payne, Sonos PR Manager, Communications & Sustainability and Shesaidso Mentor

Volunteering

APPROACH

We're on a mission to inspire the world to listen better — for our customers, employees and communities.

We hire talented people and believe their skills should be shared beyond our business. We encourage employees to give back, using their unique abilities to make a lasting difference. When we do this, we engage and retain our talented workforce and build a meaningful relationship with our communities.

PERFORMANCE

In 2019 43% of our employees volunteered globally through our week of caring events. Local Sonos volunteer committees encourage employee participation by organizing and communicating volunteer events in their offices, inspiring their team members to get involved. For example, in Santa Barbara, Sonos employees volunteered with Soundwaves partner Notes for Notes to host ukulele-building workshops with underserved youth. Elsewhere, Sonos staff volunteered with their local Soundwaves partners by repairing instruments, supporting a symphony concert and offering career mentoring workshops on music marketing.

In addition to our week of caring events, we also offer employees 16 hours of paid volunteer time annually. In 2019 employees logged more than 1,200 hours of paid volunteer time. In 2020 we will increase the number of strategic volunteer opportunities that empower our employees to give back by using their unique talents and skills.

2018 2019

42% 43%

PERCENTAGE OF EMPLOYEES WHO VOLUNTEERED DURING OUR WEEK OF CARING

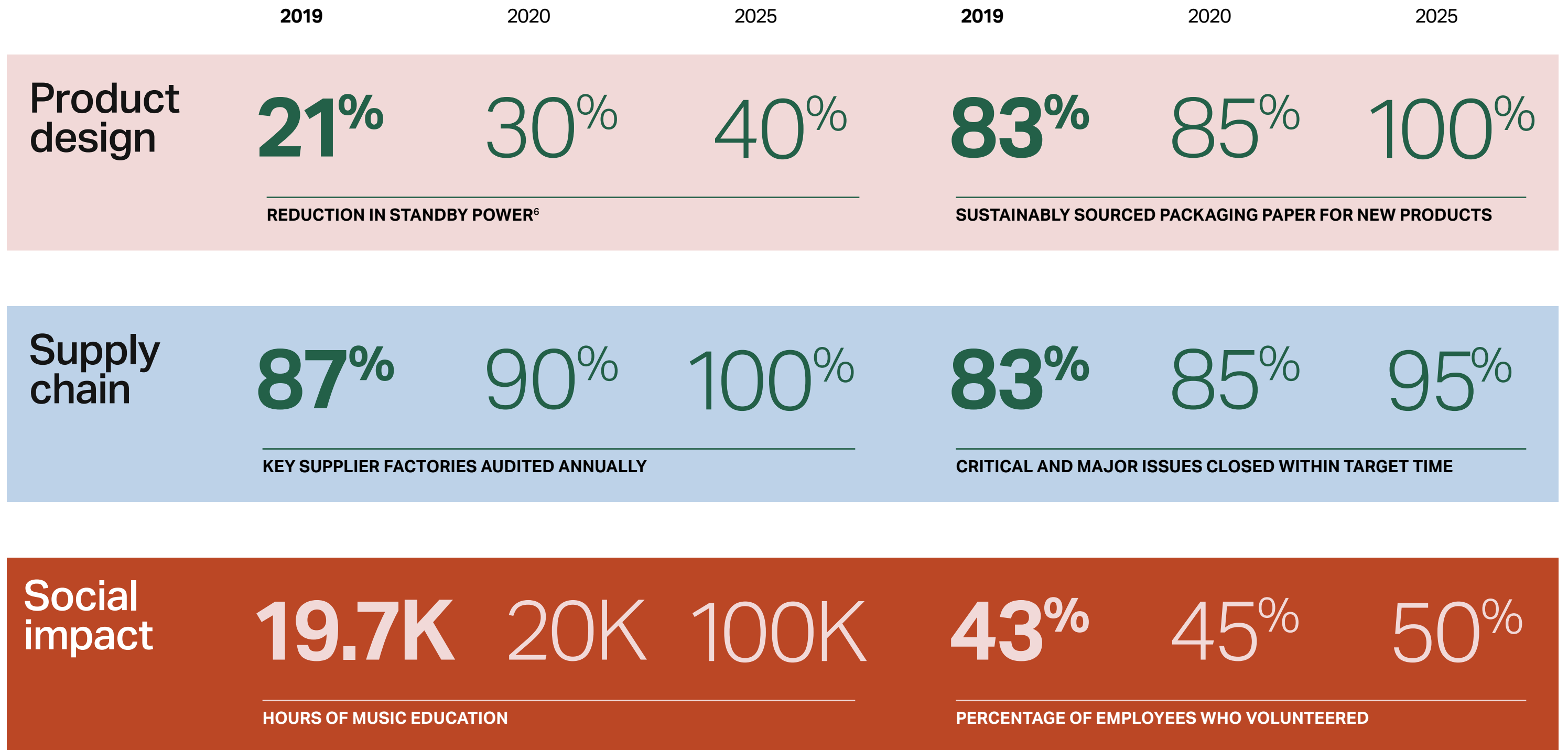
GOALS

2020 2025

45% 50%

EMPLOYEES VOLUNTEERING

Target dashboard



⁶ Percent reductions are based on a 2013 baseline year.