

# 2023 Listen Better Report

sonos

Environmental, Social and Governance at Sonos

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# A Message From Our CEO

At Sonos, we aim to build products and experiences that bring joy to people, and to do it in a responsible way.

We start by building products that last. Nine out of ten Sonos products ever sold are still in use today, which is best in class for the category we invented. And we continue to innovate. This year, we expanded our portfolio by unveiling three products that tie together immersive sound and responsible design. Era 300 debuts a unique spatial audio experience, Era 100 remasters a home-filling favorite, and Move 2 is a powerful speaker on the go.

Each of these products showcases our ongoing commitment to our Climate Action Plan.

We've significantly reduced our environmental impact by increasing energy efficiency, using recycled plastics, and making refurbishment and repair more efficient. Everything we make is encased in award-winning packaging that replaces plastic with sustainably sourced paper to deliver an enjoyable unboxing experience.

In a time when there is pressure to scale back diversity, equity and inclusion (DEI) programs, we are proud to strengthen our investment. Our DEI values informed many of our efforts over the last year, such as inclusive hiring practices, highly engaged Sonos communities, and mindful training for leadership. We're making strides towards a more equitable

team with women now representing 30.9% of our workforce and underrepresented races and ethnicities comprising 39%. Sonos also earned a high rating for LGBTQIA+ equity in the Human Rights Campaign Corporate Equality Index.

DEI is important to us as we are focused on delivering inclusive products made by inclusive teams. For example, we have broadened our beta tester community to help us learn from people with a range of backgrounds, abilities, and perspectives. In 2023, 90% of beta testers identified with an underrepresented group. We look forward to incorporating their input and advancing our inclusive product design.

Our communities matter to us. Over the past five years, we've donated more than \$2 million to charities in music education and sustainability. We're taking the next step by joining 1% for the Planet for our Certified Refurbished products. In addition to giving our products a second life, our Certified Refurbished program will donate 1% of all sales to high-impact nonprofits like Rainforest Connection, which uses acoustic sensors and AI to measure and protect biodiversity.

In the coming pages of this report, we're trying something new by showing how we incorporate immersive listening into our work. It's a different approach from years past that we hope you'll enjoy. We invite you to share your feedback by emailing us at [csr@sonos.com](mailto:csr@sonos.com).



**PATRICK SPENCE**  
CEO

# Immersive

We have crafted innovative listening experiences for two decades. We strive to deliver immersive sound while reducing our environmental impact for people and the planet.

# Regenerative Sound: Deep listening to preserve biodiversity

Climate change and the crisis of biodiversity loss threatens over 42,000<sup>1</sup> species around the world with extinction. Consequently, the natural world is becoming quieter as we lose birdsong, insect chirps, and the splash of marine mammals. Ecoacoustics is the field of investigating the environment through sound and has become a meaningful tool in addressing this complex and urgent issue. It concentrates on the unseen dimensions of ecosystems – multilayered soundscapes – leveraging them to promote biodiversity and conservation by understanding the behavior and distribution of species in their natural environment.

Our Regenerative Sound program demonstrates the power of multidimensional sound to better understand dynamic ecologies. This year, Sonos partnered with Rainforest Connection, an organization operating in 35 countries that unites scientists, governments, and nonprofits in conservation efforts. Our campaign provided \$250,000 to support Rainforest Connection's global biodiversity preservation efforts, harnessing the intricate rhythms of ecoacoustics. Through our support, Rainforest Connection has recorded 85,742,731 minutes of nature sounds and identified 1,442 distinct species of wildlife.

Specifically, Sonos contributions aided a Rainforest Connection project site in the Chocó region of Ecuador. Known for its rich biodiversity, the Chocó rainforest is home to thousands of wildlife species, including the critically endangered brown-headed spider monkey, and over 8,000 plant species. The region was designated as an UNESCO Biosphere Reserve as one of Ecuador's most threatened ecosystems. This designation focuses on promoting solutions for sustainable development and supporting the hundreds of thousands of people living in the region who actively engage in conservation efforts.

Rainforest Connection and local partner Fundación Futuro utilize acoustic monitoring technology to protect the expansive Mashpi Reserve. Sonos traveled with these two nonprofits to deploy their acoustic sensors and we were thrilled to be immersed in the sights and sounds of this remarkable project. Our Latin America GTM lead, Ximena Diaz Covarrubias, experienced this richly diverse ecosystem first-hand, spent time with local guides on the ground, and took in the rainforest from the heights of remote Andean Mountains.

<sup>1</sup> [IUCN Red List of Threatened Species](#)



"It was incredible to witness the power sound has to positively impact our lives and the planet. Sonos helps the world listen better. More than 20 years later, this is still the driving force behind everything we do and the initiatives we support. I have always been proud to work at Sonos, but seeing the impact of our contribution to this important conservation project pushed it to a whole new level."

**XIMENA DIAZ COVARRUBIAS**  
LATIN AMERICA GTM LEAD, SONOS

# Taking Climate Action



The climate crisis impacts every dimension of life. Our business and the environment are inextricably interconnected, so we immerse ourselves in efforts to minimize our impact on our planet.

Our Climate Action Plan is our roadmap for decreasing greenhouse gas emissions throughout our value chain. Our goals to achieve carbon neutrality by 2030 and net-zero emissions by 2040 are holistic — covering Scopes 1, 2, and 3.<sup>1</sup> Annual carbon footprint assessments inform which efforts we prioritize.

## At a Glance: Sonos Climate Action Plan

<b>Step 1</b> ✓		Map and disclose our carbon footprint
<b>Step 2</b> Ongoing		Begin reducing our carbon footprint
<b>Step 3</b> FY30		Continue reducing and go carbon neutral
<b>Step 4</b> FY40		Continue reducing and go net zero

By consulting internal and external experts, we surround ourselves with the most up-to-date advice on lessening our environmental footprint, complying with evolving regulations, and upholding the high-quality sound experience our customers know and expect.

<sup>1</sup> Our carbon neutrality goal was updated in FY23 to include Scope 3 emissions.

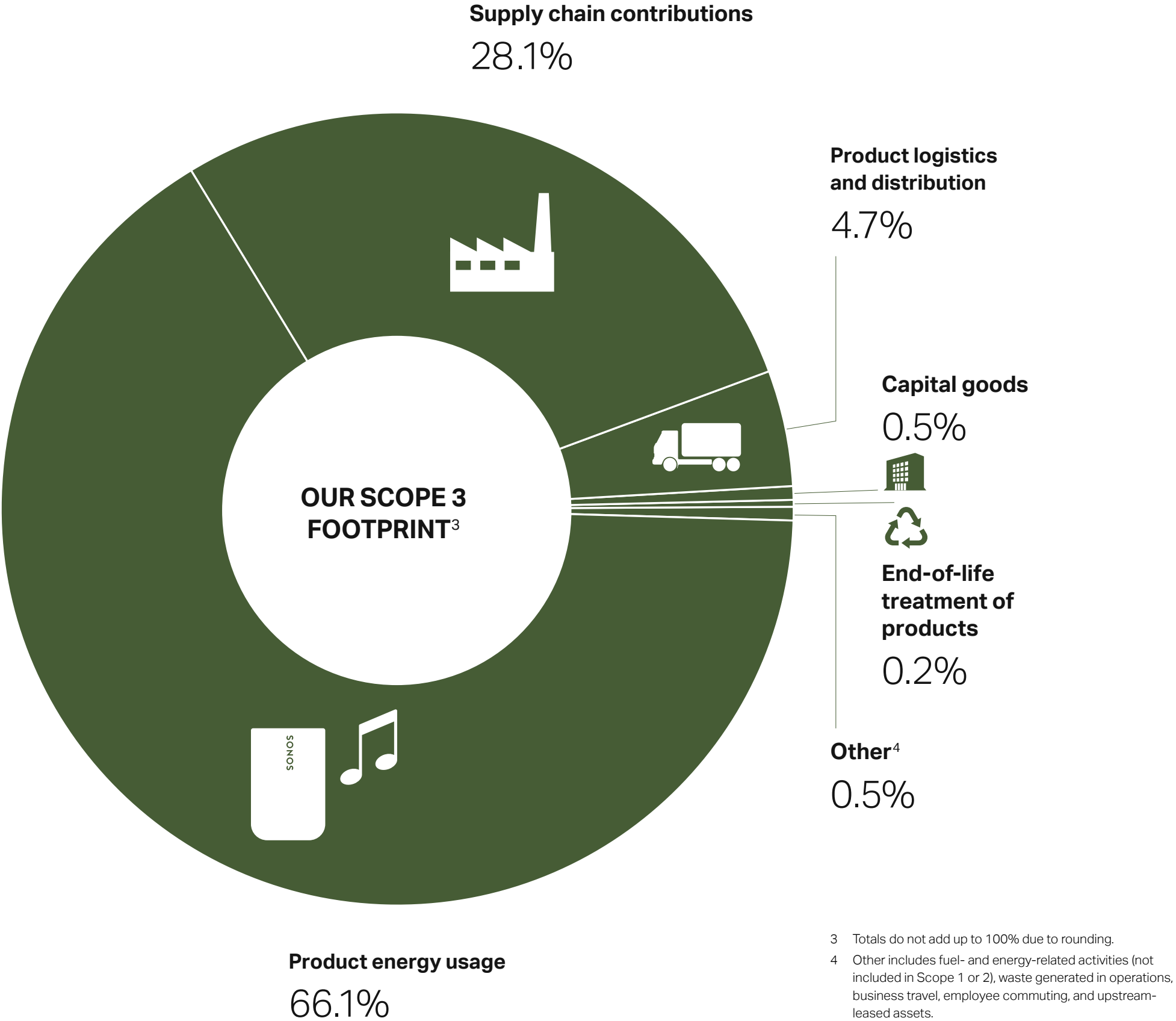
# Our progress

In FY22,<sup>1</sup> our total carbon footprint was 996,703 metric tons of carbon dioxide equivalent (MTCO<sub>2</sub>e).<sup>2</sup> Similar to FY21, the vast majority, 99.99% of our footprint, falls within Scope 3, encompassing emissions upstream and downstream of our direct operations. Of our Scope 3, product energy use comprised 66.1% of emissions in FY22, up from 63.2% in FY21. We anticipate this percentage will decrease as we introduce more energy efficient products like the Era 300 and Move 2.

To improve the accuracy of our greenhouse gas footprint, in FY23 we collaborated with our contract manufacturers to collect their emissions data. Our aim is to minimize our reliance on estimates and instead use primary data to guide our initiatives. We also validated the accuracy of our data by taking the important step to externally verify our FY22 Scope 1 and 2 emissions for the first time.

We work to reduce our Scope 1 and 2 emissions even though they comprise only a small portion of our footprint. Our efforts include optimizing lighting and climate control systems at rented facilities and seeking green office spaces. For example, our Seattle office is LEED certified and our newest Santa Barbara location was designed in full compliance with California’s building energy efficiency standards.

1 In line with industry practice, we report our emissions from the prior fiscal year to ensure the integrity of our data.  
2 This decrease relative to FY21 is due to lower sales in FY22.



We aim to achieve carbon neutrality by 2030 by prioritizing absolute emission reductions. We also employ a portfolio of high-quality carbon offsets, Renewable Energy Certificates (RECs), and modest investments in engineered carbon removal technologies. This year, we contributed to Heirloom's continued growth as it leverages the power of limestone and Direct Air Capture technology on its path to remove carbon from the atmosphere.

For FY22, we purchased RECs for electricity use that we cannot yet avoid, reducing our operational emissions and supporting the growth of the renewable energy sector. With these purchases, we achieved net zero for Scope 2.<sup>1</sup> We also purchased carbon credits from projects located in the same regions as our manufacturing partners to help restore the surrounding environment. Our investment enabled us to neutralize Scope 1 emissions to achieve carbon neutrality in our operations for the sixth year in a row, entirely offset our emissions for Sonos Radio, and offset a portion of our Scope 3 emissions.

Four key principles guide how we evaluate the quality of offsets:

- Third-party verified, nature-based solutions
- Meaningful social and environmental impacts
- Data-driven monitoring of carbon reductions
- Engagement with local communities

<sup>1</sup> Net-zero Scope 2 emissions achieved according to the market-based calculation approach.



Performance Target  
**FY30**

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**Achieve 100% carbon neutrality across Scope 1, 2, and 3 emissions**



Performance Target  
**FY40**

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**Achieve net zero across Scopes 1, 2, and 3 emissions.**

In FY23, we comprehensively assessed climate risk and opportunities in line with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations to evaluate our exposure to climate impacts and establish effective response strategies. We found that our value chain is not significantly vulnerable to climate risks. Nevertheless, we are proactively implementing robust risk management protocols. For a more in-depth overview of our risk assessment, please refer to our [TCFD index](#).

This year we completed our first response to the Carbon Disclosure Project (CDP) Climate Change Questionnaire. Input from an external team of climate experts helped us ensure robust and accurate reporting. This is a major milestone for our transparency and accountability that is targeted at our key stakeholders.

We recognize the wide range of quality in carbon offsets and are committed to purchasing certified, premium credits from nature-based projects. The initiatives we support have a demonstrated impact on carbon reduction. They also advance the restoration and protection of critical ecosystems, safeguarding the livelihoods of people who depend on them.

## Slowing down to speed up sustainability

Reducing ocean vessel speed can significantly reduce environmental impacts above and below the surface as slower-traveling ships emit fewer air pollutants and pose less risk to marine mammals. Protecting Blue Whales and Blue Skies encourages businesses to help conserve endangered whale populations, improve air quality, and reduce emissions by adopting more sustainable shipping practices.

In FY23, we became a Brand Ambassador for this program, taking voluntary steps to reduce our vessel speeds along the California coast, creating a ripple effect of positive change.

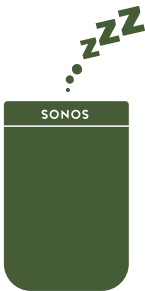
# Product Sustainability



Contributions to  
UN Sustainable  
Development  
Goals

Our Product Sustainability team leads efforts to build sustainability into product hardware and software. The team works to improve environmental performance from multiple dimensions: device energy efficiency, serviceability, material safety, and material circularity.

We now release in-depth Product Environmental Reports that detail the environmental footprint of new products. To ensure transparency and accuracy, these reports are based on third-party verified life cycle assessments that measure the product's total impact from manufacturing to end-of-life.



## Dimensions of impact for Product Sustainability

**Energy Efficiency** — Design energy-saving solutions. Choose hardware components with power-saving features and continually improve our software to reduce power consumption.



**Design for Serviceability** — Minimize waste through repair and recycle. Optimize disassembly and reassembly processes to make refurbishment, repair, and end-of-life recycling more efficient and sustainable.



**Safer Materials** — Protect human and environmental health. Meet or exceed all relevant regulatory requirements and voluntarily minimize the use of nonregulated harmful substances.



**Circular Materials** — Integrate circular principles in products and packaging. Leverage recycled and renewable materials; reduce waste; and commit to certified, responsibly sourced materials.

Making products last is key to sustainability. Nine out of ten Sonos speakers ever built are still in use, demonstrating our commitment to longevity.<sup>1</sup>

<sup>1</sup> As of evaluation on October 1, 2023.

## Era 300: 360° of sustainability

Guided by our Product Sustainability program goals and new responsible design standards, we embraced sustainability in the design, development, and delivery of the revolutionary Era 300. It offers unprecedented, immersive listening without compromise.

Era 300’s idle power consumption is under 2 watts — our first plug-in speaker to reach this milestone. Its power-save mode reduces energy consumption even further.


The design of the Era product line, including the Era 100 and Era 300, facilitates easy in-region repair, reducing transportation emissions and keeping products and component materials in use longer.

Era 300 includes post-consumer recycled (PCR) plastic in 40% of its injection molded parts in place of virgin plastic. Furthermore, sustainably sourced content makes up 75% of Era 300’s packaging materials, and 100% of plastic packaging components contain PCR content. The Forest Stewardship Council (FSC)® certified Era 300’s mixed-use packaging, including Custom Kraft Paper and corrugated cardboard, providing advanced traceability. Our redesigned clips use nearly 42% less material than previous models and are made entirely of PCR plastic.


Learn more about Era 300’s sustainable features in the [Product Environmental Report](#).




Impact Assessment Categories




Human Health




Ecosystems




Resource Availability



Climate Change



Water Use



Cumulative Energy Demand

We perform life cycle assessments (LCAs) to analyze product impacts holistically — from raw material extraction through end-of-life. The findings help us understand how design decisions affect environmental outcomes and identify areas of improvement.

Collaboration within our industry drives our sustainability efforts. In FY23, we engaged with GreenBiz, REACH Central Coast, the Consumer Technology Association, Sustainable Packaging Coalition, ChemForward, Chemical Watch, and EarthShift Global to promote environmental responsibility and implement best practices.



Our multifaceted Product Sustainability program tackles impacts from every angle.

# Our progress

## Energy Efficiency

Energy efficiency is central to our climate efforts. We work to lower power consumption while maintaining an exceptional customer experience. In doing this, we aim to:

- Reduce power consumption through software and hardware improvements.
- Uphold user confidence in the power state and capability of Sonos products.

According to our greenhouse gas accounting, product energy consumption accounts for 66% of our total carbon footprint. We continue to target idle power consumption reductions because most energy use occurs in this mode. Each year, we strive to strengthen the quality of our data and improve idle power measurement. In doing so, we identified idle power usage for FY21 as higher than previously measured. Enhancing our methodology helps us better understand our impacts and craft meaningful solutions.

In FY23, we reduced average idle energy usage across our portfolio to 3.14 watts, toward our 2-watt average goal. We aim for each new product to consume 20% less idle energy than its previous generation. Our new Era 100 speaker consumed 42% less idle energy than Sonos One in the same power state. During our internal Energy Efficiency Summit in FY22, we discussed

the feasibility of implementing a power mode lower than idle for our plug-in speakers, balancing energy savings with the responsiveness to user commands our customers expect. Using the power-save mode from our portable speakers as a starting point, in FY23, we launched our first plug-in models with power-save capability — the Era 100 and Era 300. Going forward, our aim is for all new devices to support this mode, which will lower average energy consumption and reduce greenhouse gasses in our product portfolio.

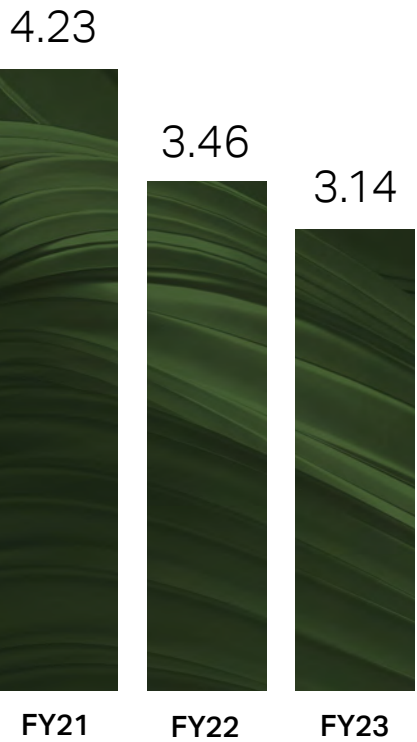
In FY24, we intend to learn more about product energy demand and listener behavior by using machine learning to predict patterns and collect primary data from users who opt in. More precise data will allow us to design targeted solutions without impacting the customer experience.

### Design for Serviceability

Designing for serviceability extends product life — generating less waste and allowing customers to enjoy long-lasting, premium audio experiences.

Our Design for Serviceability Initiative makes refurbishment and repair more efficient and sustainable. We build products with what we call Architectural Enablers that simplify repair. For example, we replace adhesives with screws to facilitate easy disassembly and reassembly. These efforts extend product lifetimes, keeping materials in circulation and out of waste streams. Shipping products to and from our repair facilities generates greenhouse

Average idle power across our product portfolio (watts)



gases. To reduce transportation emissions, we shorten the distance products travel for servicing by expanding in-region repair.

With our serviceability index, we score products based on factors such as service time, parts consumption, transportation, packaging, and service frequency. We measure product performance against our serviceability principles and identify where to improve. Era 100 earned the top score for serviceability in our index. In FY23, we achieved our goal to incorporate Design for Serviceability principles in 100% of new devices by applying the index.

Our [website](#) tells users how to recycle products, including shipping select products back to us, recycling at a retail partner, or dropping off at a local e-waste facility. We encourage responsible product disposal with our [Upgrade](#) program, which gives discounts to consumers who return speakers for refurbishment or recycling.

**Safer Materials**

We select materials that ensure Sonos products meet our quality standards while minimizing risks to human health and the environment.

Our devices meet all relevant global regulations, and we aim to exceed these standards when possible. For example, we developed our Halogen Free Initiative to find safer alternatives to halogenated substances. Our focus has been to eliminate halogens in circuit board laminates, an element where halogens

are traditionally prevalent. New products launching in FY24 will demonstrate the progress we have made.

We collaborate with industry peers to raise the bar for safety in consumer electronics. As a member of ChemForward, a nonprofit devoted to reducing hazardous materials in consumer products, we utilize a database of information about material chemicals and their impact on ecosystems. We meet with other members regularly to share best practices.

**Circular Materials**

Linear life cycles create waste and deplete resources. Alternatively, circular life cycles reduce waste by keeping materials in use. Our Material Strategy guides our efforts to substitute renewable and recycled materials into our products and packaging in place of virgin materials.

**Product**

On balance, post-consumer recycled (PCR) plastics generate fewer greenhouse gas emissions than their virgin counterparts and give materials a second life. We achieved our FY23 circular materials goal by including PCR plastic in our Era 100, [Era 300](#), and Move 2 speakers.

There is no one-size-fits-all solution for replacing materials in our products, so, in FY24, we are working to expand our toolbox of responsible materials to include both recycled and renewable options.



Packaging

Sonos packaging employs circular design principles to provide superior protection and a premium unboxing experience. In FY23, our approach earned The Dieline Best in Show award for our Sonos Ray and Sub Mini speakers.

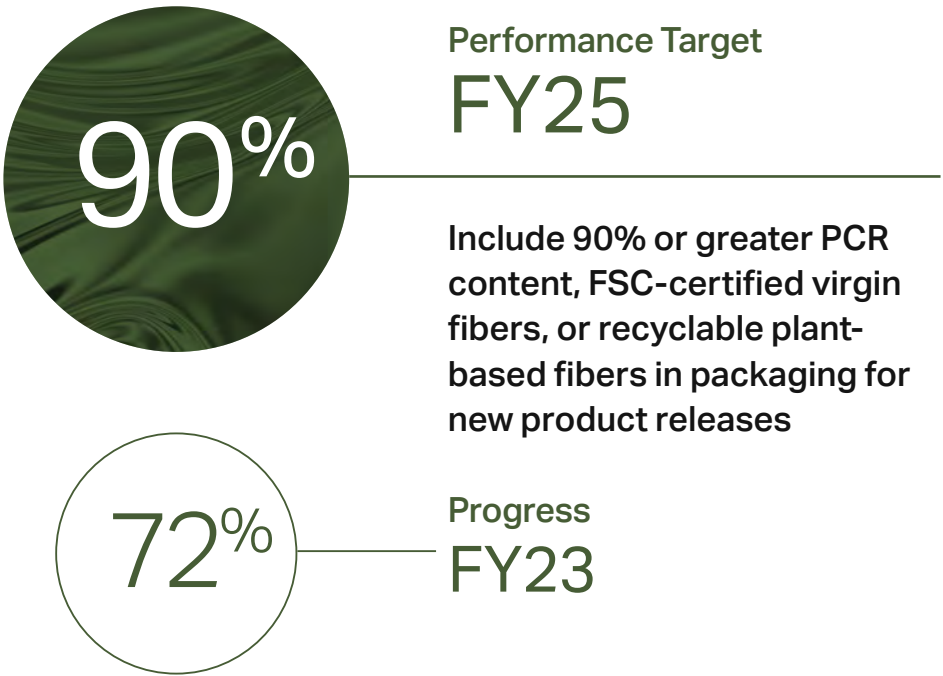
Our Packaging System Refresh reduces single-use plastics and increases use of sustainably sourced papers.<sup>1</sup> Where we cannot yet eliminate plastic, we aim to use PCR plastics. Our **Era 300** speaker’s packaging contains 75% sustainably sourced content<sup>2</sup> and is the first to feature a Global Recycled Standard PCR polyethylene terephthalate (PET) non-woven bag.

In previous reports, we shared our intention for 100% of new product packaging to include sustainably sourced content by FY25. In FY23, we had to adjust this goal due to transit performance criteria. We now aim to achieve 90% or greater sustainably sourced content in packaging for new product releases by FY25 and shifted our focus to FSC-certified mixed use packaging, which includes both virgin and PCR fibers. In FY23, 72% of new product packaging contained sustainably sourced content. Though this represents a decrease compared to our progress reporting from previous years, we are pleased that improved data accuracy has given us better insight into the sustainably sourced content in our packaging.

1 We define sustainably sourced papers as those made from PCR paper, FSC-certified virgin fibers, or recyclable plant-based fibers.  
2 Our definition of sustainably sourced content contains all material types defined as sustainably sourced papers in addition to PCR plastics.

We consciously select materials and design packaging to reduce impacts from distribution and disposal. Move 2’s optimized packaging allows devices to fit more efficiently onto shipping pallets, reducing greenhouse gases emitted during distribution by roughly 20% per device compared to the previous generation. Because our user research shows that customers often recycle our device packaging, we prioritize materials that are accepted by curbside recycling programs. For example, we are removing lamination from our paper to enhance recyclability and recoverability.

We monitor environmental policy changes that affect our consumers on an ongoing basis and work with our partners to collect more accurate packaging data, seeking to continually improve design.



# Multidimensional

We seek out multiple viewpoints to develop strategies that address our complex world. We make space for and listen to our customers, employees, communities, and suppliers, enabling both innovation and responsibility.

# Diversity, Equity, and Inclusion



Contributions to  
UN Sustainable  
Development  
Goals

Our workforce brings together people with multiple perspectives, allowing us to innovate in ways that can only happen when unique viewpoints intersect. To cultivate a culture of community, we use a diversity, equity, and inclusion (DEI) framework that spans four areas of our company and beyond to maximize impact.

We know diversity alone is not enough. We also strive to create a culture where each person has a sense of belonging and can be their authentic self at work. To welcome all voices and ideas, we encourage employee feedback, build communities of connection within Employee Resource Groups (ERGs), and offer ongoing education to raise awareness of the many factors that facilitate inclusion.

A dedicated DEI team implements initiatives across the company and tracks progress. The Compensation, People and Diversity & Inclusion Committee of our Board advises on our DEI strategic direction, and executives dedicate time quarterly to strengthen their DEI leadership acumen.

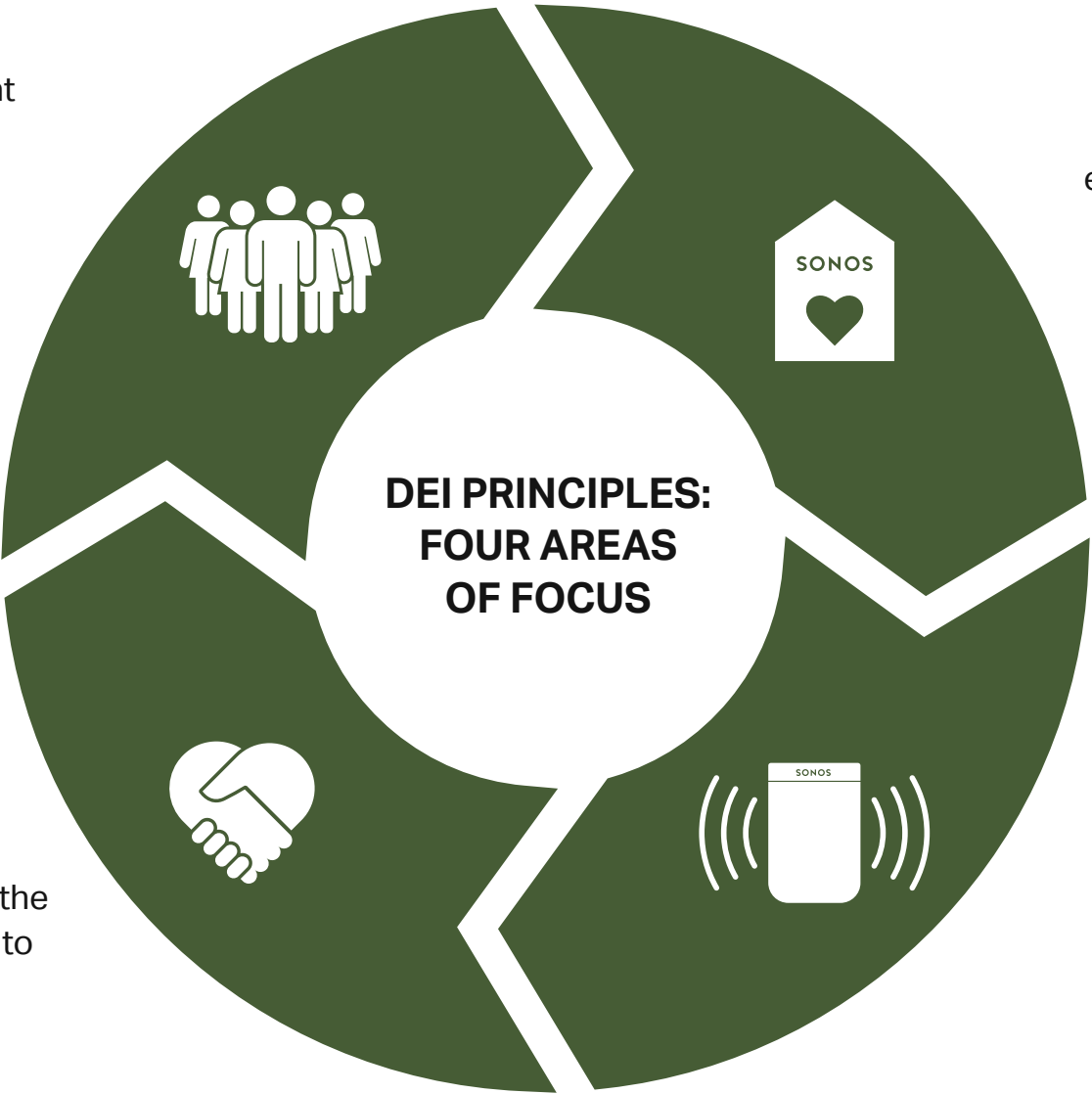
Sonos hiring managers are offered education on interviewing diverse candidates, and people managers receive inclusion training. We teach our Executives how to understand how to understand and mitigate unconscious bias, act with empathy, and promote a sense of belonging and psychological safety.

**Workforce:**  
Building systems that drive equitable representation

**Workplace:**  
Fostering a culture in which everyone experiences inclusion and belonging

**Community:**  
Lending our voice and the strength of our brand to issues that matter

**Marketplace:**  
Integrating DEI into our business



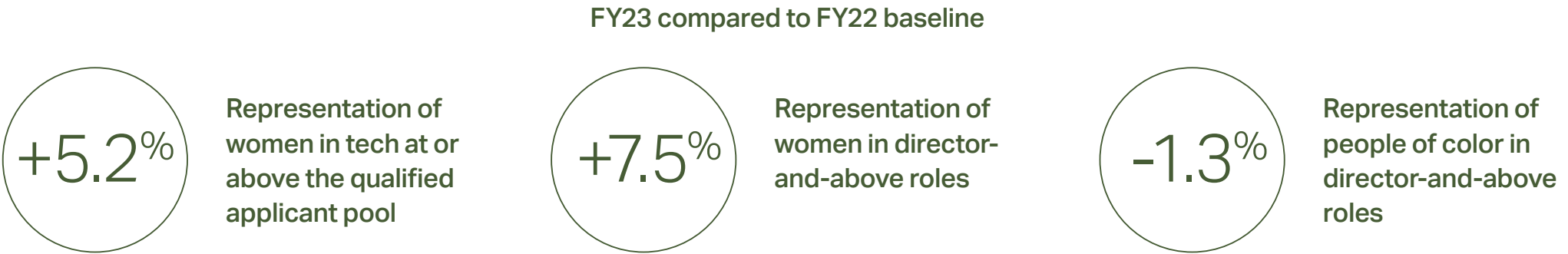
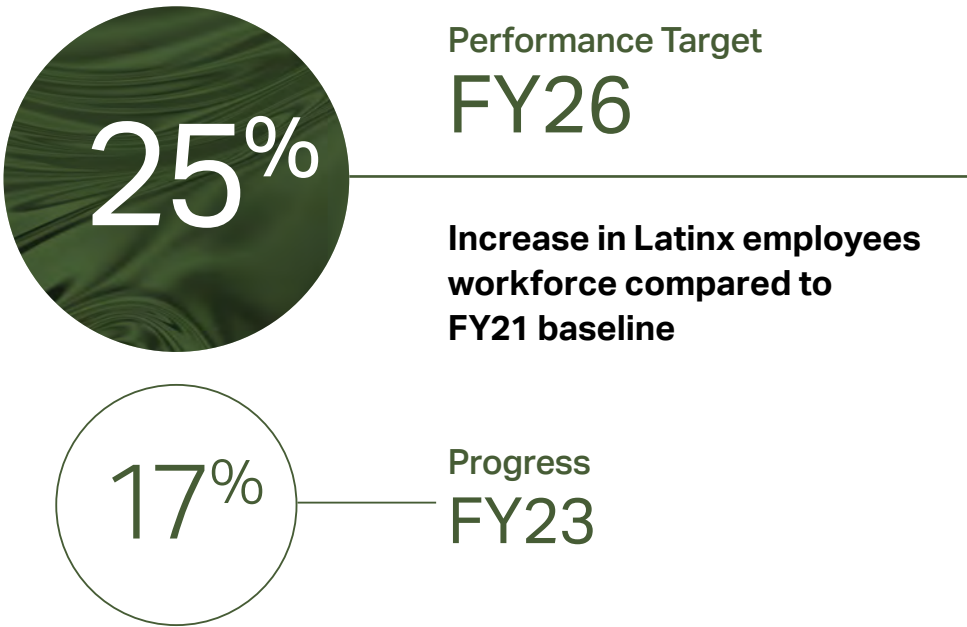
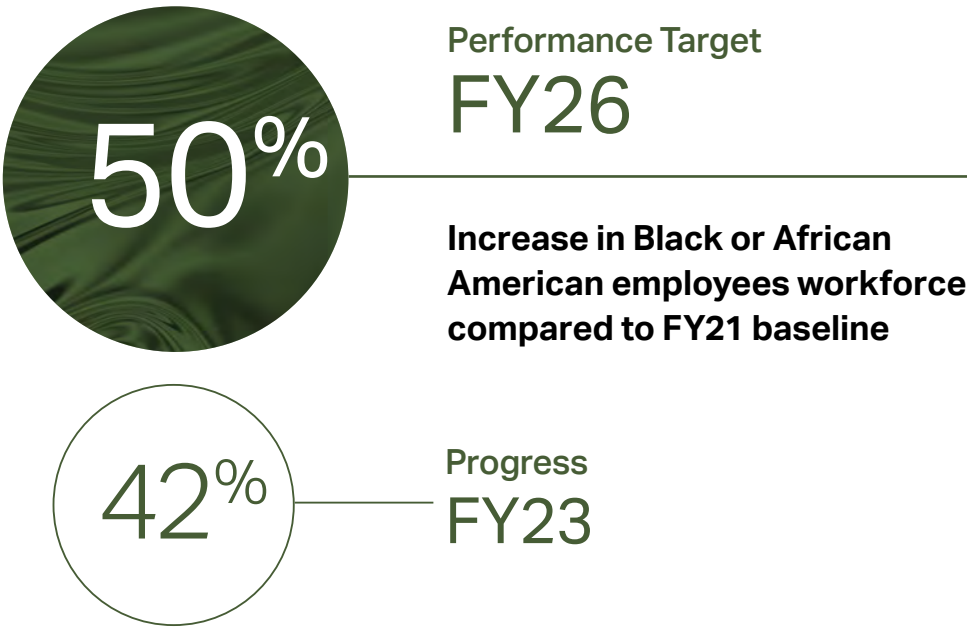
## Our progress

Our DEI principles guided many of our actions in FY23. We invested in inclusive recruitment and retention, increased transparency to our staff, and incorporated feedback from ERGs and other stakeholders. The results reflect our effort.

In FY23, targeted recruitment attracted more diverse candidates, resulting in a 28.5% increase in historically underrepresented applicants compared to FY22. Women comprised 30.9% of our global workforce, compared to 31.2% in FY22. Women also held 27.3% of director-and-above positions, up by more than 2% compared to 24.5% in FY22. Representation of underrepresented races and ethnicities in our U.S. workforce rose to 39%, 1% higher than FY22 and 4% higher than FY21.

Many initiatives can be credited for our progress in FY23. Through intentional partnerships, we cast a wider net for jobseekers through targeted job boards, events, and job fairs. In addition, we launched several new hiring initiatives in FY23, including:

- DEI checklists for recruiters and hiring managers
- Inclusive search strategy templates and inclusive interview guidelines
- DEI Champions, who help our Talent Acquisition team and advocate for inclusivity



To promote transparency and retain diverse talent, we conducted “stay” interviews, convened focus groups with women to better understand their experiences, and provided comprehensive training to managers on recognizing bias in performance and building inclusive teams.

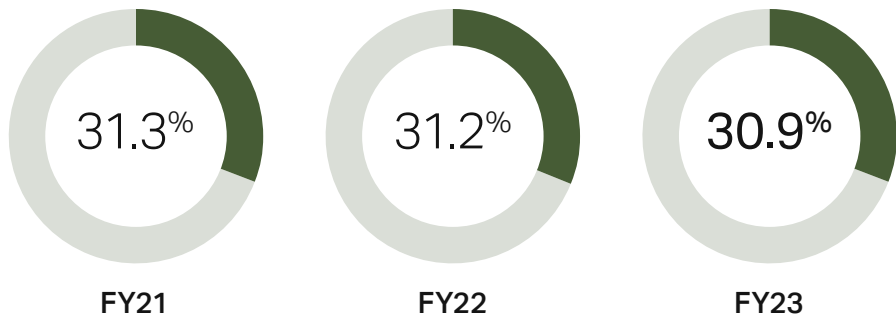
In FY23, Sonos achieved a high score of 100 for LGBTQIA+ equity and workplace friendliness in the Human Rights Campaign Corporate Equality Index.

Global Workforce Gender Diversity<sup>1</sup>

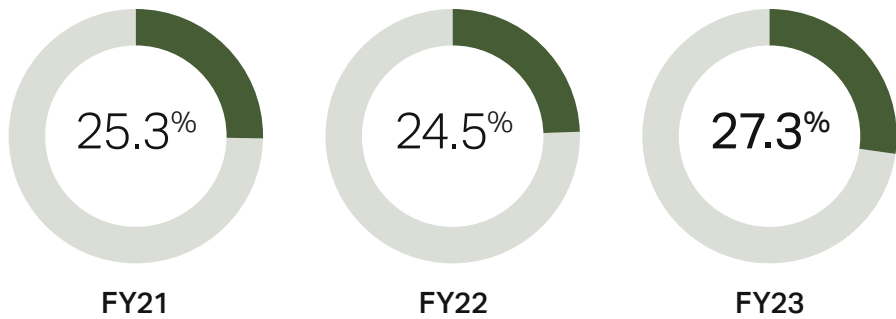
(% female – by fiscal year)

female male

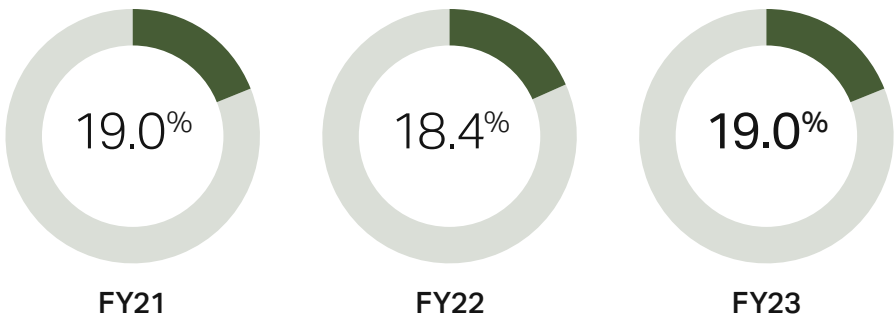
Global workforce



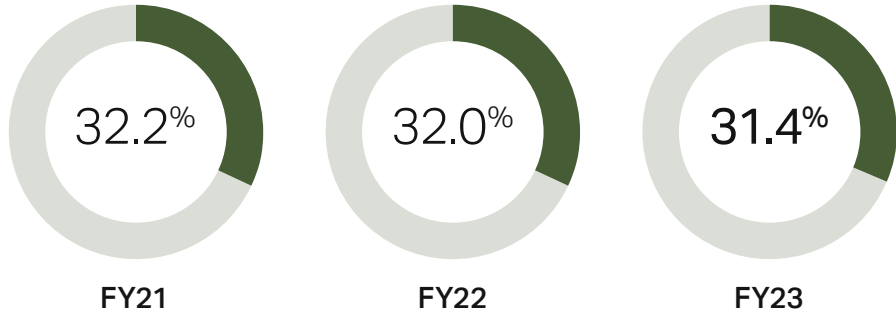
Director-and-above roles<sup>2</sup>



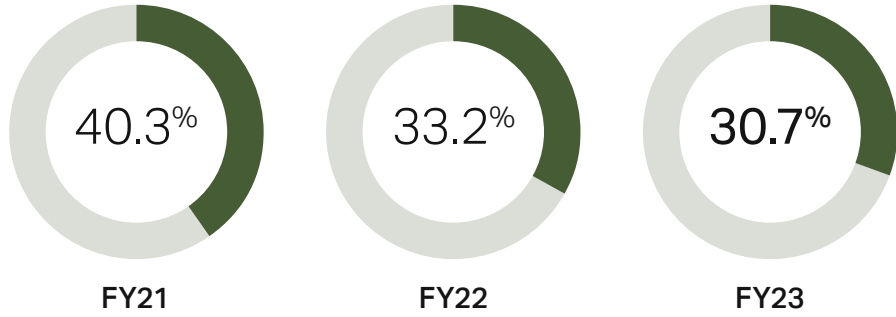
Technical roles



All other roles<sup>2</sup>



New hires



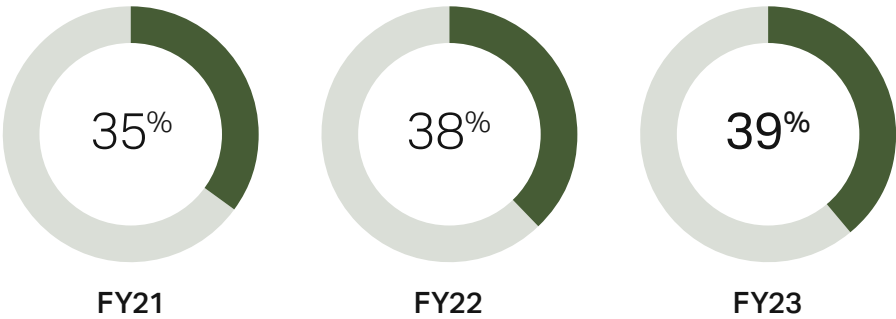
<sup>1</sup> FY23 DEI data represents our workforce as of September 30, 2023.  
<sup>2</sup> Director-and-above roles include the highest-level individual contributors and managers, VPs, and CXOs. All other roles include positions not included in director-and-above or technical roles.

U.S. Workforce Ethnicity Representation<sup>1</sup>

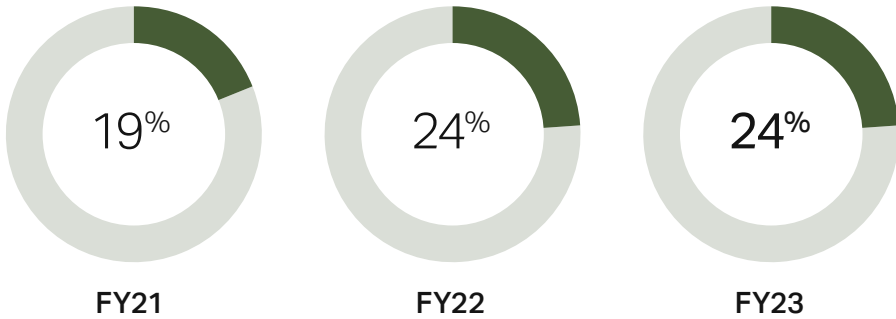
(% ethnically diverse – by fiscal year)

ethnically diverse

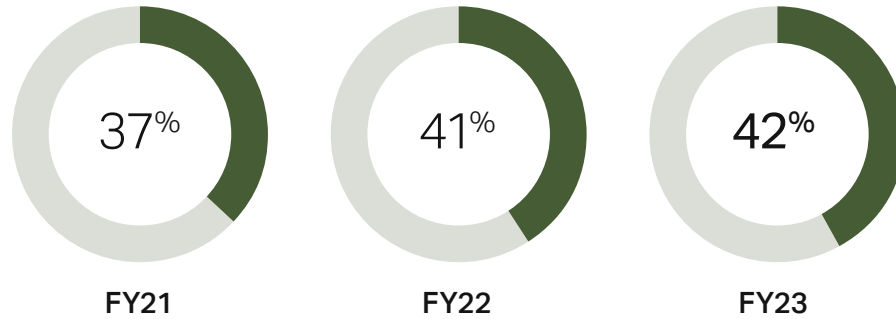
U.S. workforce



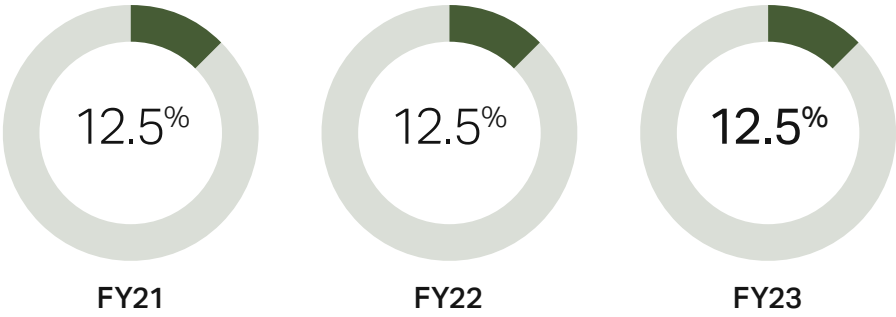
Director-and-above roles<sup>2</sup>



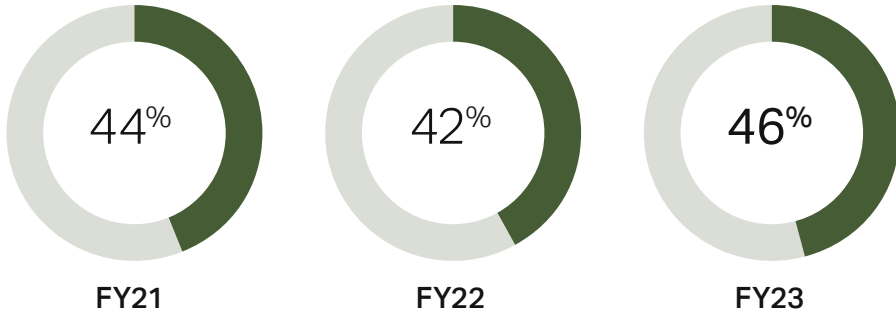
All other roles<sup>2</sup>



Board members



New hires



1 This data represents the percentage of U.S. employees who shared their race and ethnicity information. This was 77% in FY21, 81% in FY22, and 83% in FY23.

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

**FY23 U.S. Workforce Ethnic Diversity<sup>1</sup>**  
(% of U.S. workforce)

	Asian	Black or African American	Hispanic or Latino	Indigenous	Multiracial	White
U.S. workforce	22.4%	4.95%	8.16%	0.5%	3.21%	60.9%
Director-and-above roles <sup>2</sup>	14.8%	2.47%	4.94%	0%	1.23%	76.5%
All other roles <sup>2</sup>	23.7%	5.38%	8.72%	0.54%	3.55%	58.1%
New hires	26.2%	5.23%	11.6%	0%	2.91%	54.1%

<sup>1</sup> Percentages are based on the more than 83% of our U.S. workforce who disclosed their ethnicity. We do not include non-disclosed persons in the analysis. Percentages may not add up to 100 due to rounding.

<sup>2</sup> 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 roles.

To increase transparency, in FY23 we moved from biannual to quarterly all-company workforce diversity updates. These updates report on our DEI progress, including demographics and pay equity. Our second pay equity analysis in FY23 showed no statistical disparities among demographic groups, helping to establish us as an employer of choice. We additionally enhance the employee journey by taking an inclusive approach, considering new benefits, methods of working, and professional development that support retention.

Multiple channels are implemented to improve the inclusivity of our culture. In addition to our ERGs, Sonos Communities build internal unity around common interests. Sonos Sessions enable real-time social listening in interactive online communities, while our annual employee survey, Sonos Soundcheck, captures robust employee feedback used to enhance our workplaces. Survey results are shared with all employees. Looking ahead, we will form a cross-functional DEI Council that will create a feedback loop for our DEI initiatives improving our ability to meet employee needs.

Our eight ERGs are an integral part of our progress. By hosting monthly activities supported by dedicated funds, ERGs foster community and contribute ideas to address the needs of our diverse workforce, producing tangible outcomes (see ERG Contributions). By FY23 year end, over 700 employees — 41% of our workforce — were, on average, members of two ERGs.

## Sonos ERGS

Abilities@Sonos  
API@Sonos  
Black@Sonos  
Latinx@Sonos  
MentalHealth@Sonos  
Pride@Sonos  
Vets@Sonos  
Women@Sonos

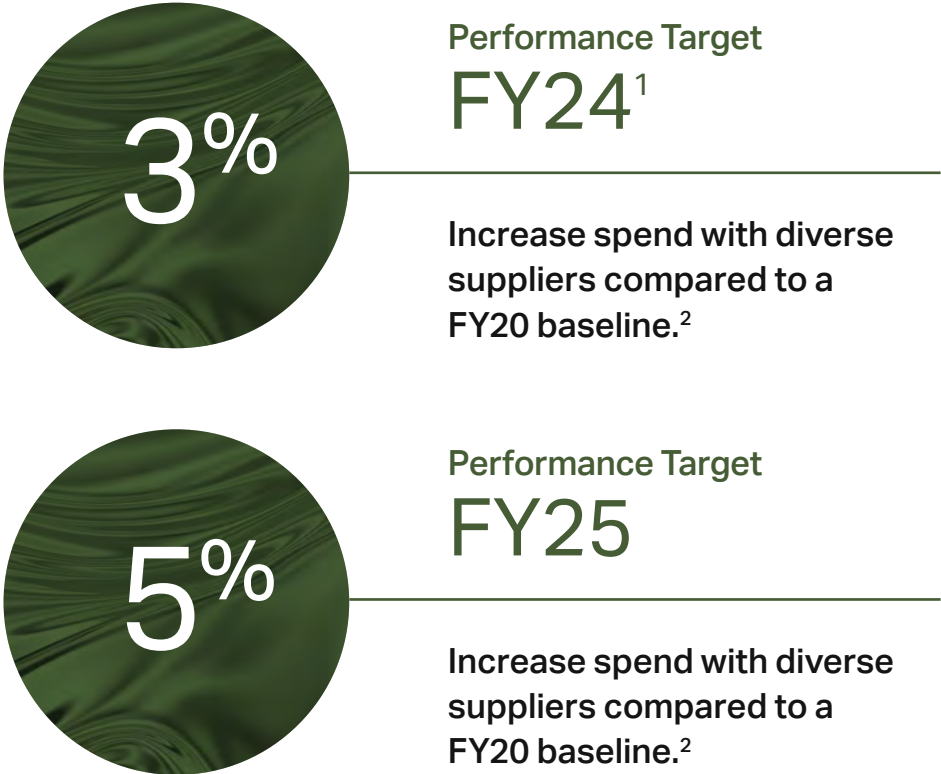
### ERG Contributions

In FY23, ERGs led and/or supported:

- The addition of an Employee Relations role on the legal team
- A new strategy to recognize the work of ERG leaders
- More awareness of the challenges facing women in technology
- A Disrupting Bias education series

To encourage equity outside our walls, we’re continually expanding outreach to diverse suppliers. We rely on specific criteria for selecting diverse suppliers in our request for proposals and other onboarding procedures. Our commitment includes collaborating with vendors who are women, LGBTQIA+ community members, individuals from diverse racial and ethnic backgrounds, persons with disabilities, and veterans. Our near-term targets are to increase spend with diverse suppliers as well as the percentage of the total spend they comprise.

In FY24, our product design will focus on integrating inclusive standards and practices. Inclusive design has benefitted from a key partnership with PowerToFly, a recruitment platform for underrepresented talent, which has diversified our pool of beta testers, who try out products and provide feedback. By year’s end, 90% of testers who signed up in FY23 identified with an underrepresented group. Their input makes products more responsive and versatile for a variety of users.



1 Due to changes in our data collection process, results of FY23 progress to increase spend with diverse suppliers are unavailable until FY24. Because of this, we moved this target from FY23 to FY24.

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

# Supply Chain Responsibility



Contributions to  
UN Sustainable  
Development  
Goals

To create and deliver products of excellence, many parts of our supply chain work in concert. We forge relationships with suppliers, communities, and individuals to improve the social and environmental impact of our product manufacture. To foster positive outcomes, we establish clear channels of communication with our suppliers and follow well-defined protocols, including responsible labor practices, reduction of emissions and waste, and more. These ongoing, multifaceted processes are integral to making our products exceptional.

Our membership in the Responsible Business Alliance (RBA) underpins our high standards. Entering our third year as affiliate members, our connection with RBA, our connection with RBA aligns us with a global coalition focused on continually improving human rights and labor issues from various angles.

Principles upheld by both the RBA and the International Labor Organization form the foundation of our **Supplier Code of Conduct** — a comprehensive set of standards addressing many topics, including fair treatment of workers, business ethics, health, safety, and environmental impact. From day one, we mandate all suppliers adhere to this Code.

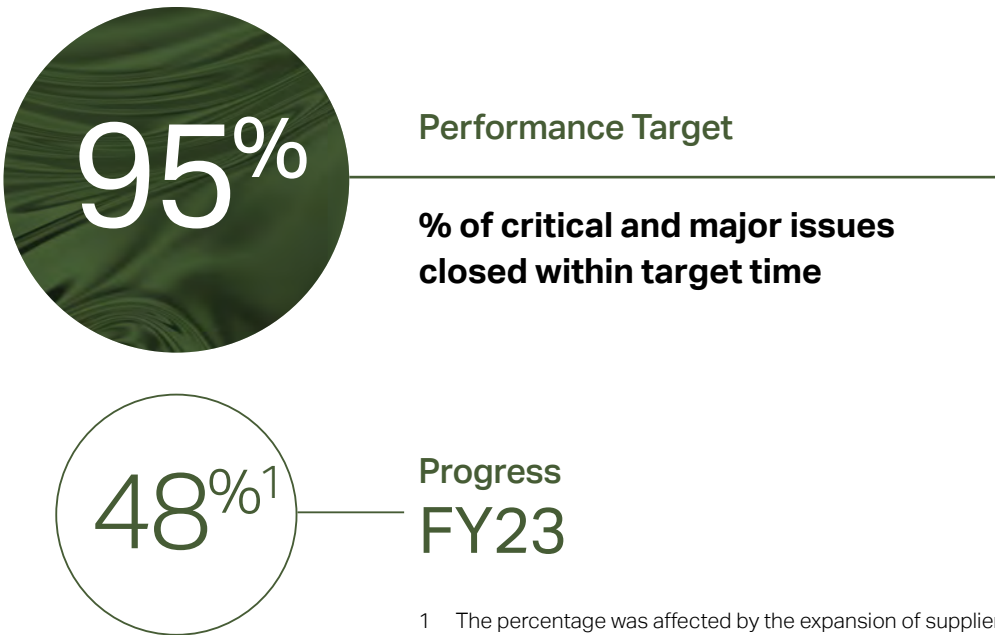
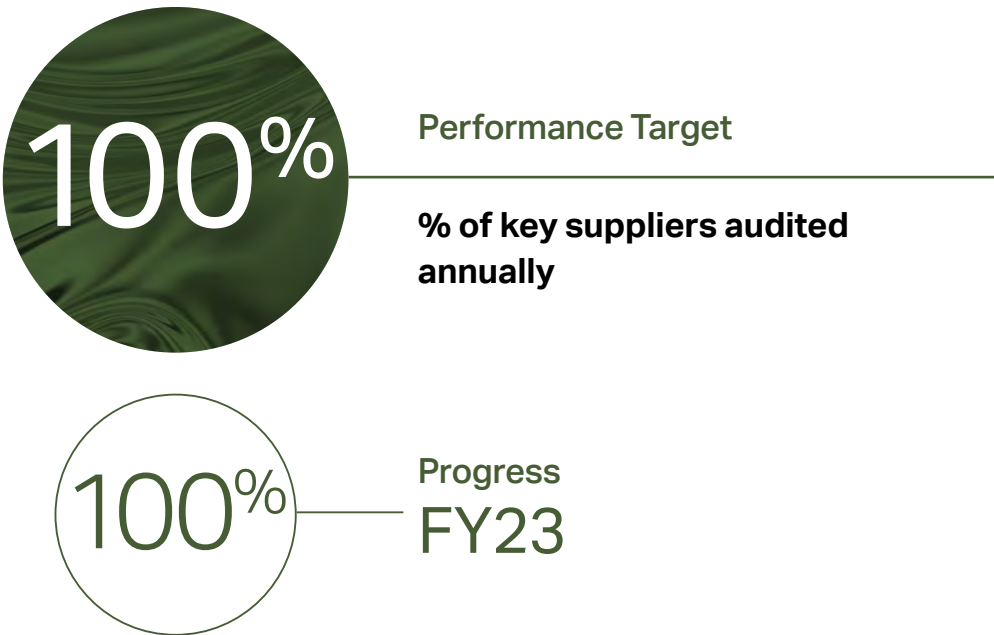
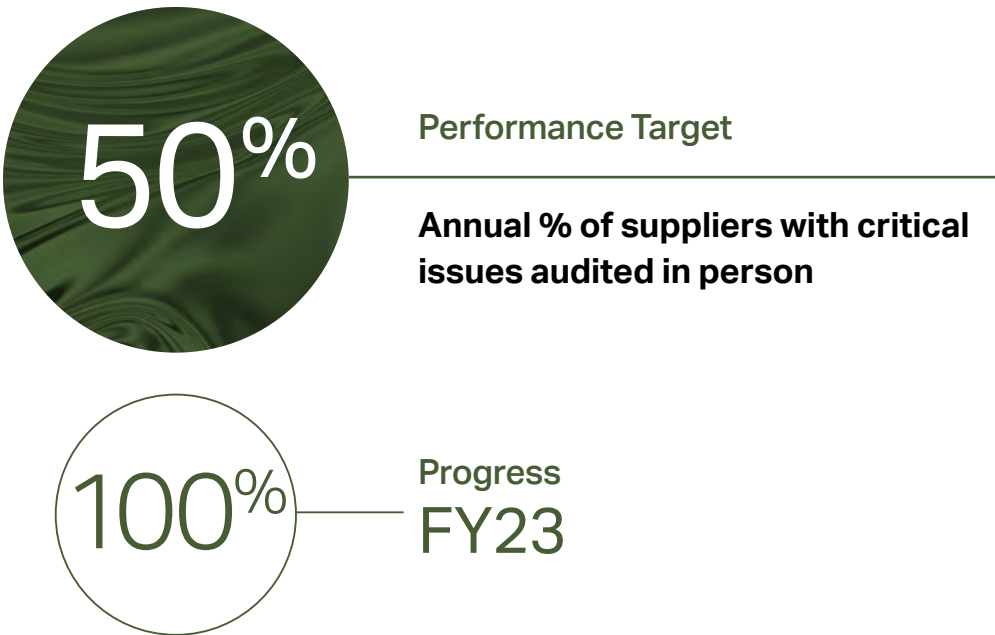
We confirm compliance beginning with initial verification audits of new suppliers and take prompt action to mitigate any identified issues.

In FY23, we expanded our global supplier base into new regions while effectively managing risk. Transparency is critical to our progress. We audited 100% of our key suppliers through the RBA Self Assessment Questionnaire or on-site audits.

Our audits identified a total of 562 issues, of which 117 (20.8%) were categorized as minor, 416 (74.0%) as major, and 29 (5.2%) as critical. Coinciding with the addition of over 20 new suppliers in FY23, nonconformance issues also rose. The top two concerns that surfaced from audits were working hours and occupational safety issues.

Of the critical and major issues identified, 48% were resolved by the end of FY23. Several factors affected the rate of resolution: our expansion of suppliers in Asia, a late-start in the fiscal year to one set of audits and subsequent follow-up cycles, and the application of a more stringent standard to new suppliers in one region. The open issues are under active due diligence.

Our existing key suppliers, those that comprise 80% of our spend, are audited annually. From these findings, we closely collaborate to swiftly resolve any nonconformance.



<sup>1</sup> The percentage was affected by the expansion of suppliers in Asia, a late-start in the fiscal year to one set of audits and subsequent follow-up cycles, and the application of a more stringent standard to new suppliers in one region.

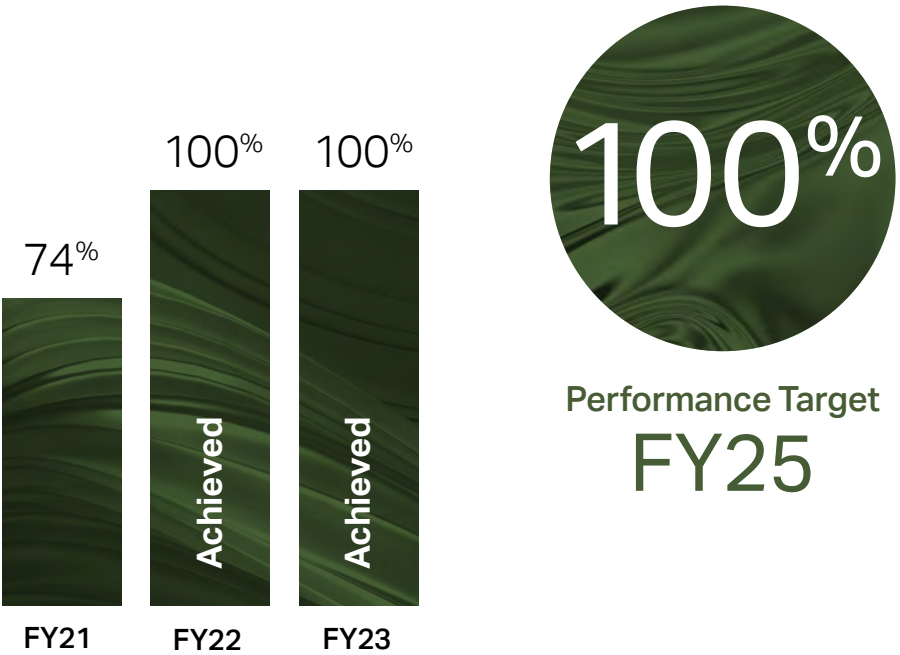
The growing maturity of our methods has led to results highlighted in the box to the right, which have grown from strengthened supplier relationships, improved pathways for awareness and education, and a continued commitment to upholding our Code of Conduct.

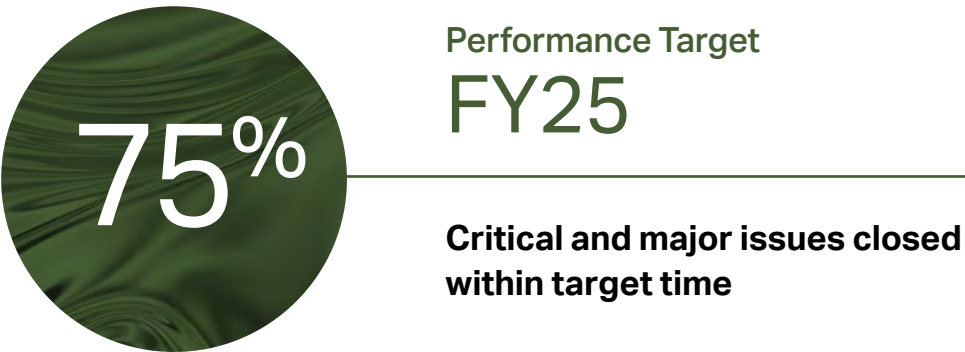
In FY24, we will adopt the RBA Code of Conduct and continue to use the Validated Assessment Program (VAP), the leading rigorous standard for on-site compliance verification and effective shareable assessments conducted by independent third-party firms.

**In Asia, our supply chain oversight positively impacted labor markets in FY23 by:**

- Removing barriers, such as unnecessary recruitment fees for workers to secure jobs abroad
- Safeguarding laborers’ essential documents, such as passports, to ensure employment

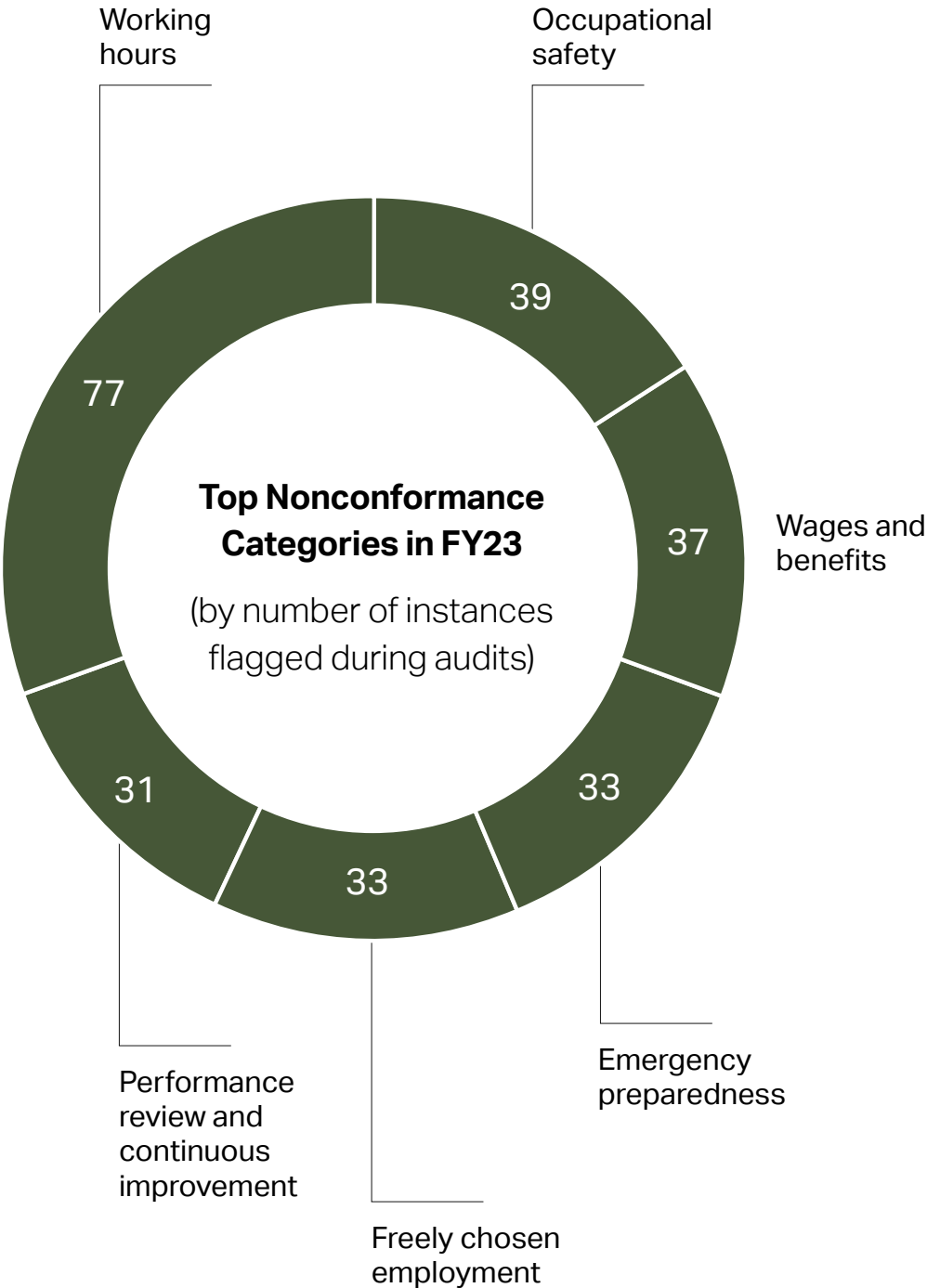
Key Suppliers Audited





Audit Findings

	FY21	FY22	FY23
Number of issues identified	254	359	562
– Critical	14	12	29
– Major	139	212	416
– Minor	101	135	117
Nonconformance rate with labor standards (identified during audits)	—	11.6%	34%
Corrective action rate of labor standards nonconformance	—	75%	50%



# Privacy and Cybersecurity

Cybersecurity threats are ever-present and many-sided, posing risks to both company and customer data, and robust privacy practices are essential to maintain customer trust. Our security program addresses the complex cybersecurity landscape, prioritizing the most serious threats while reducing overall risk and improving company-wide processes.

Our [Privacy Statement](#), a user-friendly resource, outlines our guiding principles, and the information we collect from customers. It also shares how we use customer data – which is solely to enhance listening experiences while staying current with ever-changing privacy regulations.

## Our progress

In FY23, we focused our efforts on training employees on data security, cooperating with governmental requests for customer information in legal matters, and partnering to stay on top of emerging security threats.

Employees are critical to protecting the security and privacy of our systems, products, and data, including customer data. We mandate annual privacy and security training for all employees. In FY23, we introduced Product Security training for developers and began a quarterly cybersecurity newsletter. The newsletter includes incident response guidance, policy and standard references, updates on security changes, and useful tips for all employees.

Sonos cooperates with law enforcement to prevent and detect crime. Prior to sharing personal data however, we verify the legitimacy of the agency and the request for information. In FY23, we received 74 requests for information from U.S. and European law enforcement agencies, 45 of which provided sufficient information and were granted. Most requests in FY23 stemmed from customers reporting products stolen from their homes.

Collaboration is key to staying vigilant against security and privacy threats. We do this through our [Security Researcher Recognition Program](#), team participation in International Association of Privacy Professionals events, and involvement in its KnowledgeNet program. We also partner with third-party privacy organizations to identify areas for improvement and solicit feedback on our approach.

Through Sonos Voice Control, we remain committed to delivering a voice command functionality that is simple to use and privacy-focused. Sonos Voice Control allows users to control their music and their Sonos system by simply stating “Hey Sonos,” followed by a spoken command. Our voice engine processes spoken commands and understands requests entirely on the speaker; no audio or transcript is sent to the cloud, stored, listened to, read, or labeled by anyone — so all the conversations in a user’s home remain in the home.

# Together

Listening better is a team effort. We collaborate with our stakeholders to create meaningful and long-lasting change within and outside of our company. This collaboration informs everything from our governance to community impact.

# Giving Back



Contributions to  
UN Sustainable  
Development  
Goals

At Sonos, giving back to our communities involves sharing the bounties of music, sound, and technology beyond our products. But we understand that no single person or company can advance well-being as much as we can by working together. That is why we collaborate with communities and organizations through stakeholder roundtables and purposeful conversations to understand how to offer effective support and create positive impact.

Together, we enhanced lives through sound across three focus areas in FY23:

- Regenerative Sound: Provides technical and financial support to ecoacoustic projects for environmental conservation
- Inclusive Sound: Connects women and other underrepresented<sup>1</sup> groups to opportunities in sound production
- Sound Education: Supports youth music education programs around the world

<sup>1</sup> We define this as Black, Indigenous, Latinx, and/or Multiracial individuals.

Sonos Soundwaves, our social impact program, works together with global nonprofits to target areas where support is needed most, focusing on underserved communities and the planet.



## Our progress

This year, our Soundwaves program supported over a dozen impactful nonprofits around the world to drive positive social and environmental change. We deepened our partnership with Sustainable Surf during our FY23 Giving Tuesday campaign. Our campaign funds directly contributed to restoring 40,000 square feet of kelp forests in vital coastal watersheds across California. Each restored square foot of kelp forest aids in carbon sequestration, fosters critical habitat for over 700 species, and supports local fishers and divers with employment opportunities.

Partnerships are key to creating positive impact. In FY23, we joined forces with Rainforest Connection, supporting its ecoacoustics approach to preserving biodiversity of critically endangered species. Read more about our work in our [Regenerative Sound Spotlight](#). We also launched a pilot partnership with TechSoup, a leading global nonprofit, to expand our giving back program to new communities. Through this collaboration, we donate Sonos products to nonprofits across Europe.

We are committed to giving back to underserved communities. We are proud to continue our support of MOXI, The Wolf Museum of Exploration and Innovation located near our headquarters in Santa Barbara, California, in their mission to provide interactive STEAM learning experiences to children from Title I schools.

To improve inclusivity in the music industry, Sonos Soundwaves continued to partner with Het HEM and We Are Moving The Needle to offer career advancement for women in sound production. We also made music more accessible to youth through music lessons, instrument repairs, benefit concerts, workshops, and entrepreneurship opportunities across the country, from the California coast to Florida and Massachusetts.

Understanding the significance of engaging with local climate leaders and policies to make a difference in our community, we supported the Regional Economic Action Coalition (REACH). This coalition brings together public, private, and civic leaders across the Central Coast of California, near our headquarters, to build more sustainable and inclusive economies for residents.

As a global company, our communities are consistently impacted by complex societal issues. We communicate with employees during these challenging moments. This includes a donation to Santa Barbara-based Direct Relief, which provides fast and effective humanitarian relief and emergency assistance worldwide. Direct Relief's Emergency team responds to disasters by working with local partners to get medical resources where they are needed most. We are proud to have supported their work mobilizing assistance to the communities impacted by

the earthquakes in Turkey and Syria, the Hawaii wildfires, and other destructive emergencies.

Looking forward, we are proud to join 1% for the Planet through our Certified Refurbished program in FY24. We are donating 1% of all Certified Refurbished sales to high-impact nonprofits focused on environmental preservation and restoration, such as Rainforest Connection.



Sustainable Surf

# Corporate and ESG Governance



Contributions to  
UN Sustainable  
Development  
Goals

Strong governance ensures that everyone at Sonos works together, improving decision-making, earning shareholder trust, and reducing risk.

Our Board of Directors leads by listening, gathering input from stakeholders, and working with Sonos employees and leadership to uphold the highest standards of quality and ethics. The eight-member Board (including seven independent members) works together to guide our actions.

Three standing committees support the Board:

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

The Nominating and Corporate Governance Committee oversees our Corporate Sustainability and Impact Program. The Director of Global Affairs and Sustainability reports to this committee at least annually and engages with the full Board.

Our Compensation, People and Diversity & Inclusion Committee supports measures to ensure workplace fairness.

Finally, the Audit Committee manages risk exposure, including supply chain and climate change risks. Refer to our [TCFD Index](#) for information about climate governance and risk.

In addition to the Board and its committees, employees contribute to governance through our seven [Employee Resource Groups](#), which improve the employee experience by bringing ideas to the Nominating and Corporate Governance Committee.

As the dimensions of governance evolve, Sonos adapts. We continue to enhance our programs and encourage stakeholder feedback at [csr@sonos.com](mailto:csr@sonos.com).

Our Board includes three women and one member from a historically underrepresented group, enriching perspectives and driving innovative thinking for better decision-making.

# 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

UK Modern Slavery Act/California  
Transparency in Supply Chains  
Act Transparency Statement

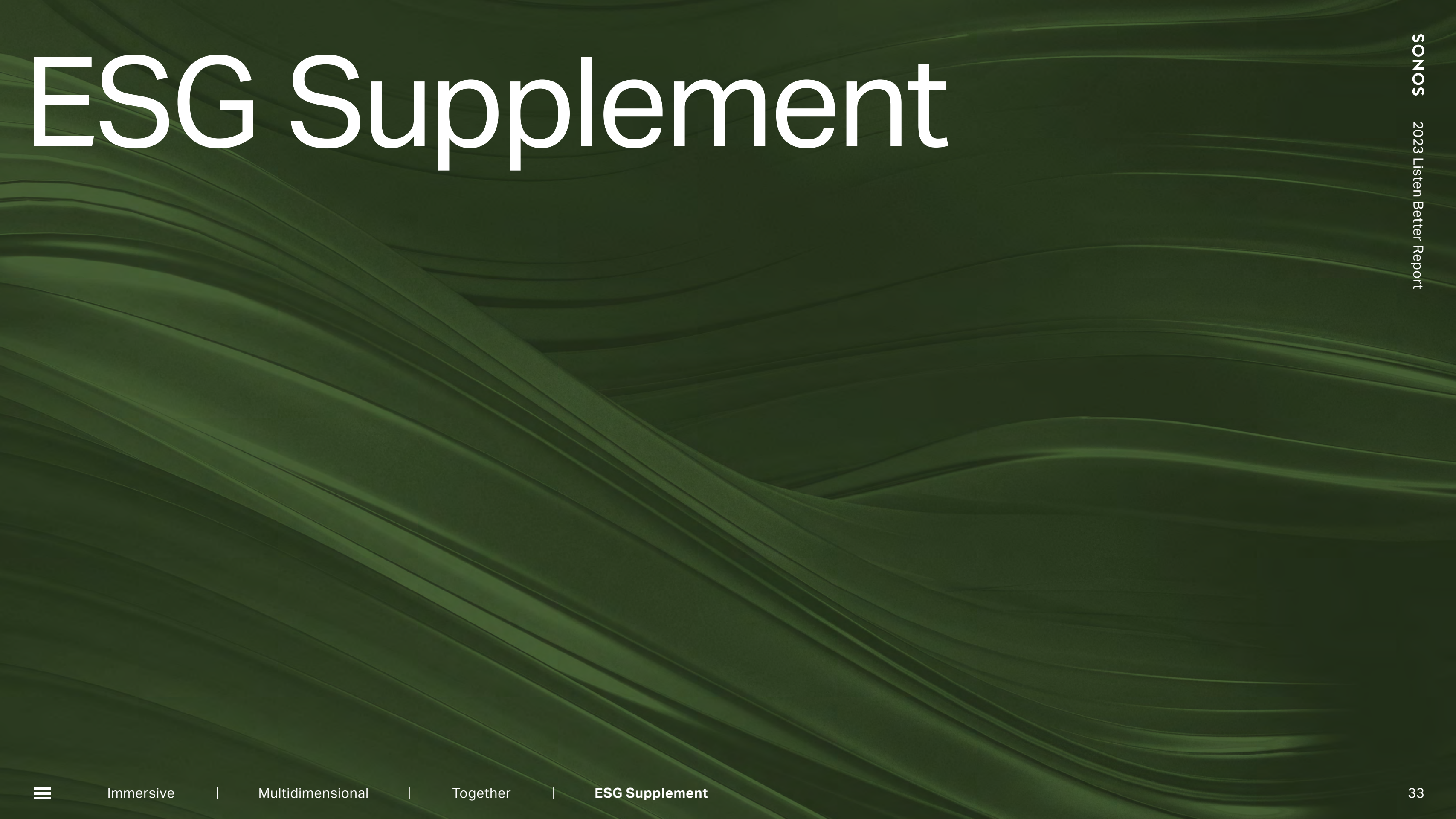
Information Security Policy

You can access these policies at  
[sustainability.sonos.com/reports](https://sustainability.sonos.com/reports)

“Sustainable and profitable growth means taking action on sustainability. Ethical principles are woven into every aspect of the decisions we make to be a better company for everyone.”

EDDIE LAZARUS CHIEF FINANCIAL OFFICER AT SONOS





# ESG Supplement

# Sustainable Accounting Standards Board (SASB) Index

## Technology & Communications – Hardware

### Product Security

SASB Code	Metric	2023 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 and deploying tools to detect coding and configuration failures.

### Employee Diversity & Inclusion

SASB Code	Metric	2023 Response
TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	<b>U.S. Workforce Ethnicity Representation (by fiscal year)</b>

Employee Diversity & Inclusion

SASB Code	Metric	2023 Response						
TC-HW-330a.1	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employee	<b>Global Workforce Gender Diversity</b>						
		FY21		FY22		FY23 <sup>1</sup>		
		Female	Male	Female	Male	Female	Male	
		% of our global workforce	31.3%	68.7%	31.2%	68.6%	30.9%	69.1%
		% of director-and-above roles <sup>2</sup>	25.3%	74.7%	25.4%	74.6%	27.3%	72.7%
		% of technical roles	19.0%	81.0%	18.4%	81.6%	19.0%	81.0%
		% of all other roles <sup>2</sup>	32.2%	67.8%	32.0%	68.0%	31.4%	68.6%
		% of new hires	40.3%	59.7%	33.2%	66.8%	30.7%	69.3%
<sup>1</sup> Data as of September 30, 2023								
<sup>2</sup> 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 or technical roles.								

Product Life Cycle Management

SASB Code	Metric	2023 Response
TC-HW-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	All Sonos brand products contain some IEC 62474 declarable substances. Sonos manages the presence of IEC 62474 declarable substances by complying with the applicable global regulations and directives on restricted, banned, or reportable substances and chemicals.
TC-HW-410a.2	Percentage of eligible products, by revenue, meeting the requirements for EPEAT registration or equivalent	Not applicable. Sonos brand products are not in the scope of EPEAT.
TC-HW-410a.3	Percentage of eligible products, by revenue, meeting ENERGY STAR criteria	Not applicable. The US ENERGY STAR is either not applicable to the marketplace that Sonos brand products occupy, or the products are not in the scope of the US program. Sonos brand products are not in the scope of non-US ENERGY STAR programs.
TC-HW-410a.4	Weight of end-of-life products and e-waste recovered, percentage recycled	We recovered 202.68 metric tons of end-of-life products in FY23 across our North America; Asia Pacific; and European, Middle East and Africa regions.

Supply Chain Management

SASB Code	Metric	2023 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 FY23, we assessed 100% of our key suppliers through a mix of supplier participation in the Responsible Business Alliance Self-Assessment Questionnaire and in-person audits. We conducted in-person audits of 100% of key suppliers, meeting our FY25 goal to audit 100% of key suppliers annually.														
TC-HW-430a.2	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 FY23, we identified a total of 562 findings during audits, deeming 29 critical (5.2%), 416 major (74.0%) and 117 minor (20.8%). Of the critical and major issues, 48% were closed within the target time, a decrease from 89.7% last year. This was due to our expansion of suppliers in Asia, a late-start in the fiscal year to one set of audits and subsequent follow-up cycles, and the application of a more stringent standard to new suppliers in one region. The top two concerns that surfaced from audits were working hours and occupational safety issues.</p> <table><tr><th colspan="2">Top Nonconformance Categories in FY23 (by number of instances flagged during audits)</th></tr><tr><td>Working hours</td><td>77</td></tr><tr><td>Occupational safety</td><td>39</td></tr><tr><td>Wages and benefits</td><td>37</td></tr><tr><td>Emergency preparedness</td><td>33</td></tr><tr><td>Freely chosen employment</td><td>33</td></tr><tr><td>Performance review and continuous improvement</td><td>31</td></tr></table>	Top Nonconformance Categories in FY23 (by number of instances flagged during audits)		Working hours	77	Occupational safety	39	Wages and benefits	37	Emergency preparedness	33	Freely chosen employment	33	Performance review and continuous improvement	31
Top Nonconformance Categories in FY23 (by number of instances flagged during audits)																
Working hours	77															
Occupational safety	39															
Wages and benefits	37															
Emergency preparedness	33															
Freely chosen employment	33															
Performance review and continuous improvement	31															

Materials Sourcing

SASB Code	Metric	2023 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, we work with our supply chain to reformulate raw materials, or to identify alternative materials, parts or suppliers as needed.

Activity Metric

SASB Code	Metric	2023 Response
TC-HW-000.A	Number of units produced by product category	Sonos sold 5.725 million products in FY23.
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	2023 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	2023 Response
CG-HP-250a.1	Revenue from products that contain Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) substances of very high concern	Sonos does not track its product revenue against the REACH Substances of Very High Concern (SVHC) list. Sonos manages the presence of REACH SVHCs by complying with the applicable parts of the EU Directive.
CG-HP-250a.2	Revenue from products that contain substances on the California DTSC Candidate Chemicals List	Sonos does not track its product revenue against the California DTSC Candidate Chemicals List. Sonos manages the presence of chemicals on the California DTSC Candidate Chemicals List by complying with the applicable parts of California Proposition 65.
CG-HP-250a.3	Discussion of process to identify and manage emerging materials and chemicals of concern	Sonos is legally obligated to meet all applicable global regulations and directives on restricted, banned, or reportable substances and chemicals in Sonos’ products. As part of this compliance obligation, Sonos uses multiple tools, resources, partners, and processes to monitor and react to the evolving requirements of applicable regulations and directives. Some of these evolving requirements cover emerging materials and chemicals of concern.
CG-HP-250a.4	Revenue from products designed with green chemistry principles	Sonos does not track its product revenue against green chemistry principles. Green chemistry principles often overlap with the legal obligation placed on Sonos to meet all applicable global regulations and directives on restricted, banned, or reportable substances and chemicals in Sonos’ products.

Packaging Lifecycle Management

SASB Code	Metric	2023 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 FY23, we achieved 72% sustainably sourced packaging paper for new products, which is made from either post-consumer recycled, FSC-certified, or plant-based fiber paper. The total weight of packaging for new products was 1,566 metric tons with 1,131 metric tons sustainably sourced.
CG-HP-410a.2	Discussion of strategies to reduce the environmental impact of packaging throughout its lifecycle	We are designing our packaging to reflect our responsibility to the planet. This means continuing to move toward sustainable paper and away from plastics. Where we cannot yet eliminate plastic, we aim to use post-consumer recycled (PCR) plastics. Our goal is to use 90% or greater sustainably sourced content in packaging for new product releases by FY25. We have shifted our focus to Forest Stewardship Council (FSC) certified mixed-use packaging, which includes both virgin and PCR fibers.

Environmental & Social Impacts of Palm Oil Supply Chain

SASB Code	Metric	2023 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	2023 Response
CG-HP-000.A	Units of products sold, total weight of products sold	Sonos sold 5.725 million products in FY23.
CG-HP-000.B	Number of manufacturing facilities	Not reported.

# Energy Disclosures

## Data for FY22

Disclosure	Metric
Total energy use	1,727 MWh <sup>1</sup>
Percentage of energy used that is derived from non-renewable sources	9.89%
Gross total of energy used that is derived from non-renewable sources	171 MWh
Amount of energy used that is derived from renewable sources	1,556 MWh <sup>2</sup>
Total electrical power use	1,556 MWh
Percentage of consumed energy from the grid	100%
Percentage of electrical power used that is derived from non-renewable sources	0%
Percentage of electrical power from renewable sources	100% <sup>3</sup>
Gross total of electrical power used that is derived from non-renewable sources	0 MWh
Gross total of electrical power used that is derived from renewable sources	1,556 MWh

## Scope 1 Greenhouse Gas Emissions by Facility (MTCO<sub>2</sub>e)

Facility	
Santa Barbara Location 1	14.55
Santa Barbara Location 2	2.65
Santa Barbara Location 3	1.63
Santa Barbara Location 4	2.37
United Kingdom	9.80
Total	31.01

1 Values may not add up due to rounding.  
2 This value is calculated with the inclusion of renewable energy certificates.  
3 Our submission to CDP as of July 26th, 2023, reflected 97.71%.

Facility-Level Breakdown of Energy Derived From Non-Renewable Sources (MWh)

Facility	Non-renewable Electricity	Natural Gas	Total Non-renewable Energy
Santa Barbara Location 1	0	80	80
Santa Barbara Location 2	0	15	15
Santa Barbara Location 3	0	9	9
Santa Barbara Location 4	0	13	13
United Kingdom Location 1	0	54	54
United Kingdom Location 2	0	0	0
Paris	0	0	0
Shanghai Location 1	0	0	0
Shanghai Location 2	0	0	0
Shanghai Location 3	0	0	0
Shenzhen	0	0	0
Melbourne	0	0	0

Facility-Level Breakdown of Energy Derived From Renewable Sources (MWh)

Facility	Renewable Energy
Santa Barbara Location 1	851.38
Santa Barbara Location 2	224.61
Santa Barbara Location 3	60.89
Santa Barbara Location 4	9.46
Glasgow	33.29
London	6.64
Paris	24.72
Shanghai	158.72
Shenzhen	150.93
Melbourne	34.88
Total	1,555.53

Country-Level Electrical Power Use Breakdown (MWh)

Facility	
United States	1,146.35
China	309.65
Australia	34.88
United Kingdom	39.93
France	24.72
Total	1,555.53

Facility-Level Electrical Power Use Breakdown (MWh)

Facility	Total Electrical Power Used	Electrical Power from Renewables
Santa Barbara Location 1	851.38	100%
Santa Barbara Location 2	224.61	100%
Santa Barbara Location 3	60.89	100%
Santa Barbara Location 4	9.46	100%
United Kingdom Location 1	33.29	100%
United Kingdom Location 2	6.64	100%
Paris	24.72	100%
Shanghai Locations 1–3	158.72	100%
Shenzhen	150.93	100%
Melbourne	34.88	100%
Total	1,555.53	100%

# Task Force on Climate-Related Financial Disclosures (TCFD) Index

In 2023, we conducted a robust climate-related risk and opportunities assessment designed in line with the Task Force on Climate-Related Financial Disclosures (TCFD) framework. The assessment addresses Governance, Strategy, Risk Management, and Metrics & Targets.

We carried out our first climate risk screening assessment in 2022. By expanding the scope of our assessment in 2023,

we are strengthening our understanding of the most relevant climate-related risks and opportunities to our business. To effectively inform our climate strategy, we evaluated our operations under various climate change scenarios.

Our disclosures are consistent with the recommendations of the TCFD. For each of the four pillars, we highlight the process used to evaluate our climate-related risks and

opportunities, the associated outcomes, and our overall management of climate change across our business. The most significant risks and opportunities in terms of likelihood and estimated potential impact are summarized in the tables below.<sup>1</sup>

<sup>1</sup> This index contains forward-looking statements involving risks and uncertainties. Forward-looking statements are based on current expectations and projections about future events and trends that may affect our financial condition, results of operations, business strategy, short-term and long-term business operations and objectives, and financial needs. These forward-looking statements are only predictions and may differ materially from actual results due to a variety of factors described under “Risk Factors” in our filings with the Securities and Exchange Commission and are subject to a number of uncertainties and assumptions. All forward-looking statements herein reflect our opinions only as of the date of the report, and we undertake no obligation, and expressly disclaim any obligation, to update forward-looking statements herein in light of new information or future events. Sonos and Sonos product names are trademarks or registered trademarks of Sonos, Inc.

## Governance

TCFD Recommendation	Sonos Disclosure
a) Describe the Board’s oversight of climate-related risks and opportunities.	<p>Our Board of Directors has ultimate oversight over ESG topics, including climate-related risks and opportunities. We address business decisions with an ESG lens when appropriate.</p> <p>The Nominating and Corporate Governance Committee is responsible for overseeing our ESG program and strategy, in partnership with the Audit Committee, which handles oversight of risk management including climate-related risk and opportunities.</p> <p>Our Chief Financial Officer and Chief Legal Officer provide updates to the Board on ESG issues.</p> <p>The Director of Global Affairs &amp; Sustainability reports to the Nominating and Corporate Governance Committee at least annually and also engages with the full Board.</p>
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	<p>The development, implementation, and management of climate-related policies and programs is a company-wide management effort, with collaboration between many departments, including the Product Sustainability and Go-To-Market teams.</p> <p>Our Director of Global Affairs &amp; Sustainability oversees the TCFD-aligned assessment.</p>

## Climate Strategy

TCFD Recommendation	Sonos Disclosure
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	Please see tables A and B for a summary of relevant short, medium, and long-term risks and opportunities that Sonos identified through scenario analysis.
b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	Please see tables A and B for a summary of the potential impacts of the climate-related risks and opportunities that Sonos identified through a scenario analysis. As a part of our assessment, we examined the potential financial impact of each risk and opportunity. We then assigned potential values to certain risks and opportunities based on hypothetical examples and predictions. Each of the risks could require increased expenditures on our part to address them, including costs associated with lowering our emissions. Opportunities represent a chance for us to decrease our expenditures or bring in greater revenue. For all risks and opportunities identified, the potential financial impact would be <1% of our annual revenue.
c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<p>With a focus on resilience, our sustainability strategy prioritizes reducing emissions and minimizing the environmental impact of our products across their full life cycles. Our strategy accounts for a wide range of impacts, from material use and energy consumption to serviceability and packaging.</p> <p>Our continuous efforts to improve our business’ resilience include benchmarking against ESG best practices, setting and achieving meaningful goals, and evaluating our approach to ESG leadership. Fundamental to our climate strategy is our focus on product innovation, particularly in regards to quality, longevity, and customer service. Please see <a href="#">tables A and B</a> for more information on our strategy for addressing various climate scenarios.</p>

## Risk Management

TCFD Recommendation	Sonos Disclosure
a) Describe the organization’s processes for identifying and assessing climate-related risks.	<p>In line with TCFD’s recommendation, various internal stakeholders reviewed quantitative and qualitative information related to the short, medium, and long-term impacts of climate change and considered the risks and opportunities related to two scenarios that align with the International Energy Agency’s (IEA) scenarios. The first is a “Business as Usual,” where greenhouse gases continue to be emitted in a relatively unabated manner. The other scenario considered is IEA’s 1.5°C Degree Sustainable Development Scenario, where the world has made the necessary regulatory, technological, and policy shifts to abate emissions and prevent the planet from warming more than 1.5°C.</p> <p>Using these scenarios as a guide, representatives from various functions across the company were asked to identify specific risks and opportunities for their line of work that need to be considered in the context of climate change.</p>

Risk Management (continued)

TCFD Recommendation	Sonos Disclosure
b) Describe the organization’s processes for managing climate-related risks.	To manage potential risks, our dedicated internal audit team implements a comprehensive set of processes and procedures. Our Audit Committee oversees an annual enterprise risk management (ERM) process. ERM supports us in achieving our strategic priorities by considering and mitigating risks to the business. As part of this process, we consider various risks, including those related to the climate, and assess the likelihood of occurrence, significance, potential impact, and mitigation strategies. This allows us to prioritize the risks that pose the most material impact to our business and identify risk management actions needed to mitigate them. Our Compliance Council is comprised of key internal stakeholders and meets quarterly to discuss all risks, complete any necessary internal investigations, and provide recommended processes to improve Sonos’ ERM and overall operations. For weather-related climate risks, we have crisis response and business continuity plans that we periodically reevaluate and update.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	<p>Our Board of Directors has oversight over ESG topics, including climate-related risks. We address business decisions with an ESG lens when appropriate. The development and implementation of ESG-related policies and programs is a company-wide effort with cross-functional collaboration.</p> <p>Through robust risk management, our goal is to be a resilient company that can adapt to the effects of climate change and contribute to the mitigation of climate-related impacts.</p>

Metrics and Targets

TCFD Recommendation	Sonos Disclosure
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	Sonos utilized various metrics to assess the climate-related risks and opportunities identified. These metrics include Scope 1, 2, and 3 greenhouse gas emissions, supply chain expenses, and sustainability performance of products.
b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	Sonos discloses its global Scope 1, 2 and 3 GHG emissions on an annual basis. Please find emissions disclosures for Fiscal Year 2022 on <a href="#">page 9</a> of the this report.
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	Through our Climate Action Plan, we have committed to becoming carbon neutral by 2030 and net zero by 2040. Please see our interim targets for emissions reductions on <a href="#">page 8</a> of this report. Please see other climate-related targets Sonos is committed to in the <a href="#">Product Sustainability</a> section this report.

A. Physical Risks and Opportunities

The physical risks and opportunities identified in the context of a “Business as Usual” scenario as most likely and/or impactful, the potential impacts, and our management approach are detailed below.

Physical risk	Potential impact and management approach
<b>Increase in Temperatures</b> Timeframe: Long-term	<p>If temperature rises significantly around the world, manufacturing plants could see an increase in output costs, as well as an increase in machinery sensitivity. There will be cooling costs related to workers and machinery. The cost impacts to manufacturing and logistics may be significant, but many countries are already investing in sustainable energy sources to aid in air conditioning.</p> <p>While we do not own our manufacturing or supplier facilities, we are able to mitigate additional maintenance and repair costs at our offices. We will conduct HVAC and building condition assessments when evaluating new properties or potential renovations.</p>
<b>Increase in Adverse Weather Events</b> Timeframe: Short-term	<p>More frequent storms could disrupt energy production and delivery by damaging electricity infrastructure, fuel delivery infrastructure and equipment, power plants, or storage facilities. Manufacturing can be disturbed, causing delays and short order issues, which could influence customer satisfaction.</p> <p>We will monitor changing weather patterns in highly susceptible areas of our supply chain to better understand risk exposure. We already have plans in place for manufacturers and suppliers that could provide additional resources during severe natural disasters, if necessary. We will continue to monitor and update emergency supplier plans.</p>
<b>Lack of Input Material Availability</b> Timeframe: Long-term	<p>Climate change may drive supply chain disruptions and changes in migration patterns. Such risks could impact the availability of input materials. Supply chain disruptions may affect productivity and schedules, which can increase costs. Migration patterns could limit access to raw materials.</p> <p>As part of our risk management efforts, we assess which materials are most at risk for supply interruptions, climate-related or otherwise. Based on our findings, we ensure that our manufacturers and suppliers are able to keep up with demand and work to anticipate potential sourcing challenges. To further mitigate this risk over the long term, we may seek to diversify our sources for materials and increase sourcing from local vendors.</p>
<b>Energy Demand</b> Timeframe: Medium-term	<p>Climate change may increase electricity demand for cooling in the summer and decrease heating in the winter.</p> <p>To improve energy efficiency, we will assess the opportunity to implement low-energy improvements in our offices. Our Product Sustainability team works with R&amp;D to incorporate energy efficient technology into our products and will remain committed to lowering consumer energy usage. The energy consumption in Sonos-owned facilities is modest, with the bulk of the energy impacts coming from our supply chain. As our agreements with manufacturers include their overhead, any impacts of higher energy costs would be captured in those line items.</p>
Physical opportunity	Potential impact and management approach
<b>Geographic Resilience</b> Timeframe: Short-term	<p>Expanding operations to areas that have lower climate-related physical risks can lead to increased opportunities in undervalued markets. Sonos could better support the production and manage the changing needs of any affected manufacturing facility.</p> <p>With offices, manufacturers, and suppliers located throughout the world, we have a diverse geographic portfolio. When considering adjustments or expansion of our global footprint, we will examine the climate resilience of new locations that could limit the physical impacts of climate change on our business.</p>

B. Transitional Risks and Opportunities

The transitional risks and opportunities identified in the context of a 1.5°C Degree Sustainable Development Scenario as most likely and/or impactful, the potential impacts, and our management approach are detailed below.

Transitional risk	Potential impact and management approach
<b>Increase in Investment Costs</b> Timeframe: Medium-term	Switching to low-carbon and/or renewable energy sources may require significant capital investment.  We actively examine areas in which we can diversify our suppliers and manufacturers, including the availability of renewables, thus minimizing the risks of shutdowns or prolonged outages. Additionally, we examine the likelihood that customers would be accepting of more expensive products to support sustainable efforts.
<b>Increase in Costs Related to GHG Emissions</b> Timeframe: Medium-term	Some industries may be subject to carbon taxes, fossil fuel caps, or other monetary penalties related to the amount of greenhouse gases they emit. Sonos’ locations with a high use of fossil fuels may be particularly exposed to this risk. Sonos’ Scope 1 and 2 GHG emissions constitute less than 0.1% of its total GHG inventory so a carbon tax would have minimal impact on Sonos.  Where possible, we will examine areas to implement renewable energy at Sonos’ offices. We are also continuously monitoring increasing prices in regions where our manufacturers and suppliers are located.
<b>Utility Rate Increases and Fluctuation in Power Pricing</b> Timeframe: Medium-term	Some regional governments are implementing renewable portfolio standards, which can increase the cost to the rate payer. Changing energy prices may result due to fluctuating market forces, new regulations on generators, transmission, and distribution costs and taxes, as well as changes in commodity prices driven by changing global markets. Sonos may experience the effects of such a changing energy process.  We actively monitor and prepare for fluctuation in power pricing, especially with our manufacturers and suppliers located throughout Asia. We also track our manufacturers and suppliers' initiatives to transition to renewable energy sources. We are actively exploring opportunities to diversify Sonos’ supply chain to help minimize the impact of changing energy prices.
Transitional opportunity	Potential impact and management approach
<b>Cost Savings</b> Timeframe: Long-term	Updating facilities and utilizing more efficient manufacturing equipment not only helps the environment but also lowers operating costs.  To maximize climate impacts and long-term cost savings, we will continue to review standards and technologies that can be introduced to increase efficiencies both for our own operations and for our products.
<b>Enhanced Reputation in the Industry</b> Timeframe: Short-term	Companies leading in climate receive more visibility in the market. Sonos' customers may respond well to the company’s climate-related commitments and performance, increasing customer satisfaction and retention.  We will continue to report on our environmental progress and performance, and strive to implement more sustainable practices in the development and use of our products.