

SOVOS



Sustainability Report

FY25

Leadership Message:

What It Means to Be a Responsible Global Corporate Citizen

Dear Stakeholders,

At Sovos, our commitment to being a force for growth and for good is at the heart of everything we do. In service to our customers, we help underpin economies around the globe, processing over 16 billion transactions annually across 100+ countries. I believe that being a responsible global corporate citizen is critical to our role in helping businesses manage their tax and compliance obligations effectively in what has become an always-on world. Contributing to the communities and environment we impact isn't a side activity. It is integral to our business strategy, and even more so in a year that brought continued macroeconomic pressures, evolving regulatory complexity across the global markets we serve, and rapid technological advancement in artificial intelligence.

Against this backdrop, we accelerated our AI transformation and formalized our commitment to AI powered compliance excellence. Our AI innovations are grounded in a commitment to responsible implementation that creates sustainable value for all stakeholders and broader societal good.

The launch of our Sovos Intelligence solution represents a fundamental advancement in how businesses and tax authorities can work together transparently. Through our AI-driven Mirror Visibility™ capability, we can eliminate information asymmetries and enable productive relationships – strengthening institutional trust and reducing resource waste across the global economy.

I'm proud of this team's success in several areas, including achieving our first EcoVadis scorecard, which demonstrates our commitment to transparency. We also formalized our climate commitment by joining the Science Based Targets initiative (SBTi), with plans to submit our science-based emission reduction targets by April 2027. These external validations reflect our dedication to measurable progress and stakeholder confidence.

Our commitment to responsible growth extends across every aspect of our business. This year, we formalized our customer-centric approach by establishing "Be Customer-Centric" as a core company value, supported by comprehensive

training across our organization alongside continued investments in unified customer experience standards and cybersecurity. This renewed focus delivered meaningful results, with our Customer Net Promoter Score improving by 26% year-over-year.

Central to everything we do is our truly global team of 2,200+ employees across 20+ countries. Solving complex regulatory compliance challenges across diverse markets requires not only technical expertise but also deep understanding of how businesses and communities operate locally – enabling us to serve multinational customers with both precision and cultural competency.

I extend my heartfelt gratitude first and foremost to our employees, and to our customers, investors, and partners who continue to accompany us on this vital journey. The journey toward greater sustainability requires collective effort and shared commitment.

Through responsible innovation and commitment to our values, we are building more than just a successful technology company. Together, we are creating positive change as a force for growth and a force good in the global community.



Respectfully,

Kevin Akeroyd

Chief Executive Officer, Sovos

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Introduction to Sovos

Sovos at a glance

Sovos is purpose-built to transform tax compliance from a business obstacle into a growth enabler through its AI-driven, cloud-first platform. For multinational businesses navigating complex regulatory landscapes, the Sovos Compliance Cloud provides a unified solution that identifies, determines, and reports on every tax obligation across 100+ countries globally.

Sovos addresses the modern reality where tax authorities demand increased visibility, faster reporting, and transaction-level control by processing over 16 billion transactions annually. Rather than juggling multiple compliance systems across different jurisdictions, businesses get a single, intelligent platform that scales with their operations.

With 2,200+ employees across 20+ countries, Sovos understands the nuances of local tax requirements while delivering global consistency. More than 100,000 customers – including half the Fortune 500 – rely on Sovos to solve their multinational tax compliance challenges, turning regulatory complexity into competitive advantage through seamless integration and automated reporting.



100+ countries globally supported by Sovos Compliance Cloud

2,200+ employees

20+ countries globally

100,000 customers – including half the Fortune 500

Processing **16+** billion transactions annually

Vision

To transform compliance from a business requirement to a force for growth.

Mission

Sovos helps every business manage their tax and compliance obligations effectively for an always-on world.

Core values



Be Customer-Centric



Be Collaborative



Be Adaptable



Be Accountable



Be Results-Oriented



Be Inclusive

Sustainability strategy & governance

At Sovos, we view responsible global corporate citizenship not as a destination but as an ongoing journey of improvement and innovation that strengthens both our business and our impact on the world. We are committed to evolving our strategy as we learn from our experiences and from our communities and adapting to changing stakeholder needs and global challenges.

Building on our 2024 materiality assessment and sustainability strategy, we've strengthened our impact by further integrating our business priorities and our sustainability pillars.

[Learn about assessments](#) that inform our sustainability strategy.

Our sustainability strategy aligns with these United Nations Sustainable Development Goals.



Learn about how we drive progress towards the [UN Sustainable Development Goals](#).



Cultivating trust

- ✓ Transparent tax reporting
- ✓ Business ethics & compliance
- ✓ Cybersecurity & data privacy
- ✓ Customer centricity

Empowering people

- ✓ Engaging & developing our people
- ✓ Global inclusion & belonging
- ✓ Community impact

Growing responsibly

- ✓ Climate & energy

Our Approach to Sustainable Growth

Sovos integrates sustainability directly into our business and operating strategy, informing decisions during long-range planning, annual planning and ultimately individual workstreams that underpin our organization-wide annual priorities. We are guided by the principle that responsible business practices are essential to our long-term success and our ability to serve our stakeholders effectively.

Our sustainability approach aligns closely with our business model as a global technology company serving customers across 100+ countries. This approach recognizes that sustainable practices must be adapted to local contexts while maintaining consistent global standards, leveraging our cross-cultural competency and regionalized strategies to ensure programs are relevant and effective across diverse markets and communities.

Governance Structure

Sovos' sustainability governance operates through a collaborative framework that ensures accountability and strategic alignment across the organization.

Our Sustainability Committee comprised of senior leaders overseeing priority topics is integrated into our broader corporate governance structure including alignment with Hg, our majority investor, as part of their work to actively encourage and support portfolio companies to meet high standards for sustainability topics. Following Colleen Schlagel's, Chief Talent Officer leadership of the committee over the past two years, Laura Handler, Chief of Staff will assume these responsibilities starting in FY26. The committee meets quarterly and reports to the Sovos board on an annual basis.

In addition to chairing the Sovos sustainability program, Laura Handler was invited to serve on the inaugural Hg's Sustainability Council, which promotes collaboration and engagement across Hg's portfolio companies worldwide. In this role, Laura helps to shape the sustainability agenda while steering content and driving engagement within the portfolio community.

This governance framework enables our leadership to emphasize sustainability, transparency, continuous learning, and adaptive management. The Sustainability Committee regularly assesses programs to maintain alignment with business objectives and stakeholder expectations, particularly where our global presence enables meaningful contributions to local communities.

Measuring Our Progress

We track and measure our sustainability performance through assessment frameworks that provide external validation and guide continuous improvement.

As part of Hg's commitment to portfolio company sustainability, we participate in their annual diagnostic based on their Sustainable Business Framework. The diagnostic is across our material sustainability topics and allows us to benchmark our performance against Hg's broader portfolio and receive detailed recommendations for advancement. In our FY25 Hg diagnostic, Sovos scored 8% higher than our previous score, driven materially by increased transparency with the publication of our first external sustainability report in FY24.

We also obtained our first EcoVadis scorecard this year as part of our commitment to transparency in sustainability reporting and will update our assessment annually moving forward. This third-party validation enables us to provide stakeholders with credible, standardized insights into our sustainability practices.

These assessments, combined with our internal metrics and targets, ensure we maintain accountability while driving meaningful improvements across our three sustainability pillars.

Sustainability Spotlight: Responsible AI Transformation

At Sovos we recognize artificial intelligence as a transformative force, that when implemented thoughtfully, accelerates industry advancement alongside human-centered progress. This year, we established our AI Manifesto and strategic program, marking our shift from AI exploration to adoption and guiding responsible AI that helps realize our vision of “AI Powered Compliance Excellence” and aligns with our core values and sustainable business goals.

A Systematic Approach to AI

Our AI strategic program demonstrates that organizations can accelerate with AI while maintaining values-driven practices. It includes executive sponsorship from Chief Transformation Officer Eva Krauss, AI champions in each function, frameworks for consistent AI implementation, and governance balancing responsibility with innovation.

Empowering Our People for Tomorrow's Work

We recognize that every job will be transformed by AI, making workforce preparation essential. Our approach is to equip all employees with the tools they need to be successful. We've also built AI readiness into our talent strategy with:

- ✓ Manager certification for AI-forward hiring
- ✓ AI resources to help managers integrate AI into their teams
- ✓ Cross-cultural training sessions that address how different cultures approach risk and technology adoption

Cultivating Trust Through Responsible AI Governance

This year, Sovos updated our comprehensive AI policy framework with clear guidelines and a working group of legal, infrastructure, and data privacy representations. This governance structure reviews all new AI implementations and product features and maintains a tracker of approved tools with data classification protocols.

Growing Responsibly with Environmental Awareness

Like many organizations, Sovos is concerned with the computational demands of AI and its associated environmental impact. We don't have all the answers but are committed to working across industries and companies to advance responsible product design, vendor environmental transparency and energy-efficient cloud infrastructure that supports both sustainability and AI objectives.



“AI isn't about replacing human judgment; it's about amplifying human potential. Our responsibility as leaders is to ensure that we accelerate adoption, we do so with purpose: empowering every person in our organization to work alongside AI, building governance that earns trust, and ultimately delivering excellence for the customers and communities we serve.”

Eva Krauss, Chief Transformation Officer, Sovos

Sustainability Spotlight:

Responsible AI Transformation

Using AI to Drive Sustainable Results

While we navigate AI's environmental considerations, we're simultaneously leveraging AI to solve critical sustainability challenges demonstrating that thoughtful implementation can drive positive outcomes across multiple dimensions.

✓ **AI is accelerating our vulnerability remediation to create more secure infrastructure:** Analysis shows improvement is up to 8x previous timelines.

✓ **Our Trust Centre exemplifies dual benefits:** AI is greatly reducing customer response times while building institutional trust through accessible transparency.

✓ **AI-based support initiatives support our customer-centric environment:** We've delivered a greater than 30% increase in same-day ticket resolutions through AI.

Looking Ahead

As we sustain the momentum of our AI transformation, we're expanding our global AI competency and training programs to continue to prepare our team for working with AI, evolving governance to match the dynamic landscape and collaborating to address the environmental impact of AI –while continuing to pioneer applications that prove AI can enhance human potential while advancing environmental and social commitments.

Sovos' Guiding Principles to AI



Lead with Purpose:

We will champion AI adoption not merely as a technology initiative but as a strategic imperative that aligns with our core values and value creation plan.



Embrace Ethical AI:

We will ensure our AI implementations uphold the highest standards of security, privacy, ethics, fairness, and respect for regulations across all regions we operate in.



Communicate with Clarity:

We pledge to share our vision, progress, and challenges openly with all stakeholders, fostering trust throughout the transformation journey.



Foster an Innovation Culture:

We will create an environment where experimentation is encouraged, learning is continuous, and failure is viewed as a steppingstone to success.



Bridge Cultural Divides:

We will honor the diverse perspectives of our teams across the global workforce, adapting our approach to local needs while maintaining global alignment.



Sustain the Momentum:

We understand that meaningful transformation requires persistent effort. We commit to sustained investment and attention beyond initial excitement. This manifesto is a commitment to leading this organization into a future where AI enhances human potential rather than replacing it, where technology serves our strategic goals, and where innovation becomes part of our DNA. Together, we embrace this journey of transformation.



Invest in Our People:

We commit to providing the training, resources, and support needed to thrive in an AI-enhanced workplace.



Measure What Matters:

We will define clear success metrics and hold ourselves accountable for delivering tangible business value through our AI initiatives.



Empowering People

At Sovos, we're committed to investing in people and communities around the world through development and opportunity, advancing inclusion and supporting the role tax plays in funding essential public services.

To solve complex regulatory compliance challenges in economies around the world requires not only deep knowledge of local tax and compliance regulations, but also an understanding of how businesses operate and communities thrive in each market.



100% of employees receiving regular performance reviews

84% response rate for employee engagement survey

100% Manager Bootcamp Participation for newly hired/newly promoted

40% female employees in senior management

45% female employees

Engaging and Developing Talent

Our most valuable asset is our team. As a global organization with a near-equal distribution of employees across three major regions (NA, EMEA and LATAM) and a sizable footprint growing in Asia Pacific, we recognize that fostering talent requires innovative approaches that transcend geographical boundaries and cultural differences.



Building Employee Confidence Through Engagement

Our employee engagement initiatives have demonstrated remarkable progress in building organizational trust and connection. Our employee engagement survey achieved an exceptional 84% participation rate, compared to an industry benchmark of 75%. This strong participation reflects our employees' investment in shaping their workplace experience.

Our employee engagement survey participation rate

75%

Industry Benchmark

84%

Sovos

Conducting employee engagement surveys has enabled Sovos to understand and address the topics that are top-of-mind for our employees. This year, we created three working groups sponsored by a senior leader to focus on priority topics from our engagement survey: Employee compensation,

workload management and communication and trust. Global team members work together to analyze each topic in-depth and provide actionable recommendations.

By establishing working groups that connect frontline employees and senior leaders, we have created platforms for collaborative problem-solving that transcend geographical boundaries. This year, we implemented multiple recommendations including enhancements to our family leave policy, greater transparency into annual salary adjustments processes, and improved translation of all company communications.

This approach enabled us to make progress to address existing workplace feedback and builds the cultural bridges essential for our distributed global workforce to function as a unified organization. Participants specifically highlighted the value of sharing experiences and solutions with colleagues in different parts of the world.

Next fiscal year, we are launching a CEO-led initiative to celebrate customer and employee successes in ways that mean the most to employees. Using employee feedback and additional survey data, we'll launch new award programs and empower employees to guide how we invest in employee celebrations.



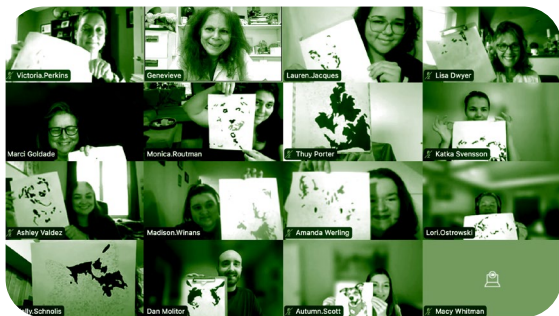
Our talent engagement and development initiatives represent a holistic approach to sustainability that recognizes the interconnection between employee wellbeing, organizational effectiveness, and long-term success. By investing in our people across all regions and cultures, we build the foundation for sustained innovation, growth, and positive impact in the communities we serve.”

Colleen Schlagel, Chief Talent Officer

Fostering Learning and Professional Growth

At Sovos, professional development is built on an embedded learning approach, which ensures every initiative supports both employee aspirations and organizational success. This year, our learning and development initiatives demonstrated remarkable progress in building organizational capability and employee advancement, with comprehensive training programs achieving measurable business outcomes that reflect our employees' investment in their professional growth.

Being recognized by the Top 100 Training Apex Awards for five consecutive years validates Sovos' commitment to excellence in learning and development, ensuring our people are equipped with the skills needed to drive us forward.



This year, we strengthened technical capabilities and collaboration across our global organization through targeted programs, including:

✓ **Our Sovos English Club**, which provides English language learning opportunities for employees in global locations where English is not the native language, continues to accelerate language acquisition from typical 1–2-year timelines to 6 months this year, achieving 22% improvement in proficiency scores with 27% of participants reaching business fluent levels. This enhanced communication capability strengthened collaboration across our distributed workforce.

✓ **TechTalks**, our internal peer-to-peer knowledge sharing initiative for technology and product management teams, grew this year with nine sessions covering topics like AI-driven automation for testing, GitHub Copilot development practices and scaling workload management.

✓ **Product Certification Training**, a new comprehensive program to ensure sales team members maintain thorough knowledge of Sovos' complete product portfolio to drive sales effectiveness and ensure they can match customer needs with the right product to deliver customer value. The program achieved breakthrough results this year with 100% completion rates among sales representatives through innovative AI roleplay functionality

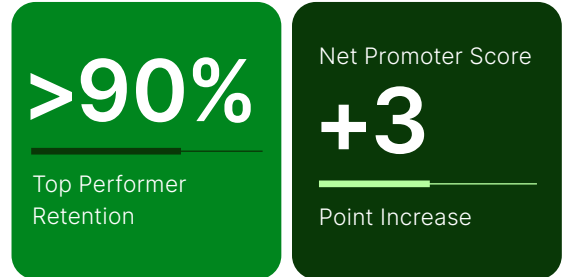
that allows sellers to practice scenarios before live evaluations, directly contributing to strong year-over-year growth in bookings.

We also advanced our leadership pipeline this year through programs that connected frontline employees with senior leaders to build organizational capability:

✓ **Manager Bootcamp** delivered exceptional results with 99% completion rates through our intensive 8-week program focusing on core leadership competencies, contributing to >90% top performer retention and a +3 point increase in employee Net Promoter Score.

✓ **Our Mentoring Program** exceeded expectations this year with 27% of FY24 participants and 23% of FY25 participants receiving promotions, significantly surpassing our 20% target and 15% company-wide goal.

Looking forward, we continue to prioritize employee development as a core business accelerator. Building on the success of our award-winning "First 48" onboarding program, we are proactively revamping our new hire orientation to better serve the needs of our remote and hybrid workforce. By reimagining how we welcome and integrate new team members, we ensure that every employee, regardless of their work location or arrangement, receives the support and connection they need to succeed from day one.



Community Impact

With products and services that support the role tax plays in funding essential public services, our success is inseparable from the wellbeing of the communities we serve. Our commitment to community extends further through, with employee-driven programs that create meaningful impact worldwide.

Essential Public Services

Sovos provides a much-needed technology platform to the global community, enabling businesses to comply with relevant regulations, despite there being 19,000+ different tax jurisdictions with an average of 14,000 tax changes per month.

Last year, Sovos supported more than 100,000 businesses globally and processed 16+ Billion transactions per year across 100+ countries, ensuring that global commerce continued to take place uninterrupted. Without this, revenue streams break down, and sources of funding are reduced. This is critical as countries depend on the remittance of taxes that are legally owed to fund vital programs such as schools, infrastructure, and emergency services.

Active Member of our Global Communities

Our commitment to the community doesn't end with our products and services. Sovos is also an active member of the communities we operate in. Our employees are empowered to make a difference, and they are provided with support, in time and resources, to enable meaningful contributions on their behalf.

This year, over 25% of our 100+ employee-led events were either dedicated entirely to community impacts or incorporated charitable activities, including holding donation drives, volunteering in-person and building community kits. This structured approach ensures that every Sovos employee has meaningful opportunities to contribute to their local communities while fostering a culture of service throughout our organization.



Sovos also drives impact through our partnership with Gifts for Good, a platform providing employee and customer gifts that simultaneously benefit our global community. This year, customers and employees chose gifts that provided:

- ✓ Two years' worth of school supplies distributed to children in need
- ✓ 5,000+ hours of care or food provided for rescue animals
- ✓ 500+ meals for children in need
- ✓ 200+ hours of employment provided to artisans, and women with barriers to safe, dignified work
- ✓ 200+ trees planted to combat deforestation around the world These programs create pathways for team members to engage in critical social issues and generate direct community benefits.



“

At Sovos, community impact is woven into the fabric of who we are. We empower our employees

to make a meaningful difference, providing them with the time, resources, and platforms to drive change in the communities where we live and work. From employee-led volunteer events to our partnership with Gifts for Good, we've created pathways for our team to engage with critical social issues while generating tangible benefits. When more than a quarter of our employee events incorporate charitable activities, it's clear that service isn't just an initiative at Sovos, it's part of our culture.”

Gail Sampson, VP
Global HR Business Partnership

Driving Local Impact

Our global presence enables us to create targeted community partnerships that address specific regional needs.

Examples include:



In Mexico, employees donated laptops to support educational access for low-income children.



In Europe, employees in UK, Portugal and Turkey participated in charity walks to support causes like WorldWildlife Federation and Frimley Park Hospital.



In Brazil, employees volunteered at a local pet adoption rescue.



Across the US, employees made over 100 cards for MLK Day of Service, benefiting Cardz for Kidz, an organization that delivers handmade cards to children in the hospital, veterans and senior citizens.



Across the U.S., employees assembled 220 care kits that were donated to Waltham Fields Community Farm, Community Day Center of Waltham and Hope Atlanta.



In the UK, employees held a Sunflower Growing Competition in efforts to make environmental improvements, save the bees, and add a bit of sunshine to their neighborhoods.



In the U.S., employees gathered to clean up a local park for Earth Day.



In Argentina, employees participated in a multi-year partnership with Cuchu, a charity providing daily meals for underserved community children.

Global Inclusion & Belonging

At Sovos, we value the differences that make up our global workforce – they are critical to serving our globally diverse customer base and achieving our vision. We rely on our global workforce to collaborate with one another and bring local expertise to deliver stronger solutions and experiences for our customers.



Embedded Inclusion

This year, we took formal steps to embed inclusion best practices into our top priorities. Leaders partnered with sustainability team members to identify how inclusion could impact each priority and then implement best practices to drive outcomes for our customers.

✓ Customer Experience & Success

Focused on customer communications, with a priority on language.

✓ Partner Enablement

Focused on accessibility and language in the development of our certification and training programs and partner portal.

✓ Commerce Excellence

Focused on consistent application of accessibility standards, language and imagery.

✓ Streamline Product Portfolio

Focused on customer engagement with Voice of the Customer surveys and workshops

✓ Productivity & Capacity Improvements

Focused on cross-cultural awareness and collaboration for teams leading global initiatives.

✓ Elevate Employee Experience

Focused on cross-cultural awareness and intelligence with employee trainings and workshops for project teams

✓ World-Class Sales Enablement

Focused on sales training offered in multiple languages and time zones with consideration for cultural nuances and communication styles.

✓ Serve Customers & Partners in Asia Pacific

Focused on cross-cultural awareness, including a leadership cultural intelligence program in key Asia Pacific countries.

Cross-Cultural Intelligence

With employees distributed evenly across three major regions (NA, EMEA and LATAM) and a sizable footprint growing in Asia Pacific, Sovos has created a balanced global footprint, ensuring that local expertise and cultural understanding drive critical decision-making as it relates to tax compliance.

Cross-cultural intelligence is an essential skill, with team members collaborating across 20+ countries to serve and support customers across 100+ countries. Sovos has always emphasized cross-cultural awareness and intelligence, but this year, we formalized our cross-culture intelligence work with an investment in Aperian, a leading cross-cultural model and learning platform.

- ✓ **All company learning:** To launch the Aperian cross-cultural intelligence model, we hosted a companywide SovosXchange to explore how cross-cultural dynamics impact decision-making, communication, time management, and relationships across global teams and published resources for employees.
- ✓ **Manager learning:** Throughout the year, we held three manager training sessions focused on cross-cultural intelligence, including a foundations session, communicating across cultures virtually and cultural considers for AI adoption. Throughout the year 63% of managers participated in at least one or more cross-cultural inclusion learning opportunity, above our goal of 50%.

- ✓ **Team workshops:** We piloted team workshops with leaders working on two of our priorities: Productivity & Capacity Improvements and Serve Customers & Partners in Asia Pacific. More than 30 leaders across Sovos strengthened their cross-cultural awareness and intelligence, with a direct connection to Sovos business objectives.

This focused investment in cross-cultural intelligence combined with our equal presence around the world, enables our organization to do more than just serve global customers. It expands our ability to think, operate and innovate globally, and understand local nuances while delivering consistent, world-class solutions that help businesses navigate the complexities of operating across multiple jurisdictions.

Celebrating Our Differences

As a truly international company, Sovos advocates for a culture of mutual respect and understanding, which we measure as part of our annual engagement survey with CultureAmp, looking at questions like “I can be my authentic self at work.”

For International Diversity Month, leaders facilitated both in-person and virtual ‘cafes’ where team members from different locations and backgrounds shared unique perspectives and experiences, promoting stronger collaboration among team members.

We also make it a priority to recognize events and moments that hold significance to members of our team. Employee volunteers and leaders collaborated to celebrate commemorations such as Latin American Heritage Month, Martin Luther King, Jr. Day, International Women’s Day and other events throughout the year.

For International Women’s Day, we elevated women in tax and technology and celebrated that 45% of our workforce and 40% of our leadership team is women, surpassing the technology industry average of 35%. Internally, our annual leadership panel held a dynamic discussion of key industry trends and the path forward for women in tax and tech. We also co-hosted a Women in Tax Technology networking event with EY in London to bring together experienced women in tax to share insights, build meaningful connections, and strengthen professional networks.



With our workforce distributed across three major regions serving customers in 100+ countries, we’ve embedded best practices across all our strategic priorities. Our investment in cross-cultural intelligence exemplifies this. When 63% of our managers participate in cross-cultural learning, we’re building sustainable change. By ensuring our teams understand cultural nuances, we’re creating a more inclusive workplace and delivering stronger, relevant solutions for our customers. That’s inclusion as a strategic advantage.”

Laura Handler, Chief of Staff, Sovos





Cultivating Trust

At Sovos, we are steadfast in our commitment to creating an environment of trust and safety, across our business and the economies we support.

We achieve this through our unwavering dedication to secure, transparent tax reporting and strong ethical, customer-centric standards. These elements are not just essential for our operations, but for our customers and the communities we serve.



100% employee completion of annual code of conduct and whistleblower procedure training

100% employee completion of cybersecurity and data privacy training

100% company wide coverage of phishing assessments

+3.5 point increase in customer NPS

+1.1 Billion transactions inspected & analyzed by Security Ops center every 30 days



Business Ethics & Compliance

We believe that true ethical leadership in today's business environment requires not just meeting current standards but preparing for tomorrow's regulatory realities while helping our entire ecosystem maintain the highest levels of compliance. At Sovos, this philosophy is built on our foundation of strong corporate governance and rigorous internal ethical standards, which enable us to provide proactive support for our broader stakeholder ecosystem as we navigate an increasingly complex regulatory environment together.

100% of employees

completed annual Code of Conduct training, business ethics training, and whistleblowing procedure training in FY25.

Sustained Excellence in Core Compliance

Sovos' commitment to ethical conduct continues to demonstrate organizational maturity, with 100% of employees completing annual Code of Conduct training, business ethics training, and whistleblowing procedure training in FY25. Additionally, 100% of employees completed conflict of interest training, reflecting our comprehensive approach to ethical education across all risk areas.

These universal participation rates represent more than mere compliance checkboxes—They demonstrate that ethical decision-making is integrated into our organizational DNA. The comprehensive policy updates we implemented in previous years continue to prove their effectiveness, with our modular approach to compliance policies ensuring both regulatory currency and practical usability across our global operations.

Our whistleblowing infrastructure, available in all languages where we operate with local phone numbers for accessibility, has become a fully integrated component of our ethical framework. The achievement of 100% training completion on whistleblowing procedures reinforces our commitment to creating safe, accessible channels for raising concerns while building confidence in our reporting mechanisms.



Anticipating Regulatory Evolution

As regulatory frameworks evolve rapidly across global markets, Sovos systematically prepares for emerging compliance requirements before they become mandatory.

- ✓ **Artificial Intelligence Governance:** We actively monitor and prepare for developing AI regulations across key jurisdictions, including the EU AI Act and emerging frameworks in other markets where we operate. Our multi-faceted approach includes tracking regulatory developments, assessing impact on our products and services, and developing internal capabilities to address emerging compliance obligations. This forward-thinking preparation ensures we can support both our own operations and our customers' evolving regulatory needs as AI governance frameworks mature globally.

- ✓ **Sanctions and Trade Compliance:** As global trade sanctions and restrictions continue to proliferate across multiple jurisdictions, we maintain adaptive compliance capabilities that enable us to respond effectively to regulatory changes. Sovos products like TIN Check provide natural advantages in accessing real-time sanctions information through OFAC and other regulatory data sources, while we also subscribe to various monitoring services to ensure comprehensive coverage of sanctions updates. This approach enables us to demonstrate our own compliance to customers and maintain the operational agility needed to adapt as regulations evolve.

Rather than treating emerging regulations as isolated compliance challenges, we integrate regulatory monitoring into our operational strategy. This approach ensures that regulatory preparedness strengthens our operations and enables us to maintain the compliance excellence that our customers depend on when they trust us with their own regulatory obligations.

Demonstrating Compliance Expertise

Our rigorous internal compliance standards create the foundation for supporting our customers and partners, demonstrating our commitment to regulatory excellence while building the trust essential to our business relationships.

We build customer confidence through transparency, with comprehensive documentation and materials that demonstrate our own

compliance practices to customers, providing the assurance they need when evaluating our services. This foundation of internal excellence enables us to serve as a trusted technology partner in an increasingly complex regulatory environment. By maintaining the highest standards for our own operations, we provide customers with the confidence they need to focus on their core business objectives while relying on Sovos' compliance technology solutions.



Our approach to business ethics and compliance goes beyond simply meeting regulatory requirements to anticipating tomorrow's challenges. By maintaining rigorous internal standards and staying ahead of emerging regulations like AI governance, we create the foundation that builds the trust our customers need to confidently rely on our technology solutions."

Justin Pentz, General Counsel

Cybersecurity & Data Privacy

At Sovos, cybersecurity and data privacy are more than an IT or legal issues – they are a vital component of our business strategy and a cornerstone of stakeholder trust. Our organization operates with a standardized approach across all regions, taking the most stringent requirements from any customer worldwide and implementing them globally. During FY25, we made transformative investments in strengthening our cybersecurity posture through comprehensive program enhancements, advanced technology implementations, and proactive risk management strategies.

Certifications and Compliance

Sovos is continuously conducting ongoing evaluations of the regulatory landscape and potential expansion of its certification portfolio. In 2025, we completed our ISO27001:2022 certification to demonstrate our commitment to maintaining current, industry-leading security standards, reinforcing our data privacy and cybersecurity measures while providing additional assurance to customers and investors about our security posture.



See a [detailed summary of attestations and certifications associated with Sovos products and services.](#)

- ✓ ISO 27001:2022
- ✓ ISO 27001:2022 US
- ✓ ISO 27001:2022 LATAM
- ✓ SOC 2
- ✓ GDPR
- ✓ CCPA
- ✓ eIDAS

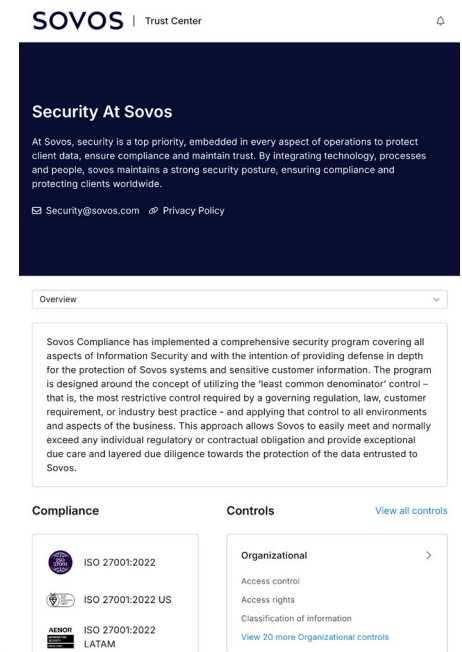
Enhanced Customer Trust and Transparency

Transparency in our security practices strengthens customer relationships and their confidence in our commitment to protect sensitive data. We launched a comprehensive trust center on our website, providing clear and accessible information about our security and data privacy practices. Our trust center recorded over 11,000 visits and more than 20,000 page views in just the second half of the fiscal year, demonstrating strong stakeholder interest in our security commitments.

To further enhance customer service and transparency, we implemented an AI-assisted customer security questionnaire process that reduced our response time for security-related customer inquiries from 20 days to just five. By rapidly providing comprehensive information to customer security assessments and diligence requests, we have increased transparency while improving operational efficiency.

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Our trust center recorded over
11,000
visits



Security Awareness and Training Excellence

Recognizing the accelerating threat of phishing attacks and the critical role employees play in our security posture, we fundamentally transformed our security awareness training and education program in FY25. We implemented a comprehensive, AI-enhanced platform for security training, phishing simulations, and email threat analysis.

This innovative program leverages AI-powered threat assessment with continuous learning, combining gamification through themed departmental competitions, education through immediate personalized feedback, and

empowerment through active reporting tools. Through quarterly training sessions, we ensured that critical security concepts remain top-of-mind for all employees throughout the year.

100% of employees completed training, including new hire onboarding and ongoing company-wide awareness training. Our comprehensive approach yielded significant improvements in threat detection and response capabilities, demonstrating measurable behavior change across our global workforce. Our average employee reporting rate for phishing simulations reached nearly 90% in FY25 Q4, compared to a 20% industry benchmark reported in the 2024 Verizon.



**4x the
industry
benchmark**

Average employee reporting
rate for phishing simulations.



Organizational Growth and Proactive Risk Management

Recognizing the increasing complexity of cybersecurity challenges, we specialized our security organization during FY25, to create dedicated teams:

- ✓ Cybersecurity technical operations, focused on proactive threat management, detection and response
- ✓ Governance, risk, and compliance, focused on compliance requirements

This specialization structure strengthens the collaboration between our legal, privacy, and information security teams, ensuring integrated governance, proactive compliance management and unified rapid response capabilities.



“Our approach to business ethics and compliance goes beyond simply meeting regulatory requirements to anticipating tomorrow’s challenges. By maintaining rigorous internal standards and staying ahead of emerging regulations like AI governance, we create the foundation that builds the trust our customers need to confidently rely on our technology solutions.”

Peter Gaffney, Chief Information
& Security Officer

Customer-Centricity

At Sovos, we believe that customer trust is earned through a passion for customer outcomes, genuine understanding of business need and consistent delivery of value. We believe so strongly in this that we elevated customer-centricity to a fundamental organizational value by introducing “Be Customer-Centric” as one of our core values, setting standards for both individual action and organizational strategy. In FY25, investments in customer experience delivered measurable results, with our Net Promoter Score increasing 3 points, or 26%, year-over-year, demonstrating how genuine focus on customer outcomes creates advocates who contribute to sustainable business growth.

Embedding Customer-Centricity as a Core Value

This values-based cultural transformation established a common language around customer success that enabled coordinated action and individual accountability across all Sovos functions, from sales to support and professional services to product development.

To embed this core value, we implemented a 20-week enablement campaign featuring bi-weekly micro-learning modules and manager-facilitated discussions, with executive recognition during quarterly meetings. Through this program, 92% of our global workforce completed more than 16,000 customer-centric training modules.

We amplified success through our internal rewards platform, where employees shared examples and recognized exceptional customer focus. More than 1,500 customer-centric stories were celebrated, creating continuous feedback that reinforced behaviors and transformed training concepts into concrete examples across all functions, from proactive support responses to innovative product solutions.



Case Study

Overview

One of the world's leading shipping companies needed to reduce its level of complexity in operating its global logistics network, a strategic move aimed at reducing vendor complexity and maximizing return on investment (ROI). They needed a single supplier to act as a centralized point of contact across multiple countries and reduce internal stress for this function. In short, they needed a partner who was more customer-focused and who would make their lives easier. Enter Sovos.

The Challenge

As part of Latin America's e-invoicing landscape, the company needed to comply with strict and fast-evolving tax regulations in multiple countries. Each system brought unique technical and legal requirements, making it challenging to manage compliance independently in each market. With Sovos, they knew they were covered from a regulatory and technology standpoint across all countries and had a dedicated support function at the ready, 24x7 to address any critical issues as they happened.

The ROI

\$1.1M In tech consolidation savings

\$2.2M+ Projected 3-year ROI

65% Manual effort reduction

2.5x Faster country onboardings

45% IT support tickets reduction

Unified Customer Experience Standards

Our mission requires globally consistent, reliable service delivery across all touchpoints and geographies. As customers navigate complex compliance challenges in multiple jurisdictions, they need confidence that Sovos will deliver the same exceptional experience whether they're focused on complying with a new compliant invoicing mandate in Europe, processing tax reporting forms in the US, implementing a tax schema update in Brazil or preparing for emerging requirements in Japan.

This year, we strengthened our unified service delivery with focus on key areas:



"One team, one experience" model to provide customers with shared visibility, consistent messaging, and seamless handoffs across our global organization.



Consistent, high-quality professional services to implement and enhance customer deployments across XX projects around the world.



Consistent performance in customer support, exceeding our 90% target for SLA adherence by applying customer-centricity principles across all regions.



Proactive communication protocols to ensure customers receive consistent updates on product changes, regulatory developments and service enhancements regardless of their geographic location or account size.



AI-powered support capabilities to provide immediate, 24/7 assistance for routine inquiries while preserving high-touch support for complex strategic discussions.

Transformed Customer Success Management

Customer Success plays a unique role by taking a holistic view of customer relationships, focusing on long-term value realization and business growth beyond immediate compliance needs.

During FY25, we undertook a comprehensive transformation of Customer Success, establishing new approaches to understanding customer business objectives beyond immediate regulatory compliance needs.

By understanding where customers want to expand geographically or into new product lines, we can anticipate their compliance needs and provide guidance that supports their growth while strengthening our relationship value. This strategic model creates measurable business value through earlier identification of expansion opportunities, reduced churn risk, and stronger relationships that support long-term revenue growth.



"The foundation of sustainable business growth is building genuine partnerships with customers who trust us to support their success. When we consistently demonstrate that customer objectives drive our decision-making, we create the loyalty and advocacy that enables long-term value creation for all stakeholders."

Alice Katwan, President of Revenue

Regulatory Transparency

Transparent tax compliance is a fundamental pillar of institutional trust, creating accountability between businesses, governments, and citizens that strengthens democratic societies. As responsible corporate citizens, we recognize that regulatory transparency is not merely about meeting minimum requirements, it's about building trust with stakeholders, reducing systemic risk, and contributing to a more accountable global economy.

Our role in facilitating this transparency extends across 100+ countries through systems designed to eliminate opacity and combat fraud. Through technology that makes financial flows visible and verifiable at the transaction level, we help create the real-time transparency that modern democratic societies require from their economic systems, building confidence in the institutions that underpin economic stability and social cohesion. Sovos is embedded in the world's leading AP and AR software platforms as well as in accounting systems for small businesses, impacting millions of businesses around the world.



Precision at Scale Builds Institutional Confidence

Transparent tax reporting requires absolute accuracy to maintain credibility. **Our 99.9%+ accuracy rate across all regulatory filings** ensures that the data flowing to tax authorities is reliable, creating the foundation for institutional trust. When governments can depend on the accuracy of business reporting, they can make informed policy decisions and maintain public confidence in their oversight capabilities.

Recent performance demonstrates this reliability in practice. During Black Friday and Cyber Monday 2024, we processed taxes on nearly 300 million transactions, a 92% increase from 2023, with 100% uptime and zero reporting errors. This level of precision matters particularly in high-volume environments where even small error rates can undermine confidence in tax systems and create opportunities for fraud.

Our continuous regulatory tracking ensures businesses remain compliant with evolving transparency requirements. Whether it's implementing Maryland's 3% digital services tax (July 2025), VAT in the Digital Age (ViDA) guidance in Europe or Brazil's Tax Reform, each update maintains the precision that institutional trust requires while adapting to changing regulatory landscapes.

Recent recognition as a Leader in the IDC MarketScape for tax management validates our role in building transparent tax systems. The IDC report specifically noted our comprehensive approach to transparency, including “full coverage for VAT reporting, continuous transaction control compliance, e-invoicing clearance, and tax determination.”



IDC: 2024 IDC MarketScape for Worldwide Value-Added Tax Management.

Real-Time Transparency Combating Fraud and Building Trust

Governments worldwide are shifting toward source data verification, where businesses share standardized transaction data directly from operational systems. Our solutions enable businesses to embed transparency and compliance directly into critical business processes as governments mature their regulations, rather than treating them as administrative afterthoughts. As businesses participate in these transparent systems, it helps governments identify irregularities and build institutional trust.

This shift creates measurable consequences for businesses: 95% of leaders say accurate real-time reporting is critical, while 76% of finance executives have seen positive ROI on centralized tax platforms. Rejection failures trigger additional scrutiny and audit exposure—making precision in transparent reporting a critical business protection strategy.



United States authorities use predictive modeling and data analytics to drive audit selection, targeting high-risk industries including digital services, energy and utilities, pharmaceuticals, and transportation.



Europe is implementing emerging real-time mandates that reshape VAT compliance. Germany's 2025 GoBD amendment aligns digital record-keeping with audit standards, while Greece, Poland, and Romania lead in frequent VAT rate changes requiring real-time adaptation. E-invoices failing to meet real-time standards face immediate rejection.



Latin America leads globally in real time compliance, with robust compliance initiatives that have matured over decades. In calendar year 2024, Sovos processed 3.575 billion transactions for customers across Latin America, including 100% of which meet real-time reporting requirements to tax authorities.



APAC: Countries in APAC and Middle East have comprehensive Continuous Transaction Controls (CTC) and GST systems requiring sophisticated compliance solutions.

Building Trust in Brazil's Complex Tax Environment

Brazil, where Sovos processes 10% of all transactions, exemplifies why transparent tax reporting is essential for institutional trust. Brazil operates the world's most complex tax environment, with 100% of businesses to use automated compliance systems. The stakes for transparency are exceptionally high: Tax penalties range from 75% to 225% of unpaid taxes when fraud or lack of cooperation is detected.

The complexity of Brazilian compliance creates multiple opportunities for errors that can appear fraudulent to authorities – everything from digital signature errors to actual tax calculation discrepancies. Each rejection not only disrupts business operations but can trigger audit scrutiny from authorities already focused on identifying fraudulent reporting patterns.

Brazilian tax authorities maintain particularly tight oversight: While only 4% of companies receive detailed audits, these companies represent 34% of the total tax burden and authorities achieve 98% accuracy in their tax assessments. This precision in enforcement makes transparent, accurate reporting essential for maintaining institutional trust and avoiding the severe penalties that can result from perceived non-compliance.

Our technology addresses these challenges by ensuring complete transparency at the transaction level. Every invoice, every tax calculation, and every compliance filing meets Brazilian authorities' exacting standards, creating the transparency that enables productive business-government relationships even in one of the world's most stringent regulatory environments.

Strengthening Institutional Frameworks Through Partnership

Transparent tax reporting requires collaboration between businesses, governments and technology providers to create systems that maintain public trust. Our relationships with tax authorities help develop regulatory frameworks that achieve transparency objectives while remaining practically implementable, strengthening institutional credibility through effective policy design.

Our commercial partnerships also demonstrate how technology can enhance institutional trust. Sovos co-sponsors industry events around the world with hundreds of partners including the Big Four consultancies and other major technology integrators highlighting our innovative approach to tax compliance and the seamless integration between partners.

With 75+ embedded ERP integrations and 425+ marketplace connectors, the Sovos Compliance Cloud platform enables businesses to maintain complete transparency without replacing existing infrastructure. The Shopify Tax automated filing integration, launched in 2025, extends transparent reporting capabilities to thousands of merchants, democratizing access to the same compliance standards used by large enterprises.

These technological advances support the broader goal of institutional trust through transparency. When tax systems are accessible, accurate, and verifiable, they strengthen democratic institutions and build public confidence in the fairness and integrity of economic governance.

Examples of Sovos' global inclusion and influence include:



Charles 'Chuck' Maniace is a frequent speaker on the topic of sales tax, is an advisor to the Sales Tax Institute and has been named to Accounting Today's top 100 influential people for six consecutive years



Wendy Walker serves as on the IRS' advisory board and is a frequent speaker at industry conferences and events across the country



Christiaan Van Der Valk serving as chairman of GENA, an international trade association for a large and dynamic community of e-invoicing service providers



“Regulatory transparency is the cornerstone of institutional trust. At Sovos, we believe transparency goes beyond compliance, it's about building stakeholder confidence and contributing to a more accountable global economy. Our technology enables real-time visibility across complex, multi-jurisdictional tax environments, creating the transparency that modern societies need. By making financial flows verifiable at the transaction level, we're not just eliminating opacity and combating fraud, we're strengthening the economic systems that underpin social cohesion and institutional stability.”

Christiaan Van Der Valk, General Manager, Indirect TaxTech, Sovos

Sustainability Spotlight: Eliminating Information Asymmetries



Empowering People Through Intelligent Analytics

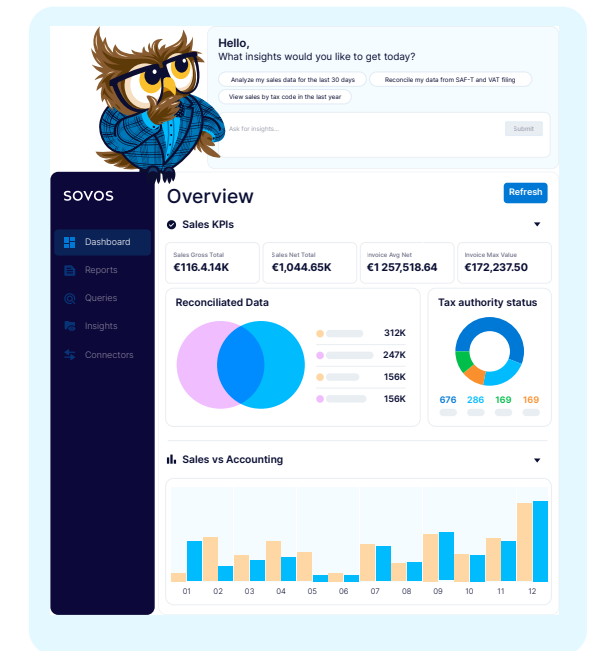
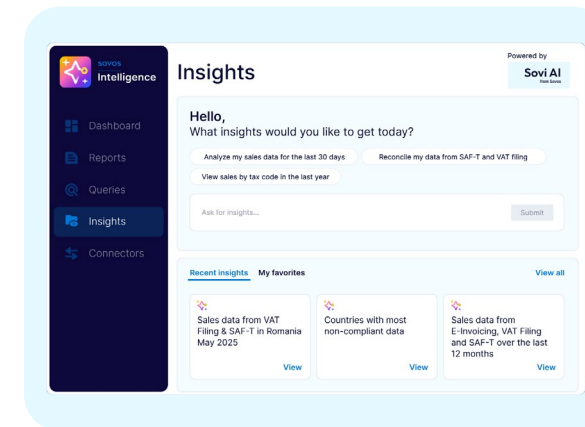
Sovos Intelligence uses Sovi™ AI-powered conversational analytics to enable tax and finance professionals to ask natural language questions and instantly surface insights, trends and anomalies without relying on technical teams. This democratizes access to sophisticated tax analysis across organizations, seamlessly switching perspectives from macro-level global mandates to micro-level transaction risk.

Rather than struggling with fragmented data across multiple systems, professionals can now access unified insights that enable proactive decision-making and strategic planning, turning tax compliance from a reactive burden into a competitive advantage.

Cultivating Trust Through Transparency

Sovos unifies fragmented e-invoicing, tax, and accounting data from enterprise systems into a single data model. Mirror Visibility™ provides duplicate detection that identifies duplicate invoice submissions, vendor-buyer reconciliation between reports and submissions, and real-time triangulation that cross-references data to detect inconsistencies before enforcement.

The current information imbalance creates systemic inefficiencies that damage business-government relationships and undermine public confidence in tax system integrity. Our Mirror Visibility™ approach addresses this fundamental asymmetry, enabling productive relationships where both parties work with verified, consistent data.



Sustainability Spotlight:

Eliminating Information Asymmetries

Growing Responsibly Through System Efficiency

Information fragmentation creates significant resource waste across the global economy through duplicative compliance work and inefficient audit processes. By eliminating these inefficiencies through intelligent automation and unified data visibility, Mirror Visibility™ contributes to more sustainable business operations and allows resources to be directed toward productive economic activity.

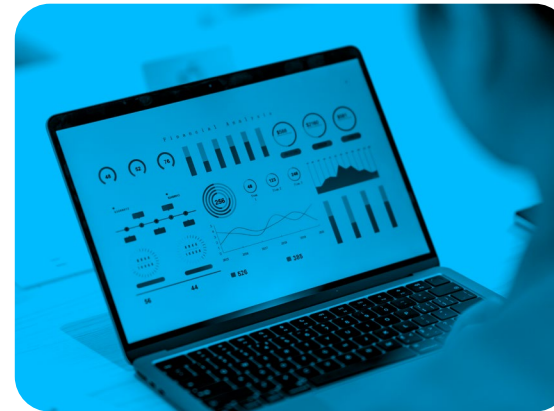
As regulatory complexity increases globally, Mirror Visibility™ enables a path toward more efficient, transparent, and sustainable tax systems that serve both business needs and public interests through enhanced institutional trust and operational efficiency.

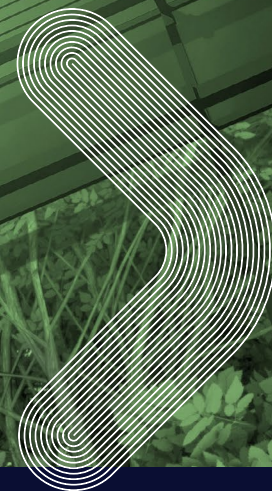
Sovos is expanding Mirror Visibility™ capabilities across more jurisdictions and tax requirements, recognizing that information asymmetries exist wherever governments implement digital tax collection systems. As more countries adopt real-time reporting mandates and continuous transaction controls, the need for businesses to achieve equivalent visibility will only grow. Our roadmap focuses on extending these AI-powered insights across the full spectrum of global tax obligations, ensuring businesses can maintain transparent, collaborative relationships with tax authorities worldwide.



“Many organizations are stuck in the dark while tax authorities are being guided by night vision glasses.”

Swati Garodia,
Chief Product Officer, Sovos





Growing Responsibly

At Sovos, our commitment to growth extends beyond our business operations to include our responsibility towards the environment.

We understand the critical role we play in addressing climate change and are dedicated to integrating sustainable practices into our business model. Our commitment to responsible growth is a testament to our belief that success should not come at the expense of our environment.



✓ Formally committed to Science-Based Targets Initiative

429.1 tCO₂e

Scope 1 & 2 emissions

0.20 tCO₂e / FTE

Scope 1 & 2 emissions intensity

21,012 tCO₂e

Scope 3 emissions (tCO₂e)

9.89 tCO₂e/FTE

Scope 3 emissions emissions intensity

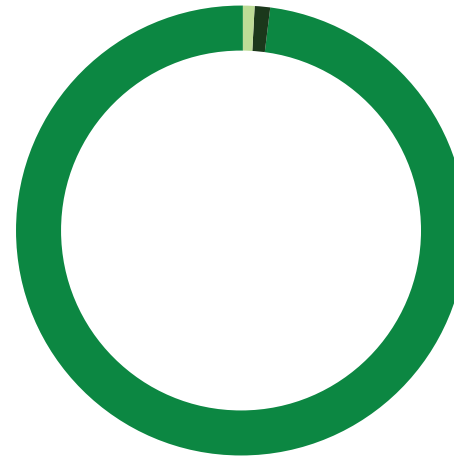
669.27 Mwh

Energy consumption across offices

37%

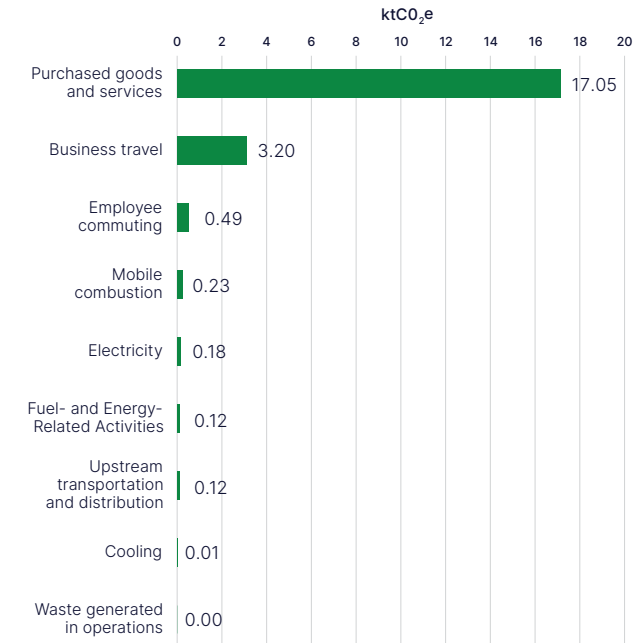
Share of renewable energy used across offices

FY25 Emissions by Scope



- 1% Scope 1 - Direct emissions
- 1% Scope 2 - Indirect electricity emissions
- 98% Scope 3 - Other indirect emissions

FY25 Emissions by Category



Scope 3 represents 97% of our footprint,

is consistent with technology sector benchmarks and highlights the importance of our value chain engagement strategy, a key focus area for FY26.

Climate & Energy

At Sovos, we recognize that sustainable leadership requires aligning our operations with the need for climate action. Our environmental initiatives reflect a fundamental belief that business success and environmental stewardship are not only compatible but mutually reinforcing, creating long-term value for our stakeholders while contributing to global sustainability efforts.

Building on our initial measurement capabilities established in FY24, we have strengthened our climate approach by formally committing to set science-based emission reduction targets through the Science Based Targets initiative (SBTi) and continuing to partner with Normative, a leading carbon accounting platform, to enhance our activity-based emissions data and maintain alignment with the Greenhouse Gas Protocol. Our practices for data collection and analysis provide the reliable foundation necessary for meaningful climate action and stakeholder confidence.

Science-Based Targets Initiative Commitment: formalizing climate action

Our formal commitment to set science-based emission reduction targets through SBTi by April 2027 represents an important milestone in our environmental impact journey. This commitment demonstrates alignment with global climate science and provides stakeholders with confidence in our developing approach to emissions reduction.

As we continue to build our measurement capabilities over the coming years, we are positioning ourselves to develop science-based targets that are both ambitious and achievable, supported by robust data and proven tracking methodologies. Our SBTi timeline allows us to leverage an additional year of enhanced data collection to ensure our targets are grounded in comprehensive measurement and operational understanding.

Commitment to Transparency and Continuous Improvement

Sovos will continue to maintain transparent environmental reporting while actively learning through industry collaboration. Our engagement with Normative's Carbon Network Product Feedback group and similar initiatives enables knowledge sharing that accelerates progress across the technology sector.

Given that Scope 3 emissions represent 97% of our footprint, we recognize the critical importance of engaging our supplier network in our climate journey and are defining a framework to work more closely with key suppliers to understand their environmental practices and support mutual progress on emissions reduction.

We will continue reporting annual progress on emissions reduction, renewable energy advancement, and strategic milestones, ensuring stakeholders can track our environmental development with confidence as we build capabilities that create sustainable value for customers, partners, investors, and communities worldwide.



Our carbon footprint: transparent progress reporting

Our FY25 carbon footprint reflects both business growth and enhanced measurement capabilities, providing stakeholders with even more comprehensive visibility into our environmental impact and strategic priorities.

Scope 1: Direct Operations

238.6 tCO₂e (-4.6% improvement from FY24)

Scope 1 emissions decreased 4.6% overall despite business expansion, demonstrating effective operational efficiency measures.

Scope 2: Purchased Electricity

190.8 tCO₂e (+14.6% from FY24)

- ✓ Total consumption: 669.27 MWh (8.8% increase from 614.87 MWh in FY24)
- ✓ Renewable energy: 213.01 MWh representing 37.8% of total consumption

Emissions from purchased energy emissions increased 14.68% year-over-year, primarily driven by electricity consumption, which grew 33% and represents 84% of our Scope 2 footprint. The most significant contributor to this growth was electric vehicle charging at our facilities, which increased 285%. Our overall renewable electricity percentage decreased from 44% to 38%, primarily due to closure of a majority-renewal office location and a decrease in renewable energy sourcing at another office. Changes in our operational footprint also resulted in a 97% reduction in onsite cooling emissions, as operations shifted to locations utilizing more efficient district cooling systems. While this transition contributed to a 58% increase in district cooling emissions, the shift from onsite to district cooling represents a net positive for our environmental footprint.

Scope 3: Value Chain Impact

21,012tCO₂e (+6.9% from FY24)

Scope 3 represents 97% of our footprint, is consistent with technology sector benchmarks and highlights the importance of our value chain engagement strategy, a key focus area for FY26.

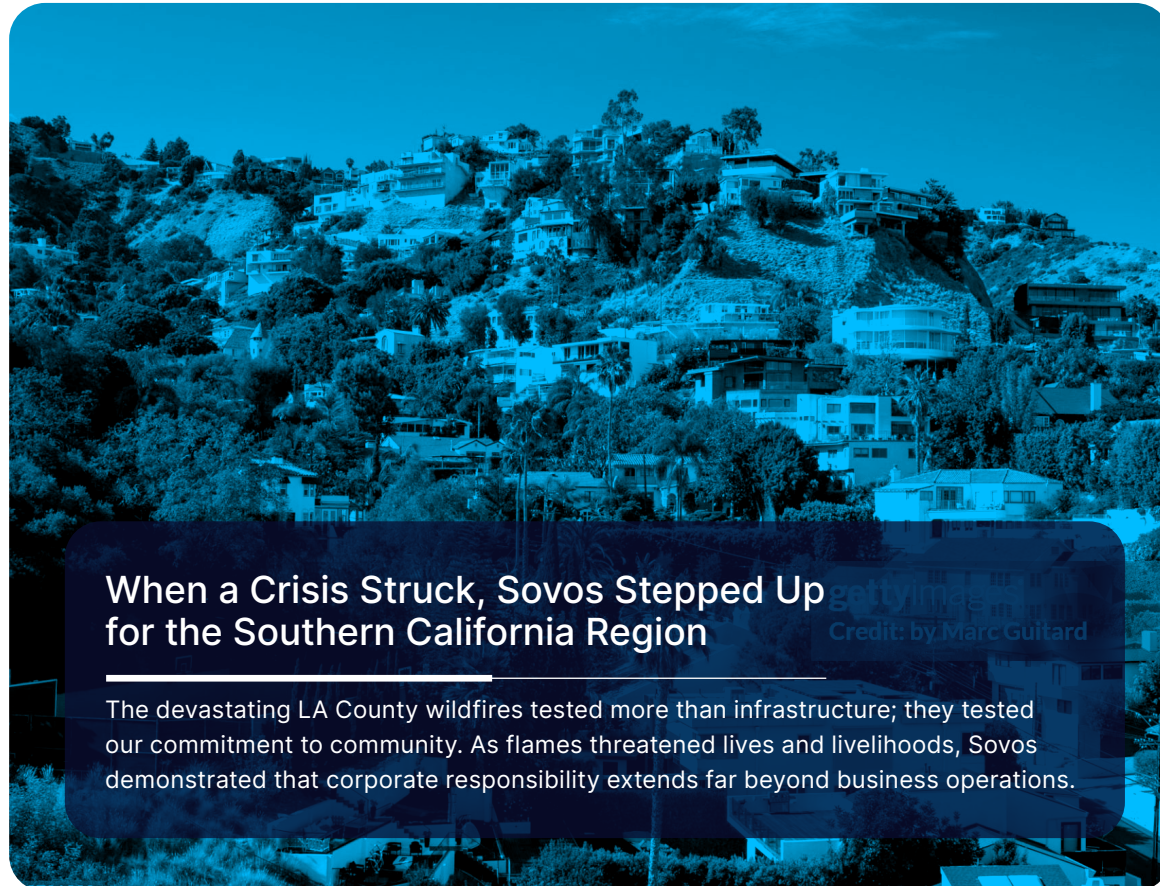
Within our Scope 3 emissions, we maintained stable performance in purchased goods and services, while increasing activity-based data modestly from 6.13% to 11.7%. Our supply chain engagement initiatives are in the early stages, providing the foundation for more substantial improvements as we scale these programs across our broader supplier network.



Our commitment to science-based targets represents more than an environmental pledge, it's a strategic business decision that aligns our operations with market expectations while supporting our customers' own sustainability journeys. By investing in comprehensive measurement and transparent reporting, we're building the foundation for meaningful climate action that creates value across our entire stakeholder ecosystem."

Laura Handler, Chief of Staff, Sovos

Sustainability Spotlight: Climate Resilience Response



When a Crisis Struck, Sovos Stepped Up for the Southern California Region

The devastating LA County wildfires tested more than infrastructure; they tested our commitment to community. As flames threatened lives and livelihoods, Sovos demonstrated that corporate responsibility extends far beyond business operations.

Immediate Employee Support

Our first priority was people. Sovos conducted comprehensive outreach to employees within and near impacted areas, ensuring their safety and connecting them with resources. Leadership teams received regular updates about affected team members, maintaining clear communication channels during an uncertain time. This coordinated response ensured that no one faced the crisis alone.

Leveraging Our Expertise

Understanding that businesses faced unique challenges beyond physical damage, Sovos quickly mobilized our tax regulatory expertise. We developed comprehensive guidance on federal and state tax relief options, including IRS extensions for W-2 and 1099 filings and California's State of Emergency Tax Relief Program. Our regulatory team provided direct support through dedicated email assistance, helping businesses navigate complex compliance requirements during recovery.

Community-Driven Giving

Once immediate dangers subsided and employee safety was confirmed, Sovos partnered with local team members to identify reputable organizations where Sovos employees could direct charitable contributions. This grassroots approach ensured donations reached the most impactful local relief efforts.

By combining immediate human support with specialized professional expertise and community-guided philanthropy, Sovos demonstrated that true corporate citizenship means showing up when it matters most.



Appendix

In this section, you will find the details behind our strategy.

Materiality Assessment

In 2024, Sovos conducted a materiality assessment to identify the most relevant sustainability topics for Sovos and our shareholders. We engaged key stakeholder groups to assess the materiality of 30+ sustainability topics, including:

- ✓ **Employees and Sovos Leadership:** Over 500+ employees participated in our sustainability survey and interviews were conducted with top executives
- ✓ **Investors:** Interviews with representative investors
- ✓ **Key customers & partners:** Interviews with top customers and key partners
- ✓ **Regulators:** Review of the key sustainability legislation that affect our business
- ✓ **Media and Peers:** AI web-scan of the most relevant topics to Sovos and our peers; review of sustainability reports from peers

As we matured our program in 2025, we’ve strengthened our impact by further integrating our business priorities and our sustainability pillars. This analysis determined the list priority issues for the company.

Priority Issue	Description
<div>CULTIVATING TRUST</div> <div>Transparent tax reporting</div>	<p>This refers to enabling businesses and governments to work with verified, consistent data through standardized transaction reporting and real-time compliance monitoring. As a global tax compliance technology provider processing over 16 billion transactions annually, Sovos has a unique role in strengthening institutional trust by ensuring accurate, transparent reporting that supports fair tax collection and democratic governance.</p> <p>Related content: Regulatory Transparency, Sustainability Spotlight: Eliminating Information Asymmetries</p>
<div>Business ethics & compliance</div>	<p>This encompasses maintaining comprehensive compliance frameworks including anti-bribery and corruption policies, competition law compliance, and codes of conduct across our global operations. Sovos must exemplify the ethical standards we help our customers achieve, preventing corruption and promoting fair competition in global markets.</p> <p>Related content: Business Ethics & Compliance, Sustainability Spotlight: AI Transformation</p>
<div>Cybersecurity & data privacy</div>	<p>This entails protecting sensitive business and tax data through robust security measures across our platform processing over 16 billion transactions annually. Given Sovos’s critical role in handling financial information for over 100,000 customers including half the Fortune 500, comprehensive data protection is essential for maintaining the trust necessary for digital economic systems to function securely.</p> <p>Related content: Cybersecurity & Data Privacy, Sustainability Spotlight: AI Transformation</p>

Materiality Assessment (Cont'd)

Priority Issue	Description	
EMPOWERING PEOPLE	Engaging & developing our people	<p>This encompasses comprehensive talent development programs and performance management systems for our 2,200+ global employees across 20+ countries. Investing in employee development promotes decent work, economic opportunity, and professional growth while building the skilled workforce needed to address complex global challenges.</p> <p>Related content: Engaging & Developing Our People, Sustainability Spotlight: AI Transformation, Sustainability Spotlight: Climate Resilience Response</p>
	Global inclusion & belonging	<p>This refers to creating inclusive workplace cultures that leverage diverse perspectives across our global operations in 20+ countries. Given Sovos's need to understand local tax requirements and cultural nuances for customers in 100+ countries, inclusive practices that draw on employees' varied backgrounds and experiences are essential for delivering effective, culturally competent solutions to our global customer base.</p> <p>Related content: Global inclusion & belonging, Engaging & developing our people, Sustainability Spotlight: AI Transformation</p>
	Community impact	<p>This encompasses investments in local communities where Sovos operates through employee engagement, charitable partnerships, and community support initiatives. As a company whose technology supports the tax systems that fund essential public services, community investment strengthens the local economies and societies that both benefit from and enable effective tax compliance systems worldwide.</p> <p>Related content: Community Impact, Sustainability Spotlight: Climate Resilience Response</p>
GROWING RESPONSIBLY	Climate & energy	<p>This refers to measuring and reducing greenhouse gas emissions through science-based targets and enhanced carbon accounting practices. As stakeholder expectations around climate action continue to grow globally, technology companies like Sovos face increasing pressure to demonstrate measurable environmental stewardship while supporting broader climate goals through operational improvements and sustainable business practices.</p> <p>Related content: Climate & energy, Sustainability Spotlight: Climate Resilience Response, Sustainability Spotlight: AI Transformation</p>

UN Sustainable Development Goals

At Sovos, we recognize the UN Sustainable Development Goals (SDGs) as a critical framework for addressing global challenges while driving business value. Our commitment to being a 'force for growth and for good in the global community' directly aligns with the SDGs' vision for a sustainable future. Through our tax technology solutions, global operations, and community partnerships, we contribute meaningfully to six primary goals that represent the greatest opportunity for Sovos to create lasting positive impact.

SDG

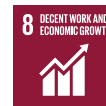
Description



Gender Equality

Achieve gender equality and empower all women and girls

Related content: [Global inclusion & belonging](#)



Decent Work and Economic Growth

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Related content: [Engaging & developing our people](#)



Industry, Innovation and Infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Related content: [Transparent tax reporting](#)



Reduced Inequalities

Reduce inequality within and among countries

Related content: [Global inclusion & belonging](#)

SDG

Description



Climate Action

Take urgent action to combat climate change and its impacts

Related content: [Climate & energy](#)



Peace, Justice and Strong Institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels

Related content: [Transparent tax reporting](#), [Business ethics & compliance](#), [Cybersecurity & data privacy](#)



Partnerships for the Goals

Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Related content: [Community impact](#), [Transparent tax reporting](#), [Empowering people](#)