Sustainability Report FY26

sovos

What It Means to Be a Responsible Global Corporate Citizen: Transparency in the Age of AI

Dear Stakeholders,

At Sovos, being a responsible global corporate citizen starts with transparency. This year, as AI moved to the center of everything we do, that meant even more focus on transparency in what we build, how we operate and how we hold ourselves accountable. That principle showed up everywhere it mattered most: in an AI product built to give businesses and tax authorities the same view of the truth, in the trust our platform earns at scale, and in how honestly, we're tracking our own environmental impact as AI reshapes our business. We also formalized accountability at the leadership level, naming Sovos' first Chief Sustainability Officer to lead this work directly.

Sovos Intelligence and its Mirror Visibility™ capability represent our most significant product milestone in years. By giving businesses and tax authorities shared, real-time visibility into the same transaction data, we are replacing adversarial audit cycles with productive transparency, fewer disputes, stronger institutional trust, and compliance professionals freed to apply judgment rather than chase reconciliations. This is what it looks like when AI serves a purpose.

That same standard of transparency underpins how we operate at scale. We process more than 70 billion transactions annually across 150+ countries, with 99.9%+ accuracy across all regulatory filings. For us, trust is something proven in the reliability of every transaction we touch, at a volume where even small errors would be impossible to hide.

We're holding ourselves to that same openness in how we account for our environmental footprint. Building on our Science Based Targets initiative (SBTi) commitment formalized last year, we've focused on increasing transparency with key vendors and extending measurement rigor to AI. We built one of the first AI activity-based emissions estimates, even though our direct AI-related vendor spend overall represents 1% of our total footprint.

None of this is possible without our people. Our more than 2,500 employees across 25+ countries are the reason our transparency holds up in practice. This year, cross-cultural intelligence was a named company priority, with 75% of employees now reporting that Sovos regularly considers cultural context when working with global colleagues and customers. That's the capability that lets us serve a genuine global customer base.

We're under no illusion that this work is finished. But we're clear about what it means to be a responsible global corporate citizen at this moment: transparency as a discipline in what we build, how we grow, and how openly we report on both.

We're committed to building that trust alongside the global community we serve.

Respectfully,

Kevin Akeroyd

Chief Executive Officer, Sovos

Note from Our Chief Sustainability Officer

Sustainability is how Sovos operates and grows as a responsible global corporate citizen. This year, our work was grounded in the same three pillars that have guided our sustainability strategy for years: Empowering People, Cultivating Trust, and Growing Responsibly. We made meaningful progress on each front.

We deepened our investment in our people with AI enablement, a redesigned onboarding program, expanded cross-cultural intelligence training and stronger employee recognition – all building a more capable and connected global workforce. Our employee engagement survey drew 86% participation, well above the 75% industry benchmark and our employee Net Promoter Score climbed 19 points against a broader industry backdrop of declining engagement, both signs of a team invested in shaping the organization around them.

We again ensured every employee completed annual training in code of conduct, cybersecurity, and data privacy, a standard we hold ourselves to every year. And through responsible AI governance and enablement, we're ensuring that as we accelerate adoption of transformative technology, we do so in a manner that earns confidence rather than erodes it.

Our environmental work this year focused on improving carbon footprint data quality through deeper vendor engagement. Print is one example; the millions of tax forms we print and mail for customers each year make it one of our largest vendor-emissions categories. Our sustainability team, print management team and carbon accounting partner, Normative, engaged with our largest vendors this year, moving from cost-based estimates to tracking actual paper usage and weight – building a more credible baseline and stronger partnership for decarbonization.

Our growing maturity in sustainability is confirmed externally, too. Our FY26 Hg Sustainability Diagnostic score improved 14% year-over-year, ranking #1 among all US-headquartered companies in Hg's portfolio, and our EcoVadis assessment improved 35% year-over-year.

Of course, like many organizations, we're still maturing – particularly as we navigate what it means to be a responsible global corporate citizen in the age of AI. Our approach to measuring the carbon footprint of digital infrastructure, including AI, is still evolving. Our AI governance will evolve alongside the technology itself. How we account for climate-related risk is still becoming a fuller, more embedded part of how we plan.

To us, how we close those gaps matters more than how quickly we close them, because sustainable impact comes from embedding the work into the business.

Respectfully,

Laura Handler

Chief of Staff & Sustainability Officer, Sovos

FY26 Highlights

19-point
increase in employee net promoter score

Advanced
AI-powered solutions
for transparent tax reporting

Improved carbon footprint data quality with
62%
more activity and supplier data – including the first activity-based emissions estimates for our key AI tools

3x
employee participation in community impact, including 7x year-over-year increase in employee volunteer hours

Launched
5-star
service award recognizing exceptional services with a 5-star experiential award

Supported AI upskilling companywide, driving
79%
employee confidence using AI day-to-day

100%
of employees trained in code of conduct, responsible AI and security

Sourced
50%
renewable electricity in FY26 for our operations

75%
of employees say we regularly consider cultural context when working with global team members and customers

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Introduction to Sovos

Sovos at a glance

Sovos, the AI-ready tax compliance company, is purpose-built to transform tax compliance from a business obstacle into a growth enabler through its AI-driven, cloud-first platform. It transforms tax compliance from a business obstacle into a force for growth through its flagship product, the Sovos Tax Compliance Cloud, a unified, AI-driven platform that enables businesses to identify, determine, and report on every tax obligation across 150+ countries - addressing the modern reality where tax authorities demand increased visibility, faster reporting, and transaction-level control. Processing more than 70+ billion transactions per year, Sovos replaces the complexity of juggling multiple compliance systems with a single, intelligent platform that scales with global operations. With 2,500+ employees across 25+ countries, Sovos combines deep local tax expertise with global consistency. More than 100,000 customers - including half the Fortune 500 - trust Sovos to turn regulatory complexity into competitive advantage through seamless integration and automated reporting.

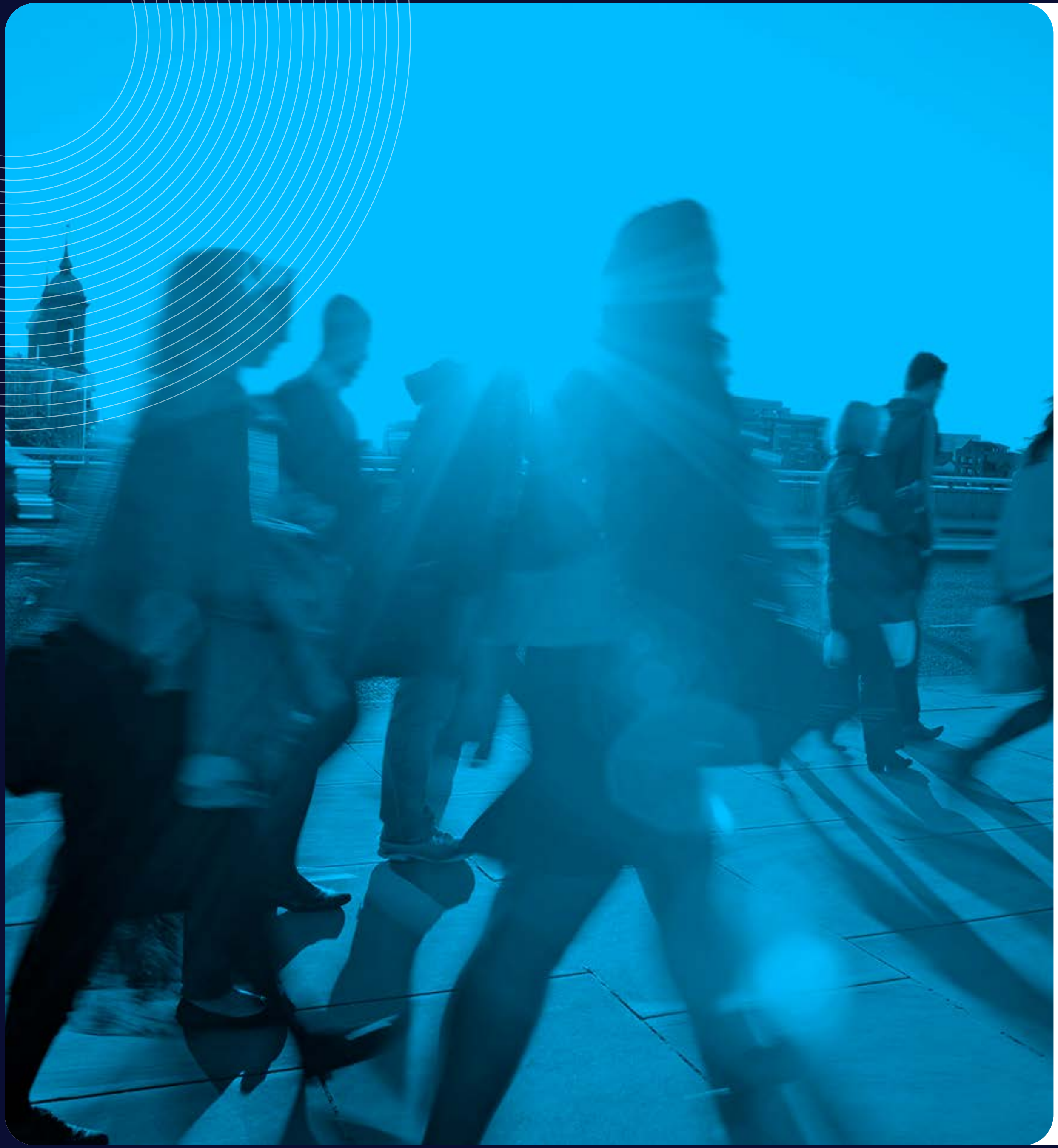
150+ countries globally supported by Sovos Compliance Cloud

2,500+ global employees

25+ countries globally

100,000 customers – including half the Fortune 500

70+ billion transactions per year



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

Responsible global corporate citizenship at Sovos is an ongoing journey of improvement and innovation embedded directly into our business. We continue to adapt our strategy as stakeholders' needs and global challenges evolve, and as we learn from our experiences and our communities.

Our sustainability pillars and strategy are directly informed by our materiality assessment and business priorities.

Learn about assessments that inform our sustainability strategy.

Our sustainability strategy aligns with these United Nations 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

Sustainability is integrated directly into Sovos' business and operating strategy at every level, informing decisions during long-range planning, annual planning and day-to-day execution. Responsible business practices are essential to our long-term success and how we serve our stakeholders, including customers across 150+ countries.

Our global reach informs our operating model and approach, as sustainability practices must be adapted to local contexts while maintaining consistent global standards. To achieve this, we lean on our cross-cultural competency and regionalized strategies to keep programs relevant and effective across the diverse markets and communities we serve.

Sustainability Leadership and Governance

Sovos' sustainability governance is built on a collaborative framework, ensuring alignment and accountability across the organization.

In FY26, Sovos named Laura Handler as its first Chief Sustainability Officer, a role she holds alongside her ongoing position as Chief of Staff. In this role, she is accountable for our sustainability strategy and priorities and chairs our cross-functional Sustainability Committee, comprised of senior leaders overseeing material topics.

The Sustainability Committee 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 in meeting high standards for sustainability. The committee meets quarterly, reports to the Sovos board annually, and regularly assesses programs to maintain alignment with business objectives and stakeholder expectations.

Sovos also leads from the front through Laura's seat on Hg's Sustainability Council, which promotes collaboration and engagement across Hg's portfolio companies worldwide. In this capacity, she shapes the broader Hg sustainability agenda and supports peer companies.

Sustainability Steering Committee

Laura Handler
Chief of Staff and Sustainability Officer

"Being a responsible business means the same thing everywhere we operate: considering the cultures of the customers we serve, supporting the communities we live in, and taking care of the planet we all share. How we act is what defines who we are."

Justin Pentz
General Counsel

"Our customers and partners can count on us to uphold the highest standards of ethics and privacy, without compromise. We have built our culture and operations around that commitment, and we hold ourselves accountable to it every day."

Peter Gaffney
Chief Information & Security Officer

"At Sovos, we continuously invest in industry-leading technology and rigorous practices that go further, ensuring our customers' data is secure, protected at every layer, and resilient against emerging threats."

Colleen Schlagel
Chief Talent Officer

"Adaptability is our edge and our people proved it this year. We invested in development, AI readiness, and recognition across every region, and watched confidence, engagement, and performance rise together. A connected, capable global team is how we deliver for our customers and stay ready for whatever comes next."

Measuring Our Progress

We hold ourselves accountable through external assessment frameworks that validate our progress, reflect our commitment to transparency, and sharpen where we focus next.

- **Hg Sustainability Diagnostic:** As part of Hg's commitment to portfolio company sustainability, we participate in their annual diagnostic based on their Sustainable Business Framework. The diagnostic spans our material sustainability topics, creating a benchmark against Hg's broader portfolio and surfacing recommendations for continued improvement. In our FY26 Hg diagnostic, Sovos scored 14% higher than prior year and #1 among all US-headquartered companies in Hg's portfolio.
- **EcoVadis:** Sovos conducts an annual assessment with EcoVadis, for third-party validation that gives stakeholders credible, standardized insight into our sustainability practices. Our FY26 assessment improved 35% year-over-year, reflecting continued investment across our sustainability program.
- **Science Based Targets Initiative:** This year, 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.

Hg Sustainability Diagnostic

Sovos scored #1
among all US-headquartered companies in Hg's portfolio

EcoVadis assessment

35% year-over-year improvement from 2025

Science Based Targets Initiative

Sovos formalized our climate commitment in 2026 by joining Science Based Targets initiative

Sustainability Spotlight: Responsible AI Transformation

At Sovos, Responsible AI isn't a single initiative – it cuts across all three of our sustainability commitments. It shapes how we protect customer trust, develop our people, and manage our environmental footprint. This fiscal year, as our AI transformation matured, our responsible AI governance matured in kind – and because AI itself is still rapidly evolving, that governance is built to keep evolving with it, revisited on a regular cadence rather than set once and left alone.

Practices: Governance & Policy

Responsible AI at Sovos is built into policy from the start. Our AI Policy, the latest version of which is effective April 2026, governs every AI implementation through structured oversight: high-impact and customer-facing AI receives full review before deployment, while lower-risk internal tools move quickly through a lighter process. That oversight sits with a cross-functional steering team spanning security, legal, data privacy, and technology leadership.

Because AI capabilities and regulation are both evolving, the policy is designed to keep pace rather than age in place: it is reviewed twice a year at minimum, reassessed comprehensively each year, and adjusted continuously as new tools, risks, and regulatory expectations emerge.

Equally important is what the policy asks of every employee, not just leadership: a shared set of principles for how AI gets used, day to day, across the business.

People: Responsible Prompting

This year's Responsible Prompting Guide and rollout put Sovos' four Responsible AI principles into practice across the entire workforce — through live training attended by 1,000+ Sovos team members, hands-on practice, and reference guides, backed by formal policy attestation completed by 100% of employees. The results reflect that investment: after completing the live training, employees were 8% more confident in using AI responsibly.

Our approach also extended beyond Sovos: work we shared with Hg's portfolio community went on to inform a responsible prompting guide for Hg and other portfolio companies.

Next fiscal year, we will continue to focus on responsible AI use as our transformation matures — supporting efficient AI use through usage metrics and building quality control into every role that touches AI (that's all of them).

Sovos' Responsible AI Principles

Four principles guide Responsible AI at Sovos:

Accuracy
AI outputs are verified, not accepted at face value

Privacy
Only the data an AI interaction actually needs is shared with it

Bias
Outputs are evaluated against the regional and cultural diversity of the people we serve

Environment
AI use is intentional, minimizing unnecessary compute and resource cost

Sustainability Spotlight:

Responsible AI Transformation

Products: Responsible by Design

Responsible AI product development begins at the design phase, integrating privacy, governance, and guardrails from the outset. Sovi AI, our AI platform, is rolling out in phases: Ask Sovi, our AI assistant, moves from answering documentation questions, to understanding product context, to taking action on a user's behalf. Evaluation is built into each stage of that rollout, with dedicated pipelines between gated environments before anything reaches production.

Every deployment passes through AI security review, including an annual third-party penetration test and Responsible AI Red Team testing for adversarial safety scenarios built specifically for the tax and compliance domain. Sensitive data content is blocked as part of our PII governance, and prompt manipulation is factored into every review.

As this program matures, our focus will be on deepening how we evaluate what "responsible" means in practice: extending bias testing from adversarial security scenarios toward a fuller fairness and outcome-equity analysis, building toward published accuracy benchmarks alongside our existing monitoring and explainability work, addressing token maxing, and establishing environmental metrics.

Planet: Measuring Our Footprint

While we are still establishing environmental metrics for our products, we have started measuring the footprint of the three AI tools most widely deployed across our organization. These vendors were unable to provide us with energy and emissions data, so partnered with Sustainable AI Group to build an activity-based calculation of the carbon footprint these tools, moving away from spend-based estimates toward figures grounded in actual usage. metrics.as available - tokens, prompts, and compute time. That work puts our FY26 AI-related emissions at 46.73 tCO$_2$e, with a disclosed range of 23.44–69.44 tCO$_2$e that reflects genuine uncertainty in a space where providers don't yet publish the underlying energy and carbon data themselves.

This analysis estimated FY26 emissions from these three tools at 46.73 tCO$_2$e — less than 0.37% of our total footprint — with a disclosed range of 23.44–69.44 tCO$_2$e to reflect the inherent uncertainty in modeling energy use that AI vendors don't yet disclose directly.

Combined with several less-used AI vendors, direct AI-related vendor spend accounts for approximately 1% of our supplier emissions today. But that figure understates where this is headed: AI is increasingly embedded across many of our existing cloud and software vendors, and could contribute up to 5% of our supplier emissions once fully accounted for.

The work also has shaped how we think about efficiency: differences in footprint across tools come mostly from how much we use a tool, not from one tool being inherently "greener" than another. It's the same thinking behind our responsible prompting guidance, which already asks employees to weigh environmental impact alongside output quality when using AI day to day.

The Scorecard: 100% Responsible AI Readiness

Sovos received a 100% Responsible AI Readiness score on the Hg Sustainability Assessment. That result reflects the policy, training, product governance, and culture described above — and the fact that all four were built to work together from the start.

FY26 showed that AI accountability doesn't require choosing between innovation and responsibility. It requires designing both to work together, measuring whether they do, and revisiting that measurement as the technology keeps changing.

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 review

86% response rate for employee engagement survey

98% Manager Bootcamp Participation for newly hired/promoted

36% female employees in senior management

41% 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 (North America, Europe and Latin America) 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 approach to employee engagement and development starts with listening, rigorously and consistently. Our engagement survey, conducted twice a year, saw 86% participation, compared to an industry benchmark of 75%. This strong participation gives us a clear, representative view across all regions and reflects our employees' investment in shaping their workplace experience. The strongest indication this year is engagement itself showing our employees feel connected to where Sovos is heading. Our engagement index increased 8 points year-over-year and our employee Net Promoter Score climbed 19 points — against a broader industry backdrop of declining engagement.

We use this data not just to track sentiment, but to understand what's driving it. Results directly shape our program's investment; this year, that meant AI enablement, recognition and new hire onboarding.

Our employee engagement survey participation rate

86%	Sovos
75%	Industry Benchmark

Preparing our people for an AI-powered workplace

AI readiness at Sovos is a capability-building investment in our people's skills and career growth alongside company outcomes. Every job is evolving as AI becomes part of daily work, and preparing our people includes access to tools, enablement and expectations. Our engagement survey shows it is paying off: employee confidence using AI reached 79% in our year end survey, up 7 points since October.

Learning alongside AI

For Rachel Roelich-Wells, Senior Services Partnerships Representative at Sovos, the shift to working with AI didn't start with a training module – it started with a moment of inspiration.

"The thought of learning and incorporating AI initially felt like a lot on top of the day-to-day juggle, but it was the International Women's Day panel that really inspired me."

Rachel Roelich-Wells, Senior Services Partnerships Representative

That spark carried into the Copilot Prompt Challenge, where Rachel completed the daily prompts and shared thoughtful reflections along the way – evaluating what worked, identifying where Copilot overstated information, and demonstrating the responsible prompting habits the program was designed to build.

"The prompt challenge then broke things down perfectly and was a great showcase of so many ways we can use AI in the day to day, as well as for wider projects. Our team has some great takeaways from its output."

Rachel's experience reflects what we've seen across Sovos. Inspiration from leadership, hands-on training and everyday encouragement all play a part.

We made AI tools broadly available, including Microsoft Copilot for all employees, Claude for targeted use cases, and role-specific AI tools through functional AI rollouts. Enablement followed suit:

- **Global enablement:** a company-wide drumbeat of live trainings and panels, on-demand resources, and a prompt challenge drove the overall increase in confidence, and adoption, resulting in over 40% growth in the frequency and consistency of Copilot use and 96% overall utilization.
- **Manager enablement:** training and a toolkit to help managers drive team-level AI adoption and hire for AI readiness. As a result, 72% of employees said their manager shares examples of how AI supports their workflows, and 58% of managers completed AI training, with 34% fully certified.
- **Functional enablement:** AI Champions in each function drive adoption from within. Engineering is the most mature example, with hands-on workshops, a redesigned software development lifecycle and transparent adoption dashboards. Engineering throughput rose 62% and AI confidence in R&D reached 90%, far above the company-wide average.

Next fiscal year, we'll keep investing in enablement as teams mature and redesign their processes around AI while building responsible AI fluency and use into job descriptions company-wide.

Celebrating our people

One of our top FY2026 priorities was a CEO-sponsored program built directly on employee feedback. Next fiscal year, celebrating our people remains a top company priority — with continued investment and commitment to empowering employees to shape recognition globally and locally.

- **Employee Appreciation Day,** our top-ranked celebration, expanded with manager engagement, global rewards and new award categories recognizing culture, customer-centricity and innovation.
- **AI in Action,** a new award, celebrates employees bi-weekly for high-impact, innovative use of AI.
- **SovosRewards,** powered by WorkTango, our primary peer-to-peer appreciation program, provides a consistent way to recognize and reward any colleague, anytime.

- **Annual company parties** enabled local teams to celebrate the milestones that mean the most locally, everything from December holidays to the end of tax season to office openings.
- **Five-Star Service Award,** a new quarterly award for standout customer service, pairs recognition with a five-star experience curated by an internal concierge service.
- **Regional celebration pilots** empowered employees to decide how they celebrate one another, keeping recognition local and authentic within our global structure

Next fiscal year, celebrating our people remains a top company priority — with continued investment.

Learning starts day One

This fiscal year, we redesigned our award-winning onboarding program to better serve our remote and hybrid workforce. First 24 enables a second monthly cohort, pulling new hires into their first assignment a full cycle sooner – about one in three new hires this fiscal year started sooner as a result. That change recovered roughly 2,000 productive workdays company-wide, without asking new hires to sacrifice a strong start:

onboarding satisfaction rose to 94%, up from 92%, and retention held near 98%. The results of the redesign confirmed what we already believed – cohort-based onboarding is both a faster and better experience.

Learning continues well beyond a new hire's first weeks. Manager Bootcamp builds new managers' confidence and leadership skills. Our mentorship program, TechTalks, AI trainings and manager debriefs rounded out the year – connecting employees across levels and functions, and building the language, technical, and product fluency our global teams rely on.

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, with employee benefits and programs that create meaningful impact worldwide.

Essential Public Services

At Sovos, community impact is an expression of what we do. Our work helps 100,000 businesses to comply with relevant regulations in 150+ different tax jurisdictions, which in turn enables public institutions to collect the revenues that fund the services communities depend on. This connection between our business purpose and the health of the societies we operate in makes community engagement a material topic for Sovos.

Global Programs

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 and where our employees live. When we invest in them, we invest in an ecosystem that makes our business meaningful and keeps our employees engaged.

Our approach to giving is employee-led: a global program built with the flexibility to reflect local context, not a single mandated activity everywhere. Every Sovos employee, in every country, has access to community giving tools and our company donation matching benefit through our community impact platform — 100% of our global workforce can donate to verified organizations and receive a company match. That access is translating into real, growing engagement:

3x overall participation rate year-over-year

40%+ year-over-year increase in employee donations

7x year-over-year increase in employee volunteer hours

Next fiscal year, we will build on this momentum through volunteer hour matching and continued partnership with organizations that employees find meaningful.

100% **of our global workforce has access** to our charitable matching benefit.

Global Giving in Action

Sovos teams brought these commitments to life throughout the year:

Giving Tuesday served as a reminder of our always-on charitable match and invited employees to introduce their favorite organization with peers.

Annual company celebrations starting in November extended that same spirit locally. From food drives, toy donations and direct contributions, teams paired celebration with giving.

Our Global Volunteer Week, anchored to Earth Day, invited Sovos team members around the world to organize a local volunteer experience tied to environmental causes – with the flexibility to fit local context. Teams planted and cared for trees, cleaned up local nature areas, sorted donated goods to reduce waste, and planted seedlings and other plants.

For every major activation – Global Volunteer Week, International Women's Day, Giving Tuesday and Martin Luther King, Jr. Day – Sovos also made a direct corporate donation to the participating organizations, pairing employee energy with institutional support.

Driving Local Impact

Our global presence enables us to create work with local community partners to address specific regional needs.

Examples include:

Nature clean-ups

Atlanta team cleaned up the Chattahoochee River Trail, the Philadelphia team maintained rain gardens with Perkiomen Watershed Conservancy, and Portugal teams partnered with Zero Emissions World for forest cleanup.

Stocking local pantries

Teams in Atlanta, Philadelphia and Minneapolis stocked local pantries and shelters with food and supplies for Atlanta Mission, Mattie Dixon Community Cupboard and other local shelters to support families in need.

A season of giving in Hatay

As part of a New Year gift drive, employees learned that children in the earthquake-affected Hatay region weren't asking for toys; they were asking for sweaters, boots, and jackets. Sovos team members in Istanbul, Turkey across the company took ownership of individual gifts and asked for more names so they could help additional children, gathering to personally wrap and pack gifts for 250 children.

A voice for local children

Supported Casa de la Amistad's work with children and young people with cancer, through the purchase of 220 cause-branded mugs, featuring artwork created by the children themselves.

Clothing vulnerable populations

The Boston team sponsored a sock drive donating 175+ pairs to local shelters, the single most requested item at homeless shelters.

Tree planting

For volunteer week, teams in Tucumán planted trees with Fundación Forestar to help regrow local habitat, and teams in the UK planted and cared for young trees with TreeAction UK CIC.

Local food access

Employees planted 2,400 seedlings at Waltham Fields Community Farm and then assembled kits for the farm's 30 Veg Rx food access program.

Feeding vulnerable populations

The team in Tucuman, Argentina team donated food to provide Christmas and New Year's dinners for people experiencing homelessness and teenage orphans in the community.

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.

Core to how we operate

Sovos team members across 25+ countries collaborate to serve customers in 150+, and cross-cultural intelligence is what makes that collaboration work. Local expertise and cultural understanding drive how we make decisions, build trust, and deliver solutions across vastly different regulatory and business environments.

Cross-cultural intelligence remains an area of continued investment, and this fiscal year, it was named a top company priority. That investment shows up in how our teams actually work: 75% of employees agreed that Sovos regularly considers cultural context to work effectively with global colleagues and customers, a new survey question, up 5 points since October.

Our 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.

Building cross-cultural capability

This year, that investment took shape through concrete programs, reaching people at every level.

- **Connecting Across Cultures:** we launched cross-cultural coffee connections, matching employees across geographies each quarter for informal networking paired with microlearning. Employees who completed the program self-reported an average 12% increase in regularly considering cultural context when making decisions or communicating with global stakeholders.
- **Cross-Cultural Leadership:** our quarterly manager debrief continues to focus on embedding cross-cultural competency into leadership development, covering giving feedback, engagement survey action planning, connecting vision and communicating virtually across cultures. Managers self-reported an average 7% increase in cross-cultural confidence after each session.
- **Cross-Cultural Integration:** we developed and delivered a dedicated cross-cultural integration program for the team leading the Sovos India acquisition integration. Participants reported an 11% increase in considering cultural context when making decisions broadly, and a 15% increase specifically while working on the integration itself.

Working across cultures also brings practical challenges – from scheduling across time zones to language barriers that can slow collaboration. We responded directly to employee feedback with practical tools, including guidance on viewing global holidays and multiple time zones while scheduling and setting working hours to reflect a team's actual availability. AI has also become a meaningful equalizer here: tools like Copilot are helping employees communicate more effectively across languages, breaking down barriers that once slowed collaboration between global colleagues. Addressing these tactical friction points is just as important to making global collaboration work.

Next fiscal year, we'll continue to deepen this work, including expanding access to cross-cultural expertise through function enablement and a planned cross-cultural agent to help employees get answers to cross-cultural questions in the flow of work.

Celebrating Our Differences

As a global company, Sovos advocates for a culture of mutual respect and understanding, which we measure as part of our annual engagement survey by including questions like “I can be my authentic self at work,” which increased 4 points year-over-year.

For International Women’s Day, we elevated female AI leaders at Sovos and celebrated that 41% of our workforce and 36% of our leadership team are women, surpassing the technology industry average of 35%. Internally, our annual leadership panel focused on Leadership in the Era of AI, bringing an intersectional lens to one of the most consequential conversations in our time.

Throughout the rest of the year, employees come together to commemorate cultural moments that matter to them, from MLK Day to national Independence Days to International Women’s Day. That same spirit of employee ownership shaped our regional celebration pilot groups this year. Rather than dictating a single global approach, we empowered employee-led working groups in EMEA, LATAM and the US to design what celebrations should look like in their region – with direct access to present ideas to company leadership. What they chose reflected real regional variation: in Latin America, teams wanted celebrations tied to specific local holidays; in the US, teams brought in broader cultural moments like the Olympics; in Europe, teams wanted to combine in-person moments with behind-the-scenes appreciation. The result was a set of celebrations that felt genuinely local, not corporately uniform.

Cross-Cultural in Practice: India

Sovos' continued expansion into the Asia-Pacific region represents one of the most significant growth opportunities in the global compliance landscape, and a meaningful proof point of our commitment to inclusion and cross-cultural excellence in practice.

India stands as the centerpiece of our APAC story this fiscal year: one of the fastest-growing e-invoicing markets in the world and the driver of our APAC team growth. Following our acquisition of a new India-based business, Sovos brought together 20 functional integration leaders across seven countries for dedicated discussions on cross-cultural competency, grounded in the Aperian GlobeSmart framework.

The sessions moved quickly from theory to practice. One team member noticed her technical explanations sometimes lost people because she'd been relying on implied context. She focused on adjusting her approach. Another added incorporated moments of personal connection at the start of meetings, to build rapport before jumping in.

The result: participants reported an 11% increase in considering cultural context when making decisions broadly, and 15% specifically while working on the integration — proof that a few intentional habits can measurably change how global teams work together.

Where in the World is the Sovos India Integration Team?

Cultivating Trust

At Sovos, we're 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

99.9% 99.9% on-time delivery rate across client-ready tax returns

94.1 support SLA achieved

790 Bitsight score

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.

Compliance as a Core Strength

Our core mission is to keep customers compliant, and we apply that same discipline to our own operations. That discipline shapes a culture reinforced through ongoing education and clear accountability. Annual code of conduct training reaches 100% of employees globally, supplemented by country- and function-specific programs. We build confidence through transparency, with policies available to employees, customers, and in many cases the public. Employees and partners can raise concerns through a formal whistleblower hotline or through managers and functional leaders directly, with reported issues investigated and used to strengthen our policies and controls.

Our comprehensive code of conduct and related set of policies are reviewed and updated annually. While our General Counsel holds final accountability, oversight is cross-functional, with input from functional and sustainability leadership across the business as well as guidance from compliance experts on emerging regulatory developments.

Looking ahead, we're expanding our enterprise risk management program, including cross-functional infrastructure to formally integrate considerations related to emerging business risks, alongside tracking and reporting of all applicable legal, financial and operational risk.

Global Compliance Standards

Sovos applies a single global compliance standard to every region we operate in. Our code of conduct applies equally to every employee, partner and vendor, everywhere in the world. The baseline is set at the highest level of rigor we encounter anywhere — for example, GDPR-level data protection globally and US/UK-level anti-corruption and antitrust controls. These same standards extend to how we grow: counterparty checks and compliance diligence are built into every acquisition, ensuring new markets and businesses are held to the same bar from day one.

A single global standard offers customers a predictable and rigorous compliance posture, regardless of local context. Multinational customers often require partners to meet their own codes of conduct or compliance thresholds — because our controls are already built to that level, we meet those requirements without additional work.

AI Governance

This fiscal year, one of our highest compliance priorities has been ensuring AI is adopted responsibly, both in our products and in our internal operations. We apply the same cross-functional rigor to AI governance that we apply across our broader compliance program, evaluating use cases for risks to data privacy, fairness, and our obligations to customers and regulators.

A formal AI governance group reviews high impact AI use cases before deployment, whether internal, customer-facing, or embedded in services. The group brings together legal, privacy, product, technology, and information security, along with AI process specialists, to surface risks that those closest to a use case may not see and document the reasoning behind each decision.

Our AI commitments are also built directly into customer contracts. Terms benchmarked against leading AI providers and industry peers include a commitment not to train models on customer proprietary data, building on a security and privacy foundation that includes our global extension of GDPR protections.

Cybersecurity & Data Privacy

At Sovos, cybersecurity and data privacy are more than IT or legal issues – they are a vital component of our business strategy and a cornerstone of stakeholder trust. Our security program operates as a single, standardized global framework, applying the most stringent requirements from any customer worldwide across all regions. Because our customers are global too, they face the same compliance requirements and expect the same level of protection regardless of where they do business with us.

As a company trusted with sensitive tax and financial data, the stakes of a security lapse are less about regulatory penalty and more about our customers' confidence in us to protect what matters most to their business.

A New Era of Security: AI-First Thinking

As Sovos has grown through new markets, new products, and acquisitions so has the scale and complexity of what we protect, further compounded by an AI-driven threat landscape that moves faster than ever. This has fueled our continuously maturing security program, where we take a deliberate, consequence-driven approach to risk: not how many threats exist, but what the worst outcome could be and what demands immediate attention.

In FY26, that maturity showed up across the program. We consolidated six separate vulnerability assessment tools into one and reduced three asset management systems to a single platform, producing cleaner data, sharper visibility, and faster response while reducing our attack surface. At the center of this work is a structured Information Security Management System governed under globally recognized standards, providing risk-first oversight in place of reactive management.

Certifications and Compliance: Raising the Bar

Security credentialing is a core part of how we build trust with customers and meet compliance requirements across markets. In FY26, we completed our SOC 2 Type 1 report for our flagship Information Reporting & Withholding product, with SOC 2 Type 2 underway. We continue to expand our portfolio of attestations and certifications on an ongoing basis, reflecting our commitment to meeting the varied regulatory and customer expectations of the markets where we operate.

That investment shows up in independent measurement, too. Sovos holds a top-ranked security rating in its market segment from a leading third-party rating service — the same type of rating insurance underwriters and enterprise customers use when evaluating software vendors, and one some customers now write into contracts as a minimum requirement.

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

The Double-Edged Algorithm: AI as Threat and Shield

Sovos is navigating both sides of AI's impact on cybersecurity with intention. Threat actors are using it to launch more convincing, more targeted attacks, including spear-phishing tailored to individual executives, a trend we've observed directly within our own leadership.

In response, we've deployed AI-powered defensive tools designed to match that speed and sophistication, within a broader framework built around "blast radius management": the principle that breaches will happen, and that a mature security program is measured by how quickly an incident is contained, not whether one occurs. Layered controls including conditional access, identity consolidation, and Zero Trust architecture are designed to stop lateral movement so that a foothold in one area can't spread through the organization.

As AI capabilities on both sides continue to evolve, we expect this to remain one of the most dynamic areas of our security program.

Guardrails, Not Gatekeepers: Governing Vendors and AI Use

Third-party relationships are one of the most significant risk areas for any enterprise today, and Sovos has moved deliberately to strengthen oversight here. A formal procurement governance board evaluates, credentials, and onboards technology partners through workflows, guided by a simple principle: a service can be outsourced, but the responsibility that comes with it cannot.

As vendors increasingly introduce AI into their own products, we've extended this oversight to address AI-specific risks, including how our data may be used to train or enrich third-party systems.

Internally, we've taken a similar approach with employee AI use — shifting from restricting tools to guiding outcomes, with clear guardrails on what data can go where.

See Responsible AI for more on how we govern AI internally.

Customer Centricity

At Sovos, we believe customer trust is earned through genuine passion for client outcomes, deep understanding of business needs, and consistent delivery, which is why "Be Customer-Centric" is one of our core organizational values. This commitment is an ongoing promise, built through every filing season, every support interaction, and every conversation about what comes next.

Building a cohesive customer journey

A customer relationship with Sovos runs through many teams over time: sales, implementation, support, professional services, customer success, renewals and more. Sovos is built around the principle that the customer journey should feel like a single, cohesive experience, not a series of separate relationships with separate teams.

This takes shape in multiple ways: for example, in how sales, customer success, and renewals operate as one team per account, working from a shared view of the customer and what they need next; or how professional services, product, and engineering work together to deliver a coordinated experience for customers implementing challenging regulatory changes.

Handoffs still exist; a customer's needs and points of contact naturally shift as they move from evaluating a solution, to implementing it, to using it day to day, to renewing it. What changes is the intent behind those transitions: each one is designed to carry context forward.

Sovos continues to focus on refining these handoffs, internally and with partners. Partners supplement Sovos' regulatory expertise with business process engineering, compliance consulting, and ERP integration, capabilities that extend what Sovos delivers directly. Sovos treats partner-delivered support as part of the customer relationship.

For example, Sovos is redesigning how customers move from sales into implementation, engaging them earlier and more consultatively. By bringing partners into that alignment from the start, the customer, Sovos and partners are prepared and aligned on a delivery plan before implementation starts. That preparation sets up delivery for success from day one.

Compliance as a Promise: Trust Is Sovos' Most Important Deliverable

When clients come to Sovos, they entrust us with one of the most consequential responsibilities in their business: ensuring they remain compliant across an increasingly complex global tax landscape. That trust is the foundation of everything we do and the stakes are real.

For example, across our managed services customer base, the potential penalty exposure for non-compliance runs into the tens of billions. For large enterprise businesses especially, the partnership goes beyond compliance execution to proactive oversight, making sure complex data from disparate legacy systems flows reliably within demanding compliance requirements.

Meeting that responsibility is the floor, not the ceiling. Sovos is increasingly asking a second question alongside it: not only whether a product satisfies compliance, but whether it works the way a customer's team operates day to day. For fiscal year 2027, that's a deliberate focus of product design: building products that fit naturally into how a customer's team already works, including enriching customer data for accuracy and giving customers visibility into their compliance status after filing.

Listening, Responding, and Building Smarter with AI

Customer-centricity is built on knowing what customers actually need, which starts with listening – and increasingly at Sovos, with using AI to listen and respond faster:

- In support, the goal is self-serve resolution for common issues, cutting the time between a customer having a problem and getting an answer.
- In product development, the focus is upstream: identifying the root causes of recurring issues and fixing them permanently, rather than resolving the same problem case by case as it resurfaces for different customers.
- In managed services, AI is absorbing historically time-consuming tasks, freeing that time for the parts of the relationship that require judgment and direct communication with the client.
- Professional services is piloting a similar shift, using agentic AI to handle more of the tactical steps in implementation projects so consultants can focus on the design and problem-solving work that most affects a customer's outcome.

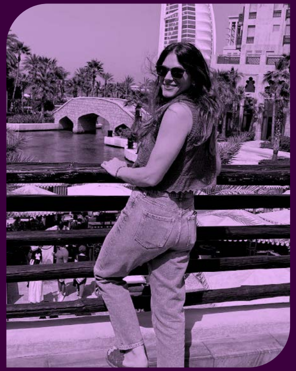
That shift toward faster listening also runs through how Sovos gathers and acts on feedback more broadly. Customer feedback collected through CSAT and NPS surveys is treated as a direct input into how the business operates, not simply a score to report internally. Sovos is also piloting AI tools that analyze customer communications to surface friction points that might otherwise go unreported. When a customer responds to a survey, the practice is direct follow-up: a conversation to understand their experience.

Whether the signal comes from a survey, a support ticket, or an AI model surfacing a pattern, the goal is the same: respond to what customers need today and use what we learn to make the experience better tomorrow.

Recognizing Excellence: The Five-Star Service Award

This fiscal year, Sovos introduced the Five-Star Service Award, a new quarterly recognition program that celebrates people who delivered exceptional service to a customer and bring customer-centricity to life. The award itself reflects the standard it celebrates: winners receive a five-star experiential reward.

Each quarter, one recipient has been selected from nominations submitted across the organization, surfacing stories of meaningful impact:



- **Dolores Avila** used AI to turn a complex technical guide into a clear, actionable checklist – helping a customer work through configuration issues and refocusing a conversation on solving the problem.
- **Turgut Kargili** resolved a system issue for a customer, then proactively identified and corrected the same risk in another part of the customer's environment before it could cause a disruption.
- **Justin Milone** led development of a fraud-prevention capability that reduced fraudulent activity while ensuring legitimate customers could continue without disruption.
- **Joao Costa** stepped into a customer project midstream and took ownership of customer challenges beyond his assigned scope.
- **Pedro Sousa** built, managed and scaled a multi-jurisdictional tax compliance reporting process for a key customer.

The program makes customer experience visible across the company and serves as a reminder that every employee has a role in how customers experience Sovos.

Regulatory Transparency

Transparent tax compliance is fundamental to institutional trust; it builds accountability between businesses, governments and citizens that strengthens society. Sovos facilitates this across 150+ countries, through tax compliance technology that make business transactions visible and verifiable throughout their lifecycle. This creates the timely, responsible transparency modern democratic societies require from their economic systems and reinforces confidence in the institutions that underpin economic stability and social cohesion. We extend that trust with 100,000+ direct customers and, through our embedded presence in the world's leading enterprise software platforms and small-business accounting systems, millions more businesses worldwide.

Transaction Scale and Uptime as Institutional Signals

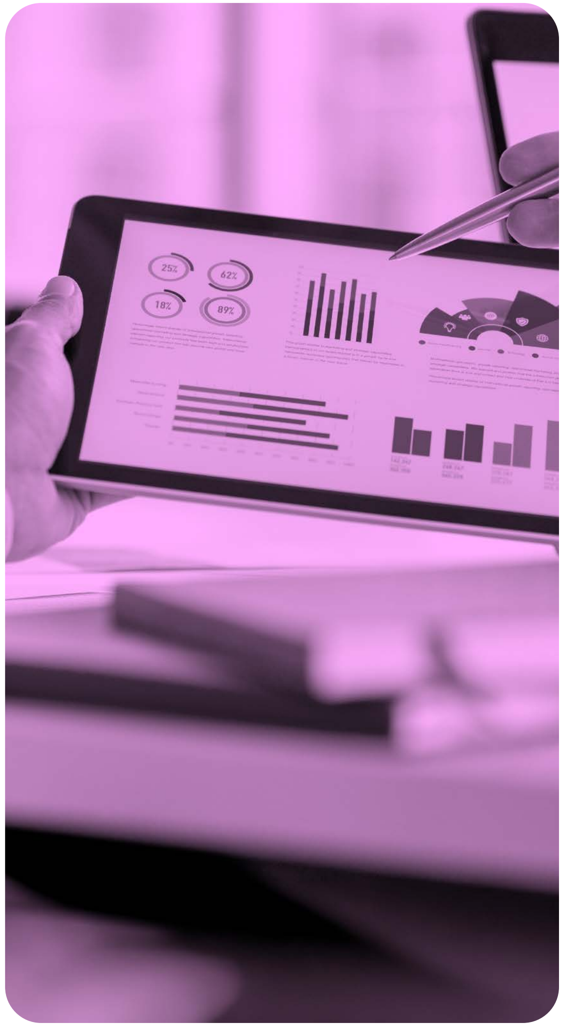
Transparent tax reporting requires absolute accuracy to maintain credibility. Our 99.9%+ accuracy rate across all regulatory filings ensures that the data flowing to tax authorities is reliable, creating the foundation for institutional trust. Sovos processes more than 70 billion transactions per year, helping companies scale their compliance strategy across 150+ countries — a reach that makes verifiable, transaction-level transparency possible at global scale, not just within a single jurisdiction.

Recent performance demonstrates this reliability in practice. During the 2025 Black Friday and Cyber Monday peak period, we accurately processed 84.9 million indirect tax transactions - a 14.7% increase over the prior year - while maintaining 100% system uptime. This level of precision matters most in high-volume moments, when even a small error rate could undermine the level of confidence the system depends on.

Technology That Extends Transparency

As governments accelerate the pace of regulatory change and real-time, transaction level reporting, tax authorities often have a clearer, more current view of a company's compliance position than the company has of itself. Sovos is focused on closing that gap.

- **Sovi Diagnose** gives business transparency into what is happening with their transactions as they process: surfacing failures, identifying their cause, and presenting correction options in real time. In markets with mandatory eInvoicing, a rejection blocks a payment until it's resolved; Sovi Diagnose closes that window by explaining what failed and why, with any correction routed to the customer for review before it's applied.
- **Sovos Intelligence** uses Mirror Visibility™ to extend transparency across a business's entire financial and tax ecosystem. It triangulates across transactional, declarative, and audit data — e-invoicing submissions, VAT returns, and accounting records — to detect duplicate invoices and vendor-buyer discrepancies before they surface in an audit, giving businesses the same consolidated view of their compliance position that regulators already have.



Global Regulatory Partnerships

Accuracy and scale must be paired with regulatory intelligence. As there are nearly 20,000 regulatory changes each year globally, Sovos employs more than 100 Sovos tax compliance experts who actively monitor and partner with regulatory authorities and standardization bodies, ensuring that platform capabilities anticipate new regulatory requirements early in legislative cycles.

Across every region and every reporting framework, the message is consistent: organizations that treat tax compliance as a strategic function by investing in quality tax platform infrastructure, global expertise, and mutually beneficial regulatory relationships earn the institutional trust that makes sustained growth possible. Those that do not face an increasingly uncertain landscape.

Wendy Walker serves on the IRS' advisory board and is a frequent speaker at industry conferences and events across the country. Wendy is the Secretary of the National Association of Computerized Tax Processors (NACTP) and is also an active member of the Council for Electronic Revenue Communication Advancement (CERCA).

Christiaan Van Der Valk serving as chairman of GENA, an international trade association for a large and dynamic community of e-invoicing service providers. He also holds long-standing leadership roles at the International Chamber of Commerce (ICC) and the European E-invoicing Service Providers Association (EESPA).

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.

Alex Pavel currently serves as the Chairman of the Middle East Chapter of the Global Exchange Network Association (GENA), an industry group of service providers focused on electronic invoicing and business document exchange automation.

Real-Time Compliance Across the Globe

Governments worldwide are moving from periodic, self-reported filing models to continuous transaction control (CTC) environments, where tax authorities receive and validate invoice data in real time. This shifts the burdens of compliance effort and evidence significantly to the taxpayer, as demonstrated among other trends by pre-filled tax authority-controlled returns. Businesses face this transition differently depending on where they operate.

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.

In the United States the IRS has officially confirmed a plan to sunset the FIRE system, marking one of the most significant transformations in information return filing in decades. That means 2025 is the final tax year that can be filed through FIRE, with all 2026 returns (filed in early 2027) required to use the IRS' new Information Returns Intake System (IRIS).

In Latin America, where real-time invoice clearance mandates have been in effect the longest, continues to set the pace for what transparent, verifiable reporting looks like at scale. Brazil's sweeping tax reform extends transaction level visibility further into the country's already rigorous compliance model. Chile, Peru, Mexico, and the Dominican Republic each advanced their own transparency requirements with discrete compliance updates in Q1 2026 alone, underscoring the relentless pace of change that companies operating in the region must navigate.

In Europe the VAT in the Digital Age (ViDA) initiative is rapidly transposing transparent real-time reporting requirements across member states. France's VAT reform rollout, effective September 2026, requires large and midsized companies alike to issue and receive e-invoices routed through a government-approved platform with continuous tax administration reporting duties, extending similar mandates already active across multiple European countries.

The Middle East is advancing its own path toward transaction-level transparency. Saudi Arabia continues its phased Fatoora rollout, and the UAE published its first national rules framework for electronic invoicing — both building the infrastructure for real-time verifiability that CTC environments require.

In Asia-Pacific, the region is building toward comprehensive continuous transaction control systems that make financial and physical supply chains verifiable at the point of transaction. Singapore's InvoiceNow is expanding to all GST-registered businesses by 2031, and Malaysia updated its e-invoice guidelines to strengthen transaction-level reporting.

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

342 tCO_2e

Scope 1 & 2 emissions

0.13 tCO_2e / FTE

Scope 1 & 2 emissions intensity

15,567 tCO_2e

Scope 3 emissions

6.23 tCO_2e/FTE

Scope 3 emissions emissions intensity

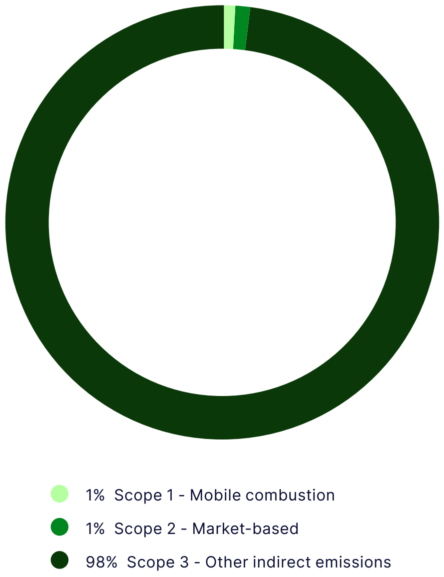
510 Mwh

Energy consumption across offices

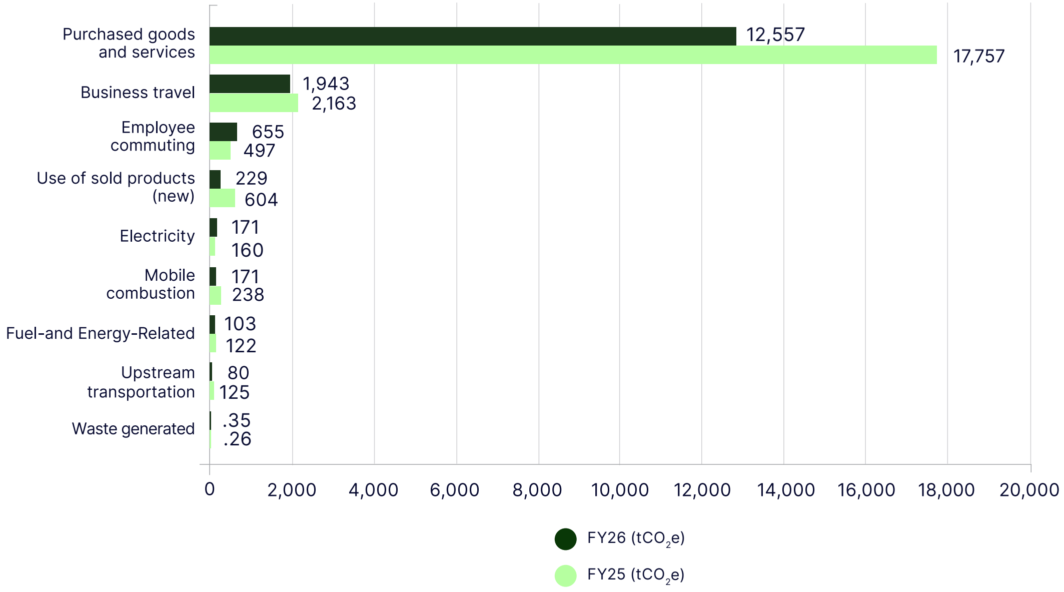
50%

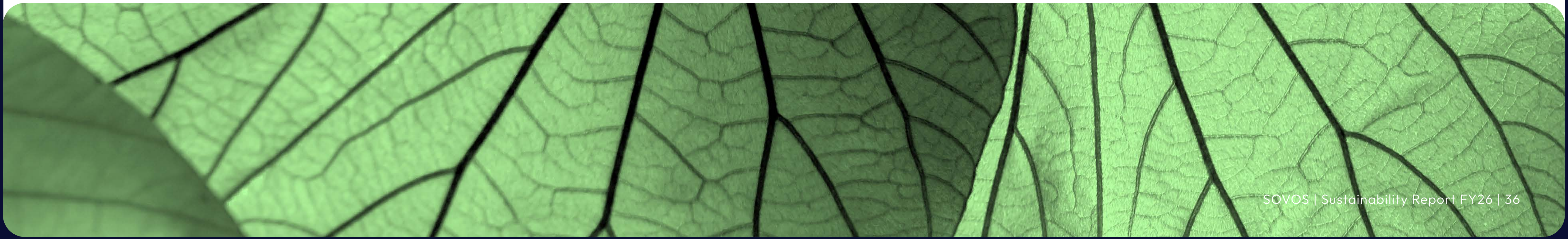
Share of renewable energy used across operations

FY26 Emissions by Scope[1]



Emissions by Category — FY25 vs FY26 (tCO_2e)[1,2]





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 formal commitment in FY25 to set science-based emission reduction targets through the Science Based Targets initiative (SBTi), this year we have focused on improving carbon data quality to establish a credible baseline.

SBTi-ready: a credible baseline

Our FY26 footprint totaled 15,910 tCO2e, a 26% decrease from FY25 — but the more consequential shift is in how we got there: from measuring our footprint to managing it. This has resulted in a credible, audit-ready baseline, the prerequisite required before committing to Science Based Targets initiative (SBTi) targets, which we plan to submit by April 2027.

That progress reflects our continued commitment to transparency and data quality:

- **Scope 1 & 2:** for purchased electricity, combined activity- and GHG-based data (as opposed to spend-based estimates) grew to 100% in FY26, up from 60.6% in FY25 and 59.9% the year before[3]
- **Scope 3:** supplier-specific emissions factors now cover the top vendors, including Amazon Web Services and our print vendors, building on the foundation established over the past two reporting cycles

Our path to SBTi submission before April 2027 centers on stakeholder engagement: bringing the business leaders closest to our highest-impact categories into target-setting, so that our targets are built with the business rather than handed down to it.

Combined Scope 1 and 2 emissions were 342 tCO2e in FY26, a 21% decrease from FY25.

Scope 1 & 2

Workplaces (Scope 1 and 2)

Office electricity emissions decreased 56% year-over-year, with energy consumption down 1%, driven primarily by changes in our real estate footprint and investment in renewable energy certificates (EAC).

Across our physical office portfolio, we opened our Mumbai office in May and consolidated footprints in Chile, US and Portugal in line with in-person utilization.[4] We will continue to work with landlords both to secure more granular energy data and to advocate for renewable energy sourcing as our real estate footprint evolves, supplementing with EAC[5] investment as needed.

Fleet (Scope 1 and 2)

Sovos operates a small fleet of vehicles in Europe. In FY26, our fleet-related GHG emissions decreased by 4.2% compared to FY25, through fleet reduction, transition to electrical and hybrid models, and overall reduced mileage. Renewable electricity currently powers 4% of our fleet's electric and hybrid vehicle charging. As electrification progresses, we expect this trend to continue and to drive overall reduction of our combined Scope 1 and Scope 2 footprint.

Renewable Energy (Scope 2)

As part of our decarbonization strategy, we procured 453 MWh of EACs[5] across our U.S., Turkey, Portugal, India and other operations. When combined with 4% renewable fleet electricity, a fast growing share of Scope 2 as our vehicles electrify, renewable sources make up 50% of our total Scope 2 consumption.

Combined 3 emissions were 15,567 tCO2e in FY26, a 26% decrease from FY25.

Scope 3

Scope 3 emissions represented 97.8% of our footprint in FY26, reflecting the reality of the technology sector: our impact lives primarily in what we purchase and how our people work.

Purchased goods and services (Scope 3, Category 1)

Purchased goods and services (largely technology infrastructure and professional services) account for 80% of our total footprint. This category also saw the largest data-quality improvement of the year, as we shifted several major vendor relationships from industry-average spend estimates to supplier-specific, activity-based accounting.

Business travel (Scope 3, Category 6)

Business travel represents 12% of our footprint. After recalculating FY25 on the same methodology to ensure a like-for-like comparison. Resulting emissions decreased slightly year-over-year.

Employee commuting and remote work (Scope 3, Category 7)

Employee commuting made up 4% of our footprint, increasing year-over-year due to higher travel volume, particularly rail commuting, among our team in India.

NEW

Use of sold products (Scope 3, Category 11)

As part of developing our SBTi baseline, we analyzed the use-phase emissions of sold physical products, primarily the fingerprint and biometric readers used in our compliance solutions. Based on the proxy energy specifications and an assumed five-year product lifetime, this category is immaterial to our overall footprint (1.47% of our total footprint in FY26). While we will continue to monitor it annually, it will be excluded from our SBTi baseline and target-setting boundary.

Identifying climate change related risk

Understanding where our business faces climate-related risk is core to protecting our operations and the customers who depend on us. In FY26, we leveraged Unwritten, a third-party climate risk analytics platform, to assess physical and transition climate-related risks in more detail and identify adaptation planning priorities across our office and data center footprint.

Taking this analysis as a whole, we consider our strategy resilient to climate-related risk across the scenarios tested. We are formalizing adaptation plans for our highest-risk sites, prioritizing those with the earliest modeled exposure and the greatest workforce impact.

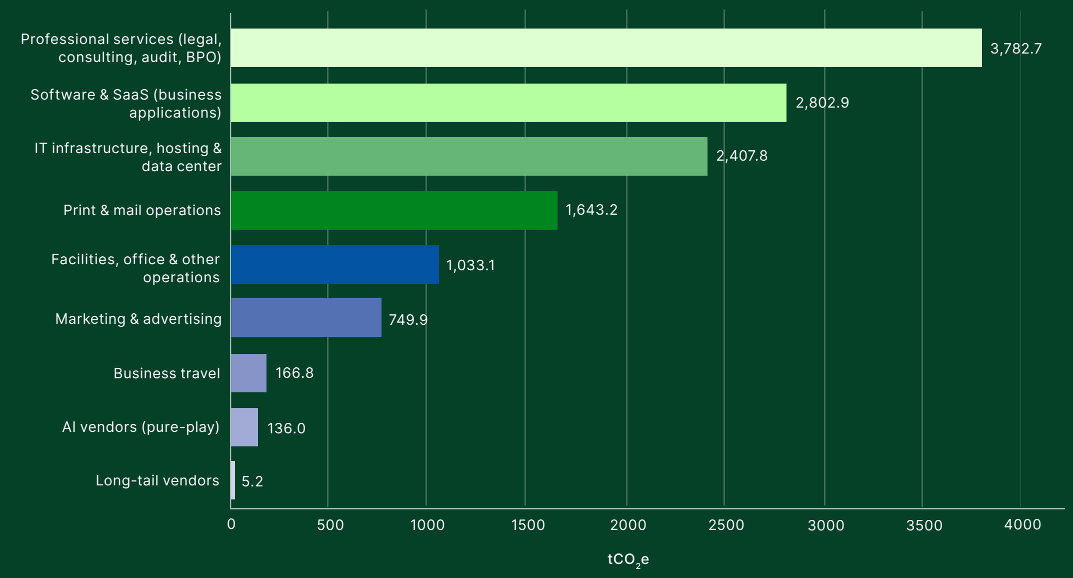
For our full climate-related financial risk assessment, see our Climate-Related Financial Risk Assessment appendix, prepared in accordance with California Senate Bill 261 and aligned with the four pillars of the Task Force on Climate-related Financial Disclosures (TCFD).

Engaging our Ecosystem

Our largest emissions sources sit with our vendors, which means our biggest opportunities for reduction do too. In FY26, we conducted a detailed assessment of our supplier emissions, including adding in more supplier data, for a clearer picture of what's driving our supply chain footprint, including an early read on the impact of AI.

Our most actionable material vendor relationships are print, cloud hosting and AI, where supplier-specific data gives us the clearest picture, and where direct engagement gives us the greatest ability to influence outcomes. Professional services, also a material category, reflects long-standing partnerships that are a key part of our delivery engine, and we continue to work toward more complete emissions data with these providers.

Sovos Supplier Emissions — FY26 by Category (AI figures activity-based)

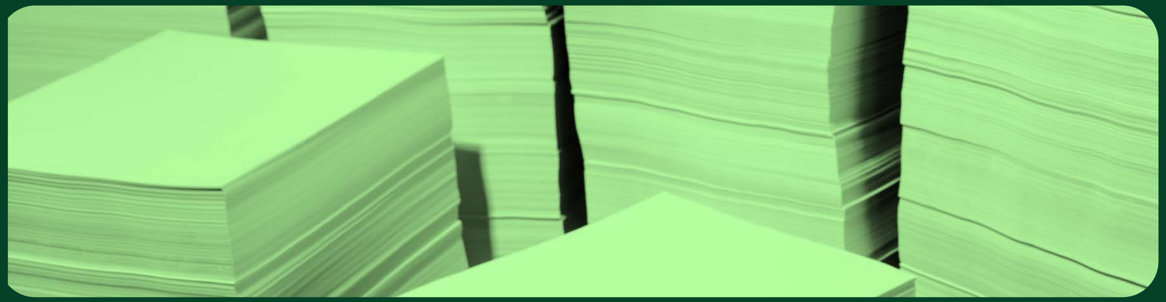


Print

Print and mail are core to how Sovos delivers for our U.S. information reporting and withholding customers. Each year, we process and mail 32m federal and state tax and compliance forms on behalf of 100k customers as part of regulatory requirements. This scale makes print and mail our largest single vendor-emissions category, consistent with prior years.

This year, we launched a structured supplier engagement program with our print vendors to improve data quality and identify reduction opportunities. As a result, we shifted our largest print vendor relationships from spend-based to activity-based accounting – tracking actual paper weight and usage rather than estimating from cost – which materially improved the accuracy of this category and sets a strong baseline for measuring reduction progress going forward.

We've also kicked off workshops with our top printers, where our carbon accounting partner, Normative, covers how emissions are measured, where data gaps sit, and a tiered set of reduction pathways. We plan to extend these sessions across our full print vendor base as we build out our broader decarbonization roadmap.



Hosting & Data Centers

Our IT infrastructure – including cloud hosting and our data centers – is foundational to how Sovos delivers software to our customers. As our business grows, so does our reliance on this infrastructure – and we continue to evaluate it to identify opportunities that reduce both cost and emissions. Shifting to supplier-specific emissions data for our cloud hosting produced an immediate improvement in reporting accuracy this year.

As more of our infrastructure runs on AWS, we benefit from their investment at scale in renewable energy: Amazon is the world's largest corporate purchaser of renewable energy and matched 100% of its global electricity consumption with renewable sources in 2025.[6] Separately, we continue to consolidate our own data center footprint: complete in Latin America, in process in Turkey with two facilities already closed, and underway in Europe, including consolidation toward a Nordic facility powered by geothermal energy and certified carbon-neutral. This reflects the same logic as our cloud hosting work — reducing cost, improving operational efficiency, and reducing emissions together.

AI

While AI isn't the most significant driver of our footprint today, the broader trend of AI's growing environmental impact combined with the growth in our own organization's use of AI makes this is an area we're paying close attention to. Our AI-first vendors were unable to provide us with energy and emissions data, so we partnered with Sustainable AI Group to build an activity-driven emissions calculation for the three AI tools most widely deployed across our organization: Microsoft 365 Copilot, Anthropic Claude, and Cognition's Devin.

This analysis estimated FY26 emissions from these three tools at 46.73 tCO_2e (less than 0.3% of our total footprint), with a disclosed range of 23.44 – 69.44 tCO_2e to reflect the inherent uncertainty in modeling energy use that AI vendors don't yet disclose directly.[7] The majority of this comes from Devin, an AI coding agent — not because it's less efficient, but because of how much autonomous, continuous work we've asked it to do relative to our other AI tools. That work is delivering real value: engineering throughput rose 62% over the same period. As agentic AI becomes more common, we expect usage volume to increasingly drive AI's environmental footprint, and we're building that understanding into how we plan for FY27 and beyond.

Combined with several less used vendors, direct AI-related vendor spend accounts for approximately 1% of our supplier emissions. However, AI is increasingly embedded across many of our existing cloud and software vendors where it could contribute up to 5% of our supplier emissions once fully accounted for. We continue to monitor this as vendor disclosure improves, and are engaging with peers, including through the Hg portfolio community, to advocate for greater transparency across the AI supply chain.

Footnotes

[1] FY25 figures reflect Normative's restated comparison using FY26's improved activity-based methodology and may differ slightly from figures published in the FY25 report.

[2] Purchased cooling emissions in FY25 reflected a double-count with electricity consumption, corrected in FY26.

[3] Data quality percentages reflect the mix of spend-based, activity-based, and supplier/GHG-based inputs for purchased electricity (Scope 2) specifically, as tracked on our carbon accounting platform — not the full emissions inventory.

[4] Office electricity data coverage varies by market this year: our India office reflects six months of data (H2 FY26) rather than a full year, and Mexico reflects a gap in prior-year comparative data. We continue to expand consistent data coverage across our global office footprint year over year.

[5] Includes 250 retired RECs and 203 RECs to be retired by December 2026.

[6] Amazon Web Services, "Sustainable Cloud Computing" and "AWS Cloud," aboutamazon.com/sustainability, 2026.

[7] Sovos FY26 AI Emissions Estimate — Phase 1 Memo (Sustainable AI Group, August 5, 2026) and Result Interpretation Note (August 12, 2026). Full methodology and uncertainty analysis available in the underlying reports. Copilot emissions are based on partial-year prompt-count data from Microsoft, supplemented with modeled estimates for the remaining months. Claude emissions are based on partial-year token-level usage data from Anthropic, supplemented similarly. Devin emissions are based on a single aggregated activity metric from Cognition, with no token-level or energy detail available; as a result, this is the least precise of the three estimates.

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
Cultivating Trust	**Transparent tax reporting**	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 70 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. **Related content:** Regulatory Transparency, Sustainability Spotlight: Responsible AI Transformation
	Business ethics & compliance	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. **Related content:** Business Ethics & Compliance, Sustainability Spotlight: Responsible AI Transformation
	Cybersecurity & data privacy	This entails protecting sensitive business and tax data through robust security measures across our platform processing over 70 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. **Related content:** Cybersecurity & Data Privacy, Sustainability Spotlight: Responsible AI Transformation

Materiality Assessment (Cont'd)

Priority Issue		Description
Empowering People	**Engaging & developing talent**	This encompasses comprehensive talent development programs and performance management systems for our 2,500+ global employees across 25+ countries. Investing in employee development promotes decent work, economic opportunity, and professional growth while building the skilled workforce needed to address complex global challenges. **Related content:** Engaging & Developing Talent, Sustainability Spotlight: Responsible AI Transformation
	Global inclusion & belonging	This refers to creating inclusive workplace cultures that leverage diverse perspectives across our global operations in 25+ 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. **Related content:** Global inclusion & belonging, Engaging & developing talent, Sustainability Spotlight: Responsible AI Transformation
	Community impact	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. **Related content:** Community Impact
Growing Responsibly	**Climate & energy**	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. **Related content:** Climate & energy, Sustainability Spotlight: Responsible AI Transformation

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
5 GENDER EQUALITY	**Gender Equality** Achieve gender equality and empower all women and girls **Related content:** Global inclusion & belonging
8 DECENT WORK AND ECONOMIC GROWTH	**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
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Industry, Innovation and Infrastructure** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation **Related content:** Transparent tax reporting
10 REDUCED INEQUALITIES	**Reduced Inequalities** Reduce inequality within and among countries **Related content:** Global inclusion & belonging

SDG	Description
13 CLIMATE ACTION	**Climate Action** Take urgent action to combat climate change and its impacts **Related content:** Climate & energy
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**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
17 PARTNERSHIPS FOR THE GOALS	**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

GRI Table

Statement of Use: Sovos Compliance, LLC has reported in reference to the GRI Standards for the period of 31st July 2025 to 30th June 2026

GRI STANDARD	DISCLOSURE		LOCATION
GRI 2: General Disclosures 2021	2-1	Organizational details	(a) Sovos Compliance, LLC (b) Privately owned (c) Atlanta, US (d) Operates in 25+ countries. See Sovos at a glance (Page 7) and Sustainability leadership & governance (Page 10).
	2-2	Entities included in the organization's sustainability reporting	This report covers Sovos Compliance, LLC and its consolidated subsidiaries.
	2-3	Reporting period, frequency and contact point	(a) 1 July 2025 – 30 June 2026 (b) Annual; aligned with the financial reporting period (c) Publication date: September 2026 (d) Contact: Laura Handler, Chief of Staff & Sustainability Officer(laura.handler@sovos.com)
	2-4	Restatements of information	FY25 figures have been restated using FY26's improved activity-based methodology,and cooling emissions in FY25 were corrected for a double-count. See Growing Responsibly, footnotes 1–2 (Page 40).
	2-5	External assurance	(a) This report has been reviewed by senior executives at Sovos (b) This report has not been externally assured
	2-6	Activities, value chain and other business relationships	Sovos at a glance (Page 7); Engaging our Ecosystem (Pages 39–40)
	2-7	Employees	Sovos at a glance (Pages 3, 7) ; Empowering People (Pages 15, 21) ; Engaging and Developing Talent (Page 16).
	2-9	Governance structure and composition	Sustainability leadership & governance (Page 10).
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability leadership & governance (Page 10); Climate-Related Financial Risk Assessment (Page 46).
	2-13	Delegation of responsibility for managing impacts	Sustainability leadership & governance (Page 10).
	2-14	Role of the highest governance body in sustainability reporting	Sustainability leadership & governance (Page 10); Climate-Related Financial Risk Assessment (Page 46).
	2-16	Communication of critical concerns	Business Ethics & Compliance (Page 25).
	2-22	Statement on sustainable development strategy	Leadership message (Page 2); Note from the Chief Sustainability Officer (Page 3).

GRI STANDARD	DISCLOSURE		LOCATION
	2-23	Policy commitments	Sustainability Spotlight: Responsible AI (Page 12); Business Ethics & Compliance and Global Compliance Standards (Pages 25–26).
	2-24	Embedding policy commitments	Sustainability Spotlight: Responsible AI (Page 12); Cultivating Trust and Business Ethics & Compliance (Pages 24–26).
	2-25	Processes to remediate negative impacts	Business Ethics & Compliance (Page 25).
	2-26	Mechanisms for seeking advice and raising concerns	Business Ethics & Compliance (Page 25); Leadership message (Page 2).
	2-27	Compliance with laws and regulations	Compliance program, code of conduct and global compliance standards are described on Pages 25–26.
	2-28	Membership associations	(a) Science Based Targets initiative (SBTi); and, through its leadership, NACTP, CERCA, GENA and the ICC. See Pages 2, 11 and 32.
	2-29	Approach to stakeholder engagement	Materiality Assessment (Pages 42–43); Customer Centricity (Pages 30–31).
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Assessment (Pages 42–43).
	3-2	List of material topics	Sustainability strategy & governance (Page 9); Materiality Assessment (Pages 42–43).
	3-3	Management of material topics	The management approach for each material topic is described in the Materiality Assessment, with links to the relevant report sections (Pages 42–43).
GRI 102: Climate Change 2025	102-2	Climate change adaptation plan	Identifying climate change related risk (Page 38); Climate-Related Financial Risk Assessment (Pages 46–49).
	102-5	Scope 1 GHG emissions	Growing Responsibly (Pages 35–36); GHG Emissions Disclosure (Page 50).
	102-6	Scope 2 GHG emissions	Growing Responsibly (Pages 35–36); GHG Emissions Disclosure (Page 50).
	102-7	Scope 3 GHG emissions	Growing Responsibly (Page 35); Emissions by category (Pages 36, 38); Engaging our Ecosystem (Page 39); GHG Emissions Disclosure (Page 50).
	102-8	GHG emissions intensity	Growing Responsibly (Page 35); GHG Emissions Disclosure (Page 50).
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	Community Impact (Page 18); Regulatory Transparency (Page 31).
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	Business Ethics & Compliance and Global Compliance Standards (Pages 25–26).

GRI STANDARD		DISCLOSURE	LOCATION
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Anti-competition and antitrust controls are described on Page 26.
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	Engaging our Ecosystem – supplier engagement programme and activity-based supplier emissions (Pages 39–40).
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	Engaging and Developing Talent and Celebrating our people (Pages 16–17).
	404-3	Percentage of employees receiving regular performance and career development reviews	Empowering People (Page 15).
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Empowering People (Page 15); Celebrating Our Differences (Page 21).
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Community Impact (Page 18); Driving Local Impact (Page 19).

Disclaimer: Sovos is reporting 'with reference to' (rather than 'in accordance with') the GRI Standards. The reported information has been prepared in line with the three requirements for 'Reporting with reference to the GRI Standards' set out at the end of Section 3 of GRI 1: Foundation 2021; the disclosures are therefore not necessarily fully compliant with the nine requirements for an 'in accordance' claim.

Climate-Related Financial Risk Assessment

Basis of Preparation

This Climate-Related Financial Risk Assessment follows the framework established by the Task Force on Climate-related Financial Disclosures (TCFD) and addresses the four core pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

As a leading provider of global tax compliance technology serving over 100,000 customers across 150+ countries and processing more than 70+ billion transactions annually, Sovos recognizes that climate-related risks and opportunities have material implications for our business operations, strategic positioning, and long-term value creation. Our physical footprint consists of largely leased offices and third-party data center capacity; we do not own manufacturing, extraction or physical-product infrastructure. This distinction shapes how climate-related risk translates into financial exposure for Sovos.

Data statement

We have applied good faith efforts to use our most recently available data while acknowledging certain limitations in our climate risk assessment maturity. We describe our processes, data gaps, and assumptions throughout this assessment and are committed to enhancing the comprehensiveness and precision of our climate risk disclosures in future reporting cycles.

Physical and transition risk analysis and results rely on Unwritten's third-party analytics platform and on Sovos' internally assigned criticality designations; neither has been externally audited or independently verified for this report. Physical and transition risk results are modeled projections under stated scenario assumptions, not deterministic forecasts, and Sovos provides no assurance regarding the timing, magnitude, or realization of the exposures or opportunities described.

1. Governance

Sovos governance around climate related risks and opportunities.

Climate risk oversight sits with Sovos' Sustainability Steering Committee, which reports to the board annually and meets quarterly to assess climate and broader sustainability programs. Laura Handler, Chief of Staff and Sustainability Officer, chairs the committee and is the primary management-level executive responsible for climate-related issues. Governance is aligned with majority investor Hg's portfolio sustainability standards, with climate matters reviewed during annual and long-range (3-year) planning cycles.

The outputs in this appendix are reviewed by the Sustainability Steering Committee and factored into business continuity planning, real estate decisions, and the internal designation of critical sites. Management receives climate updates through bi-annual GHG monitoring with Normative (January and July) and quarterly committee reviews; strategic integration into executive decision-making is ongoing but not yet formalized within financial planning.

2. Strategy

Potential impacts of climate-related risks and opportunities on Sovos' businesses, strategy, and financial planning where such information is material

Sovos recognizes that identifying climate-related risks and opportunities is important to long-term value creation and business resilience. Our analysis, leveraging an external climate risk platform alongside internal input, considers the following scenarios across three-time horizons: 2030 (short-term), 2035 (medium-term), and 2050 (long-term):

Physical risk scenarios: risk of extreme weather events

This analysis draws on the climate scenarios and hazard datasets from Intergovernmental Panel on Climate Change (IPCC), combined with company, geography, and asset-location data, to identify financially relevant physical risks. Physical risk is assessed at asset level across hazards including storm surge, flooding, extreme heat, drought, subsidence, and water stress, with risk derived from the interaction of hazard, exposure, and vulnerability.

- **SSP5-8.5** (high-emissions pathway): the scenario applied in this assessment, selected as a conservative, worst-case warming case for resilience planning

Transition risk pathways: risk of transitioning to a low carbon economy

This analysis assesses how the shift to a low-carbon economy could affect policy, legal exposure, market dynamics, cost structure, and reputation, measured against a Current Policies baseline.

- **Net Zero 2050:** an aggressive, orderly shift to net-zero emissions by mid-century
- **Nationally Determined Contributions (NDCs):** the emissions path implied by countries' climate pledges as they stand today

- **Delayed Transition:** weak near-term policy action followed by a late, disorderly correction

Applying these scenarios, our analysis has identified the following climate-related opportunities and risks relevant to Sovos.

Climate-Related Opportunities

Sovos' climate-related opportunities span our product strategy, customer relationships, and operating cost base:

- **Climate-linked tax products:** As more jurisdictions introduce carbon taxes, green incentives, and other climate-related tax mechanisms, this creates a product opportunity for Sovos to extend our compliance platform into these new obligations, and some jurisdictions may link climate disclosure directly to existing tax filings.
- **Customer procurement positioning:** A growing number of Sovos customers evaluate suppliers on climate and ESG credentials as part of procurement. Our own climate risk management approach strengthens our position in these evaluations, supporting new and existing customer relationships.
- **Policy incentives:** Supportive policy design, including energy efficiency incentives and low-carbon procurement programs, registers as a sustained opportunity across every transition scenario and horizon tested. This translates to lower operating costs on energy efficiency and low-carbon procurement decisions across our footprint.

Climate-Related Risks

Sovos' climate-related risks span both the shift to a low-carbon economy and physical exposure at our office and data center locations.

Transition risks focus on the risk of transitioning to a low carbon economy:

- **Legal risk:** Medium, reflecting the general climate-related legal landscape for software companies rather than any issue specific to Sovos, as we have no climate-related legal cases on record today. This translates to higher compliance and legal costs over time as disclosure expectations continue to rise.
- **Reputation risk:** Medium, as stakeholders increasingly expect companies to demonstrate credible climate management. Rating here is similarly in line with what's typical for the software sector broadly, not a specific weakness. This translates to ongoing client and stakeholder relationship costs rather than a distinct vulnerability.
- **Cost pressure:** dependent on how the broader transition unfolds. Energy and infrastructure costs may rise as the shift to a lower-carbon economy progresses, with timing and scale depending on whether that shift happens in an orderly way or is delayed and disorderly. This translates to higher costs for the cloud infrastructure and data centers our business depends on, a pressure on margins rather than on revenue.
- **Demand risk:** Low, as our revenue is tied to mandatory tax compliance obligations rather than discretionary spending, it is not directly exposed to shifts in customer demand driven by the energy transition. This is consistent with the NGFS classification for the software industry, which is not identified as high transition risk in any scenario tested.

Physical risks focus on exposure to extreme weather events at our office and data center locations:

Physical risk is not evenly distributed across time: exposure holds broadly steady through the medium term before increasing in the long term as warming intensifies, giving us a meaningful window to plan ahead of that shift. Nearly all of this exposure sits on leased sites, which means our primary response is engaging landlords and data center providers on resilience measures rather than direct capital investment, as we own very little of our physical footprint outright.

- **Offices:** Of our 18 physical office locations, a small number carry meaningfully higher risk of disruption, driven mainly by two consistent hazards, ground subsidence and water stress, present at a low-to-moderate level across the portfolio. Our distributed workforce model, with significant remote-work capability, provides a natural hedge against localized disruption at any single office. Where offices have high in-person occupancy, this exposure warrants continued strengthening of continuity plans to avoid business disruption; where offices have minimal in-person occupancy, the impact is building and lease exposure rather than workforce impact.
- **Data centers:** Of our 14 data center locations, roughly a third are rated high risk, tied to the same subsidence and water stress patterns seen across offices. Because these sites support service delivery directly, disruption here has a more immediate operational effect than at a typical office, meaning existing failover, redundancy, and backup capacity may be called on more frequently at these sites than elsewhere in our footprint.

Physical risk exposure by asset type

Risk reflects modeled hazard severity at each site. Materiality reflects business consequences, combining that hazard exposure with internal criticality, potential outage days, potential asset damage, and ownership type.

Resilience of Strategy

Taking this analysis as a whole, Sovos considers its strategy resilient to climate-related risk across the scenarios tested.

Transition risk is contained: our revenue is tied to mandatory tax compliance obligations rather than discretionary spending, and no revenue sits in sectors identified as high transition risk under any scenario tested. The financial effects that do exist run through compliance and disclosure cost, and through cost pressure on the cloud infrastructure and data centers our business depends on, rather than through demand for what we sell.

Physical exposure is concentrated in a small number of sites rather than spread across our footprint, and even the more severe long-term case still leaves the majority of our estate at low modeled impact; our distributed workforce model and data center failover and redundancy further limit the business consequence of any single site's disruption. Where higher-risk sites are identified, our response is to engage landlords and data center providers on resilience measures given our largely leased footprint, rather than direct capital investment. We will continue to test this conclusion as our data coverage and methodology mature.

Physical risk exposure by asset type

Datacenters		Materiality								
		SSP5-8.5, 2030			SSP5-8.5, 2035			SSP5-8.5, 2050		
		Low	Med	High	Low	Med	High	Low	Med	High
Physical Risks	Extreme	0	0	0	0	0	1	0	0	1
	High	4	0	3	4	0	2	6	0	2
	Medium	3	0	2	3	0	2	3	0	2
	Low	2	0	0	2	0	0	0	0	0

Office		Materiality								
		SSP5-8.5, 2030			SSP5-8.5, 2035			SSP5-8.5, 2050		
		Low	Med	High	Low	Med	High	Low	Med	High
Physical Risks	Extreme	0	0	1	0	0	1	0	0	1
	High	3	1	2	3	1	2	5	1	3
	Medium	8	0	3	8	0	3	6	0	2
	Low	0	0	0	0	0	0	0	0	0

Warehouses		Materiality								
		SSP5-8.5, 2030			SSP5-8.5, 2035			SSP5-8.5, 2050		
		Low	Med	High	Low	Med	High	Low	Med	High
Physical Risks	Extreme	0	0	0	0	0	0	0	0	0
	High	1	0	0	1	0	0	1	0	0
	Medium	1	0	0	1	0	0	1	0	0
	Low	0	0	0	0	0	0	0	0	0

3. Risk Management

How Sovos identifies, assesses and manages climate-related risks.

Processes for Identifying and Assessing Climate-Related Risks

Sovos identifies climate-related risks through annual asset-level physical risk screening and company-level transition risk assessment, conducted using Unwritten's climate risk platform combined with our own internal criticality designations for each site. This assessment runs within our existing business risk identification process, using the same materiality lens applied to other business risks.

Processes for Managing Climate-Related Risks

Physical climate risk is managed through targeted engagement with landlords and data center providers on resilience measures, given our largely leased footprint, alongside our distributed workforce model and data center failover and redundancy, which limit the business consequence of disruption at any single site. We prioritize adaptation planning for Priority Adaptation Sites under the nearest modeled horizon, and within that group, sites with high in-person occupancy first, given their more direct workforce consequence.

Transition risk is managed by prioritizing scenario severity, with Net Zero 2050 treated as the binding case given it produces the earliest and most significant cost escalation of the scenarios tested.

Integration with Overall Risk Management

Climate-related risk outputs are reviewed by the Sustainability Steering Committee and factored into business continuity planning, real estate decisions, and the ongoing designation of critical sites, integrating climate considerations into existing operational decision-making rather than managing them separately.

Measures Adopted

We have adopted the following measures to reduce and adapt to climate-related financial risk:

- **Landlord and data center provider engagement:** Ongoing
- **Adaptation plans for Priority Adaptation Sites:** 0 of 6 in place; targeting 5 of 6 by FY27
- **Data center failover, redundancy and backup capacity:** In place
- **Distributed workforce model with remote-work capability:** In place
- **SBTi near-term target submission:** On track; planned by April 2027

4. Metrics and Targets

Metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

Metrics Used to Assess Climate-Related Risks

We currently measure climate-related risk through Priority Adaptation Sites and progress against formal adaptation planning for those sites.

- **Priority Adaption Sites:** Where physical risk and materiality intersect, both High or Extreme risk and High materiality, we designate the asset a Priority Adaptation Site, our term for the sites where physical risk and business consequence are both modeled as highest.

Horizon	Data centers	Offices	Warehouses	Total
2030	3 (21%)	3 (17%)	0 (0%)	6 (18%)
2035	3 (21%)	3 (17%)	0 (0%)	6 (18%)
2050	3 (21%)	4 (22%)	0 (0%)	7 (21%)

- **Adaptation Plan Coverage:** We track the number of Priority Adaptation Sites with a formal adaptation plan in place, prioritizing the 2030 list first, since these material cites the earliest modeled exposure. We are establishing adaptation plans for our six 2030 Priority Adaptation Sites, prioritizing the five with high in-person occupancy for coverage by next reporting cycle. Plans for the remaining site, and for the additional site entering this category by 2050, will follow.

Metric	FY26 (current)	FY27 (target)
Priority Adaptation Sites with plans in place	0 of 6 (0%)	5 of 6 (83%)

As our climate risk management capabilities mature, we plan to develop additional metrics for physical risk monitoring, supply chain climate risk assessment, and climate opportunity tracking. Future enhancements will also include quantitative risk assessment capabilities, enhanced scenario analysis, and financial impact modeling to support more sophisticated climate risk management in future reporting cycles.

GHG Emissions Disclosure

We disclose greenhouse gas emissions across all scopes following the GHG Protocol methodology, in partnership with Normative.

Scope 3 represents the substantial majority of our footprint, driven primarily by purchased goods and services and business travel. Our FY26 baseline reflects improved activity-based data across our largest emissions categories, the foundation for our planned SBTi submission by April 2027. Full detail on our carbon footprint, vendor engagement, and decarbonization approach is provided in the Climate & Energy section of this report.

Targets

We have formally committed to set near-term science-based emissions reduction targets through the Science Based Targets initiative (SBTi), with submission and validation expected by April 2027. Formal targets are not yet set; in the interim, we track renewable energy utilization and operational efficiency as supporting indicators.

Scope	FY26 emissions	Intensity (per FTE)	YoY change
Scope 1 (direct)	171 tCO_2e	0.06 tCO_2e	-28%
Scope 2 (purchased electricity)	170.9 tCO_2e	0.06 tCO_2et	-18%
Scope 3 (value chain)	15,567 tCO_2e	6.23 tCO_2e	-26%
Total	15,910 tCO_2e	6.36 tCO_2e	-26%

Sustainability is an important focus for us. We will continue to update our external stakeholders on our progress annually. If you have any questions about this report, please get in touch at **sustainability@sovos.com**.

Disclaimer: This Sustainability Report does not purport to adhere to any applicable existing or proposed principles, laws, rules, or regulations related to ESG criteria, is not intended to create legal rights or obligations, and is provided for information purposes only. The sustainability goals, commitments, incentives and initiatives outlined in this report are purely voluntary, are not binding on Sovos' business operations or decisions and do not constitute a guarantee, promise or commitment, regarding actual or potential positive impacts, or outcomes associated with Sovos' activities. The inclusion or absence of information in this Sustainability Report should not be construed to represent any belief regarding the materiality or financial impact of that information.

This report was prepared with AI assistance. All analysis, conclusions, and disclosures reflect human judgement, reviewed by subject matter experts and approved by senior leadership.