

SOVOS

Sustainability Report

FY 2024



CEO letter

Force for growth, and for good in the global community

At Sovos, our place in the community is defined by the actions we take each day to improve the lives of those around us. As a company with a large global footprint, we believe it is our duty and obligation to enact policies that improve the quality of life of our stakeholders while helping to improve local economies. This includes a commitment to diversity and inclusion for our employees and customers, a topic of great personal importance to me; and a pledge to advance policies that are environmentally and socially responsible.

In our inaugural Sustainability Report you will read about the real-world examples where Sovos is making a difference in the lives of employees, customers and partners.

This past year, Sovos conducted its first ESG materiality assessment, which has been instrumental in helping to shape our strategy on these important topics moving forward. We are committed to making

considerable progress in each topic, even when making the right decision is not always the fastest or easiest option available. As an organization, we follow a set of core values that have enabled us to build trust among colleagues and customers alike, along with global partners and government entities. Our dedication to the principles of ESG will only strengthen these relationships.

We are particularly proud of our progress in our diversity and inclusion initiatives, a core part of our company culture and corporate strategy. As a technology company, Sovos far exceeds the average gender breakdown for both employees¹ and members of senior management². This is supported by an unwavering commitment to our ongoing training programs for management and the level of participation in formal mentorship programs.

Also important to highlight is the seriousness in which we approach governance related topics, particularly data privacy at Sovos. Our customers trust us with confidential materials, including personal data, and the security and correct handling of that data is our highest priority. All Sovos employees must complete and pass code of conduct, security, and data privacy training. This year, we appointed a new Chief Information Security Officer (CISO) to further institutional awareness of cyber threats leading to more informed and safer business practices.

Focusing on critical areas such as assessing our annual carbon footprint emissions is a priority. Here, we commit to setting a science-based carbon reduction target to achieve our goals. With the backing of our investors, progress on ESG metrics has become a measurable performance goal for members of our senior management team. This is a commitment we take seriously and one that we are confident we will achieve.

Personally, I would like to state that I am proud of the work we do each day. In June, I celebrated one year as CEO of the company and what we were able to accomplish this year continues to amaze me. From launching the industry's first global compliance platform to entering new markets around the globe, our team stepped up in a very big way.

Again, thank you to each of our employees, customers and partners who have helped us along the way and who will continue to assist us in the future. I hope reading this report will continue to inspire you to make a difference in our global community.

Respectfully,



Kevin Akeroyd

President and CEO
Sovos

¹ Deloitte – Women in the tech industry: Gaining ground, but facing new headwinds

² Statista – Women hold 26.5% of executive, senior-level, and management position in S&P 500 companies

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A woman with curly hair is looking down at a tablet device. The image is overlaid with a blue gradient. The word "Introduction" is written in large white letters on the right side of the image.

Introduction



100k+

customers

2.4k+

employees

#1

segment positioning

Sovos is transforming compliance from a business requirement to a force for growth

Our flagship product, the Sovos Compliance Cloud platform, enables businesses to identify, determine, and report on every tax obligation across the globe.

Sovos processes 14 billion+ transactions per year, helping companies scale their compliance strategy in virtually every country in the world.

More than 100,000 customers – including half the Fortune 500 – trust Sovos’s regulatory expertise and unparalleled integration with their business applications. Learn more at sovos.com.

Sovos at a glance

Sovos is purpose built for modern regulatory environments – an evolving, complex landscape in which global authorities are requiring increased visibility, faster reporting and greater control of business processes, in many cases at the transaction level.

Sovos is a global company capable of meeting regulatory compliance demands anywhere business is conducted. Compliance should never be an obstacle to business success. Whether the goal is business growth or greater organizational efficiency, Sovos provides the solutions and services needed to meet the objectives.

Sovos has more than 2,400 employees working in 14+ countries and supports more than 100,000 customers (including half the Fortune 500).

Global coverage with local expertise

2.4k+
employees

14+
countries

400+
partners

World class regulatory analysis with a

40-year
history as the regulatory analysis leader

16bn
Indirect tax compliance transactions per year

Indirect tax compliance handling regulatory change across

19k
jurisdictions in

Sovos has more than

100k+
customers including half the Fortune 500

1st
complete global cloud solution for modern tax

100+
countries

VISION

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



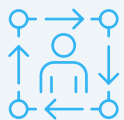
MISSION

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



CORE VALUES

How We Behave



Be
Adaptable



Be
Proactive



Be
Collaborative



Be
Professional



Be
Accountable

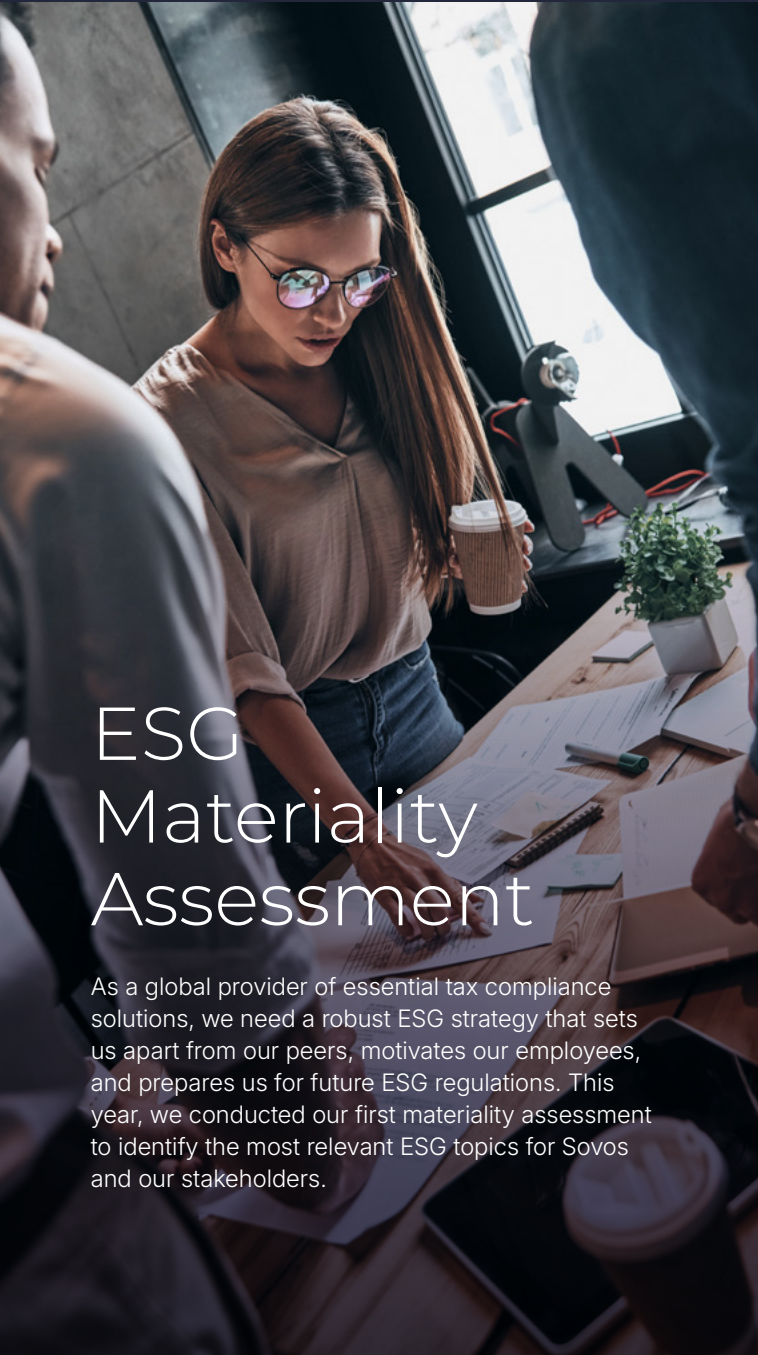


Be
Inclusive





Sovos's ESG Strategy



ESG Materiality Assessment

As a global provider of essential tax compliance solutions, we need a robust ESG strategy that sets us apart from our peers, motivates our employees, and prepares us for future ESG regulations. This year, we conducted our first materiality assessment to identify the most relevant ESG topics for Sovos and our stakeholders.

We engaged the following key stakeholder groups and assessed the materiality of 30 ESG topics:

Stakeholder	Why their view matters	How we engaged our key stakeholders
Employees	We value our employees' opinions and expectations on ESG issues, and we engage them through regular surveys and feedback channels.	More than 500 employees participated in our ESG survey
Investors	We communicate with our investors on our ESG strategy and progress, and we respond to their inquiries and requests on ESG matters.	Interviews with our investors
Sovos Leadership	We have a strong commitment from our senior leaders to integrate ESG into our business strategy and operations and to foster a culture of responsibility and accountability.	Interviews with our CEO, CFO, CTO, General Counsel, Chief Talent Officer, Chief Commercial Officer, President of Revenue, MD Europe, Chief of Staff
Key customers & Partners	We recognize that our customers and partners have increasing expectations and requirements on ESG and we strive to meet and exceed them through our products and services.	Interviews with top customers and key partners
Regulators	We comply with all applicable ESG regulations and standards in the markets where we operate, and we monitor the regulatory landscape for any changes and developments.	Review of the key ESG legislations that affect our business
Media	We monitor the media coverage and sentiment on ESG topics relevant to our company and our industry and we proactively communicate our ESG achievements and challenges.	AI web-scan of the most relevant ESG topics to Sovos and our peers
Peers	We benchmark our ESG performance and practices against our peers and we learn from the industry best practices.	We reviewed the ESG reports of our peers.

Based on this assessment, we identified six topics that are most important to Sovos and our stakeholders. These topics are reflected in the three pillars of our strategy, outlined below.

Cultivating trust

- 1. Business ethics & compliance
- 2. Cybersecurity & data privacy
- 3. Customer satisfaction

Growing responsibly

- 4. Climate change

Empowering our people

- 5. Diversity, equity, inclusion & belonging
- 6. Engaging & developing talent

To further develop our materiality assessment, we conducted a detailed benchmarking exercise, comparing our ESG performance disclosures with those of our key peers.

Based on the insights, we developed a strategy focused around our six material topics with key metrics, targets, and initiatives which have been endorsed by our senior leadership.

One of our key priorities was to establish strong governance that ensures the effective execution of our strategy. To achieve this, we have set up an ESG Committee, chaired by Colleen Schlagel, Chief Talent Officer, that meets every quarter and reports to Sovos's Board. This allows us to share ESG insights and updates with the Board in a new and engaging way. Our presentation decks to the board now include a dedicated section on ESG, highlighting our achievements and challenges. These discussions, now a regular part of our governance, have made ESG a central and integral part of our strategic decision-making process.

Our ESG strategy is driven by our ESG committee

Sovos ESG committee

Cultivating trust

Business ethics & compliance

Customer satisfaction

Cybersecurity & data privacy

Growing responsibly

Climate change

Empowering our people

DEIB

Engaging & developing talent



Cultivating Trust

At Sovos, we're steadfast in our commitment to creating an environment of trust and safety.

This is achieved through our unwavering dedication to business ethics, compliance, and cybersecurity. We believe that these elements are not just essential for our operations, but they also contribute significantly to our overall growth.



100%

employee completion of annual code of conduct training

100%

employee completion of cybersecurity training

+6

point increase in customer NPS

+26%

increase in customer response rate

Our approach to business ethics & compliance

At Sovos, our leadership prioritizes strong corporate governance to steer decision-making, effectively manage risks, and drive the company's strategy for long-term success. We value high ethical standards and integrity in all our operations, fostering trust with customers, partners, and regulators, thereby mitigating legal and reputational risks.

We view good governance as an enabler of strong business ethics. We recently updated and improved our compliance policies to ensure they are both current and user-friendly.

We divided our Code of Conduct into individual compliance policies, each addressing one of approximately 15 key areas. This demonstrates our strong commitment to ethical conduct and helps us meet the expectations of our financial stakeholders. We are proud to report that all our employees have read and agreed to our new compliance policies, achieving 100% completion.

A significant change we implemented was the introduction of our new whistleblowing procedure. In collaboration with a third-party vendor, we launched a dedicated whistleblowing site, available in all the languages we operate in, with local phone numbers for easy access. This procedure is included in our Code of Conduct and compliance policies, and we are currently working towards providing specialized training for all employees on how to effectively make use of this invaluable tool.



“Good governance is the backbone of effective ESG practices, ensuring that ethical standards and accountability are embedded at every level of the organization. It not only guides responsible decision-making but also safeguards the company's long-term sustainability by fostering trust with stakeholders, managing risks, and aligning operations with Sovos's values.”



Justin Pentz
General Counsel,
Sovos



Our approach to cybersecurity & data privacy

Sovos has continued to improve its cybersecurity posture. We welcomed a new CISO who has brought a new perspective to our cyber program. Our Security Committee has been refreshed under his leadership, which continues to maintain oversight of our cybersecurity strategy.

Recognising the critical role of employees in embedding strong cybersecurity practices, we have revamped our cybersecurity training. We have implemented improved phishing simulations and uses AI for automated testing. It provides continuous and personalised education, focusing on the key areas individual employees are struggling with, helping us tackle weak spots across our employee base.

We have undertaken a program of work to validate the effectiveness of our endpoint protection to ensure we have visibility of cyber events and can respond quickly.

Recognizing the pivotal role of Artificial Intelligence (AI) in enhancing data privacy and security, we've taken proactive steps to govern its use within our operations. To do this, we have created an AI governance committee and established an AI policy, with a dedicated email address for employees to raise any AI-related concerns and queries.

Looking ahead, we are establishing a Trust Centre on our website, to simplify how our customers can validate our security posture and improve the efficiency of responding to cyber queries.

We are in the process of finalizing documentation for ISO27001:2022 certification, with plans to undergo audit checks in Q3/4.

"Cybersecurity is more than an IT issue – it is a vital part of our business. As the new CISO at Sovos and an active member of the ESG Committee, I am leading our cybersecurity efforts and ensuring they are a key part of our overall ESG strategy. I am particularly proud of the progress we have made in improving our cybersecurity training as we have made significant strides toward continuous, personalized education. We are educating everyone in the company that cybersecurity is the job of everyone. And as a result – we move from being a team of no to a team of know, which I am incredibly proud of."



James Prolizo
Chief Information Security
Officer, Sovos



Our approach to customer satisfaction

Customer satisfaction is essential to Sovos's success, achieved through high-quality products, effective support, and transparent communication.

In today's B2B SaaS landscape, customers have an abundance of choices when it comes to selecting long-term partners with whom to tackle their global business challenges. Time and time again, empirical data and our own experiences as customers have shown us that the loyalty gap exists in the experience you provide your customers. Is it frictionless, is it value driven, and does it have them at the heart of everything that you do? At Sovos, we strive to have our customers feel that they are not only buying an industry-leading suite of products, but that they are gaining a world-class service partner.

In FY 2025, we have named one of our corporate strategic pillars: Delight our customers. We are committing to being customer obsessed so we create loyal advocates of the Sovos brand.

We value our customers' opinions and use their feedback to improve our products and services. We monitor our customer satisfaction through various metrics, such as Net Promoter Score (NPS), Customer satisfaction score (CSAT), and retention rate. We have recently expanded our NPS

program to cover more regions and products, and we have introduced automated surveys for our key accounts to measure customer satisfaction more accurately. We systematically follow up on low scores and solicit feedback from our customers to understand how we can improve our products and services.

As part of our strategy to improve customer satisfaction, we have reorganized our post-sales customer teams, including Customer Success, Professional Services, Customer Support and Managed Services. Our Customer Success team is led by an experienced leader who has revamped our feedback gathering process and hired top talent. Our renewals team is focused on retaining and expanding our customer base.

We plan to drive improvements in NPS by migrating customers from legacy technology to next-gen technology improving the user experience. Increases in Customer Retention will be influenced by optimizing and managing internal systems and customer engagement frameworks to effectively identify/rate customer health. As our SMB customers continue to be an important part of our customer base, we plan to expand on our AI rollout to quicken response times and improve median time to case resolution.



"My goal is always to create long-lasting customer relationships in which they view you as a strategic partner, not just a vendor, and I see that same commitment in everything that Sovos does."



Dominic Constandi
Chief Customer Officer

A man and a woman in business attire are looking at a tablet together. The man is holding the tablet, and the woman is looking at it. They are both smiling and appear to be in a collaborative work environment. The background is a solid blue color.

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.



416 tCO₂e

Scope 1 & 2 emissions

0.17 tCO₂e / FTE

Scope 1 & 2 emissions intensity

19,119 tCO₂e

Scope 3 emissions

7.82 tCO₂e / FTE

Scope 3 emissions intensity

614,870 kwh

Energy consumption across offices

44%

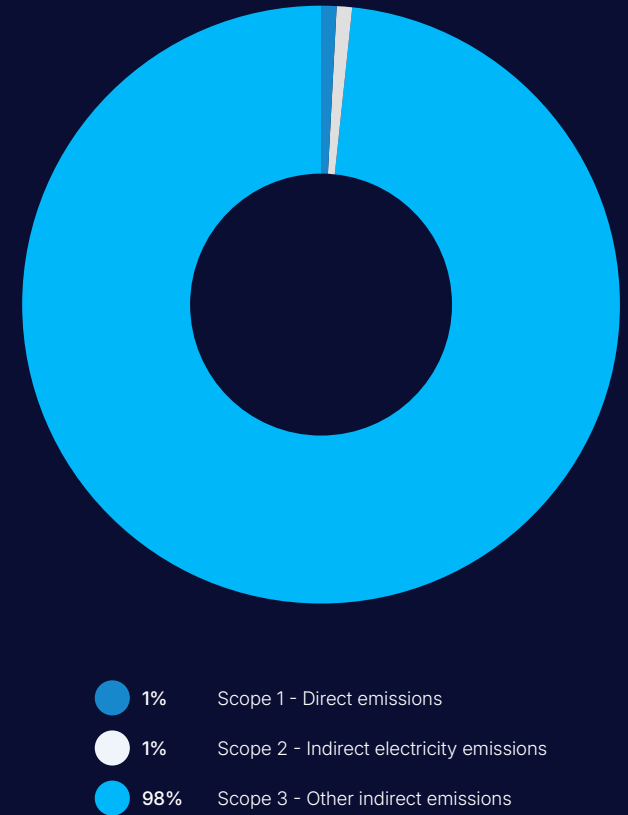
Share of renewable energy used across offices



FY24 emissions by category



FY24 emissions by scope



Our approach to climate & energy

We care about our environmental impact, and we want to do something about it. For the second year in a row, we have calculated our carbon footprint aligned to the Greenhouse Gas (GHG) Protocol, the most widely used standard for measuring emissions. This year, we partnered with Normative, a leading carbon accounting software provider, to enhance the accuracy and scope of our footprint.

Our FY24 footprint is mainly driven by scope three emissions, specifically purchased goods and services. This is partly because we use spend data, which can take a conservative approach and overestimate emissions. We are committed to improving the data quality and coverage of our footprint. Our footprint is currently based on a small amount of activity data (11.6%), which we aim to increase for our FY25 footprint. We are also working with Normative to include more scope 3 emissions categories which we have not reported on in this financial year's report, such as the use of our sold products.

We have made progress in tackling our emissions over the last year. We have adopted green office standards to make our workspaces more energy- and resource-efficient. We have also migrated our servers to energy-efficient cloud providers, helping us save energy and cut emissions. We have implemented a Responsible Travel Policy that promotes virtual meetings and discourages unnecessary travel, cutting down on emissions from business travel.

We know that measuring our footprint is only the first step, and we need to take concrete actions to reduce our emissions and align with the global climate goals. That is why we are working with Normative, to set Paris-aligned carbon reductions targets in line with the Science Based Targets Initiative, a key next step in our decarbonisation journey.





Empowering Our People

At Sovos, we are deeply committed to creating and sustaining an environment where our team can safely bring their whole selves to work.

A diverse workforce brings unique perspectives and experiences, helping a company's overall growth. Embracing differences, being open to learning and being comfortable with the unknown is both enriching...and absolutely necessary.



51st place in the Top100 for Training APEX Award for the 5th consecutive year



3rd place out of 38 companies in the EFY Female Talent Best Companies for Professional Women under 35 in Argentina

100% of eligible employees receiving regular performance reviews

79% response rate for employee engagement survey

99% Manager Bootcamp Participation for newly hired/newly promoted

35% female employees in senior management

41% female employees

Our approach to **engaging and developing talent**

At Sovos, we believe that our people are our greatest asset – Sovos's success depends on its skilled workforce. Over the past year, we have implemented a range of initiatives to attract, engage, and retain the best talent in the industry.

We are committed to the ongoing development of our staff. We have provided access to various learning opportunities and resources to help them grow their skills and knowledge. For example, our employees can use LinkedIn Learning to access online courses on topics ranging from leadership and change management to DEIB topics. Globally, we have a Continuing Professional Development program that supports our staff in advancing their professional qualifications and careers. We also offer Rosetta Stone language learning to enable our employees to communicate more effectively across our global teams. We have also ensured that all newly hired or newly promoted managers participate in our Manager Bootcamp training, equipping them with the skills and knowledge to be great leaders. Our dedication to training has been recognised for the 5th consecutive year with a place in the top 100 Training Apex Awards, a prestigious award that recognises excellence in learning and development.

Recognising the importance of work-life balance, we have introduced 'In Office with Purpose' flexible working arrangements for our office staff. This allows them to choose when and where they work, as long as they meet their objectives and collaborate effectively with their teams. We have also launched our Employee WholeLiving wellbeing program, which includes initiatives like flu vaccine drives in Chile, Brazil, and Argentina.

To gauge our employees' engagement levels and track the success of our initiatives, we have partnered with Culture Amp to conduct an annual employee engagement survey. We have also established regular pulse surveys and created focus groups involving our Executive Leadership Team, Senior Leadership Team, and employees to ensure we are continually attuned to our team's sentiments and needs.

We believe in giving back to our communities and encourage our employees to do the same. We have facilitated various volunteering opportunities, such as CSR days and matching charitable donations. Our teams have made significant contributions. Here are some of the initiatives we are most proud of...



"We're committed to creating an environment where everyone feels valued, heard, and empowered to contribute their unique perspectives and ideas. Because when we attract and engage the right talent, we're not just building a team, we're building the future of Sovos"



Colleen Schlagel
Chief Talent Officer, Sovos

In FY 2024, SOVOS team members welcomed the new calendar year by enabling communities to thrive. Through your choices, we...



Brought smiles to the faces of **80 homeless children** in São Paulo



Assisted **1,206 orphaned children** in Santiago, Lima, & Tucumán



Supported **children's mental health** in Bogota



Digital volunteering to **support children** in Quito



7 people have been provided with 1 year of clean drinking water



Aided victims/survivors of domestic violence in the US



4,824 Meals for Children in Need in the USA: Fighting child hunger and supporting healthy growth.



777 Trees Planted: Actively combating deforestation and contributing to a healthier planet.

Our approach to diversity, equity, inclusion & belonging

At Sovos, we believe that diversity, equity, inclusion & belonging are not only social imperatives, but critical to achieving our vision – the broad experiences, expertise, knowledge and perspectives of our global workforce and customer base is both enriching and absolutely necessary. Diversity is more than different people coexisting in the same workplace. By intentionally celebrating our differences and empowering cohesion, we work to create a culture of inclusion and innovation, enabling

us to deliver stronger solutions for our clients and stay ahead of the curve.

Our strong culture and emphasis on DEIB have also translated into positive outcomes for employee engagement. In our latest employee survey, 70% of respondents gave favourable ratings on DEIB, and 84% felt that they could be their authentic selves at work – a direct connection to our vision to enable employees to bring their whole self to Sovos.

Leadership commitment to embedding diversity, equity, inclusion and belonging

Last year, Sovos's executive leadership invested in strategy sessions with an external expert. A key outcome of this was incorporating 'belonging' into our DEI strategy, now referred to as DEIB. Not only did the strategy sessions spark productive conversations it fostered a renewed commitment to our vision.

As part of that commitment, we have made DEIB an integral part of our operating strategy at Sovos by weaving elements into Sovos's eight strategic initiatives rather than running independent programs. For example, we've embedded accessibility best practices into our design system and products and are taking steps to meet Level 2 Web Content Accessibility Guidelines (WCAG) 2.1AA, to ensure our solutions are accessible to all customers, including those relying on assistive technology to access and use our products. Next year, Sovos will be formalizing our cross-cultural awareness with culture competency frameworks and practices, to make interactions and engagement with both customers and employees more inclusive. We've embedded accessibility best practices into our products, and our strategic products target WCAG 2.1 AA compliance.



Fostering learning and professional growth

Professional development and mentorship underpin the Sovos culture and work environment, enabling our diverse team to learn and grow in their career. This year, we revamped our Sovos Mentoring Program, using a multi-lingual platform called Together to match mentors and mentees based on their preferences and goals. Over 200+ team members participated in the successful program, with 91% of them rating their pairing as a strong match. Through these mentoring relationships, team members reflected on their experiences, strengthened their professional toolkit and built out their internal networks.

We also launched a new way to provide our managers with DEIB learning opportunities: manager debriefs, which provide opportunities for managers to reflect on inclusive leadership concepts in small and large groups. Over 40% of Sovos managers joined the program, to develop skills in cultural competency and unconscious bias, which are essential for leading diverse and inclusive teams.

Celebrating our diversity and supporting inclusion

One of our key ambassador groups in spreading the word about DEIB across our regions is our 'Sovos Around the World' group. This group consists of employees from various backgrounds and geographies who volunteer to lead and participate in different DEIB initiatives, including celebrations of International Women's Day, Pride and Neurodiversity Awareness Month, and 'Sovos in My Shoes', an internal series featuring the culture and employees of different countries Sovos works in.

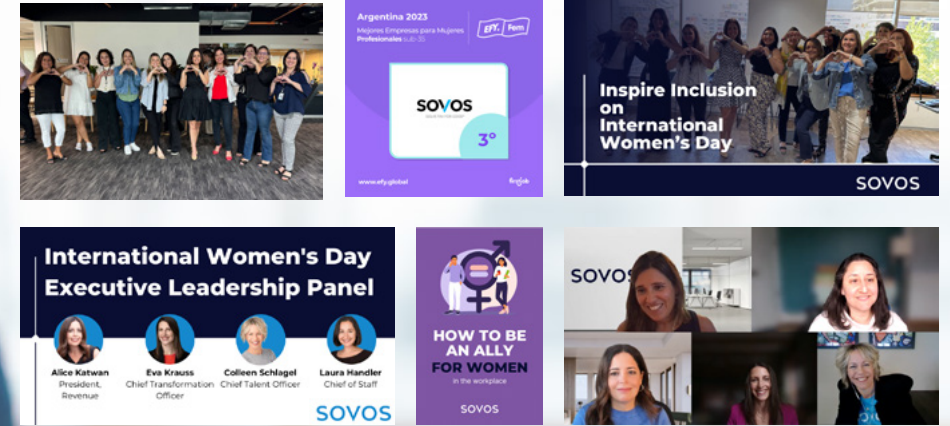
"At Sovos, we value diversity, equity, inclusion and belonging as both a social responsibility and a pivotal factor in achieving our vision. Our diverse, global team brings together a range of experiences, expertise, and perspectives – empowering us to deliver the best possible solutions for our clients. Our commitment to DEIB is demonstrated by how closely it is woven into our most strategic initiatives. And the positive employee engagement inclusion scores stand as testament to the success of our collective efforts."



Laura Handler
Chief of Staff,
Sovos

A spotlight on International Women's Day at Sovos

International Women's Day is not just a one-off event at Sovos, but a reflection of our ongoing commitment to gender equality. Our goal this year was to celebrate, recognize and empower the women who drive our success with a series of initiatives.



"I am so thankful to all the ELT panellists for generously sharing of their personal and professional stories, perspectives, strength, inspiring and diverse wisdom, and leadership. The panel had me laughing, reflecting and agreeing but mostly admiring and appreciating all of them!"

Security Program Coordinator and Around the World Ambassador, Sovos

Highlights from the day

We saw high levels of engagement from our employees. One of the highlights was an Executive Leadership Team (ELT) panel featuring our female ELT members, who shared their personal and professional stories, perspectives and insights which attracted over 475 Sovos team members. We also provided a range of learning resources to foster women's empowerment, such as the Sovos-published "Ally for Women in the Workplace Guide", a LinkedIn Learning Path, and several other grassroots resources.

Recognition of our efforts

Our efforts throughout the year were also acknowledged on International Women's Day. EY Fem in Argentina ranked Sovos as a top 3 employer for professional women under 35, and Sovos's President of Revenue, Alice Katwan, was featured in [CIO Views Magazine](#) on Playing a Leading Role to Deliver New Solutions in Tax Compliance.

What's next

For our 2025 celebration of Women's Day, we are planning on building on this momentum as well as our strong representation of women across the organization and senior management with an evolution to our Women's Alliance networking program, creating Leadership Circles for female employees to connect with female leaders to discuss topics like inclusive leadership, allyship, intersectionality and more.

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 with michael.parker@sovos.com.

Disclaimer: This Sustainability Report does it 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.

The word "SOVOS" is centered in the middle of the image. It is written in a bold, white, sans-serif font. The background consists of several concentric, overlapping circles that create a tunnel-like effect, with the circles receding into the distance. The colors of the circles transition from a light blue on the left to a dark blue on the right, with some purple and pinkish hues on the right side. The overall effect is a sense of depth and focus on the central text.