

**UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS**

*In re Sovos Compliance Data Security Incident
Litigation*

Case No. 1:23-cv-12100 (“Master Docket”)

SETTLEMENT AGREEMENT AND RELEASES

This Settlement Agreement (“Settlement” or “Agreement”)¹ is entered into between Plaintiffs, Sergei Stadnik, Julianne Yenca, James Lawler, and Tony Anderson, on behalf of themselves and the Settlement Class, and Defendant, Sovos Compliance, LLC, (together, the “Parties”) as of the date last signed below. The Parties hereby agree to the following terms in full settlement of the Action, subject to a Final Approval Order entered by the Court.

I. Procedural History

1. On May 31, 2023, Progress Software announced a previously unknown vulnerability in its MOVEit Transfer application, which Sovos utilizes to help deliver services related to unclaimed property.

2. When Sovos became aware of the Data Incident, outside advisors and cybersecurity experts were retained to assist in the evaluation of the Data Incident, and law enforcement was notified. Sovos and its Customers thereafter notified approximately 490,000 individuals that their

¹ All capitalized terms herein shall have the same meanings as those defined in Section II below or as defined elsewhere in the Agreement.

Private Information may have been impacted by the Data Incident.

3. As a result, Sovos was named a defendant in four putative class actions that are materially and substantively identical, as they have overlapping claims, seek to represent the same putative class members, and arise out of the same Data Incident. Sovos at all times disputes the allegations in this Action and the Related Actions.

4. **The *Stadnik* Action**

a. On September 13, 2023, Plaintiff Stadnik filed this Action against Sovos in the U.S. District Court for the District of Massachusetts.

b. On October 6, 2023, Sovos filed a Corporate Disclosure Statement.

c. On October 11, 2023, Sovos filed a Notice of Refusal of Consent to Proceed Before Magistrate Judge.

d. On October 17, 2023, Plaintiff Stadnik filed an Unopposed Motion to Consolidate Cases and Appoint Interim Class Counsel (“Motion to Consolidate”), seeking to, among other things, consolidate the case with the *Yenca* Action also pending in the same District.

e. On November 8, 2023, Sovos filed an Assented-To Motion to Extend Time to Respond to Complaint, requesting a 30-day extension of time to respond to the complaint through December 11, 2023. On the same day, the Court granted the motion.

f. On November 13, 2023, the Court granted the Motion to Consolidate and entered a Pretrial Order Consolidating Cases and Appointing Interim Co-Lead Counsel, which (a) consolidated the *Yenca* Action with the *Stadnik* Action under the new title *In re Sovos Compliance Data Security Incident Litigation* and the docket number of the first-filed case, 23-cv-12100 (“Master Docket”); and (b) appointed Mason Barney and Tyler Bean of Siri & Glimstad LLP and Jeff Ostrow of Kopelowitz Ostrow P.A. Interim Co-Lead Counsel under Federal Rule of Civil

Procedure 23(g)(3).

5. **The Related Actions**

a. **The *Yenca* Action**

i. On September 23, 2023, *Julianne Yenca v. Sovos Compliance, LLC*, Case No. 1:23-cv-12174 was filed in the District of Massachusetts.

ii. On October 24, 2023, Sovos filed a Corporate Disclosure Statement.

iii. On October 24, 2023, Sovos filed an Assented-To Motion for Extension of Time to Respond to Complaint, requesting a 30-day extension of time to respond to the complaint through November 23, 2023. On October 25, 2023, the Court granted the motion.

iv. On October 25, 2023, Plaintiff Yenca filed a Notice of Refusal of Consent to Proceed Before Magistrate Judge.

b. On November 13, 2023, the Court consolidated the *Yenca* Action with the *Stadnik* Action under the new title: *In re Sovos Compliance Data Security Incident Litigation* and the docket number of the first-filed case, 23-cv-12100 (“Master Docket”); and (b) appointed Mason Barney of Siri & Glimstad LLP and Jeff Ostrow of Kopelowitz Ostrow P.A. Interim Co-Lead Counsel under Federal Rule of Civil Procedure 23(g)(3).

c. **The *Zide* Action**

i. On September 14, 2023, *Nancy Zide v. Sovos Compliance, LLC and Pacific Premier Bank*, Case No. 8:23-cv-01711 was filed in the U.S. District Court for the Central District of California. Defendant Pacific Premier Bank is one of Sovos’ customers who had certain consumer-customers with Private Information affected by the Data Incident. On September 14, 2023, Plaintiff Zide also sent a letter to Sovos providing notice under the California Consumer Privacy Act (“CCPA”) of Sovos’ alleged violation of the CCPA and demanding a cure. In its

response letter, Sovos took the positions that (a) it had implemented and consistently maintained reasonable security practices and procedures; (b) the widespread impact of the zero-day MOVEit Transfer vulnerability underscores that the Data Incident did not result from any unreasonable security on Sovos' part; (c) Sovos had taken affirmative steps to address the Data Incident; and (d) any alleged CCPA violation was cured because the threat actor responsible for the Data Incident confirmed that it deleted the data that was exfiltrated and Sovos' monitoring efforts confirmed that the data at issue was never published.

ii. On October 5, 2023, Plaintiff Zide filed her First Amended Class Action Complaint, dropping Sovos as a defendant.

iii. On October 11, 2023, Defendant Pacific Premier Bank filed a Notice of Interested Parties.

iv. On October 11, 2023, Plaintiff Zide and Defendant Pacific Premier Bank stipulated to an extension of time for the defendant to answer the complaint through November 22, 2023.

v. On November 17, 2023, Plaintiff Zide filed a Notice of Voluntary Dismissal With Prejudice of her action against Pacific Premier Bank.

d. **The *Gorman* Action**

i. On November 2, 2023, nearly two months following the filings of the *Stadnik* and *Yenca* actions, *Gorman v. Progress Software Corporation, et al.*, Case No. 3:23-cv-50397 was filed in the U.S. District Court for the Northern District of Illinois.

ii. On November 3, 2023, Defendant Progress Software Corporation ("Progress") filed a Notice of Potential Tag-Along Action on the docket of the Joint Panel on Multidistrict Litigation ("JPML"), *In re MOVEit Customer Data Security Breach Litigation*, MDL

No. 3083 (J.P.M.L.) (“*MOVEit* JPML Proceedings”), naming the *Gorman* Action.

iii. On November 8, 2023, the JPML issued Conditional Transfer Order (CTO-15) in the *MOVEit* JPML Proceedings, naming the *Gorman* Action.

iv. On November 16, 2023, CTO-15 in the *MOVEit* JPML Proceedings was initially finalized and the *Gorman* Action was transferred to the District of Massachusetts.

v. On November 17, 2023, Sovos filed in the *MOVEit* JPML Proceedings a Motion to Reinstate Conditional Transfer Order 15, on the grounds that it did not receive service of process of either the Notice of Potential Tag-Along Action naming the *Gorman* Action or CTO-15, because Progress had served an address unassociated with Sovos, and attaching a Notice of Opposition to CTO-15.

vi. On November 20, 2023, the JPML reinstated CTO-15, and deemed Sovos’ Notice of Opposition to CTO-15 filed as of November 20, 2023. The JPML set a briefing schedule as follows: Notices of Appearance and Corporate Disclosure Statements due by December 4, 2023, Motion to Vacate with Brief in Support due by December 4, 2023, Responses due by December 26, 2023, and a Reply (if any) due by January 4, 2024.

6. **Actions Against Sovos’ Customers**

a. The notices sent to consumers in response to the Data Incident included notices sent on behalf of approximately 140 of Sovos’ customers and, in some instances, those customers’ clients.

b. Three of Sovos’ customers have been named as defendants in putative class action lawsuits arising from the Data Incident.

c. One of those Sovos customers is Patelco Credit Union (“Patelco”). On October 2, 2023, a putative class action was filed in the U.S. District Court for the Northern District

of California against Patelco regarding the Data Incident, *Jani v. Patelco Credit Union*, Case No. 3:23-505054-TSH (N.D. Cal.). *Patelo* was tagged as a potential “related action” in the *MOVEit* JPML in Conditional Transfer Order 17 (CTO-17). On November 22, 2023, a Notice of Opposition to CTO-17 was filed. The JPML set a briefing schedule with a Motion to Vacate due by December 6, 2023, responses by December 27, 2023, and a Reply by January 3, 2024.

d. Another of the Sovos customers, Midland States Bank, is named as a defendant in the *Gorman* Action.

e. The final of the Sovos customers is Pacific Premier Bank, which was named as a defendant in the *Zide* Action.

7. **Mediation and Settlement**

a. On November 28, 2023, the Parties participated in a full-day private mediation before experienced data breach mediator Bruce Friedman, Esq. of JAMS. In advance of the mediation, Sovos provided Class Counsel with information related to the categories of Private Information impacted by Data Incident and confirming that Sovos had confirmation from the threat actor responsible for the Data Incident that all data impacted as part of the Data Incident—which would include all impacted Private Information—had been deleted.

b. The mediation concluded with Plaintiffs making a last, best, and final offer regarding the material terms of a settlement that would resolve Plaintiffs’ claims and those of the Settlement Class, which Sovos accepted on November 30, 2023, knowing that there would be additional Parties named as plaintiffs in a consolidated complaint.

c. On December 1, 2023, Plaintiffs Sergei Stadnik and Julianne Yenca, together with Plaintiffs James Lawler and Tony Anderson, filed a Consolidated Class Action Complaint, asserting causes of action for (1) negligence; (2) negligence *per se*; (3) breach of third-

party beneficiary contract; (4) unjust enrichment/quasi contract; (5) violations of California's Unfair Competition Law, Cal. Bus. & Prof. Code §§ 17200 *et seq.*; (6) violations of the California Consumer Privacy Act of 2018, Cal. Civ. Code 1798 *et seq.*; (7) violations of the Arizona Consumer Fraud Act, A.R.S. §§ 44-1521 *et seq.*; (8) violations of the Indiana Deceptive Consumer Sales Act, Ind. Code §§ 24-5-0.5 *et seq.*; and (9) declaratory judgment.

d. Thereafter, on the same date, the Parties filed a Notice of Class-wide Settlement.

e. The Parties now agree to settle the Action entirely, without any admission of liability or wrongdoing, with respect to all Released Claims of the Releasing Parties. Sovos has entered into this Agreement to resolve all controversies and disputes arising out of or relating to the allegations made in the Complaint, and to avoid the litigation costs and expenses, distractions, burden, expense, and disruption to its business operations associated with further litigation. Sovos does not in any way acknowledge, admit to, or concede any of the allegations made in the Complaints (and similarly does not concede any of the allegations in the other complaints in the Related Actions), and expressly disclaims and denies any fault or liability, or any charges of wrongdoing that have been or could have been asserted in the Complaints. Nothing contained in this Agreement shall be used or construed as an admission of liability, and this Agreement shall not be offered or received in evidence in any action or proceeding in any court or other forum as an admission or concession of liability or wrongdoing of any nature or for any other purpose other than to enforce the terms of this Agreement. Plaintiffs have entered into this Agreement to recover on the claims asserted in the Consolidated Complaint, and to avoid the risk, delay, and uncertainty of continued litigation. Plaintiffs do not in any way concede that the claims alleged in the Consolidated Complaint lack merit or are subject to any defenses. The Parties intend this

Agreement to bind Plaintiffs, Sovos, and all Settlement Class Members.

NOW, THEREFORE, in light of the foregoing, for good and valuable consideration, the receipt and sufficiency of which is hereby mutually acknowledged, the Parties agree, subject to approval by the Court, as follows.

II. Definitions

7. “**Action**” means the lawsuit entitled: *In re Sovos Compliance Data Security Incident Litigation*, Case No. 1:23-cv-12100 (D. Mass.).

8. “**Application for Attorneys’ Fees, Costs, and Service Awards**” means the application made with the Motion for Final Approval seeking Class Counsel’s attorneys’ fees, reimbursement for costs, and for Service Awards for the Class Representatives.

9. “**CAFA Notice**” means the Class Action Fairness Act Notice which the Settlement Administrator shall serve upon the appropriate state and federal officials, providing notice of the proposed Settlement. The Settlement Administrator shall provide a declaration attesting to compliance with 28 U.S.C. § 1715(b), which will be filed with the Motion for Final Approval.

10. “**California Settlement Subclass**” means Settlement Class members residing in California as of May 30, 2023.

11. “**California Statutory Award**” means the additional \$100.00 available as a Settlement Class Member Benefit to those members of the California Settlement Subclass.

12. “**Cash Payment**” means compensation paid to Settlement Class Members who elected to submit a Claim for either Cash Payment A or Cash Payment B.

13. “**Cash Payment A**” means compensation paid to Settlement Class Members pursuant to Section V.

14. “**Cash Payment B**” means the amount identified in Section V.

15. “**Claim**” means the submission of a Claim Form by a Claimant.

16. “**Claim Form**” means the proof of claim, substantially in the form attached hereto as *Exhibit 5*, which may be modified, subject to the Parties’ approval, to meet the requirements of the Settlement Administrator.

17. “**Claim Form Deadline**” shall be 90 days from the date that Notice is first disseminated to the Settlement Class and is the last day by which a Claim Form may be submitted to the Settlement Administrator for a Settlement Class member to be eligible for a Cash Payment.

18. “**Claimant**” means a Settlement Class member who submits a Claim Form.

19. “**Class Counsel**” means: Mason Barney and Tyler Bean of Siri & Glimstad LLP and Jeff Ostrow of Kopelowitz Ostrow P.A.

20. “**Class List**” means a list of Settlement Class members. Sovos shall prepare and provide the Class List to the Settlement Administrator for Notice using information in Sovos’ records. The Class List shall include the Settlement Class members’ names, postal address (if available from Data Incident notice materials) and email address (if available from Data Incident notice materials).

21. “**Class Representatives**” means Sergei Stadnik, Julianne Yenca, James Lawler, and Tony Anderson.

22. “**Complaint**” or “**Consolidated Complaint**” means the Consolidated Complaint filed on December 1, 2023, styled: *In Re Sovos Compliance Data Security Litigation*; Case No. 1:23-cv-12100 (D. Mass 2023).

23. “**Court**” means the United States District Court for the District of Massachusetts and the Judge(s) assigned to the Action.

24. “**Credit Monitoring**” means 3 years of credit monitoring Settlement Class

Members may elect (adjusted to 1 years of credit monitoring for Settlement Class Members who already elected to receive 2 years of credit monitoring offered in connection with the Data Incident) as part of their Settlement Class Member Benefit.

25. “**Customer**” or “**Customers**” means each and every business that directly or indirectly retained, used, hired, or otherwise employed Sovos’ services and that, in the process of using Sovos’ services, provided to Sovos or to a Sovos Customer Private Information that was subject to unauthorized access or acquisition as a result of the Data Incident. For the avoidance of doubt, the term “Customer” or “Customers” includes Sovos’ direct Customers and the business customers of Sovos’ Customers.

26. “**Data Incident**” means the unauthorized access to or acquisition of the Private Information on or about May 30, 2023, as a result of unauthorized access to the MOVEit Transfer application that Sovos used.

27. “**Defendant**” means Sovos Compliance, LLC or Sovos.

28. “**Defendant’s Counsel**” or “**Sovos’ Counsel**” means Orrick, Herrington & Sutcliffe LLP.

29. “**Effective Date**” means the day after the entry of the Final Approval Order, provided no objections are made to the Settlement. If there are objections to the Settlement, then the Effective Date shall be the later of: (a) 30 days after entry of the Final Approval Order if no appeals are taken from the Final Approval Order; or (b) if appeals are taken from the Final Approval Order, then the earlier of 30 days after the last appellate court ruling affirming the Final Approval Order or 30 days after the entry of a dismissal of the appeal.

30. “**Email Notice**” means the email form of Notice of the Settlement, substantially in the form attached hereto as *Exhibit 1*, distributed to Settlement Class members for which email

addresses are provided by Sovos.

31. “**Escrow Account**” means the interest-bearing account to be established by the Settlement Administrator consistent with the terms and conditions described herein.

32. “**Final Approval**” means the final approval of the Settlement, which occurs when the Court enters the Final Approval Order, substantially in the form attached to the Motion for Final Approval.

33. “**Final Approval Hearing**” means the hearing held before the Court during which the Court will consider granting Final Approval of the Settlement and the Application for Attorneys’ Fees, Costs, and Service Awards.

34. “**Final Approval Order**” means the final order the Court enters granting Final Approval of the Settlement. The proposed Final Approval Order shall be in a form agreed upon by the Parties and shall be substantially in the form attached as an exhibit to the Motion for Final Approval. Final Approval Order also includes the orders, which may be entered separately, determining the amount of attorneys’ fees and costs awarded to Class Counsel and the amount of any Service Awards to the Class Representatives.

35. “**Long Form Notice**” means the long form notice of the Settlement, substantially in the form attached hereto as *Exhibit 3*, that shall be posted on the Settlement Website and shall be available to Settlement Class members by mail on request made to the Settlement Administrator.

36. “**Motion for Final Approval**” means the motion that Plaintiffs and Class Counsel shall file with the Court seeking Final Approval of the Settlement.

37. “**Motion for Preliminary Approval**” means the motion that Plaintiffs shall file with the court seeking Preliminary Approval of the Settlement.

38. “**Net Settlement Fund**” means the amount of the Settlement Fund following

payment of: (1) Service Awards to Class Representatives awarded by the Court, (2) attorneys' fees and costs awarded by the Court to Class Counsel, and (3) all Settlement Administration Costs.

39. “**Notice**” means the Email Notice, Postcard Notice, Long Form Notice, and Publication Notice that Plaintiffs will ask the Court to approve in connection with the Motion for Preliminary Approval.

40. “**Notice Program**” means the methods provided for in this Agreement for giving Notice to the Settlement Class and consists of the Email Notice, Postcard Notice, Long Form Notice, and Publication Notice.

41. “**Notice of Deficiency**” means the notice sent by the Settlement Administrator to a Settlement Class member who has submitted an invalid Claim.

42. “**Objection Period**” means the period that begins the day after the earliest day on which the Notice is first distributed, and that ends no later than 30 days before the Final Approval Hearing.

43. “**Opt-Out Period**” means the period that begins the day after the earliest day on which the Notice is first distributed, and that ends no later than 30 days before the Final Approval Hearing.

44. “**Party**” means each of the Plaintiffs and Defendant, and “**Parties**” means Plaintiffs and Defendant collectively.

45. “**Private Information**” means information directly or indirectly provided to Sovos or to a Sovos Customer that either (a) would trigger notice under the applicable U.S. state data breach reporting law; or (b) included (i) an individual's first and last name or first initial and last name *plus* (ii) the individual's financial account number, even if such information on its own would not trigger notice under the applicable U.S. state data breach reporting law.

46. “**Plaintiffs**” means Sergei Stadnik, Julianne Yenca, James Lawler, and Tony Anderson.

47. “**Postcard Notice**” means the postcard notice of the Settlement, substantially in the form attached hereto as *Exhibit 2* that the Settlement Administrator shall disseminate to Settlement Class members by mail.

48. “**Preliminary Approval**” means the preliminary approval of the Settlement, which occurs when the Court enters the Preliminary Approval Order, substantially in the form attached to the Motion for Preliminary Approval.

49. “**Preliminary Approval Order**” means the order preliminarily approving the Settlement and proposed Notice Program, substantially in the form attached hereto as *Exhibit 6*.

50. “**Publication Notice**” means the publication notice of the Settlement, substantially in the form attached hereto as *Exhibit 4* that the Settlement Administrator will publish across social media platforms notifying Settlement Class members about the Settlement.

51. “**Related Actions**” means the three actions filed after the *Stadnik* Action against Sovos regarding the Data Incident, identified in Paragraph 5 of this Agreement.

52. “**Releases**” means the releases and waiver set forth in Section XIII of this Agreement.

53. “**Released Claims**” means any and all actual, potential, filed or unfiled, known or unknown, fixed or contingent, claimed or unclaimed, suspected or unsuspected claims, demands, liabilities, rights, causes of action, damages, punitive, exemplary or multiplied damages, expenses, costs, attorneys’ fees and/or obligations, whether in law or in equity, accrued or unaccrued, direct, individual or representative, of every nature and description whatsoever, based on any federal, state, local, statutory or common law or any other law, against the Released Parties, or any of them,

arising out of or relating to actual or alleged facts, transactions, events, matters, occurrences, acts, disclosures, statements, representations, omissions or failures to act relating to the Data Incident.

54. **“Released Parties”** means

a. Sovos and its past, present, and future direct and indirect heirs, assigns, associates, corporations, investors, owners, parents, subsidiaries, affiliates, divisions, officers, directors, shareholders, members, agents, employees, attorneys, insurers, reinsurers, benefit plans, predecessors, successors, managers, administrators, executors, and trustees; and

b. Sovos’ Customers and their past, present, and future direct and indirect heirs, assigns, associates, corporations, investors, owners, parents, subsidiaries, affiliates, divisions, officers, directors, shareholders, members, agents, employees, attorneys, insurers, reinsurers, benefit plans, predecessors, successors, managers, administrators, executors, and trustees.

c. It is expressly understood that to the extent a Released Party is not a party to the Agreement all such Released Parties are intended third-party beneficiaries of the Agreement.

55. **“Releasing Parties”** means Plaintiffs and Settlement Class Members and their respective past, present, and future heirs, beneficiaries, conservators, executors, estates, administrators, assigns, agents, accountants, financial and other advisors, and any other representatives of any of these persons and entities.

56. **“Service Award”** means the payment the Court may award the Plaintiffs for serving as Class Representatives, which is in addition to any Settlement Class Member Benefit due to Plaintiffs as Settlement Class Members. The Service Awards shall be paid out of the Settlement Fund.

57. **“Settlement Administrator”** means Kroll Settlement Administration LLC or

Kroll.

58. “**Settlement Administration Costs**” means all costs and fees of the Settlement Administrator regarding Notice and settlement administration.

59. “**Settlement Class**” means all living individuals residing in the United States who were sent a notice by Sovos or by a Sovos Customer indicating that their Private Information may have been impacted in the Data Incident. Excluded from the Settlement Class are (a) all persons who are employees, directors, officers, and agents of Sovos or a Sovos Customer, or their respective subsidiaries and affiliated companies; (b) governmental entities; and (c) the Judge assigned to the Action, that Judge’s immediate family, and Court staff.

60. “**Settlement Class Member**” means any member of the Settlement Class, including any member of the California Settlement Sub-Class, who has not opted-out of the Settlement.

61. “**Settlement Class Member Benefit**” means the Cash Payment and, if applicable, the California Statutory Award, and/or Credit Monitoring, elected by Settlement Class Members.

62. “**Settlement Fund**” means the non-reversionary US \$3,534,128.50 cash fund that Sovos is obligated to fund under the terms of the Settlement.

63. “**Settlement Website**” means the website the Settlement Administrator will establish as a means for the Settlement Class members to submit Claim Forms and obtain notice and information about the Settlement, including hyperlinked access to this Agreement, the Preliminary Approval Order, Long Form Notice, Claim Form, Motion for Final Approval, Application for Attorneys’ Fees, Costs, and Service Awards, and Final Approval Order, as well as other documents as the Parties agree to post or the Court orders posted. The Settlement Website shall remain online and operable for at least six months after Final Approval.

64. “**Sovos**” means Defendant, Sovos Compliance, LLC.

65. “**Valid Claim**” means a Claim Form submitted by a Settlement Class member that is: (a) submitted in accordance with the provisions of the Settlement; (b) accurately, fully, and truthfully completed and executed, with all of the information requested in the Claim Form, by a Settlement Class Member; (c) signed physically or by e-signature by a Settlement Class Member personally, subject to the penalty of perjury; (d) returned via mail and postmarked by the Claim Form Deadline, or, if submitted online, submitted by 11:59 p.m. Eastern time on the Claim Form Deadline; and (e) determined to be valid by the Settlement Administrator. The Settlement Administrator may require additional information from the Claimant to validate the Claim, including, but not limited to, answers related to questions regarding the validity or legitimacy of the physical or e-signature. Failure to respond to the Settlement Administrator’s Notice of Deficiency may result in a determination that the Claim is not a Valid Claim.

III. Settlement Fund

66. Within 10 days of Preliminary Approval, Defendant shall cause the Settlement Fund to be funded in an amount equal to the Settlement Administrator’s estimate of total Settlement Administration Costs, provided such estimate is provided to Defendant before the date of Preliminary Approval. This amount shall be held in the Escrow Account to be established and maintained by the Settlement Administrator. Within 10 days of Final Approval, Defendant shall cause the remainder of the Settlement Fund (\$3,534,128.50 less the estimated Settlement Administration Costs previously paid) to be funded, which amount shall also be held in the Escrow Account to be established and maintained by the Settlement Administrator.

67. The Settlement Fund shall be used to pay: (1) Settlement Class Member Benefits to Settlement Class Members who submit Valid Claims; (2) Service Awards to Class

Representatives awarded by the Court; (3) attorneys' fees and costs awarded by the Court to Class Counsel; and (4) all Settlement Administration Costs.

68. The funds in the Escrow Account shall be deemed a "qualified settlement fund" within the meaning of United States Treasury Reg. § 1.468B-1 at all times since creation of the Escrow Account. All taxes (including any estimated taxes, and any interest or penalties relating to them) arising with respect to the income earned by the Escrow Account or otherwise, including any taxes or tax detriments that may be imposed on Sovos, Sovos' Counsel, Plaintiffs, and/or Class Counsel with respect to income earned by the Escrow Account, for any period during which the Escrow Account does not qualify as a "qualified settlement fund" for the purpose of federal or state income taxes or otherwise, shall be paid out of the Escrow Account. Sovos, Sovos' Counsel, Plaintiffs, and Class Counsel shall have no liability or responsibility for any of the taxes. The Escrow Account shall indemnify and hold Sovos, Sovos' Counsel, Plaintiffs, and Class Counsel harmless for all taxes (including, without limitation, taxes payable by reason of any such indemnification).

IV. Certification of the Settlement Class

69. In the Motion for Preliminary Approval, Plaintiffs shall propose and request to the Court that the Settlement Class be certified for Settlement purposes. Sovos agrees solely for purposes of the Settlement provided for in this Agreement, and the implementation of such Settlement, that this case shall proceed as a class action; provided however, that if a Final Approval Order is not issued, then any certification shall be null and void and, for the avoidance of doubt, Sovos shall retain all rights to object to any future requests to certify a class. Plaintiffs and Class Counsel shall not reference this Agreement in support of any subsequent motion for class certification of any class in the Action.

V. Settlement Consideration

70. Settlement Class Member Benefits

When submitting a Valid Claim, Settlement Class Members must choose either Cash Payment A or Cash Payment B. In addition, each member of the California Settlement Subclass who submits a Valid Claim may elect to receive a separate California Statutory Award. Settlement Class Members may also elect to receive Credit Monitoring in accordance with the terms set forth in Paragraph 74. Settlement Class Cash Payments and California Statutory Awards will be subject to a *pro rata* increase from the Net Settlement Fund in the event the amount of Valid Claims is insufficient to exhaust the entire Net Settlement Fund. Similarly, in the event the amount of Valid Claims exhausts the amount of the Net Settlement Fund, the amount of the Cash Payments and California Statutory Awards may be reduced *pro rata* accordingly. For purposes of calculating the *pro rata* increase or decrease, the Settlement Administrator must distribute the funds in the Net Settlement Fund first for payment of Credit Monitoring and then for Cash Payments and California Statutory Awards. Any *pro rata* increases or decreases to Cash Payments and California Statutory Awards will be on an equal percentage basis. In the unexpected event the value of Credit Monitoring on its own exhausts the amount of the Net Settlement Fund, the length of the Credit Monitoring provided will be reduced as necessary to bring the cost within the Net Settlement Fund. If a Settlement Class Member does not submit a Valid Claim, the Settlement Class Member will release his or her claims against the Released Parties without receiving a Settlement Class Member Benefit.

71. Cash Payment A

- a. **Compensation for Ordinary Losses:** Compensation for unreimbursed

ordinary losses fairly traceable to the Data Incident, up to a total of \$2,000.00 per person. Settlement Class Members must submit documentation supporting their Claims for ordinary losses. This documentation may include receipts or other documentation not “self-prepared” by the claimant that documents the costs incurred. “Self-prepared” documents such as handwritten receipts are, by themselves, insufficient to receive reimbursement, but can be considered to add clarity or support other submitted documentation. Settlement Class Members shall not be reimbursed for expenses if they have been reimbursed for the same expenses by another source, including compensation provided in connection with the credit monitoring and identity theft protection product offered as part of the notification letter provided by Sovos or Sovos Customer or otherwise. These ordinary losses may include the following:

i. ***Out of pocket expenses incurred*** as a result of the Data Incident, including bank fees, long distance phone charges, cell phone charges (only if charged by the minute), data charges (only if charged based on the amount of data used), postage, or gasoline for local travel; and

ii. ***Fees for credit reports, credit monitoring, or other identity theft insurance product*** purchased between May 31, 2023, and the date of the Claim Form Deadline.

b. **Compensation for Lost Time**: Settlement Class Members with time spent remedying issues related to the Data Incident may receive reimbursement of \$25.00 per hour up to five hours (for a total of \$125.00) with an attestation including a brief description of the action(s) take in response to the Data Incident.

c. **Compensation for Extraordinary Losses**: Compensation for extraordinary losses, up to a total of \$10,000.00, per Settlement Class Member, if the extraordinary loss is: (i) an actual, documented and unreimbursed monetary loss due to fraud or identity theft;

(ii) fairly traceable to the Data Incident; (iii) occurred after the Data Incident and before the Claim Form Deadline; (iv) not already covered by one or more of the ordinary loss categories, and (v) the Settlement Class Member made reasonable efforts to avoid, or seek reimbursement for, the loss, including but not limited to exhaustion of all available credit monitoring insurance and identity theft insurance.

72. Cash Payment B

Instead of selecting Cash Payment A, a Settlement Class Member may elect to receive Cash Payment B, which is a flat payment in the amount of \$150.00.

73. California Statutory Claim Payment

In addition to Cash Payment A or Cash Payment B, California Settlement Subclass Members who submit a Valid Claim may also elect to receive the California Statutory Award in the amount of \$100.00.

74. Credit Monitoring

In addition to Cash Payment A or Cash Payment B, and the California Statutory Claim Payment, if applicable, Settlement Class Members may also make a Claim for Credit Monitoring. Settlement Class Members who did not elect to receive a credit monitoring and identity theft protection product previously offered by Sovos or a Sovos Customer in connection with the Settlement Class Member's Data Incident notification letter may elect to receive three years of Credit Monitoring. Settlement Class Members who elected to receive two years of credit monitoring and identity theft protection previously offered by Sovos or a Sovos Customer in connection with its initial Data Incident notification letter may elect to receive an additional 1 year of Credit Monitoring. Credit Monitoring has a value of approximately \$90.00 per Settlement Class Member. The Credit Monitoring will include: (i) real time monitoring of the credit file at all three

bureaus; (ii) dark web scanning with immediate notification of potential unauthorized use; (iii) comprehensive public record monitoring; (iv) identity theft insurance (no deductible); and (v) access to fraud resolution agents to help investigate and resolve instances of identity theft.

75. Injunctive Relief

Sovos provided Class Counsel with a “Security Attestation” from Kroll Cyber Risk attesting to the security measures it is implementing following the Data Incident. Sovos confirms that all of these security measures have been implemented. The costs of any such security measures on the part of Sovos shall be fully borne by Sovos, and under no circumstances will such costs be deducted from the Settlement Fund.

VI. Settlement Approval

76. Within a reasonable amount of time following execution of this Agreement by all Parties and Class Counsel, Class Counsel shall file a Motion for Preliminary Approval. The proposed Preliminary Approval Order shall be attached to the motion as an exhibit and shall be in a form agreed to by Class Counsel and Sovos.

77. The Motion for Preliminary Approval shall, among other things, request the Court: (1) preliminarily approve the terms of the Settlement as being within the range of fair, adequate, and reasonable; (2) provisionally certify the Settlement Class for settlement purposes only; (3) approve the Notice Program set forth herein and approve the form and content of the Notices of the Settlement; (4) approve the Claim Form and Claim submission process; (5) approve the procedures for Settlement Class members to opt-out of the Settlement or for Settlement Class Members to object to the Settlement; (6) appoint Mason Barney, Tyler Bean, and Jeff Ostrow as Class Counsel for Settlement purposes; (7) stay the Action pending Final Approval of the Settlement; and (8) schedule a Final Approval Hearing for a time and date mutually convenient for

the Court, the Parties, Class Counsel, and Sovos' Counsel.

VII. Settlement Administrator

78. The Parties agree that, subject to Court approval, Kroll shall be the Settlement Administrator. The Parties shall jointly oversee the Settlement Administrator. The Settlement Administrator shall fulfill the requirements set forth in the Preliminary Approval Order and the Agreement and comply with all applicable laws, including, but not limited to, the Due Process Clause of the United States Constitution.

79. The Settlement Administrator shall administer various aspects of the Settlement as described in the next paragraph and perform such other functions as are specified for the Settlement Administrator elsewhere in this Agreement, including, but not limited to, effectuating the Notice Program, handling the Claims process, administering the Settlement Fund, and distributing the Cash Payments to Settlement Class Members who submit Valid Claims.

80. The Settlement Administrator's duties include to:
- a. Provide CAFA Notice;
 - b. Complete the Court-approved Notice Program by noticing the Settlement Class by Postcard Notice and, where email addresses are provided by Sovos, sending the Postcard Notice in electronic form via email, publishing the Publication Notice, sending out Long Form Notices and paper Claim Forms on request from Settlement Class members, reviewing Claim Forms, notifying Claimants of deficient Claim Forms using the Notice of Deficiency, and sending Settlement Class Member Benefits to Settlement Class Members who submit a Valid Claim;
 - c. Establish and maintain the Settlement Fund the Escrow Account approved by the Parties;
 - d. Establish and maintain a post office box to receive opt-out requests from

the Settlement Class, objections from Settlement Class members, and Claim Forms;

e. Establish and maintain the Settlement Website to provide important information and to receive electronic Claim Forms;

f. Establish and maintain an automated toll-free telephone line for Settlement Class members to call with Settlement-related inquiries, and answer the frequently asked questions of Settlement Class members who call with or otherwise communicate such inquiries;

g. Respond to any mailed Settlement Class member inquiries;

h. Process all opt-out requests from the Settlement Class;

i. Provide weekly reports to Class Counsel and Defendant's Counsel that summarize the number of Claims submitted, Claims approved and rejected, Notice of Deficiency sent, opt-out requests and objections received that week, the total number of opt-out requests and objections received to date, and other pertinent information;

j. In advance of the Final Approval Hearing, prepare a declaration to submit to the Court confirming that the Notice Program was completed in accordance with the terms of this Agreement and the Preliminary Approval Order, describing how the Notice Program was completed, indicating the number of Claim Forms received, providing the names of each Settlement Class member who timely and properly requested to opt-out from the Settlement Class, indicating the number of objections received, and other information as may be necessary to allow the Parties to seek and obtain Final Approval;

k. Distribute, out of the Settlement Fund, Cash Payments by electronic means;

l. Pay Court-approved attorneys' fees and costs and Service Awards out of the Settlement Fund;

m. Pay Settlement Administration Costs out of the Settlement Fund following

approval by Class Counsel; and

n. Any other Settlement administration function at the instruction of Class Counsel and Sovos, including, but not limited to, verifying that the Settlement Fund has been properly administered and that the Cash Payments have been properly distributed.

VIII. Notice to the Settlement Class, Opt-Out Procedures, and Objection Procedures

81. Sovos will make available to Class Counsel and the Settlement Administrator the Class List no later than five days after entry of the Preliminary Approval Order. To the extent necessary, Sovos will cooperate with updating the Class List to accomplish the Notice Program and otherwise administer the Settlement.

82. Within 30 days following entry of the Preliminary Approval Order, the Settlement Administrator shall commence the Notice Program provided herein, using the forms of Notice approved by the Court. Where email addresses are provided by Sovos for Settlement Class members, Email Notice shall be sent by email. Settlement Class members for which email addresses are not provided, or emails were undelivered (and a postal address is provided by Sovos), shall receive a Postcard Notice by mail.

83. The Email Notice and Postcard Notice shall include, among other information: a description of the material terms of the Settlement; how to submit a Claim Form; the Claim Form Deadline; the last day of the Opt-Out Period for Settlement Class members to opt-out of the Settlement Class; the last day of the Objection Period for Settlement Class Members to object to the Settlement and/or Application for Attorneys' Fees, Costs, and Service Awards; the Final Approval Hearing date; and the Settlement Website address at which Settlement Class members may access this Agreement and other related documents and information. Class Counsel and Sovos' Counsel shall insert the correct dates and deadlines in the Notice before the Notice Program

commences, based upon those dates and deadlines set by the Court in the Preliminary Approval Order. If the date or time for the Final Approval Hearing changes, the Settlement Administrator shall update the Settlement Website to reflect the new date. No additional notice to the Settlement Class is required if the date or time for the Final Approval Hearing changes.

84. The Settlement Administrator shall establish the Settlement Website no later than the day before Notice is first initiated. The Settlement Administrator shall ensure the Settlement Website makes available the Court-approved online Claim Form that can be submitted directly on the Settlement Website or in printable version that can be sent by U.S. Mail to the Settlement Administrator.

85. The Long Form Notice also shall include a procedure for Settlement Class members to opt-out of the Settlement Class, and the Postcard Notice shall direct Settlement Class members to review the Long Form Notice to obtain the opt-out instructions. A Settlement Class member may opt-out of the Settlement Class at any time during the Opt-Out Period by mailing a request to opt-out to the Settlement Administrator postmarked no later than the last day of the Opt-Out Period. The opt-out request must be personally signed by the Settlement Class member and contain the requestor's name, address, telephone number, and email address (if any), and include a statement indicating a request to be excluded from the Settlement Class. Any Settlement Class Member who does not timely and validly request to opt-out shall be bound by the terms of this Agreement even if that Settlement Class Member does not submit a Valid Claim.

86. The Long Form Notice also shall include a procedure for Settlement Class Members to object to the Settlement and/or Application for Attorneys' Fees, Costs, and Service Awards, and the Postcard Notice and Email Notice shall direct Settlement Class members to review the Long Form Notice to obtain the objection instructions. Objections must be filed with the Court,

and sent by U.S. Mail to Class Counsel, Defendant's Counsel, and the Settlement Administrator. For an objection to be considered by the Court, the objection must be submitted no later than the last day of the Objection Period, as specified in the Notice, and the Settlement Class Member must not have excluded herself from the Settlement Class. If submitted by mail, an objection shall be deemed to have been submitted when posted if received with a postmark date indicated on the envelope if mailed first-class postage prepaid and addressed in accordance with the instructions. If submitted by private courier (e.g., Federal Express), an objection shall be deemed to have been submitted on the shipping date reflected on the shipping label.

87. For an objection to be considered by the Court, the objection must also set forth:
- a. the objector's full name, mailing address, telephone number, and email address (if any);
 - b. all grounds for the objection, accompanied by any legal support for the objection known to the objector or objector's counsel;
 - c. the number of times the objector has objected to a class action settlement within the 5 years preceding the date that the objector files the objection, the caption of each case in which the objector has made such objection, and a copy of any orders related to or ruling upon the objector's prior objections that were issued by the trial and appellate courts in each listed case;
 - d. the identity of all counsel who represent the objector, including any former or current counsel who may be entitled to compensation for any reason related to the objection to the Settlement and/or Application for Attorneys' Fees, Costs, and Service Awards;
 - e. the number of times in which the objector's counsel and/or counsel's law firm have objected to a class action settlement within the 5 years preceding the date of the filed objection, the caption of each case in which counsel or the firm has made such objection and a

copy of any orders related to or ruling upon counsel's or the counsel's law firm's prior objections that were issued by the trial and appellate courts in each listed case in which the objector's counsel and/or counsel's law firm have objected to a class action settlement within the preceding 5 years;

f. the identity of all counsel (if any) representing the objector, and whether they will appear at the Final Approval Hearing;

g. a list of all persons who will be called to testify at the Final Approval Hearing in support of the objection (if any);

h. a statement confirming whether the objector intends to personally appear and/or testify at the Final Approval Hearing; and

i. the objector's signature (an attorney's signature is not sufficient).

Class Counsel and/or Defendant's Counsel may conduct limited discovery on any objector or objector's counsel.

88. The Settlement Administrator shall perform reasonable address traces for Postcard Notices that are returned as undeliverable. By way of example, a reasonable tracing procedure would be to run addresses of returned postcards through the Lexis/Nexis database that can be utilized for such purpose. No later than 60 days before the original date set for the Final Approval Hearing, the Settlement Administrator shall complete the re-mailing of Postcard Notice to those Settlement Class members whose new addresses were identified as of that time through address traces.

89. The Notice Program shall be completed no later than 60 days before the original date set for the Final Approval Hearing.

IX. Claim Form Process and Disbursement of Cash Payments

90. The Notice and the Settlement Website will explain to Settlement Class members

that they may be entitled to a Settlement Class Member Benefit and how to submit a Claim Form.

91. Claim Forms may be submitted online through the Settlement Website or through U.S. Mail by sending them to the Settlement Administrator at the address designated on the Claim Form.

92. The Settlement Administrator shall collect, review, and address each Claim Form received to determine whether the Claim Form meets the requirements set forth in this Settlement and is thus a Valid Claim. The Settlement Administrator shall examine the Claim Form before designating the Claim as a Valid Claim to determine that the information on the Claim Form is reasonably complete. The Settlement Administrator shall have the sole authority to determine whether a Claim by any Claimant is a Valid Claim.

93. The Settlement Administrator shall use all reasonable efforts and means to identify and reject duplicate claims. No Settlement Class member may submit more than one Claim Form. The Settlement Administrator shall identify any Claim Forms that appear to seek relief on behalf of the same Settlement Class member. The Settlement Administrator shall use its best efforts to determine whether there is any duplication of claims, and if there is, contact the Settlement Class member in an effort to determine which Claim Form is the appropriate one for consideration.

94. The Settlement Administrator shall exercise, in its discretion, all usual and customary steps to prevent fraud and abuse and take any reasonable steps to prevent fraud and abuse in the Claim process. The Settlement Administrator may, in its discretion, deny in whole or in part any Claim Form to prevent actual or possible fraud or abuse. By agreement, the Parties can instruct the Settlement Administrator to take whatever steps it deems appropriate if the Settlement Administrator identifies actual or possible fraud or abuse relating to the submission of claims, including, but not limited to, denying in whole or in part any Claim to prevent actual or possible

fraud or abuse. If any fraud is detected or reasonably suspected, the Settlement Administrator and Parties may require information from Claimants or deny Claims, subject to the supervision of the Parties and ultimate oversight by the Court.

95. Claim Forms that do not meet the terms and conditions of this Settlement shall be promptly rejected by the Settlement Administrator and the Settlement Administrator shall advise the Claimant or Settlement Class member of the reason(s) why the Claim Form was rejected. However, if the Claim Form is rejected for containing incomplete or inaccurate information, and/or omitting required information, the Settlement Administrator may send a Notice of Deficiency explaining what information is missing or inaccurate and needed to validate the Claim and have it submitted for consideration. The Settlement Administrator shall notify the Claimant using the contact information provided in the Claim Form. The additional information and/or documentation can include, for example, answers to questions regarding the validity of the Claimant's physical or e-signature. A Claimant shall have until the Claim Form Deadline, or 15 days from the date the Notice of Deficiency is sent to the Claimant via mail and postmarked or via email, whichever is later, to reply to the Notice of Deficiency and provide the required information. If the Claimant timely and adequately provides the requested information and/or documentation, the Claim shall be deemed a Valid Claim and processed by the Settlement Administrator. If the Claimant does not timely and completely provide the requested information and/or documentation, the Settlement Administrator shall reduce or deny the Claim unless Sovos and Class Counsel otherwise agree.

96. Where a good faith basis exists, the Settlement Administrator may reduce or reject a Claim for, among other reasons, the following:

- a. Failure to fully complete and/or sign the Claim Form;
- b. Illegible Claim Form;

- c. The Claim Form is fraudulent;
- d. The Claim Form is duplicative of another Claim Form;
- e. The Claimant is not a Settlement Class member;
- f. The Claimant submitted a timely and valid request to opt out of the Settlement Class.
- g. The person submitting the Claim Form requests that payment be made to a person or entity other than the Claimant for whom the Claim Form is submitted;
- h. Failure to submit a Claim Form by the Claim Form Deadline; and/or
- i. The Claim Form otherwise does not comply with the requirements of this Settlement.

97. The Settlement Administrator's reduction or denial of a Claim is final, subject to the following dispute resolution procedures:

- a. The Settlement Administrator shall have 30 days from the Claim Form Deadline to approve or reject Claims based on findings of fraud or duplication.
- b. A request for additional information by sending a Notice of Deficiency shall not be considered a denial for purposes of this Paragraph.
- c. If a Claim is rejected for fraud or duplication, the Settlement Administrator shall notify the Claimant using the contact information provided in the Claim Form. Class Counsel and Defendant's Counsel shall be provided with copies of all such notifications to Claimants.
- d. The Settlement Administrator's determination as to whether to approve, deny, or reduce a Claim shall be final and binding.

98. The Settlement Administrator shall provide all information gathered in investigating Claims, including, but not limited to, copies of all correspondence and email and all

notes of the Settlement Administrator, the decision reached, and all reasons supporting the decision, if requested by Class Counsel or Sovos' Counsel. Additionally, Class Counsel and Sovos' Counsel shall have the right to inspect the Claim Forms and supporting documentation received by the Settlement Administrator at any time upon reasonable notice.

99. No person or entity shall have any claim against Sovos, Defendant's Counsel, Plaintiffs, the Settlement Class, Class Counsel, and/or the Settlement Administrator based on any eligibility determinations, distributions, or awards made in accordance with this Settlement.

100. No later than 75 days after Final Approval or 30 days after the Effective Date, whichever is later, the Settlement Administrator shall distribute the Settlement Class Member Benefits.

101. Cash Payments to Settlement Class Members will be made by electronic payment, by sending Settlement Class Members with Valid Claims an email to select from alternative forms of electronic payment. Settlement Class Members will have a period of 180 days to select their electronic payment. In the event of any complications arising in connection with the issuance of an electronic payment, the Settlement Administrator shall provide written notice to Class Counsel and Defendant's Counsel. Absent specific instructions from Class Counsel and Defendant's Counsel, the Settlement Administrator shall proceed to resolve the dispute using its best practices and procedures to ensure that the funds are fairly and properly distributed to the person or persons who are entitled to receive them. In the event the Settlement Administrator is unable to distribute funds to the person or persons entitled to receive them due to incorrect or incomplete information provided to the Settlement Administrator, the funds shall become residual funds pursuant to paragraph 109, and the Settlement Class Member shall forfeit their entitlement right to the funds.

102. In the event there are funds remaining in the Settlement Fund 20 days following the

180-day period for Settlement Class Members to select the form of electronic payment, said funds attributable to unclaimed and undeliverable electronic payments shall be treated as residual funds as described in Section XII.

103. The Settlement Administrator will send an email to Settlement Class Members with Valid Claims that include an election for Credit Monitoring with information on how to enroll in the Credit Monitoring, including the activation code.

X. Final Approval Order and Final Judgment

104. Plaintiffs shall file their Motion for Final Approval of the Settlement, inclusive of the Application for Attorneys' Fees, Costs, and Service Awards, no later than 45 days before the original date set for the Final Approval Hearing. At the Final Approval Hearing, the Court will hear argument on Plaintiffs' Motion for Final Approval of the Settlement and Application for Attorneys' Fees, Costs and Service Awards. In the Court's discretion, the Court will also hear argument at the Final Approval Hearing from any Settlement Class Members (or their counsel) who object to the Settlement and/or to the Application for Attorneys' Fees, Costs, and Service Awards, provided the objectors submitted timely objections that meet all of the requirements listed in this Agreement.

105. At or following the Final Approval Hearing, the Court will determine whether to enter the Final Approval Order and final judgment thereon, and whether to grant the Application for Attorneys' Fees, Costs, and Service Awards. Such proposed Final Approval Order shall, among other things:

- a. Determine that the Settlement is fair, adequate and reasonable;
- b. Finally certify the Settlement Class for settlement purposes only;
- c. Determine that the Notice Program satisfies Due Process requirements;

d. Bar and enjoin all Releasing Parties from asserting or otherwise pursuing any of the Released Claims at any time and in any jurisdiction, including during any appeal from the Final Approval Order; and retain jurisdiction over the enforcement of the Court's injunctions;

e. Release Sovos, Sovos' Customers, and the other Released Parties from the Released Claims; and

f. Reserve the Court's continuing and exclusive jurisdiction over the Parties to this Agreement, including Sovos, Plaintiffs, all Settlement Class Members, and all objectors, to administer, supervise, construe, and enforce this Agreement in accordance with its terms.

XI. Service Awards, Attorneys' Fees, and Costs

106. **Service Awards.** The Class Representatives may seek Service Awards of up to \$2,500.00 each, subject to Court approval. The Service Awards shall be payable out of the Settlement Fund.

107. **Attorneys' Fees and Costs.** Class Counsel shall apply to the Court for an award of attorneys' fees of up to 33.33% of the Settlement Fund, plus reimbursement of reasonable costs. The attorneys' fees and cost awards approved by the Court shall be paid by the Settlement Administrator out of the Settlement Fund by wire transfer to an account designated by Class Counsel within 15 days of Final Approval.

108. This Settlement is not contingent on approval of the request for attorneys' fees and costs or Service Awards, and if the Court denies the request or grants amounts less than what was requested, the remaining provisions of the Agreement shall remain in force. The provisions for attorneys' fees and costs and the Service Awards were not negotiated until after all material terms of the Settlement.

XII. Disposition of Residual Funds

109. In the event there are funds remaining in the Settlement Fund 20 days following the 180-day period for Settlement Class Members to select the form of electronic payment, following payment of Settlement Class Member Payments, any residual shall be distributed to an appropriate mutually agreeable *cy pres* recipient approved by the Court. The Parties agree to propose the National Consumer Law Center as the *cy pres* recipient.

XIII. Releases

110. Upon the Effective Date, and in consideration of the settlement relief and other consideration described herein, the Releasing Parties shall be deemed to have, and by operation of the Final Approval Order shall have, fully, finally, and forever released, acquitted, relinquished, and completely discharged the Released Parties from any and all Released Claims, including but not limited to any state law or common law claims arising out of or relating to the Data Incident that the Releasing Parties may have or had, such as under California's Consumer Privacy Act, California Civil Code section 1798.100, *et seq.* and/or California's Unfair Competition Law, California Civil Code section 17200 *et seq.* Each Party expressly waives all rights under California Civil Code section 1542, which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

The Releasing Parties also waive the provisions and rights of any law(s) that are comparable in

effect to California Civil Code section 1542 (including, without limitation, California Civil Code § 1798.80, et seq., Montana Code Ann. § 28- 1-1602; North Dakota Cent. Code § 9-13-02; and South Dakota Codified Laws § 20-7-11). The Releasing Parties agree that, once this Agreement is executed, they will not, directly or indirectly, individually or in concert with another, maintain, cause to be maintained, or voluntarily assist in maintaining any further demand, action, claim, lawsuit, arbitration, or similar proceeding, in any capacity whatsoever, against any of the Released Parties based on any of the Released Claims.

111. Settlement Class members who opt-out of the Settlement prior to the Opt-Out Deadline do not release their claims and will not obtain any benefits, including any Settlement Class Member Benefit, under the Settlement.

112. Upon the Effective Date: (a) this Settlement shall be the exclusive remedy for any and all Released Claims of Plaintiffs and Settlement Class Members; and (b) Plaintiffs and Settlement Class Members stipulate to be and shall be permanently barred and enjoined by Court order from initiating, asserting, or prosecuting any Released Claim against the Released Parties, whether on behalf of Plaintiffs, any Settlement Class Member or others, in any jurisdiction, including in any federal, state, or local court or tribunal.

XIV. Termination of Settlement

113. This Agreement shall be subject to and is expressly conditioned on the occurrence of all of the following events:

- a. Court approval of the Settlement consideration set forth in Section V and the Releases set forth in Section XIII of this Agreement;
- b. The Court has entered the Preliminary Approval Order;
- c. The Court has entered the Final Approval Order, and all objections, if any,

are overruled, and all appeals taken from the Final Approval Order are resolved in favor of Final Approval; and

d. The Effective Date has occurred.

114. If any of the conditions specified in the preceding paragraph are not met, or if the Court otherwise imposes any modification to or condition to approval of the Settlement to which the Parties do not consent, then this Agreement shall be cancelled and terminated.

115. Sovos shall have the option to terminate this Agreement if more than 5% of the Settlement Class opt out of the Settlement. Sovos shall notify Class Counsel and the Court of its intent to terminate this Agreement pursuant to this paragraph within 10 days after the end of the Opt-Out Period, or the option to terminate shall be considered waived.

116. In the event this Agreement is terminated or fails to become effective, then the Parties shall return to the *status quo ante* in the Action as if the Parties had not entered into this Agreement, and the Parties shall jointly file a status report in the Court seeking to reopen the Action and all papers filed. In such event, the terms and provisions of this Agreement shall have no further force and effect with respect to the Parties and shall not be used in this Action or in any other action or proceeding for any other purpose, and any order entered by this Court in accordance with the terms of this Agreement shall be treated as vacated, *nunc pro tunc*.

117. In the event this Agreement is terminated or fails to become effective, all funds in the Settlement Fund shall be promptly returned to Sovos. However, Sovos shall have no right to seek from Plaintiffs, Class Counsel, or the Settlement Administrator the Settlement Administration Costs paid. After payment of any Settlement Administration Costs that have been incurred and are due to be paid from the Settlement Fund, the Settlement Administrator shall return the balance of the Settlement Fund to Sovos within 21 days of termination.

XV. Effect of Termination

118. The grounds upon which this Agreement may be terminated are set forth in Section XIV. In the event of a termination, this Agreement shall be considered null and void; all of Plaintiffs', Class Counsel's, Sovos', Sovos' Counsel's obligations under the Settlement shall cease to be of any force and effect; and the Parties shall return to the *status quo ante* in the Action as if the Parties had not entered into this Agreement. In addition, in the event of such a termination, all of the Parties' respective pre-Settlement rights, claims, and defenses will be retained and preserved.

119. In the event the Settlement is terminated in accordance with the provisions of this Agreement, any discussions, offers, or negotiations associated with this Settlement shall not be discoverable or offered into evidence or used in the Action or any other action or proceeding for any purpose. In such event, all Parties to the Action shall stand in the same position as if this Agreement had not been negotiated, made, or filed with the Court.

XVI. No Admission of Liability

120. This Agreement reflects the Parties' compromise and settlement of disputed claims. This Agreement shall not be construed as or deemed to be evidence of an admission or concession of any point of fact or law. Sovos has denied and continues to deny each of the claims and contentions alleged in the Complaint. Sovos specifically denies that a class could or should be certified in the Action for litigation purposes. Sovos does not admit any liability or wrongdoing of any kind, by this Agreement or otherwise. Sovos has agreed to enter into this Agreement to avoid the further expense, inconvenience, and distraction of burdensome and protracted litigation, and to be completely free of any further claims that were asserted or could possibly have been asserted in the Action.

121. Class Counsel believe the claims asserted in the Action have merit, and they have

examined and considered the benefits to be obtained under the proposed Settlement set forth in this Agreement, the risks associated with the continued prosecution of this complex, costly, and time-consuming litigation, and the likelihood of success on the merits of the Action. Class Counsel fully investigated the facts and law relevant to the merits of the claims, conducted discovery, and conducted independent investigation of the alleged claims. Class Counsel concluded that the proposed Settlement set forth in this Agreement is fair, adequate, reasonable, and in the best interests of the Settlement Class members.

122. This Agreement constitutes a compromise and settlement of disputed claims. No action taken by the Parties in connection with the negotiations of this Agreement shall be deemed or construed to be an admission of the truth or falsity of any claims or defenses heretofore made, or an acknowledgment or admission by any party of any fault, liability, or wrongdoing of any kind whatsoever.

123. Neither the Settlement, nor any act performed or document executed pursuant to or in furtherance of the Settlement (a) is or may be deemed to be, or may be used as, an admission of, or evidence of, the validity of any claim made by the Plaintiffs or Settlement Class Members, or of any wrongdoing or liability of the Released Parties; or (b) is or may be deemed to be, or may be used as, an admission of, or evidence of, any fault or omission of any of the Released Parties, in the Action or in any proceeding in any court, administrative agency, or other tribunal.

124. In addition to any other defenses Sovos or the Released Parties may have at law, in equity, or otherwise, to the extent permitted by law, this Agreement may be pleaded as a full and complete defense to and may be used as the basis for an injunction against, any action, suit, or other proceeding that may be instituted, prosecuted, or attempted in breach of this Agreement or the Releases contained herein.

XVII. Miscellaneous Provisions

125. Confidentiality. To the extent permitted by ethics rules, the Parties and their counsel shall keep confidential all settlement communications, including communications regarding the negotiation and drafting of this Agreement. The Parties will not make any public statement about the settlement that has not been approved by the other side, except as required or authorized by law. Approval of any proposed public statement of the other side will not be unreasonably withheld. The Parties will cooperate with each other regarding public statements about the settlement and may issue a joint statement/press release if they mutually agree to do so. This paragraph shall not be construed to limit or impede the Notice requirements contained in this Settlement Agreement, nor shall this paragraph be construed to prevent Class Counsel or Sovos' Counsel from notifying or explaining that the Action has settled or limit the representations that the Parties or their counsel may make to the Court to assist in the Court's evaluation of the Settlement, Preliminary Approval, Final Approval, and any objection to the Settlement's terms. Sovos may also provide information about the Settlement Agreement to its attorneys, members, partners, insurers, brokers, agents, and other persons or entities as required by securities laws or other applicable laws and regulations.

126. Gender and Plurals. As used in this Agreement, the masculine, feminine or neuter gender, and the singular or plural number, shall each be deemed to include the others whenever the context so indicates.

127. Binding Effect. This Agreement shall be binding upon, and inure to and for the benefit of, the successors and assigns of the Releasing Parties and the Released Parties.

128. Cooperation of Parties. The Parties to this Agreement agree to cooperate in good faith to prepare and execute all documents, seek Court approval, uphold Court approval, and do

all things reasonably necessary to complete and effectuate the Settlement described in this Agreement.

129. Obligation to Meet and Confer. Before filing any motion in the Court raising a dispute arising out of or related to this Agreement, the Parties shall consult with each other and certify to the Court that they have met and conferred in an attempt to resolve the dispute.

130. Integration and No Reliance. This Agreement constitutes a single, integrated written contract expressing the entire agreement of the Parties relative to the subject matter hereof. This Agreement is executed without reliance on any covenant, agreement, representation, or warranty by any Party or any Party's representative other than those expressly set forth in this Agreement. No covenants, agreements, representations, or warranties of any kind whatsoever have been made by any Party hereto, except as provided for herein.

131. No Conflict Intended. Any inconsistency between the headings used in this Agreement and the text of the paragraphs of this Agreement shall be resolved in favor of the text.

132. Governing Law. Except as otherwise provided herein, the Agreement shall be construed in accordance with, and be governed by, the laws of the state of Massachusetts, without regard to the principles thereof regarding choice of law.

133. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument, even though all Parties do not sign the same counterparts. Original signatures are not required. Any signature submitted by facsimile or through email of a PDF shall be deemed an original.

134. Jurisdiction. The Court shall retain jurisdiction over the implementation, enforcement, and performance of this Agreement, and shall have exclusive jurisdiction over any

suit, action, proceeding, or dispute arising out of or relating to this Agreement that cannot be resolved by negotiation and agreement by counsel for the Parties. The Court shall also retain jurisdiction over all questions and/or disputes related to the Notice Program and the Settlement Administrator. As part of the agreement to render services in connection with this Settlement, the Settlement Administrator shall consent to the jurisdiction of the Court for this purpose. The Court shall retain jurisdiction over the enforcement of the Court's injunction barring and enjoining all Releasing Parties from asserting any of the Released Claims and from pursuing any Released Claims against the Released Parties at any time and in any jurisdiction, including during any appeal from the Final Approval Order.

135. Notices. All notices provided for herein, shall be sent by email with a hard copy sent by overnight mail to:

If to Plaintiffs or Class Counsel:

Mason A. Barney
Tyler J. Bean
Siri & Glimstad LLP
745 Fifth Avenue, Suite 500
New York, NY 10151
mbarney@sirillp.com
tbean@sirillp.com

Jeff Ostrow
Kopelowitz Ostrow P.A.
1 West Las Olas Blvd., Ste. 500
Fort Lauderdale, FL 33301
ostrow@kolawyers.com

If to Defendant or Defendant's Counsel:

Michelle L. Visser
Orrick, Herrington & Sutcliffe LLP
405 Howard Street
San Francisco, CA 94105
mvisser@orrick.com

The notice recipients and addresses designated above may be changed by written notice. Upon the request of any of the Parties, the Parties agree to promptly provide each other with copies of objections, requests for exclusion, or other filings received as a result of the Notice Program.

136. Modification and Amendment. This Agreement may not be amended or modified, except by a written instrument signed by Class Counsel and Sovos' Counsel and, if the Settlement has been approved preliminarily by the Court, approved by the Court.

137. No Waiver. The waiver by any Party of any breach of this Agreement by another Party shall not be deemed or construed as a waiver of any other breach, whether prior, subsequent, or contemporaneous, of this Agreement.

138. Authority. Class Counsel (for the Plaintiffs and the Settlement Class Members), and Sovos' Counsel (for Sovos), represent and warrant that the persons signing this Agreement on their behalf have full power and authority to bind every person, partnership, corporation, or entity included within the definitions of Plaintiffs and Sovos respectively to all terms of this Agreement. Any person executing this Agreement in a representative capacity represents and warrants that he or she is fully authorized to do so and to bind the Party on whose behalf he or she signs this Agreement to all of the terms and provisions of this Agreement.

139. Agreement Mutually Prepared. Neither Plaintiffs nor Sovos shall be considered to be the drafter of this Agreement or any of its provisions for the purpose of any statute, case law, or rule of interpretation or construction that would or might cause any provision to be construed against the drafter of this Agreement.

140. Independent Investigation and Decision to Settle. The Parties understand and acknowledge they: (a) have performed an independent investigation of the allegations of fact and law made in connection with this Action; and (b) that even if they may hereafter discover facts in

addition to, or different from, those that they now know or believe to be true with respect to the subject matter of the Action as reflected in this Agreement, that will not affect or in any respect limit the binding nature of this Agreement. All Parties recognize and acknowledge they reviewed and analyzed data that they and their experts used to make certain determinations, arguments, and settlement positions. The Parties agree this Settlement is fair, reasonable, and adequate, and will not attempt to renegotiate or otherwise void or invalidate or terminate the Settlement irrespective of what any unexamined data later shows. It is the Parties' intention to resolve their disputes in connection with this Action pursuant to the terms of this Agreement now and thus, in furtherance of their intentions, the Agreement shall remain in full force and effect notwithstanding the discovery of any additional facts or law, or changes in law, and this Agreement shall not be subject to rescission or modification by reason of any changes or differences in facts or law, subsequently occurring or otherwise.

141. Receipt of Advice of Counsel. Each Party acknowledges, agrees, and specifically warrants that he, she, or it has fully read this Agreement and the Releases contained herein, received independent legal advice with respect to the advisability of entering into this Agreement and the Releases, and the legal effects of this Agreement and the Releases, and fully understands the effect of this Agreement and the Releases.

Signature Page to Follow

Sergei Stadnik

Sergei Stadnik (Dec 7, 2023 16:31 MST)

SERGEI STADNIK
Plaintiff

Julie Yenca

Julie Yenca (Dec 7, 2023 20:58 EST)

JULIANNE YENCA
Plaintiff

jim e lawler

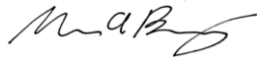
jim e lawler (Dec 7, 2023 13:23 PST)

JAMES LAWLER
Plaintiff



Tony Anderson (Dec 7, 2023 15:21 EST)

TONY ANDERSON
Plaintiff



MASON A. BARNEY, ESQ.
SIRI & GLIMSTAD LLP
Attorneys for Plaintiffs

Jeffrey Ostrow

Jeffrey Ostrow (Dec 7, 2023 15:08 EST)

JEFF OSTROW, ESQ.
KOPELOWITZ OSTROW P.A.
Attorneys for Plaintiffs

SOVOS COMPLIANCE, LLC

Justin Pentz

Justin Pentz (Dec 8, 2023 07:12 EST)

By: Justin Pentz
Its General Counsel

Michelle Visser

Michelle Visser (Dec 7, 2023 20:18 PST)

MICHELLE L. VISSER
ORRICK, HERRINGTON & SUTCLIFFE LLP
Counsel for Defendant