Energy Intelligence in Service of the Planet

A review of Stem's Environmental, Social, and Governance performance, and the emissions our platform helps customers avoid across 36+ GW of managed clean energy assets.



36+ GW
Solar under management

~2 GWh
Storage under management

55
Countries worldwide with assets under management

Frameworks: GRI Standards 2021, TCFD, SASB, GHG Protocol, UN SDGs

stem

Third Annual Sustainability Report I 2025

Table of Contents

3 **About This Report**
4 **A Message from Our CEO**
5 **Sustainability Highlights**
6 **Sustainability Strategy and Performance**
- 6 People
- 7 Planet
- 8 Profit

9 **About the Company**
- 10 Stem Footprint

11 **Product**
12 **Environment**
- 13 Our Global Climate Impact
- 14 Customer Spotlight: Norbut Solar Farms
- 15 Environmental Stewardship
- 17 Energy Consumption

18 **Social**
- 21 Celebrating Our People and Our Culture

22 **Governance**
- 23 Ethics and Compliance

24 **Appendix**
- 24 Materiality Assessment
- 25 GRI Content Index
- 26 SASB Disclosure
- 27 UN SDG Alignment
- 27 TCFD Disclosure





About This Report

This report covers the period from January 1 through December 31, 2025, and includes all entities under Stem's operational control, consistent with our organizational boundary under the Greenhouse Gas Protocol (the "GHG Protocol"). Stem's previous ESG report, covering fiscal year 2024, was published in October 2025.

This report has been internally reviewed and verified but has not been externally assured. Questions regarding this report may be directed to investors@stem.com

For the first time, Stem has prepared this report with reference to the GRI Standards 2021. The report also continues to align with the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB) standards for Software & IT Services and Solar Technology, the GHG Protocol Corporate Accounting Standard, and the United Nations Sustainable Development Goals.

Our greenhouse gas emissions were calculated by Green Project Technologies using the GHG Protocol, with corporate carbon accounting and calculation methodology certified by TÜV Rheinland.

Statement Regarding SEC Filings

This report and the information it contains are furnished for general informational purposes only. They are not, and should not be deemed to be, incorporated by reference into, or otherwise made part of, any filing, report, or registration statement filed by us with the Securities and Exchange Commission (the "SEC"), whether made before or after the date of this report, and are not "soliciting material" and are not deemed "filed" for purposes of the Securities Act of 1933 or the Securities Exchange Act of 1934. References in this report to Stem's Form 10-K or other SEC filings, and any website addresses or hyperlinks provided, are for convenience only; the contents of any referenced website, and this report itself, are not incorporated into any SEC filing.

A Message From Our CEO



Energy Intelligence in Service of the Planet

"The clean energy transition requires smarter systems, stronger operations, and software that can help increasingly complex energy assets perform reliably, intelligently, and at scale."

— Arun Narayanan, Chief Executive Officer, Stem Inc.

To our valued stakeholders,

The clean energy transition is one of the defining infrastructure challenges of our time. It requires more than adding renewable capacity to the grid. It requires smarter systems, stronger operations, and software that can help increasingly complex energy assets perform reliably, intelligently, and at scale.

At Stem, that is the work we do every day.

In 2025, our actions reflected our purpose: to accelerate the clean energy transition by helping customers maximize the value and performance of their energy assets through intelligent software and services. We serve businesses, utilities, developers, and asset owners operating in a market that is becoming more dynamic, more distributed, and more demanding. Our responsibility is to help them meet that moment with solutions that improve performance, strengthen resilience, and support long-term value creation.

This report reflects how we pursued that responsibility across our people, our environmental impact, and our business performance. It is both a record of progress and a recognition that meaningful sustainability work requires discipline, transparency, and continuous improvement.

Our people were central to Stem's progress in 2025. Employee engagement reached 73% in our annual survey, one of the highest scores in our company's history, a strong signal of confidence in where Stem is headed. We also continued to prepare our workforce for what comes next, including deliberate investment in AI literacy across the organization. Every Stem employee now has access to enterprise AI tools as part of their daily work, and we are building the skills, confidence, and judgment to use them responsibly and effectively. This is not simply a technology initiative. It is an investment in our people and in the way we work.

From an environmental perspective, the most important impact we can have is helping clean energy assets operate more effectively and avoid emissions that would otherwise enter the atmosphere. In 2025, we took an important step in measuring that impact by publishing our first GRI-aligned, methodology-based avoided emissions disclosure for our California battery energy storage system (BESS) portfolio. This verified disclosure represents the beginning of a broader measurement journey. We are building the infrastructure of accountability needed to support more comprehensive reporting and formal target-setting in future reporting cycles.

Our 2025 financial performance also demonstrated the strength and durability of our software-first strategy. For the first time in Stem's history, we delivered full-year positive adjusted EBITDA. Software, services, and Edge hardware revenue grew 25% for the year. We exceeded guidance across every key metric. These results matter for sustainability because a financially resilient Stem is better positioned to invest in our people, our platform, and our long-term commitments. For us, purpose and performance are mutually reinforcing.

We are also clear-eyed about where our reporting and processes must continue to mature. We have work ahead to improve Scope 3 data quality, further integrate climate-related risks into our enterprise risk management framework, and expand avoided emissions analysis beyond our California portfolio. We intend to close those gaps systematically and report on our progress with the same transparency that guides this report.

I am grateful for the trust our customers, investors, employees, and partners continue to place in Stem. I am also proud of the team that earned that trust in 2025. Together, we continue to build a company designed to help clean energy assets deliver more value, for our customers, for the grid, and for the future.

Arun Narayanan
Chief Executive Officer, Stem, Inc.

Sustainability Highlights

Scope 1 emissions rose to 60 MT CO2e in 2025, driven primarily by our new Longmont Production Facility, which opened in January 2025 and uses natural gas for heating. With no vehicle fleet and no fugitive emissions, all Scope 1 comes from building heating.

The increased Market-based Scope 2 emissions of 398 MT CO2e in 2025 reflects Stem's decision not to purchase renewable energy certificates (RECs) this year as it had previously.

Scope 3 emissions fell 64% against our 2023 base year, from 51,776 MT to 18,487 MT CO2e. The decline tracks directly to our shift to a software-first business model. Purchased Goods and Services accounted for most of the reduction, dropping 66% from 49,179 MT in 2023 to 16,628 MT in 2025 as hardware procurement eased and software revenue grew.

Greenhouse Gas Emissions

Total GHG Emissions — Location-Based (MT CO_2e)

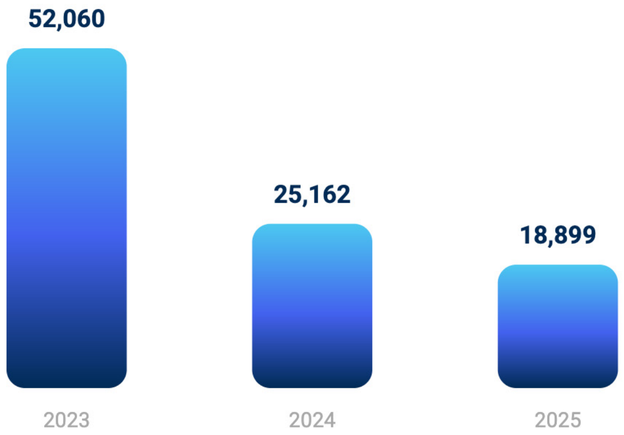


Table 1 - Performance Summary

Metric	2023	2024	2025	Trend
Scope 1 — Direct (MT CO_2e)	36	18	60	↑
Scope 2 — Location-based (MT CO_2e)	248	222	352	↑
Scope 2 — Market-based (MT CO_2e)	224	195	398	↑
Scope 3 Total (MT CO_2e)*	51,776	24,922	18,487	↓
Purchased Goods & Services	49,179	23,412	16,628	↓
Total GHG – location-based	52,060	25,162	18,899	↓
Total GHG – market-based	52,036	25,135	18,946	↓
Avoided emissions — CA BESS (kg CO_2)**	—	—	24.4 million	First disclosure
Energy consumed (GJ)	3,943	3,089	4,076	↑
Employees	600+	400+	423	↓
Women in management	29%	29%	22.2%	↓
Employee engagement	71%	68%	73%	↑
Foreign nationals	15 (2.5%)	12 (2%)	7 (1.7%)	↓
Anti-competitive / ethics losses	$0	$0	$0	–
SOC2 Type II	—	Yes	Yes	–
Solar AUM (GW)	25+	30	36+	↑
Total revenue	—	$144.6M	$156.3M	↑ 8%

*Scope 3 is reported on a single location-based (grid average) basis across all categories, including Category 8, Upstream Leased Assets. This yields 18,487 MT CO2e; a market-based treatment of Category 8 would add roughly 2 MT CO2e.
**California BESS only. Full fleet-wide avoided emissions are significantly larger and not yet quantified to the same standard.

Sustainability Strategy & Performance

People, Planet & Profit

Stem's sustainability strategy is guided by the Triple Bottom Line principles of: People, Planet, and Profit. Each pillar is supported by defined priorities. Progress is reported annually through this report and reviewed with management by the Board's Nominating, Governance, and Sustainability (NGS) Committee, chaired by Laura D'Andrea Tyson, with Vasudevan (Vasu) Guruswamy and Anil Tammineedi also serving as members.

People

Powering Our Greatest Asset

Stem's 423 employees across the United States, India, Germany, Canada, Japan, and Spain are the driving force behind our mission and our momentum. That geographic and disciplinary diversity, spanning software engineering, energy management, data security, customer success, and others is central to how we solve problems for customers around the world.

Female representation in management was 22.2% in 2025, down from 29% in the prior two years. This shift occurred alongside a significant change in the size and shape of our workforce as we completed our software-first transition. We view diverse leadership as central to how we operate and rebuilding that representation is important for us.

We continue to strengthen employee experience through equitable compensation practices, expanded learning and development, AI literacy, and a culture of inclusion and belonging. These investments are designed to help every employee grow, contribute, and do their best work as we continue building software and services for the clean energy transition.

GOAL & TARGET	STATUS	FY2025 PERFORMANCE
Employee engagement Reach 79% engagement by 2027	On track	FY2025 PERFORMANCE 73% employee engagement
AI literacy and enablement 95% active AI users using tools for daily tasks or process automation by 2027	On track	FY2025 PERFORMANCE 61% of employees were actively utilizing AI in their daily work by December 2025
Global benefits and compensation equity Maintain equitable compensation and benefits globally	On track	FY2025 PERFORMANCE Individual performance-linked bonus introduced



Planet

Where Our Impact is Largest

Creating durable, long-term value for our stockholders is why we exist; accelerating the clean energy transition is how we do it. Our platform is designed to help clean energy assets operate more efficiently, reliably, and intelligently. Through PowerTrack, Stem supports customers in monitoring, controlling, and optimizing solar, storage, and hybrid assets, helping reduce curtailment, improve dispatch, and support lower-carbon grid operations. Our largest climate impact is reflected in the emissions our technology helps customers avoid.

In 2025, we began putting a number to that impact. Our first verified avoided emissions disclosure, covering our California BESS portfolio, found that **PowerTrack™ helped avoid 24.4 million kg of CO2 emissions in a single year**, equivalent to removing more than 5,300 passenger vehicles from the road for the same period. This represents one state, one asset class, and one reporting year. It is an important starting point as we continue building the data, methodology, and reporting discipline to measure our climate impact more fully over time.

Stem manages 36+ GW of solar and approximately 2 GWh of storage assets across 55 countries. Our verified avoided emissions disclosure currently represents only a portion of that broader managed fleet. As our measurement capabilities continue to mature, we intend to expand the scope of our climate impact reporting and improving the rigor, consistency, and transparency of our methodology.

GOAL	TARGET	STATUS	FY2025 PERFORMANCE
24.4M kg Avoided Emissions Reporting	Publish verified avoided emissions annually, with expanded coverage each cycle	On track	24.4M kg CO_2 avoided across California BESS portfolio; first verified GRI-aligned, methodology-based disclosure
-64.3% Scope 3 Emissions Reduction	Reduce Scope 3 by 70% from 2023 baseline by 2028	New target	Scope 3 Total emissions decreased by approximately 64.3% between 2023 and 2025
100% Responsible E-Waste Management	Continue responsible e-waste diversion through authorized recyclers	On track	All e-waste diverted through authorized recyclers
36+ GW Solar Assets Under Management	Grow solar AUM to >40 GW by 2027	On track	36+ GW solar under management across 200,000+ sites in 55 countries as of December 31, 2025

Looking Ahead

- Maximize avoided emissions
- Expand verified climate impact reporting across our global fleet
- Reduce Stem's operational footprint year on year
- Maintain responsible e-waste management practices

Our focus remains clear: improve the environmental performance of the assets we help manage while continuing to reduce the footprint of our own business.

Profit

Building Durable Growth

At Stem, sustainable business performance is essential to advancing our mission. A stronger, more resilient company is better positioned to invest in our people, our platform, and the clean energy outcomes our customers depend on.

In 2025, Stem achieved an important financial milestone: our first full year of positive adjusted EBITDA, delivering $6.7 million. This result reflects meaningful progress in operational discipline, margin expansion, and the continued shift toward a software-first business model. In 2025, majority of Stem's revenue comes from Software and services which is ~55% and remaining ~45% comes from Hardware.

The numbers reported here align with our published 2025 earnings report. *

Total revenue increased 8% year over year to $156.3 million. Software Services and Edge hardware revenue grew by 25% to $141.4 million. Annual Recurring Revenue grew 16% year over year to $61.1 million, strengthening the durable, predictable revenue base that supports long-term investment. We also achieved record GAAP gross margins of 38%, up from (8%) in 2024, and record non-GAAP gross margins of 46%, up from 35%, while generating positive operating cash flow.

These results reflect the work Stem has done to streamline operations, sharpen product focus, and build a leaner, more disciplined company. The financial turnaround is not the destination; it is the foundation for responsible growth.

GOAL	TARGET	STATUS	FY2025 PERFORMANCE
$6.7M Positive Adjusted EBITDA	Sustain and grow positive adjusted EBITDA year on year; $10M–$15M in 2026	On track	First-ever full-year positive adjusted EBITDA of $6.7M in FY2025
$61.1M Annual Recurring Revenue	Year-end ARR of $65M–$70M by end of 2026	On track	ARR grew 16% YoY to $61.1M in FY2025
$141.4M Software and Services Revenue	$130M–$150M software, services and Edge hardware revenue in 2026	On track	Software, services and Edge hardware revenue grew 25% YoY to $141.4M in FY2025
46% Non-GAAP Gross Margin	Non-GAAP gross margins of 40%–50% in 2026	On track	Record non-GAAP gross margin of 46% in FY2025
55%+ PowerTrack Software Growth	Grow PowerTrack ARR and software revenue quarter on quarter	On track	Software and services made up over 55% of revenue in FY2025, supported by PowerTrack software bookings; serves 90% of the top US community solar operators

Looking Ahead

Our full-year 2026 guidance reflects continued focus on profitable growth:

- **Total revenue of $140 million to $190 million, including $130 million to $150 million from software, services, and Edge hardware**
- **Year-end ARR of $65 million to $70 million**
- **Non-GAAP gross margins of 40% to 50%**
- **Adjusted EBITDA of $10 million to $15 million**

Our focus remains clear: grow with discipline, invest with purpose, and build the financial strength required to support Stem's long-term impact.

*https://investors.stem.com/news-events/press-releases/detail/86/stem-announces-fourth-quarter-and-full-year-2025-results

Table 2 - Our Reach (GRI 2-1)

LEGAL NAME	Stem, Inc.
STOCK EXCHANGE	NYSE: STEM
HEADQUARTERS	Houston, TX
OFFICES	US · Germany · India · Japan
FOOTPRINT	55 countries · ~20 years of experience
SOLAR AUM	36+ GW · 200,000+ sites
STORAGE AUM	~2 GWh · 800+ sites
EMPLOYEES	423

*All details quoted above are as on 12/31/2025

Our Mission

Our mission is energy intelligence: we turn complexity into clarity and data into decisions, so that clean energy asset owners, operators, and stakeholders can navigate the energy transition and unlock the full value of their energy portfolio.

About the Company

The Operating System for Clean Energy

Stem (NYSE: STEM) is a global leader in clean energy intelligence and the operating system for the energy transition: where assets connect, sites are optimized, and value is captured. Powered by decades of operational experience and purpose-built AI, our PowerTrack™ platform is the layer that sits between raw data and confident action, making every decision-maker smarter, every asset more productive, and every transition more certain. From asset monitoring to portfolio optimization and control, PowerTrack delivers everything energy professionals need, in one place. With projects managed across 55 countries, we have spent the past 20 years empowering asset owners, operators, and developers to take command of what comes next, with the certainty to act, the trust to commit, and the intelligence to lead.

Our Values



Ruthlessly Resourceful
We maximize impact through smart spending, efficient time use, and discerning business focus. We honor our shareholders' investment through intelligent action, efficient resource use, and direct communication.



Masters of Our Craft
We deliver excellence through deep expertise, polished execution, and professional presence. Show up prepared and ready to deliver exceptional value at every touchpoint.



Uncompromising Safety
We safeguard everything we do with integrity and accountability. Physical safety, cyber security, and operational resilience are non-negotiable foundations.



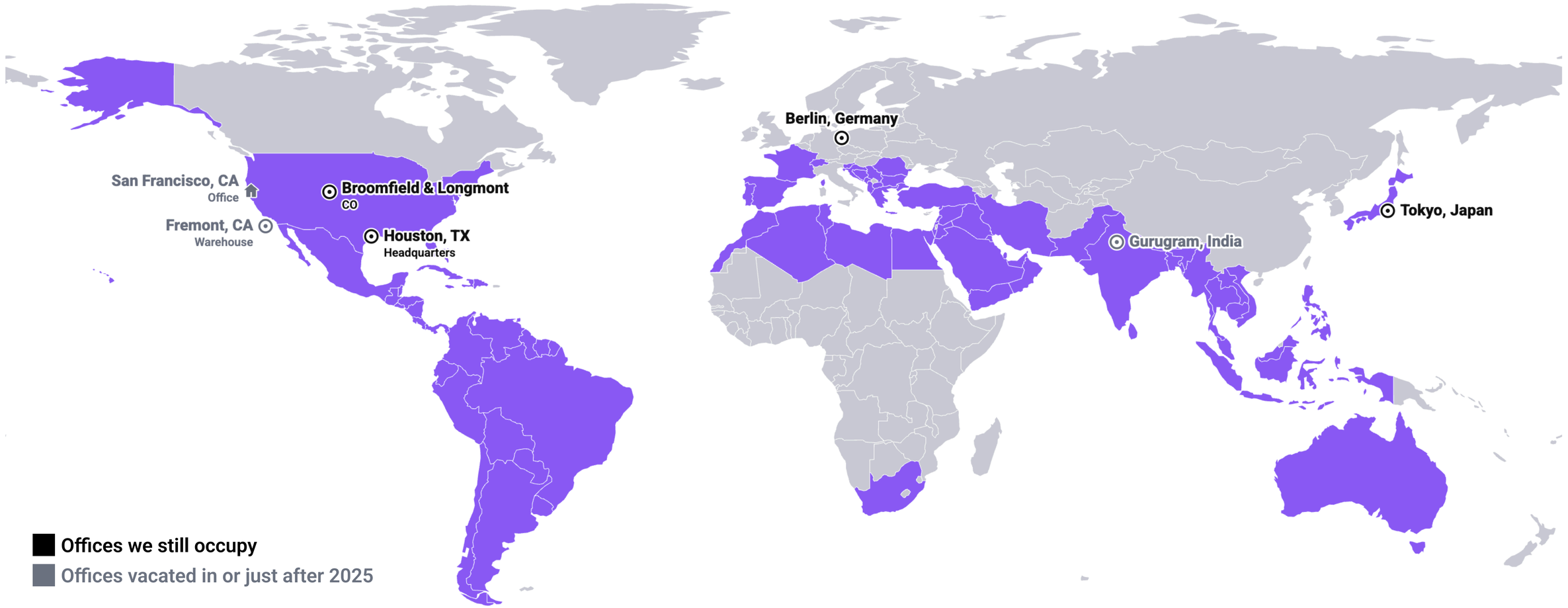
Sky's the Limit
We achieve unlimited potential through collaborating with curiosity, embracing diverse perspectives, and measuring people by their achievements.



Future Builders
We invest in tomorrow by embracing entrepreneurial thinking, driving innovation, and fueling sustainable growth. Think like owners who balance smart risks with intelligent resource allocation.



Be Real, Do Good
We create meaningful change by showing up genuinely and doing what's right. Make decisions that benefit our customers, team, community, and planet.



Stem Footprint

Stem's global footprint spans offices in Houston (Texas), Broomfield and Longmont (Colorado), Berlin (Germany), Gurugram (India), and Tokyo (Japan), along with a warehouse and storage facility in Fremont (California), with managed assets reaching customers across North America, Latin America, EMEA, and Asia-Pacific.

This map shows offices Stem occupied during 2025, whether for part of the year or all of it.

Our Product

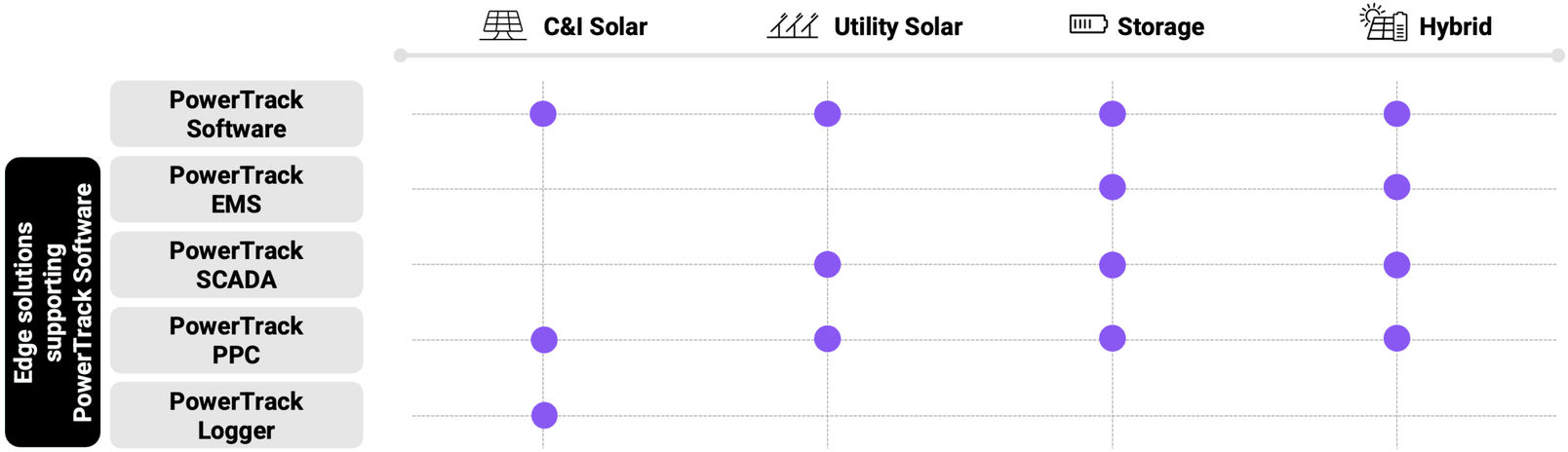
Stem's PowerTrack platform is the operating system for solar, storage, and hybrid assets: a single, integrated platform that streamlines how complex organizations monitor and manage clean energy of every size and configuration. Where legacy tools were built for a simpler energy system, PowerTrack was built for this one, spanning physical hardware, financial outcomes, and the intelligence layer where Stem lives, so that every decision-maker has one place to go from data to action.



"Sustainability isn't a separate initiative at Stem, it's a byproduct of building better software. Every improvement we make to PowerTrack translates directly into cleaner grid operations for our customers. That's the case for hardware, software, and services working together: the platform gets smarter, and the emissions avoided get bigger."

— **Matt Tappin**
President of Software
Stem, Inc.

Products Across Key End Markets



New Product Launch in 2025

PowerTrack EMS

PowerTrack™ Energy Management System (EMS) is a software and controls solution for monitoring and managing utility-scale solar, battery storage, and hybrid energy assets. It connects on-site equipment with cloud-based analytics to provide real-time visibility into system performance and support reliable and efficient operations. By enabling standardized control and data collection across distributed assets, PowerTrack EMS helps operators improve asset performance, increase operational resilience, and maximize the value of clean energy infrastructure.

The PowerTrack EMS User Interface (UI) serves as the primary operator interface for configuring, monitoring, and controlling these assets. Available for on-premise or remote technical management, it provides real-time operational visibility and control while offering functionality comparable to standalone SCADA systems. The interface can also integrate with existing SCADA infrastructure, allowing operators to leverage current investments while simplifying the management of solar, storage, and hybrid energy systems.

Environment- Powering the Planet

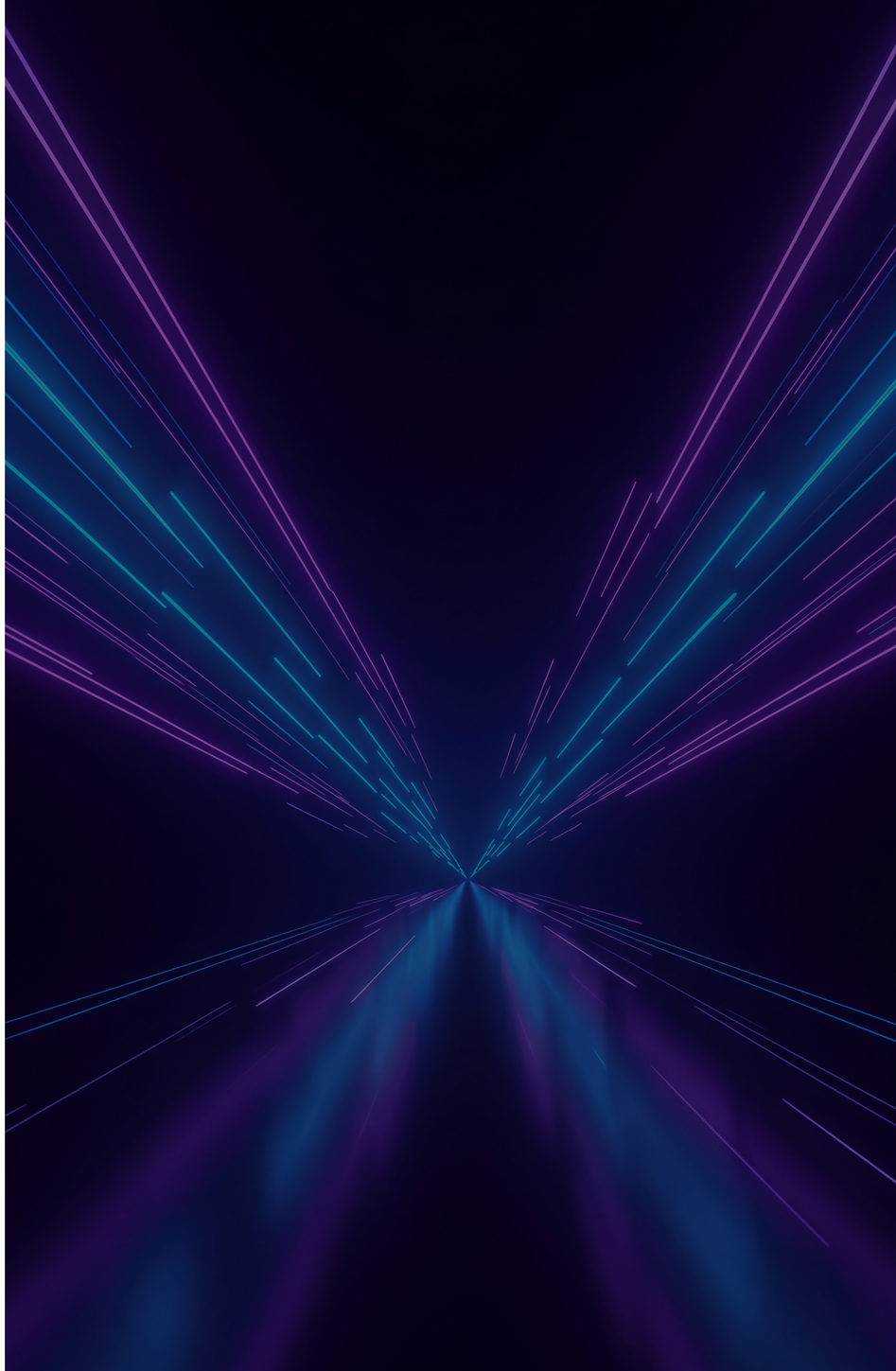
Stem's environmental commitment operates on two levels. The first is how we run our own business: the spaces we occupy, the resources we consume, and the waste we generate. The second, and by far the larger, is what our platform enables: the displacement of fossil fuel generation at scale, across every asset we manage. Both matter, and both are measured. What follows is our honest account of both, from the footprint of our own operations to the verified quantification of the emissions our software helps the world avoid. Operational stewardship and platform impact are two parts of the same story: what it means for Stem to be an environmentally responsible company.



Intelligent Spaces for an Intelligent Energy Future

"In Europe, sustainability is embedded in how we operate. We selected our new Berlin office at SHED in part for its excellent public transport and cycling connections, enabling employees to commute conveniently without relying on a car. The LEED Gold-certified campus is located next to the Sonnenallee Ringbahn station and along the corridor of Berlin's planned Y-Trasse cycling route, with on-site solar generation further supporting its sustainability profile. More than 60% of our office furniture was sourced second-hand or refurbished. As we expand across Europe, we are building our presence in a way that supports a more resilient, technology-enabled clean energy ecosystem."

— **Sebastian Grenz**
Managing Director, Berlin
Stem, Inc.



Our Global Climate Impact

Stem is dedicated to accelerating the transition to a clean energy future. Our platform helps optimize 36+ GW of solar and nearly 2 GWh of battery storage across 55 countries, enabling clean energy assets to operate more efficiently and deliver more renewable energy to the grid. As our customers' portfolios grow, the impact enabled by our software scales with them, supporting a more reliable, resilient, and sustainable energy system.

Verified Avoided Emissions — FY 2025 First Disclosure

In FY2025, PowerTrack-enabled battery energy storage assets in California reduced an estimated 24.4 million kg of CO_2 emissions through greenhouse gas signal-based dispatch optimization. This marks Stem's first GRI-aligned, methodology-based avoided emissions disclosure and reflects a subset of our battery storage portfolio. The impact enabled across our broader global portfolio of 36+ GW of solar and nearly 2 GWh of battery storage is substantially greater and we intend to expand our avoided emissions disclosure to cover more of that portfolio in future reporting.

GHG Signal Methodology

Stem's avoided emissions calculations use the California Public Utilities Commission (CPUC) Self-Generation Incentive Program (SGIP) greenhouse gas (GHG) signal, which provides marginal greenhouse gas emissions factors for CAISO sub-regions at five-minute intervals (kg CO_2e/kWh). The signal is designed to measure the emissions impact of distributed energy resources operating on the California grid.

The methodology is based on the Avoided Cost Calculator (ACC) heat-rate approach. When renewable generation is the marginal resource and the calculated marginal heat rate is zero or below, the associated emissions factor is set to zero, ensuring avoided emissions are not overstated. The SGIP GHG signal is publicly available through the Self-Generation Incentive Program.

YEAR	BESS CAPACITY	CO_2 REDUCTION	STATUS
2025	150 MWh	**24.4 million kg** CO_2 reduction	ACTUAL
2026	~200 MWh	**27 million kg+** CO_2 reduction	PROJECTED
2027	~250 MWh	**30 million kg+** CO_2 reduction	PROJECTED

Customer Spotlight

Norbut Solar Farms

Challenge

Norbut Solar Farms (NSF) transitioned from developer to full EPC contractor, requiring operational transformation to support aggressive growth. The company's strategic approach of structuring projects into co-located arrays, each under 5 MW AC, created management complexity that existing solutions couldn't efficiently handle. Operating in a highly regulated market demanded automated compliance reporting for NYSERDA incentive programs and Solar Renewable Energy Credits (SREC). Manual processes threatened to bottleneck expansion and limit market capture. NSF needed unified portfolio visibility, streamlined commissioning, and seamless integration from project origination through ongoing operations to execute their vertical integration strategy.

Solution

NSF is standardizing on Stem's PowerTrack™ Software, implementing comprehensive edge-to-cloud energy management across their entire portfolio. PowerTrack delivers real-time fault detection, automated compliance reporting for NYSERDA and SREC programs, and unified portfolio visibility through cloud-based dashboards. Intuitive interfaces and role-based access controls are simplifying operations for NSF's growing team, ensuring reliable performance across all sites. The solution is enabling NSF's long-term EPC vision by standardizing configurations across new projects, dramatically reducing commissioning cycles and freeing engineering resources from administrative tasks.

Results

Accelerated EPC Strategy
Standardized development approach is enabling rapid project execution and replication of proven configurations across new deployments.

Compliance Automation
Seamless NYSERDA and SREC reporting is freeing engineering resources from administrative burden, redirecting capacity toward new project development.

Operational Efficiency
PowerTrack's hardware-agnostic architecture allows Norbut to aggregate inverter data from multiple manufacturers, eliminating the need to check various OEM software portals for portfolio-wide insights.

Seamless Integration
Technology standardization is ensuring continuity from origination through construction and operations, supporting NSF's vertical integration goals and aggressive three-year growth plan.

"Standardizing on PowerTrack has helped us simplify our development approach and accelerate project deployment. Stem's technology provides real-time insights, custom reporting, and automation that enable us to efficiently manage multiple projects while supporting our long-term EPC growth."

— **Rick Allen, President**
Norbut Solar Farms EPC
New York State

TOTAL SOLAR DEPLOYED
525+ MW solar

ENERGY STORAGE DEPLOYED
30 MW

POWERTRACK PORTFOLIO
105 MW
5-year term

NEW PROJECTS IN PIPELINE
17
Over 3 years

Environmental Stewardship

GHG Emissions (GRI 305-1/2/3)

Scope 1 (GRI 305-1)

Our Scope 1 emissions increased from 36 (MT) CO_2e in FY 2023 to 60 metric tonnes (MT) CO_2e in FY2025, primarily due to the addition of our Longmont Production Facility, which began operations in January 2025 and uses natural gas for space heating. Despite this increase, our direct emissions remain relatively low, reflecting the nature of our business. Stem does not operate a vehicle fleet or emissions-intensive industrial processes, and heating and cooling systems at our leased office locations are managed by building owners. As a result, our Scope 1 emissions are limited and primarily associated with natural gas used for heating at the Longmont facility.

Table 3 – Breakdown (FY2025)

NATURAL GAS San Francisco (4 Embarcadero)		4.65
NATURAL GAS Longmont Production Facility		49.59
NATURAL GAS Berlin Office		5.98
Total MT CO_2e		**60.22** MT

Scope 2 (GRI 305-2)

Our Scope 2 emissions increased from 222 to 352 metric tonnes (MT) CO_2e in FY2025, primarily due to the addition of two new Colorado facilities: the Longmont Production Facility and the Broomfield office. These locations became operational during 2025 and were only partially, or not at all, included in our FY2024 reporting. Together, they account for approximately 70% of our Scope 2 emissions, reflecting electricity consumption from a regional grid with a relatively high carbon intensity.

Our Gurugram, India office was the third-largest contributor to Scope 2 emissions during the reporting period due to the higher emissions intensity of the local electricity grid. Reported emissions reflect operations from January through August 2025, after which Stem exited the facility. A new India office opened in 2026 and will be included in future reporting.

Table 4 - Scope 2 — Facility Breakdown (FY2025)

FACILITY	SHARE OF SCOPE 2	2025 (MT CO_2E)	% OF SCOPE 2
RMPA (0.5132) Longmont Production Facility		**138.53**	39.4%
RMPA (0.5132) Broomfield		**114.07**	32.4%
INDIA (0.7132) India Office (Gurugram) — occupied Jan–Aug 2025		**75.65**	21.5%
– Others*		**23.4**	6.6%
Total Scope 2 (location-based)		**351.62**	**100%**

* (San Francisco / 4 Embarcadero + Fremont Warehouse + Berlin Office)

** Our FY2025 greenhouse gas inventory reflects all facilities operational during the reporting year, including the San Francisco (4 Embarcadero) office, which we exited in May 2025, and the Gurugram office, which we exited in August 2025 ahead of opening a new India office in 2026. Emissions from these locations reflect only the months they were occupied.

Scope 3 (GRI 305-3)

Scope 3 emissions, which represent the majority of Stem's greenhouse gas footprint, decreased from nearly 25,000 to approximately 18,500 metric tonnes (MT) CO_2e in FY2025, a 26% reduction year over year and a 64% reduction from our 2023 baseline. This decline reflects a fundamental shift in our business model from delivering integrated hardware solutions to providing software and services. As purchases of physical equipment decreased, so did the emissions associated with our supply chain. Emissions from Purchased Goods and Services, our largest Scope 3 category, declined by 29%, from 23,412 to 16,628 MT CO_2e, while employee commuting emissions decreased by 37%, reflecting a leaner, more geographically distributed workforce. These reductions demonstrate how strategic business decisions can simultaneously improve financial performance and reduce environmental impact.

Waste management

Stem manages operational waste through responsible recycling, reuse, and certified disposal practices. Non-hazardous office waste, including general waste, recyclables, and organics, is managed through building and municipal diversion programs. Electronic waste is processed through authorized recycling partners that comply with applicable environmental regulations. In India, end-of-life IT equipment is transferred under formal e-waste manifests to recyclers authorized by the State Pollution Control Board, ensuring responsible dismantling, material recovery, and documented certification of compliant processing. Where practical, Stem extends the life of equipment through reuse and resale, including the refurbishment of office furniture and resale of equipment during the relocation of our Berlin office.

Table 5 - Scope 3 — Category Breakdown

CATEGORY	FY2024 MT CO_2E	FY2025 MT CO_2E	% CHANGE	METHODOLOGY
Cat 1, Purchased Goods & Services	23,412	16,628	-29.0%	Spend-based EEIO (USEPA v1.3)
Cat 2, Capital Goods	195	219.67	+12.7%	Spend-based EEIO
Cat 3, Fuel and Energy Related Activities	73	~203	+178%	Average-data (upstream fuel and grid factors)
Cat 4, Upstream Transportation	121	498.11	+311.7%	Spend-based / distance-based
Cat 5, Waste in Operations	31	72.66	+134.4%	Waste-type (UK GHG factors)
Cat 6, Business Travel	430	493.44	+14.8%	Distance-based (DEFRA 2024)
Cat 7, Employee Commuting	557	350.45	-37.1%	Survey + distance-based
Cat 8, Upstream Leased Assets	103	22.02	-78.6%	Usage-based (kWh × grid EF)
Total Scope 3	**24,922**	**18,487**	**-25.8%**	



Energy Consumption (GRI 302-1 / SASB TC-SI-130a.1)

Stem's energy use is primarily associated with office operations supporting our software platform. We do not operate data centers, manufacturing facilities, or vehicle fleets. Electricity was consumed across seven facilities, with our Longmont Production Facility, Broomfield office, and Gurugram office representing the largest contributors. Natural gas was used at our Longmont, Berlin, and San Francisco locations.

Electricity consumption is based on utility billing records where available, with industry-standard building energy estimates used for a limited number of leased facilities where metered data was unavailable. Natural gas consumption is based on utility billing records.

Table 6 – Energy Consumption by Source (FY-2025)

ENERGY SOURCE	GJ	KWH	SHARE
Purchased Electricity	2,844	789,921	70%
Natural Gas (Space Heating)	1,232	342,440	30%
Total Energy Consumption	**4,076**	**1,132,361**	**100%**

Table 7 – Year-Over-Year Performance

METRIC	FY-2024	FY-2025	CHANGE %
Total Energy Consumption (GJ)	**3,089 GJ**	**4,076 GJ**	**+32%**

Social - Powering People

Our People

Our people are central to our success. Across our global workforce, we strive to attract, develop, and retain talented employees, who bring deep expertise, innovation, and a shared dedication to advancing the clean energy transition. We invest in learning, career development, wellbeing, and an inclusive workplace because empowering our people enables us to better serve our customers, strengthen our business, and deliver lasting impact.

423
Employees globally

73%
Engagement score

22.2%
Women in management

22k
Udemy courses



Table 8 - Workforce Diversity (GRI 405-1, SASB TC-SI-330a.3)

GENDER	MANAGEMENT (63)	%	TECHNICAL (74)	%	ALL OTHER (194)	%
Female	14	22.2%	14	18.9%	56	28.9%
Male	49	77.8%	60	81.1%	138	71.1%

* Note: Categories shown cover 331 of 423 total employees; the remaining 92 are grouped under other roles not separately reported here.

Table 9 – Workforce by Ethnicity

ETHNICITY	MGMT 2023	MGMT 2025
White	67%	65%
Asian	21%	22%
Hispanic / Latino	6%	5%
Black / African American	1%	2%
Other / N/A	5%	6%

**Percentages are rounded to the nearest whole number.

Our People

Stem's global workforce is united by a shared mission to accelerate the clean energy transition. In FY2025, our team of 423 employees across the United States, Germany, Canada, Japan, Spain, and India brought together expertise in software engineering, energy management, data science, operations, and customer success to help customers maximize the value of clean energy assets.

Learning & Development (GRI 404 - 2)

We believe continuous learning is essential to individual growth and long-term business success. In FY2025, all employees had access to Udemy Business, providing more than 22,000 online courses covering technical skills, leadership, project management, communication, and other professional development topics. Employees could pursue learning aligned with their roles and career goals through self-directed, on-demand training.

Recognizing the growing importance of artificial intelligence, Stem also expanded access to enterprise AI tools, enabling employees to build practical AI skills, improve productivity, and incorporate emerging technologies into their day-to-day work. Alongside Claude, our engineering teams adopted Cursor for AI software development, while our customer support team uses a bespoke AI product called BrightFox to help assist with their cases.

To complement formal learning, Stem's Mentor Program connects employees across functions and geographies to support professional development through knowledge sharing and coaching. In FY2025, the program matched 39 mentor-mentee pairs, fostering cross-functional collaboration, leadership development, career growth, and stronger professional networks across the organization.

Recognition and Appreciation

Recognizing employees for their contributions is an important part of building an engaged, high-performing culture at Stem. Our recognition programs are designed to celebrate individual and team achievements, reinforce our values, and encourage collaboration across the organization.

The Spot Awards Program provides timely recognition for exceptional contributions through four award levels: Bronze, Silver, Gold, and Platinum, allowing recognition to reflect the scope and impact of an employee's achievements. Whether acknowledging day-to-day collaboration or significant cross-functional accomplishments, the program reinforces behaviors that help drive our business forward.

Our peer-to-peer Kudos Program enables employees to recognize colleagues throughout the year for their support, teamwork, and positive impact. By encouraging recognition from peers, the program helps foster a culture of appreciation where contributions are acknowledged in real time.

Each year, Stem also celebrates outstanding performance through its Annual Leadership Awards, recognizing employees who exemplify our six core values: Ruthlessly Resourceful, Masters of Our Craft, Uncompromising Safety, Sky's the Limit, Future Builders, and Be Real, Do Good. Nominated by both peers and leaders, recipients are honored during our company-wide All Hands meeting, highlighting the behaviors and leadership that strengthen our culture and contribute to our long-term success.

Communication and Connection

Effective communication is essential to keeping our global workforce informed, engaged, and connected. Throughout the year, Stem shares business updates, product news, industry insights, and employee stories through the Stem Chronicles newsletter, providing employees with a consistent view of company priorities and achievements.

In addition, the LeaderLens video series gives employees regular access to updates and perspectives from company leadership, helping strengthen transparency, alignment, and engagement across regions and functions. Together, these communication channels help foster a connected culture and ensure employees remain informed about the company's strategy, progress, and successes.

Wellbeing (GRI 403)

Supporting employee wellbeing is an important part of creating a healthy, engaged, and high-performing workforce. In FY2025, Stem launched the Your Health, Your Way initiative, providing employees with a personalized approach to physical and mental wellbeing.

Employees also had access to a range of wellbeing resources, including Headspace, our Employee Assistance Program (EAP), and Mental Health Awareness Month programming. We continue to enhance our health, wellbeing, and benefits offerings across our global offices, tailoring programs to meet the needs of employees in different regions and supporting their overall health, resilience, and work-life balance.

Inclusion and Belonging

Stem strives to foster an inclusive workplace where employees feel respected, connected, and empowered to contribute their best work. We cultivate an environment where people from different backgrounds and perspectives can learn from one another, build meaningful relationships, and grow together.

Throughout FY2025, employees participated in a variety of programs and events that strengthened our culture across regions. We recognized Women's History Month with global roundtable discussions and local office celebrations, creating space for employees to share experiences, reflect on career journeys, and build connections. Our Women's Employee Resource Group (ERG) and Women's Roundtable continued to provide ongoing opportunities for mentorship, networking, and professional development.

Human Rights & Modern Slavery (GRI 412, 414)

Stem is committed to respecting and protecting human rights throughout our operations and supply chain. Our approach is guided by internationally recognized principles, including the UN Universal Declaration of Human Rights and the International Labor Organization (ILO) Fundamental Conventions. We maintain a zero-tolerance approach to discrimination, harassment, retaliation, forced labor, child labor, and human trafficking.

These expectations extend to our suppliers through our Human Rights Policy and Partner Code of Conduct, which require suppliers to uphold responsible labor practices and respect human rights as a condition of doing business with Stem. We conduct annual, risk-based supplier due diligence to identify potential human rights risks, including modern slavery and forced labor. Through our partnership with Source Intelligence, we also provide training and resources to procurement personnel and suppliers to strengthen awareness and compliance across our supply chain.

In FY2025, Stem recorded no monetary losses related to legal proceedings involving human rights violations. Direct suppliers are expected to acknowledge and comply with our Partner Code of Conduct, and we reserve the right to assess compliance with these standards. Where issues are identified, we work with suppliers to address them and may re-evaluate the business relationship if expectations are not met.

As Stem continues to grow globally, we remain committed to embedding respect for human rights throughout our business and value chain.



"If 'Be Real, Do Good' is going to mean anything, it can't just live on a values slide - it has to show up in whether people feel seen. That's Kudos, that's Spot Awards, that's celebrating Diwali and Holi right alongside Puppy Day. Culture is built in the small, unglamorous moments people actually remember."

— Taylor Beeninga
Chief Human Resources Officer
Stem, Inc.

Celebrating Our People and Our Culture

















At Stem, culture is shaped through the everyday experiences that bring our people together. Throughout FY2025, employees across our global offices participated in activities that strengthened wellbeing, encouraged collaboration, celebrated diverse perspectives, and reinforced our shared values.

Our People Team hosted a wide range of engagement initiatives, including nutrition and wellness sessions, a global step challenge, desk yoga, Mental Health Awareness Month programming, volunteer opportunities, and office events such as Puppy Day in Broomfield. Teams also celebrated cultural traditions throughout the year, including Holi and Diwali, while community initiatives such as a Thanksgiving food drive with a local nonprofit gave employees meaningful opportunities to give back.

We also continued creating spaces for authentic conversation and connection. Leadership roundtables, employee discussions, and local office events encouraged dialogue around professional development, wellbeing, and inclusion, helping strengthen relationships across teams and geographies.

Innovation remains a defining part of our culture. In FY2025, employees participated in two company-wide innovation challenges focused on artificial intelligence and new business opportunities. Ideas submitted by employees explored workflow automation, customer experience, and new market opportunities, with several advancing toward implementation, demonstrating the value of empowering employees to help shape Stem's future.

Governance

Board-Level Oversight, NGS Committee (GRI 2-9, TCFD Gov-a/b)

Stem's sustainability programs and initiatives are driven by executive management. The Board oversees our long- and short-term strategy, and delegates to its Nominating, Governance and Sustainability (NGS) Committee oversight of our sustainability programs, initiatives, and activities. The Committee oversees the Company's sustainability policies, initiatives, and opportunities, as well as engagement with stockholders on governance and sustainability matters. The Committee regularly reviews progress with management to help ensure that climate-related risks and opportunities are addressed as part of the Company's long-term strategy.

The Board's other committees oversee sustainability-related topics within their respective areas of responsibility, such as the incorporation of non-financial metrics into our incentive compensation programs (Compensation); the conduct of sustainability-related reviews by our internal audit team (Audit); operational risks such as cybersecurity (Audit); and the disclosure of sustainability-related risks (Audit and Nominating and Governance, jointly)

Stem's Board of Directors provides oversight of the Company's sustainability strategy, including the identification, assessment, and management of climate-related risks and opportunities. The Board works with executive leadership to help ensure that sustainability considerations are integrated into business strategy, risk management, and long-term value creation.

9
Directors
(including the chair)

8
Independent Directors
(88%, as per listing requirements & NYSE rules)

1
Woman Director
(11.1%)

Management-Level Oversight, ESG Steering Committee

Stem's ESG Steering Committee provides management-level oversight of the Company's sustainability strategy and initiatives. The committee is composed of senior leaders from key functions, including Legal, Investor Relations, and Operations, and is responsible for coordinating sustainability activities across the organization.

The ESG Steering Committee oversees the implementation of sustainability priorities, monitors progress against goals, and helps integrate ESG considerations into day-to-day business operations. It also identifies and escalates material sustainability risks and opportunities to the Nominating, Governance and Sustainability (NGS) Committee and the Board of Directors, as appropriate.

Legal Status — Voluntary Disclosure: This report is published voluntarily. As of FY2025, Stem is not subject to mandatory sustainability reporting requirements under the California Climate Accountability Package (SB 253) or the EU Corporate Sustainability Reporting Directive (CSRD), based on applicable reporting thresholds. We have chosen to publish this report proactively to provide transparency on our sustainability strategy, performance, and progress.

Ethics & Compliance

Ethical conduct is fundamental to how Stem operates. As a publicly traded company supporting clean energy assets across 55 countries, we strive to conduct business with integrity, transparency, and accountability. Maintaining the trust of our customers, employees, investors, and other stakeholders requires a strong culture of ethics supported by clear policies, effective governance, and ongoing training.

Code of Conduct and Training

Stem's Code of Conduct establishes the standards that guide ethical behavior, legal compliance, conflicts of interest, and responsible business practices across the organization. All employees are required to complete annual Code of Conduct training, and new hires complete mandatory ethics and compliance training within their first 30 days of employment. These programs help ensure employees understand their responsibilities and uphold Stem's values wherever they operate.

Whistleblower Protection

Stem aims to foster a culture where employees feel comfortable raising concerns without fear of retaliation. We maintain an anonymous, third-party whistleblower reporting channel that provides employees with a confidential way to report suspected misconduct, policy violations, or other ethical concerns. All reports are reviewed and investigated in accordance with established procedures.

Data Privacy and Security

Protecting customer and company data is a core operational priority. Stem continues to invest in cybersecurity, access controls, and data governance to safeguard the information entrusted to us. In FY2025, Stem recorded no customer data breaches, reflecting the effectiveness of our information security practices.

Looking Ahead

As our business continues to grow, we remain focused on strengthening our ethics and compliance program. We will continue to enhance employee training, maintain effective reporting and governance processes, and evolve our compliance framework to support our expanding global operations.

Table 10 - Ethics and Compliance Performance

FY2025

Anti-competitive losses	$0
Bribery / corruption losses	$0
Privacy monetary losses	$0
Law enforcement requests	0
Data breaches	0
SOC2 Type II certified	Yes
Govt-required monitoring	None

Appendix

Materiality Assessment

Why and What We Report

Meaningful sustainability reporting begins with understanding the issues that matter most to our business and stakeholders. A materiality assessment helps us identify and prioritize the environmental, social, and governance (ESG) topics that have the greatest significance to Stem's long-term success and to the stakeholders affected by our business.

In FY2025, Stem conducted a materiality assessment to help ensure this report reflects the topics that are most important to our employees, customers, investors, partners, and other stakeholders. Through stakeholder engagement and internal review, we identified the ESG issues that present the greatest opportunities, risks, and areas of impact for our business.

The results of this assessment informed the structure and content of this report, including our disclosures on climate, product innovation, people, governance, and responsible business practices.

Our reporting approach considers both the financial implications of sustainability-related risks and opportunities and the broader impacts our operations and software platform have on society and the environment.

In FY2025, we published our first GRI-aligned, methodology-based avoided emissions disclosure for a portion of our California battery storage portfolio, representing an important step toward measuring and reporting the positive climate impact enabled by our technology. As our sustainability program continues to evolve, we intend to further strengthen our reporting approach, including advancing toward a more comprehensive double materiality assessment aligned with emerging global reporting frameworks.

Materiality Assessment (GRI 3-1, 3-2)

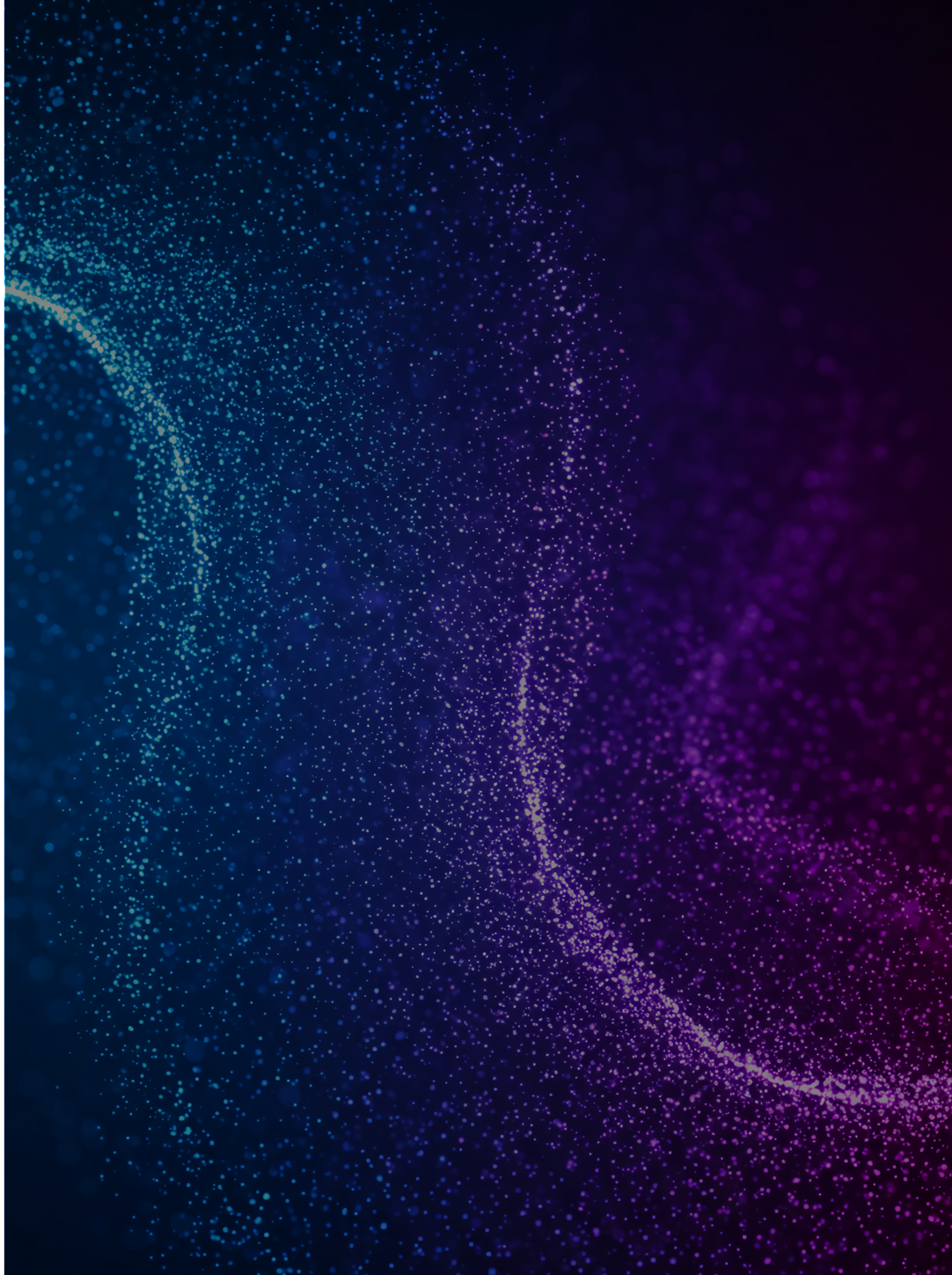
Each topic was evaluated across two dimensions: its significance to Stem's business (financial materiality) and the significance of Stem's impact on people and the environment (impact materiality). The combined assessment determined each topic's priority and placement within the Critical, High, or Medium materiality tiers.

PRIORITY	MATERIAL TOPICS
Critical	Avoided / enabled emissions; Cybersecurity & data security; Customer data privacy; GHG Emissions (Scope 1-3)
High	Product reliability & uptime; Talent attraction & retention; Diversity, equity & inclusion
Medium	Waste management; Human rights; Employee wellbeing

GRI Content Index

GRI #	DISCLOSURE	LOCATION	PAGE NO
2-1	Organizational details	Company Profile	Page 9
2-3	Reporting period, frequency and contact point	About This Report	Page 3
2-7	Employees	Powering People	Page 19
2-9	Governance structure	Governance Practices	Page 23
3-1 / 3-2	Materiality	Appendix, Materiality Assessment	Page 25
205-2	Anti-corruption training	Ethics & Compliance; Code of Conduct Training	Page 24
302-1	Energy consumption	Environmental Stewardship	Page 18
305-1	Scope 1 GHG	Environmental Stewardship	Page 16
305-2	Scope 2 GHG (both methods)	Environmental Stewardship	Page 16
305-3	Scope 3 GHG	Environmental Stewardship	Page 17
305-4	Emission Intensity Ratio	Appendix, Emissions Intensity	Page 33
405-1	Diversity	Powering People	Page 19
418-1	Customer privacy complaints	Ethics & Compliance	Page 24

Stem Inc has reported the information cited in this GRI content index for the period Jan 2025 to Dec 2025 with reference to the GRI Standards.
The organization does not currently seek external assurance for its sustainability reporting. The data contained within this report has been internally verified by our sustainability and finance teams.



SASB Disclosure

Sustainability Accounting Standards Board (SASB) was founded as a nonprofit organization to help investors and businesses develop a common language of the financial impact of sustainability practices. SASB subsequently developed 77 industry specific standards, utilizing a subset of topics from a library of 26 material topics also referred to as general issues categories. For each industry standard, SASB issues metrics material for operating sustainably for that industry. Given the complex nature of Stem's business, Stem has selected several industry standards to report under that we deemed material to us.

SASB Disclosure, FY2025 Update

DISCLOSURE TOPIC	METRIC	SASB CODE	UNIT	FY2025 DISCLOSURE
Business Ethics	Total monetary losses from legal proceedings associated with anti-competitive behavior	TC-SI-520a.1; RT-EE-510a.3	USD	0
Business Ethics	Total monetary losses from legal proceedings associated with bribery or corruption	RT-EE-510a.2	USD	0
Energy Management	Total energy consumed	TC-SI-130a.1	GJ	4,076
Customer Privacy	Total monetary losses from legal proceedings associated with user privacy	TC-SI-220a.3	USD	0
Customer Privacy	Number of law enforcement requests for user information	TC-SI-220a.4	Number	0
Customer Privacy	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	TC-SI-220a.5		None
Data Security	Number of data breaches	TC-SI-230a.1	Number	0
Data Security	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	TC-SI-230a.2		Aligned to NIST 800-53 with annual reviews; SOC 2 Type II certified; annual penetration testing
Employee Engagement, Diversity and Inclusion	Number and percentage of employees who are foreign nationals	TC-SI-330a.1	Number, %	7 (1.7%)
Employee Engagement, Diversity and Inclusion	Employee engagement as a percentage	TC-SI-330a.2	%	73%
Employee Engagement, Diversity and Inclusion	Gender representation, management	TC-SI-330a.3	%	Female 22.2%, Male 77.8%
Employee Engagement, Diversity and Inclusion	Gender representation, technical staff	TC-SI-330a.3	%	Female 18.9%, Male 81.1%
Employee Engagement, Diversity and Inclusion	Gender representation, all other employees	TC-SI-330a.3	%	Female 28.9%, Male 71.1%
Employee Engagement, Diversity and Inclusion	Ethnic representation, management	TC-SI-330a.3	%	White 65%, Asian 22%, Hispanic/Latino 5%, Black/African American 2%, Other/N/A 6%

UN SDG Alignment

PAGE	SDG	GOAL	STEM CONTRIBUTION
Page 20		Good Health & Wellbeing	EAP, Headspace, Mental Health Awareness Month, wellness programs
Page 19		Quality Education	Udemy Business (22,000+ courses), AI skills, mentor program
Page 20		Gender Equality	Women's ERG, Women's Roundtable, inclusive hiring
Page 9		Affordable & Clean Energy	36+ GW solar + ~2 GWh storage, SGIP community storage · agrivoltaics
Page 14		Sustainable Cities	Community solar (Norbut) · California grid resilience · IRA Energy Communities
Page 16		Responsible Consumption	Waste diversion through authorized recyclers, responsible procurement, supplier code of conduct
Page 13		Climate Action	24.4M kg CO_2 avoided (CA BESS FY2025) · GHG methodology · Scope 1/2/3
Page 18		Decent Work and Economic Growth	Equitable compensation globally, career development, 73% engagement; first full year of positive adjusted EBITDA at $6.7M
Page 11		Industry & Innovation	PowerTrack platform, AI-driven energy management software
Page 23		Strong Institutions	Zero corruption, 100% Code of Conduct training, SOC2 Type II

TCFD Disclosure

This section presents Stem's climate-related disclosures aligned with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). FY2025 marks Stem's third year of TCFD-aligned reporting. Compared with FY2024, we have enhanced our disclosures by further assessing the financial implications of climate-related risks and opportunities and by beginning the formal integration of climate-related considerations into our enterprise risk management (ERM) framework. We expect this integration to continue to mature as our climate governance and risk management processes evolve.

I. Governance

Board oversight of climate-related risks and opportunities

Executive management drives Stem's day-to-day sustainability programs, while the Board's Nominating, Governance and Sustainability (NGS) Committee holds primary oversight of our sustainability strategy and climate-related risks. Other Board committees oversee related topics within their own remit, Compensation (incentive metrics) and Audit (internal reviews, cybersecurity, and disclosure).

II. Strategy

Climate-related risks and opportunities

Stem's business is closely aligned with the global transition to a lower-carbon energy system. As the deployment of renewable energy and battery storage continues to grow, so does the need for software that enables these assets to operate safely, efficiently, and reliably. While climate change presents risks that must be actively managed, it also creates significant opportunities for Stem to support customers in optimizing clean energy infrastructure.

To assess and manage these risks and opportunities, Stem evaluates climate-related impacts across three time horizons:

Opportunities

HORIZON	OPPORTUNITY	IMPACT ON STEM	FINANCIAL MATERIALITY
Short-term (0–3 years)	Accelerating demand for solar and storage optimization, driven by IRA incentives and corporate renewable energy mandates	Increased bookings for PowerTrack software and managed services as more assets come online	High. Core revenue driver; PowerTrack ARR of $40.7M within total ARR of $61.1M
Medium-term (3–10 years)	Growth in corporate renewable energy procurement, as developers supply clean power to large technology buyers	Stem's customers supply clean energy to major corporate buyers, strengthening customer retention and expanding our addressable market	Moderate to high. Indirect market driver
Long-term (10+ years)	Essential infrastructure role in a decarbonizing grid	AI-driven optimization becomes increasingly important as renewable penetration rises, positioning Stem's software as core infrastructure	High. Structural, long-duration demand

Risks

HORIZON	TYPE	RISK	IMPACT ON STEM	FINANCIAL MATERIALITY
Short	Transition	IRA policy uncertainty or rollback following political shifts	Reduced customer incentives could slow new project bookings	High — IRA is a key demand driver for US storage market
Short	Physical	Supply chain disruption from extreme weather and geographic war affecting battery and component availability	Delayed project deployments, increased COGS for Edge hardware	Moderate — declining as hardware revenue shrinks under software-first model
Medium	Physical	Increased severe weather damaging customer solar and storage installations	Higher support costs, potential churn from underperforming assets	Moderate — risk diversified across 55 countries and 200,000+ sites
Medium	Market	Increased competition from well-funded entrants in clean energy software	Pricing pressure on software subscriptions and managed services	Moderate — offset by 90% market share in US community solar monitoring
Long	Transition	Fundamental energy market restructuring as grid architecture evolves	Stem must continuously adapt product portfolio to changing market structures	Low — grid complexity increases under any transition scenario

Impact on business, strategy, and financial planning

Stem's transition to a software-first business model has strengthened both our financial performance and our sustainability profile. In FY2025, core revenue increased 25% to $141.4 million, GAAP gross margin improved from (8%) to 38%, and Adjusted EBITDA was positive $6.7 million. During the same period, total greenhouse gas emissions decreased 25% year over year (FY2024 to FY2025), from 25,162 to 18,899 MT CO_2e, reflecting the lower emissions intensity of our evolving business model.

As our software platform scales, it does so without a proportional increase in operational emissions. This is reflected in our emissions intensity, which declined from 838.7 to 524.9 MT CO_2e per GW of managed assets year over year. While our operational footprint remains relatively small, the emissions reductions enabled through our platform are significantly greater. We are continuing to expand the measurement and verification of this broader climate impact, building on our first verified avoided emissions disclosure for our California battery storage portfolio.

III. Risk Management

Processes for identifying and assessing climate-related risks

Stem's Executive Leadership Team reviews enterprise risks on a quarterly basis, including climate-related risks and opportunities. In our FY2024 Sustainability Report, we noted that climate-related risks had not yet been formally integrated into our enterprise risk management (ERM) framework. During FY2025, we began this integration and expect to continue strengthening our approach in future reporting cycles.

Climate-related risks are identified and assessed through multiple processes, including: Annual greenhouse gas accounting conducted by Green Project Technologies, using a TÜV Rheinland-certified methodology to identify emissions trends and hotspots.

- ESG data management and reporting through the Novisto platform, supporting the tracking of climate metrics and disclosures aligned with SASB and TCFD.
- Materiality assessments that evaluate both the financial significance of sustainability topics to Stem and Stem's impacts on people and the environment, helping prioritize climate-related issues.
- Quarterly reviews by the ESG Steering Committee, which assess the potential impacts of climate-related risks and opportunities on the Company's operations and strategy.
- Ongoing monitoring of regulatory developments, including emerging climate disclosure requirements such as California SB 253 and SB 261, the EU Corporate Sustainability Reporting Directive (CSRD), and other evolving reporting frameworks.

Processes for managing climate-related risks

The Board's NGS Committee has primary responsibility for oversight of sustainability initiatives and climate risk management. Management strategies for identified climate risks include:

CLIMATE RISK	MANAGEMENT STRATEGY	ACTION TAKEN IN FY2025
IRA policy uncertainty	Geographic diversification across 55 countries. EU revenue provides policy hedge against US-specific risks.	Expanded EU operations through Berlin hub. Diversified customer base beyond US-dependent markets.
Physical risk to customer assets	PowerTrack monitoring enables rapid response to weather events. Portfolio diversification reduces geographic concentration.	Enhanced severe weather alerting capabilities in PowerTrack. Maintained operations across 200,000+ sites in 55 countries.
Supply chain disruption	Software-first pivot reduces hardware dependency. Multiple supplier relationships for remaining hardware needs.	Hardware revenue intentionally declining (44% of FY2025 vs majority in FY2023). Diversified component sourcing.
Technology disruption	Software layer is vendor neutral. PowerTrack integrates with any hardware vendor or battery chemistry, avoiding lock-in as technology evolves.	Launched PowerTrack EMS in FY2025 with vendor neutral unit controllers that eliminate lock-in across diverse equipment and battery chemistries, extending the platform's future proof, hardware independent architecture.
Cybersecurity (climate-linked)	SOC 2 Type II compliance maintained. NIST 800-53 framework. Annual penetration testing.	100% employee security training completion. Zero data breaches in FY2025. Board-level cyber briefings quarterly.

IV. Metrics and Targets

Metrics used to assess climate-related risks and opportunities

Stem tracks a range of climate-related metrics to monitor environmental performance and inform the management of climate-related risks and opportunities. In FY2025, we expanded our reporting to include emissions intensity metrics, providing a more normalized view of performance and improving comparability across reporting periods.

METRIC	FY2023	FY2024	FY2025	TREND
Total GHG emissions — location-based (MT CO_2e)	52,060	25,162	18,899	Down 64% vs 2023
Scope 1 — Direct emissions (MT CO_2e)	36	18	60.22	Up 67% vs 2023 (new Longmont facility)
Scope 2 — Location-based (MT CO_2e)	248	222	351.62	Up 42% vs 2023 (full year facilities)
Scope 2 — Market-based (MT CO_2e)	224	195	398	Up 78% vs 2023 (no REC purchase)
Scope 3 — Value chain (MT CO_2e)	51,776	24,922	18,487	Down 64% vs 2023
Solar assets under management (GW)	25+	30	**36+**	Up 44% vs 2023
Employees	600+	400+	423	Down 30% vs 2023

Emissions intensity

In FY2025, we introduced emissions intensity metrics to normalize our greenhouse gas emissions relative to business activity and provide more meaningful year-over-year performance comparisons.

INTENSITY METRIC	FY2023	FY2024	FY2025	CHANGE VS 2023
Total GHG (location) per $M revenue (MT CO_2e/$M)	112.8	174.0	120.9	7.2%
Total GHG (location) per employee (MT CO_2e/FTE)	86.8	54.3	44.7	-48.5%
Total GHG (location) per GW AUM (MT CO_2e/GW)	2,082.4	838.7	525.0	-74.8%
Total GHG (market) per $M revenue (MT CO_2e/$M)	112.7	173.8	121.2	7.5%
Scope 1+2 (market) per $M revenue (MT CO_2e/$M)	0.56	1.47	2.93	420.5%
Scope 1+2 (market) per employee (MT CO_2e/FTE)	0.43	0.46	1.08	150.0%
Scope 1+2 (location) per $M revenue (MT CO_2e/$M)	0.62	1.66	2.64	328.3%
Scope 1+2 (location) per employee (MT CO_2e/FTE)	0.47	0.52	0.97	105.7%

Key insight

While Scope 1 and Scope 2 emissions increased in FY2025 due to the addition of Longmont and Broomfield facilities, all location-based emissions intensity metrics improved. Total emissions intensity decreased 30% per dollar of revenue, 18% per employee, and 37% per gigawatt of assets under management, reflecting the lower emissions intensity of Stem's software-first business model. Market-based Scope 1 and 2 emissions intensity rose in FY2025 because Stem did not purchase RECs during the year, whereas it did in prior years. On the location-based emission parameter, which RECs do not affect, intensity continued to fall.

Scope 1, Scope 2, and Scope 3 greenhouse gas emissions

Detailed greenhouse gas emissions data, including facility-level Scope 2 emissions, Scope 3 emissions by category, and explanations of year-over-year changes, are provided in the Environmental Stewardship section of this report.

Key highlights:

- Scope 1 emissions increased from 18 to 60.2 MT CO_2e, primarily due to the first full year of operations at our Longmont Production Facility, which uses natural gas for space heating and was not included in our FY2024 reporting boundary. Stem has no emissions from mobile combustion or fugitive sources.
- Location-based Scope 2 emissions increased from 222 to 352 MT CO_2e, reflecting the addition and full-year operation of our Longmont and Broomfield facilities. Market-based Scope 2 emissions rose from 195 to 398 MT CO_2e in FY2025. In FY2023 and FY2024, Stem purchased renewable energy certificates (RECs) that reduced its market-based total below its location-based result. Stem did not purchase RECs in FY2025, so the market-based and location-based figures now converge.
- Scope 3 emissions decreased by 26%, from 24,922 to 18,487 MT CO_2e, primarily due to lower emissions from Purchased Goods and Services, which declined 29% as a result of Stem's continued transition to a software-first business model and reduced hardware procurement.

Disclaimer

This report, as well as other statements we make, contain “forward-looking statements” within the meaning of the federal securities laws, which include any statements that are not historical facts. Such statements often contain words such as “expect,” “may,” “can,” “believe,” “predict,” “plan,” “potential,” “projected,” “projections,” “precursor,” “forecast,” “outlook,” “expectations,” “estimate,” “intend,” “commit,” “pledge,” “anticipate,” “aim,” “ambition,” “goal,” “target,” “scheduled,” “think,” “should,” “could,” “would,” “will,” “see,” “likely,” and other similar words. Forward-looking statements address matters that are, to varying degrees, uncertain, such as statements about our goals, plans, and projections with respect to sustainability and environmental matters; financial and performance targets and other forecasts or expectations regarding, or dependent on, our business outlook; growth for Stem as a whole and for each of its Business Units; forecasts or expectations regarding energy transition and global climate change; improvements in operating procedures and technology; our business strategies and the strategies of our customers, including their respective decarbonization strategies; future global economic and geopolitical conditions; future liquidity, including free cash flow; and future results of operations, such as margin levels. These statements are subject to risks and uncertainties, including, but not limited to, changing global economic and geopolitical conditions; the results of operations and financial condition of our customers and suppliers; the inability to achieve our financial and performance targets and other forecasts and expectations; the inability to achieve our carbon emissions goals; the inability to meet workforce expectations and perform at desired sustainability and stewardship standards; general economic, geopolitical, and business conditions in key regions of the world; foreign currency risk; inflation; changes in monetary policy by governments; tariffs; pricing pressure; weather and seasonal factors; unfavorable effects of health pandemics; availability and cost of raw materials; operational modifications, delays, or cancellations; challenges in our supply chain; the inability to recognize efficiencies and other intended benefits from our business strategies and initiatives, and other risks and uncertainties detailed in our most recent Forms 10-K, 10-Q, and 8-K filed with or furnished to the SEC. If one or more of these or other risks or uncertainties materialize (or the consequences of any such development changes), or should our underlying assumptions prove incorrect, actual results or outcomes may vary materially from those reflected in our forward-looking statements. Forward-looking statements are aspirational and not guarantees or promises that goals or targets will be met. Forward-looking and other statements in this report regarding our environmental, social, and other sustainability plans and goals are not an indication that these statements are necessarily material to investors or required to be disclosed in our filings with the SEC. In addition, historical, current, and forward-looking environmental, social, and sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future. The forward-looking statements in this report speak only as of [ ], 2026, and Stem disclaims any intention or obligation to update publicly or revise such statements, whether as a result of new information, future events, or otherwise.

Non-GAAP measures

In addition to financial measures in accordance with U.S. GAAP, this presentation includes references to non-GAAP financial measures, including adjusted EBITDA, non-GAAP gross profit, and non-GAAP gross margin. These non-GAAP financial measures are in addition to, and should not be considered superior to, or a substitute for, financial results prepared in accordance with GAAP. Non-GAAP financial measures should not be considered in isolation and are subject to significant inherent limitations. The non-GAAP measures presented herein may not be comparable to similar non-GAAP measures presented by other companies. Reconciliation of these non-GAAP measures to their most directly comparable GAAP financial measures are included in the Appendix to this presentation.

Stem is a global leader in clean energy intelligence and the operating system for the energy transition:

Where assets connect, sites are optimized, and value is captured. Powered by decades of operational experience and purpose-built AI, our PowerTrack platform is the layer that sits between raw data and confident action, making every decision-maker smarter, every asset more productive, and every transition more certain. From asset monitoring to portfolio optimization and control, PowerTrack delivers everything energy professionals need, in one place. With projects managed across 55 countries, we have spent the past 20 years empowering asset owners, operators, and developers to take command of what comes next, with the certainty to act, the trust to commit, and the intelligence to lead.

Learn more at stem.com

This report contains forward-looking statements within the meaning of the federal securities laws. Forward-looking statements involve uncertainties and risks that may cause actual results to differ materially. Environmental and sustainability-related statements may be based on standards still developing. See Stem's most recent Form 10-K for risk descriptions. Stem, Inc. stem.com

stem