



2022 ESG REPORT

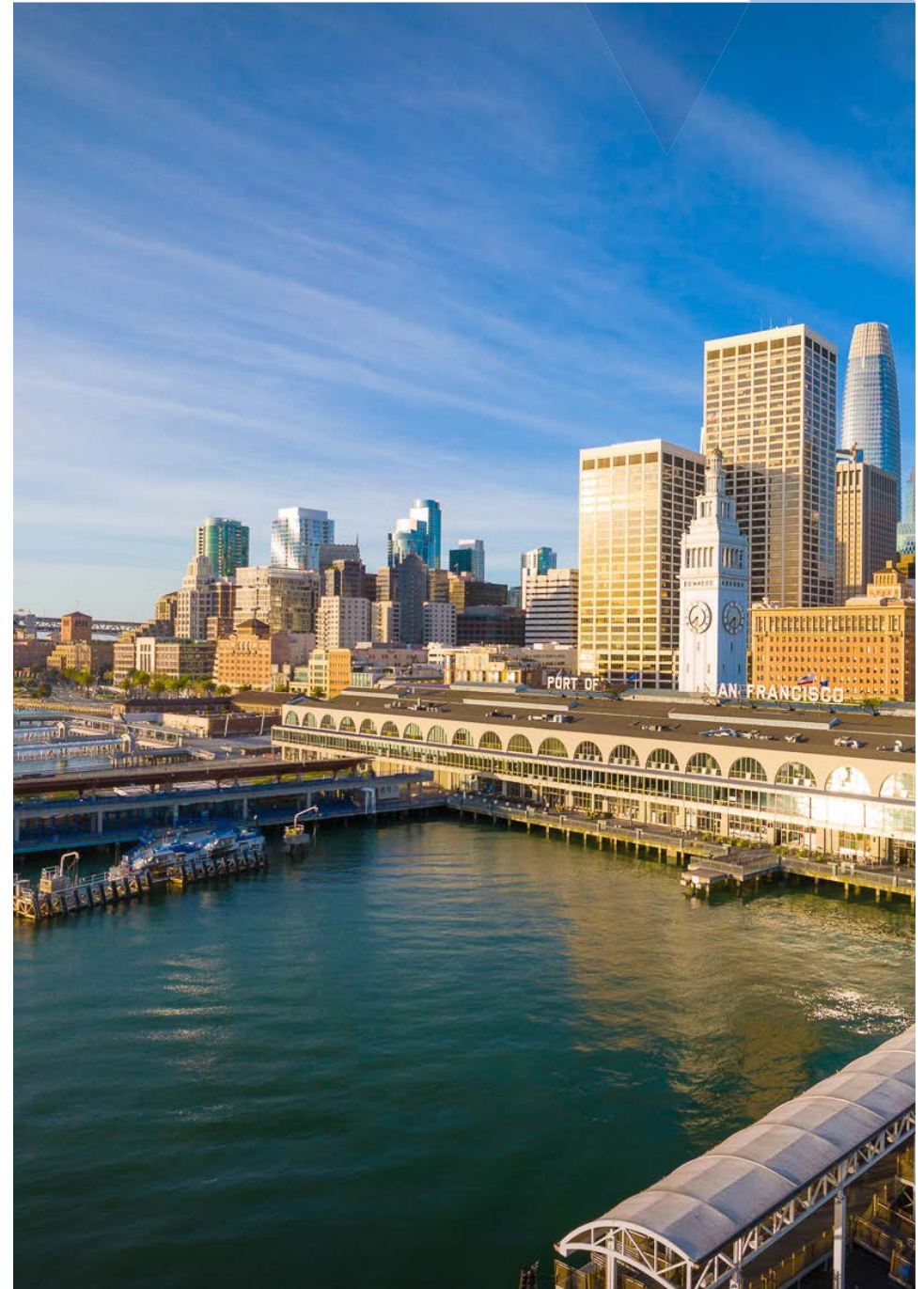
Issued June 2023



VECTOR CAPITAL

TABLE OF CONTENTS

03	Welcome
04	Vector Capital and Our ESG Program
05	ESG Program Governance
06	ESG Committee Members
07	Our Investment Process
08	Monitoring and Reporting
09	Company Initiatives
10	Company Examples



WELCOME

We are pleased to present our first-ever Corporate Responsibility Annual Report, which represents a significant milestone in our ongoing efforts to integrate ESG considerations into our operations, investment decision-making processes, portfolio management, and interactions with our valued limited partners.

At Vector, we firmly believe that responsible business practices are essential for long-term success and value creation. We are dedicated to supporting the next generation of resilient, innovative, and high-performing technology companies. Technology is constantly evolving, driven by a continuous pursuit of improvement and transformation. As a firm, we embrace this mindset, continuously evaluate, adjust, and grow. This approach extends to our dedication to environmental, social, and governance initiatives, recognizing their potential to align with our investment goals.

Over the last two years, our ESG program has undergone significant development. We took important steps including appointing a dedicated ESG Director and establishing a robust governance structure. We also revised and strengthened our responsible investing policy, formalized our ESG investment screening process, and expanded our portfolio monitoring program.

We take pride in the progress we have made and are committed to pursuing and investing in initiatives that enhance our overall ESG performance and strategy. We encourage you to delve into this report, familiarize yourself with our ESG program, and share your thoughts and insights with us.

Sincerely,



Alex Slusky

Founder and Chief Investment Officer



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At Vector, we firmly believe that responsible business practices are essential for long-term success and value creation.

— Alex Slusky

Founder and Chief Investment Officer

VECTOR CAPITAL AND OUR ESG PROGRAM

Vector's inaugural Corporate Responsibility Annual Report is intended to provide you with a comprehensive introduction to our ESG program and progress.

This report describes our efforts to implement, standardize, and measure ESG in the firm's investment activities. This report covers our insights on the following:

- I. Our approach to ESG management and governance
- II. Integration of ESG throughout the deal lifecycle
- III. Monitoring and reporting
- IV. Noteworthy initiatives from Vector's portfolio companies

About Vector Capital

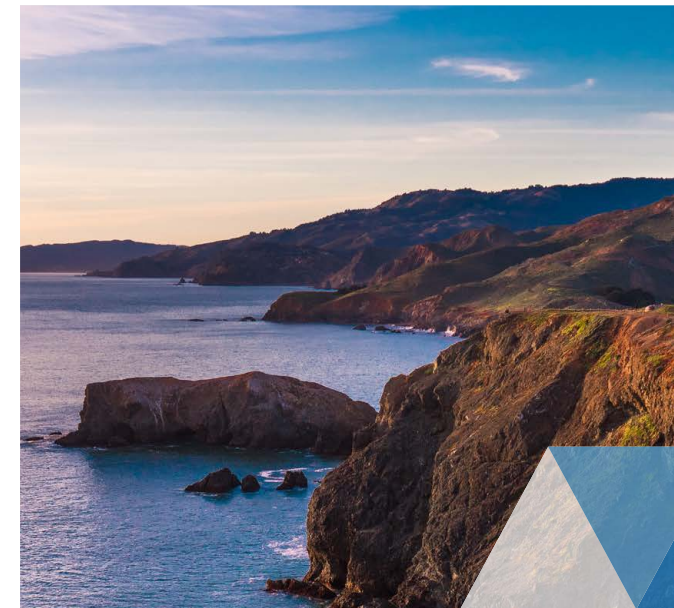
Vector Capital is a leading global private equity firm that specializes in making transformative investments in technology and technology-enabled businesses. Founded in 1997, Vector manages approximately \$4 billion of capital across its private equity and credit strategies, attracting a diverse range of investors including university endowments, foundations, and financial institutions.

At the core of Vector's investment philosophy are three pillars: Technology, Special Situations, and Value Investing. These areas encapsulate the firm's strategic priorities and have guided its decision-making process since its inception.

With a laser focus on the technology sector, Vector has a strong reputation for successfully executing various investment strategies, including buyouts, carve-outs, recapitalizations, minority investments, and credit investments. This success can be attributed to Vector's disciplined valuation approach and extensive operational expertise, which has consistently delivered competitive returns over the past 25 years.

¹ AUM and performance metrics as of 6/30/23

² Complete performance return as of 6/30/23 information can be provided upon request



VECTOR CAPITAL AT A GLANCE^{1,2}

\$4.3B
AUM

\$5.9B
Returned Capital

50+
Companies

2.1x
Net MoM

50+
Employees

22% IRR
Net Returns

7
Private Equity
Funds

ESG PROGRAM GOVERNANCE

In the past year, Vector has dedicated a significant effort to formalize our program, starting with the establishment of robust ESG governance.

ESG governance plays a critical role and provides a structured framework to effectively address risks, integrate ESG considerations into our decision-making and investment processes, and ensure responsible operations at Vector and at our portfolio companies. At Vector, key individuals and committees promote transparency, accountability, and responsibility in our ESG practices. Our Director of ESG, along with the ESG Team, ESG Committee, Investment Committee, and portfolio company boards of directors all fulfill their respective roles in driving the ESG agenda forward at Vector.

Director of ESG	Vector appointed Frances Hochschild as Director of ESG. Frances has worked with Vector on Human Capital initiatives since 2014. She is responsible for developing and oversight of the firm's ESG strategy and program and works with our portfolio companies on all ESG matters.
ESG Team	Our ESG Team consists of the Director of ESG, the Vice President of Investor Relations and Marketing, the Chief Operating Officer and the Chief Compliance Officer. This team serves as the driving force behind the development and implementation of our ESG policies. They oversee the management of these policies throughout the entire investment process and ownership of portfolio companies. The ESG Team updates Vector management and the ESG Committee on evolving industry best practices.
ESG Committee	Our ESG Committee includes the ESG Team and representatives from Vector's Investment and Value Creation Teams. This Committee is responsible for reviewing and approving Vector's ESG policies and the ESG Annual report. The Committee also promotes responsible and sustainable investment practices within our organization and conducts an annual review of the firm's ESG matters including any incidents reported.
Investment Committee	Our Investment Committee includes four of our investment Managing Directors and is responsible for reviewing ESG sourcing and diligence findings as well as the progress of our portfolio companies on their ESG plans.
Portfolio Company Boards of Directors	Vector's portfolio company boards of directors are responsible for reviewing annual ESG metrics survey results and monitoring company ESG plans.

ESG COMMITTEE MEMBERS



Frances Hochschild
Director of ESG
and Talent



Andy Fishman
Managing Director,
Private Equity



Trisha McGrath
Vice President of
Investor Relations
and Marketing



Nick Ghoussaini
Managing Director,
Credit



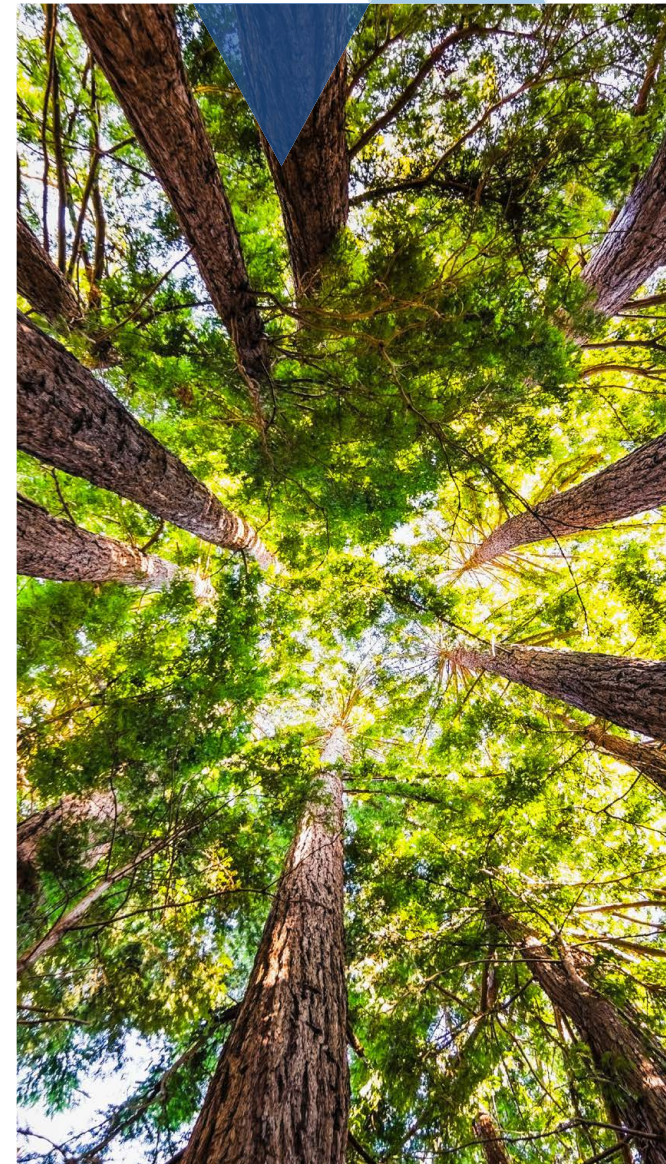
David Baylor
Chief Operating Officer



Anupam Banerjee
Managing Director,
Value Creation Team



Jim Murray
Chief Financial Officer
and Chief Compliance
Officer



OUR INVESTMENT PROCESS

Our responsible business practices and ESG policies are an integral part of our investment decisions and engagement with portfolio companies throughout a deal's lifespan.

By incorporating ESG considerations into diligence, we can identify potential ESG risks and opportunities to make better and more informed investment decisions based on specific topics we believe are relevant to the technology industry and enhance long-term value creation for portfolio companies and limited partners. In the past year, we have formalized our ESG screening and diligence processes, created a standardized sourcing screen and ESG diligence questions, and expanded ESG metrics reporting. We actively collaborate with our portfolio companies to onboard them into our ESG processes and provide them with training on ESG practices at Vector.



1 SOURCING

Prospective investments in all our verticals are screened using publicly available quantitative and qualitative information on material ESG factors.

2 DILIGENCE

As part of diligence, the investment team seeks to identify material ESG risks and opportunities. A summary of ESG findings is completed prior to a final decision by the Investment Committee. The team runs background checks on key executives and when applicable engages consultants for in-depth research.

3 ONBOARDING AND TRAINING

The Director of ESG works with company management to complete an initial Vector metrics survey and communicate Vector's approach and expectations with respect to ESG plans and monitoring. We also retain a third-party consultant to conduct more detailed diligence.

4 STEWARDSHIP

Based on the onboarding assessment and third-party report Vector will partner with the portfolio company to prioritize the ESG topics most relevant to their business and implement an ESG plan incorporating ESG best practices.

5 EXIT

ESG information including annual metrics survey results and plans will be available to prospective buyers.

MONITORING AND REPORTING

As part of our ESG Program at Vector, we conduct an annual metrics survey that focuses on essential ESG topics across our private equity fund's portfolio companies.

The survey questions are aligned with the ESG Data Convergence Initiative (EDCI), the MSCI ESG Industry Materiality Map, and the Sustainability Accounting Standards Board (SASB) standards. Our Value Creation Team actively engages with the portfolio company's ESG champions and management to implement ESG best practices. Collecting, integrating, and monitoring accurate and relevant data is a fundamental pillar of our ESG Program.

EXAMPLES OF KEY ESG TOPICS:

Energy usage

Policies aimed to reduce energy consumption

Electronic waste disposal procedures

Employee engagement and welfare

Health and safety

Diversity and inclusion

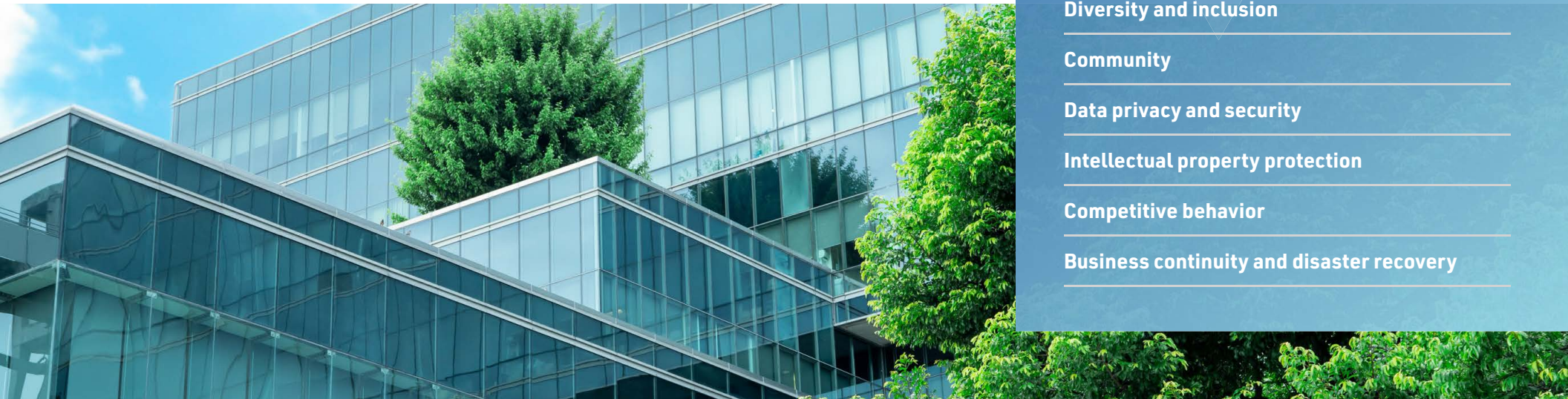
Community

Data privacy and security

Intellectual property protection

Competitive behavior

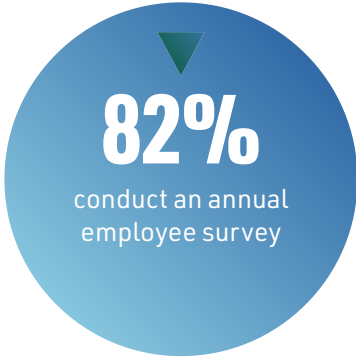
Business continuity and disaster recovery



COMPANY INITIATIVES

Below, we present some notable highlights of social responsibility commitments implemented by our portfolio companies, showcasing their diverse range and impact.

These initiatives cover various areas, including environmental efforts like minimizing electronic waste from hardware equipment, as well as social initiatives such as employee volunteering and health and wellness programs. These examples provide a glimpse into the ongoing progress our portfolio companies are making in their companies and communities. As our program evolves, we look forward to sharing more updates on their continued efforts.



COMPANY EXAMPLES

Below, we showcase noteworthy Environmental, Social, and Governance (ESG) initiatives undertaken by our portfolio companies, exemplifying their steadfast commitment to upholding the well-being of their employees, fostering community development, and embracing environmentally sustainable practices.



Planful, a top SaaS provider of cloud-based enterprise performance management (EPM) applications, has been recognized with multiple awards for its exceptional culture and work environment.

In 2022, Planful achieved Great Place to Work® certification for the first time in its history, earning this recognition in the U.S., Canada, United Kingdom and India. This prestigious certification is solely based on feedback from current employees, reflecting their positive experiences working at Planful. Furthermore, in 2023, Planful achieved recertification in all four regions and secured a place on the Fortune Best Workplaces in the Bay Area™ 2023 list, another accolade bestowed by Great Place to Work.

The company prioritizes the overall well-being of its employees and offers a range of workplace support. Some of their benefits include monthly work from home reimbursements, time off for birthdays and volunteering, parental and childcare support, health and wellness memberships, and employee resource groups.



McGraw Hill is a leading global education company that serves a wide range of markets, including higher education, K-12, international, and professional sectors.

McGraw Hill is deeply committed to supporting education in the communities they serve through both volunteer efforts and financial contributions. Their Red Cube Cares program operates globally and incentivizes employee giving by providing matching funding for employee donations to qualifying nonprofit organizations. In 2022, McGraw Hill made significant contributions, including 690 hours of volunteer work, over \$300,000 worth of new books donated, \$260,000 matched in employee donations to nonprofit organizations, and recognition by the National Center for Learning Disabilities (NCLD) with its Corporate Champion Award for their commitment to accessible learning and inclusivity. These examples highlight just a fraction of McGraw Hill's social responsibility achievements. While these accomplishments offer a glimpse into their social responsibility efforts, there is much more to explore. To delve further into McGraw Hill's social responsibility achievements, please visit their [dedicated page](#).

COMPANY EXAMPLES CONTINUED



Malwarebytes is a leading provider of cloud-based endpoint protection, privacy, and threat prevention solutions that along with a world-class team of threat hunters protect millions of individuals and thousands of small and medium-sized businesses across the globe daily.

To further its mission to liberate people and organizations from cyberthreats, Malwarebytes threat researchers report daily on how to prevent infections on [Malwarebytes Labs](#) and share threat intelligence reports on the [Malwarebytes Threat Intel Hub](#).



WatchGuard, a leading provider of network and endpoint security solutions for small and medium businesses, is dedicated to achieving a zero-waste goal for its hardware solutions.

To ensure responsible disposal, WatchGuard collaborates with 1 Green Planet for network security appliances, cords, cables, power supply cables, and packaging materials. In their latest product release, WatchGuard encourages customers to select the SKU that includes the specific cord they need, reducing unnecessary waste. As WatchGuard's product lineup evolves, they consistently evaluate packaging methods to drive zero-waste practices.



Cornerstone OnDemand, a leading provider of learning and people development solutions through Software-as-a-Service (SaaS), has placed a strong emphasis on fostering an inclusive culture within the organization.

To achieve this, the company has formed an ESG Committee and is establishing a strategic ESG function that builds on the company's long-standing commitment to making a positive impact on people and the planet. Since 2010, the Cornerstone Foundation has given back by providing critical training to disaster responders and non-profit leaders around the world, serving over 800,000 people annually. Additionally, Cornerstone has implemented a comprehensive Diversity, Equity, and Inclusion (DEI) program, which has led to the adoption of diverse hiring practices and the organization of events like Women Tech Events in India.



VECTOR CAPITAL

Vector Capital Management

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Disclosure

Statements in this ESG Annual Report are made as of June 30, 2023, unless stated otherwise, and the delivery of this Report at any time nor any sale should not create an implication that the information contained herein is correct as of any time after such date. The Annual Report is not intended to be relied upon as the basis for an investment decision. In considering any Company Initiatives contained herein, investors should bear in mind that there can be no assurance that companies will fulfill ESG initiatives and ESG initiatives may change over time. This ESG Annual Report does not constitute an offer or solicitation in any state or other jurisdiction to subscribe for or purchase any limited partnership interests.