



2024 ESG REPORT



TABLE OF CONTENTS

About Vector Capital	3
Vector Capital and our ESG Program	4
Introduction to Vector's Credit ESG Program	5
Our Credit ESG Practices	6
Our ESG Program Metrics	7
ESG Program Performance	8
Portfolio Company Initiatives	9

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 6/30/24

2. Complete performance return as of 6/30/24 information can be provided upon request

Vector Capital at a Glance^{1,2}

\$4.1B AUM

\$6.1B Capital Returned

50+ Platform Investments

2.1X Net MoM

7 Private Equity Funds

22% Net Returns (IRR)



VECTOR CAPITAL AND OUR ESG PROGRAM

We are pleased to present our second annual ESG report, highlighting our ongoing commitment to integrating environmental, social, and governance principles at Vector and across our portfolio.

This year, we expanded our ESG program into our Credit arm, implementing new initiatives and strengthening existing practices.

Our dedication to addressing ESG issues is based on our belief that responsible business practices lead to meaningful and beneficial long-term outcomes. By fostering a culture of accountability and transparency, we aim to drive positive change and ensure the resilience and growth of our investments.

This year's report offers a comprehensive overview of our ESG initiatives, covering the following key areas:

1 Introduction to Vector's Credit ESG Program

2 Vector's ESG Metrics

3 ESG Portfolio Level Performance Overview

4 Portfolio Company Initiatives

INTRODUCTION TO VECTOR'S CREDIT ESG PROGRAM

In the past year we formalized our Credit ESG program, starting with the establishment of robust ESG governance.

The Vector Credit Strategy, established in 2008, targets unique opportunities within technology and technology-enabled credit, with a particular emphasis on middle-market companies in the technology, media, telecom, and business services sectors. Since its inception, the strategy has invested across the entire debt spectrum, including first lien and second lien debt, high-yield corporate bonds, and mezzanine debt, through both primary and secondary markets. In 2024, we expanded our strategy to include directly originated senior secured loans to lower middle market companies within the technology and tech-enabled ecosystem. Today, our Vector credit arm boasts a team of four seasoned investment professionals, supported by five experienced operating professionals, collectively managing ~\$850 million in capital.

Vector Capital Credit Program

AUM	~\$725M
Strategies	2

Vector Capital Credit Opportunity Fund

Target Investment	First lien and second lien bank debt, high yield corporate bonds and mezzanine debt
Absolute Returns	10%+

Vector Velocity Fund

Target Investment	Directly originated senior secured loans
Target Returns	15%+

OUR CREDIT ESG PRACTICES

At Vector, we are committed to a holistic approach to ESG integration and in 2023 expanded our responsible business practices and ESG policies to the Vector Capital Credit Opportunity and Vector Velocity Funds.

All credit opportunities now undergo a comprehensive ESG assessment, starting with an initial sourcing screen, followed by a thorough diligence questionnaire, and culminating in an annual ESG review.

By embedding ESG considerations into our investment process, we can identify potential risks and opportunities and make more informed and strategic investment decisions. This tailored approach, focused on the technology industry, has the potential to both mitigate risk and enhances long-term value creation for our investors.

1 SOURCING

Before introducing an investment opportunity to the investment team, the sourcing team or a member of the investment team screens the prospective investment using publicly available information.

2 DILIGENCE

The investment team incorporates the credit ESG checklist in the due diligence of a prospective credit investment. The final recommendation to the Investment Committee incorporates a review of any material findings.

3 ANNUAL REVIEW

The investment team updates the ESG checklist for each portfolio investment no less than annually and reviews any material changes with the Investment Committee.

4 INCIDENT REPORTING

Any material incidents involving one or more ESG issues are reported to the Investment Committee.

OUR ESG PROGRAM METRICS

At Vector, our ESG Program is anchored in the comprehensive collection, integration, and monitoring of portfolio company data.

We conduct an annual survey focused on key ESG topics across our private equity funds' portfolio companies, ensuring alignment with the ESG Data Convergence Initiative (EDCI), MSCI ESG Industry Materiality Map, and Sustainability Accounting Standards Board (SASB) standards. Our Value Creation Team collects this data and works hand-in-hand with our portfolio company ESG champions and management teams to implement best practices. As the ESG landscape evolves, we will continue to evaluate new metrics, while maintaining continuity in our tracked metrics to enable year-over-year analysis and informed decision-making over time.

ENVIRONMENTAL

- Total energy consumption
- Total energy spend
- Vehicle usage
- Net Zero target
- Electronic waste disposal policies and procedures
- Environmental policies to reduce energy consumption

SOCIAL

- Total number of employees and employee turnover
- Employee, management, and board diversity statistics
- Employee surveys, policies, and procedures
- Number of fines, claims, and arbitration or litigation proceedings
- \$ of charitable donations
- Employee volunteer programs
- # of work-related injuries, and fatalities

GOVERNANCE

- Cybersecurity policy
- Data privacy policy
- # of Cybersecurity breaches
- Cybersecurity training & insurance
- Penetration testing
- Vulnerability scans
- Phishing tests
- Anti-corruption and anti-bribery programs
- ESG policy
- ESG board reporting
- Whistleblower policy
- DEI policy
- Corporate code of conduct
- Business continuity plan

ESG PROGRAM PERFORMANCE

One of our primary objectives in collecting data across our portfolio is to compile comprehensive information and enhance our understanding of the ESG risks and opportunities faced by our companies.

By gathering this data annually, we aim to identify trends and potential changes. We are pleased to share that in our second year, our ESG program has had a positive impact on our portfolio, particularly in the areas of ESG plan development and reporting. As our program continues to evolve, we look forward to providing more updates on their sustained progress.

11

Companies

85

Metrics

825+

Data points

100%

- ...of Vector employees received ESG training
- ...of Vector portfolio companies have ESG plans
- ...of our companies did not experience service disruptions in 2023
- ... provide non-discrimination and anti-harassment training
- ...have a code of conduct / ethics policy
- ...have an employee handbook
- ...have cybersecurity training for employees
- ...have data privacy and cybersecurity policies

Improvements

64%

companies have an ESG policy up from 27%

64%

have policies or programs aimed to reduce energy consumption, water use, and/or waste generation up from 45%

64%

report on ESG issues to the board up from 36%

91%

have a diversity and inclusion policy up from 82%

PORTFOLIO COMPANY INITIATIVES

These Environmental, Social, and Governance (ESG) initiatives implemented by our portfolio companies reflect their dedication to promoting the well-being of their employees, advancing their communities, and adopting environmentally sustainable practices.



Leap Event Technology is a leading provider of event management technology solutions to the live events industry.

The company launched initiatives to eliminate the use of single-use plastics in company-branded merchandise by the end of 2024 and to reduce the overall use of branded items for marketing and trade show events.



Mood Media is a leading provider of commercial background music and in-store media solutions.

To support US employees when life presents unexpected challenges, Mood Media launched its Heart & Soul Assistance Fund to provide eligible confidential grants of up to \$500. Since launching in May 2020, the firm has received donations of over \$75,000 and confidentially supported 41 employees and granted \$20,000 in aid employees to help with medical emergencies, personal crises, weather related damage, housing, and other expenses causing financial hardship.



Riverbed is a leading provider of software and hardware appliances used by large enterprise and government customers to monitor and optimize the performance of IT networks and endpoint devices.

As part of its commitment to positively impact lives through innovative solutions and volunteer work, the company's REACH OUT program connects employees across departments to give back to the community. Riverbed employees volunteer up to five days annually at nonprofit organizations focused on anti-poverty efforts, disaster relief, and community development.

From March 1, 2023, to February 29, 2024, U.S. employees volunteered over 724 hours, equivalent to almost \$60,000 in paid volunteer leave, highlighting Riverbed's dedication to corporate social responsibility.



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Disclosure

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