

Backing builders of the /digital future/

ESG HANDBOOK
2024



Welcome to our ESG Handbook, your guide to navigating the evolving landscape of Environmental, Social, and Governance (ESG) factors. In today's interconnected world, businesses are increasingly recognizing the importance and impact of integrating sustainability practices into their operations. This handbook is designed to equip portfolio companies with resources and best practices to embrace sustainability, drive positive outcomes, and thrive in a responsible manner. Informed by industry guidelines, LP requirements, and the great work of companies across our portfolio, this handbook includes a sample implementation timeline by funding stage as well as Forgepoint's own ESG activities.

Please contact Mercy Caprara, Head of Portfolio Operations, at mcaprara@forgepointcap.com if you have any questions.



Forgepoint Capital's mission is to [/protect the digital future/](#).

We believe investing in cybersecurity will protect individual privacy and ensure greater economic prosperity. In addition, responsible corporate behavior with respect to Environmental, Social and Governance (ESG) factors can mitigate risk and positively influence long-term financial performance.

We are pleased to partner with other organizations focused on ESG. We are proud to be a signatory of the [United Nations' Principles for Responsible Investment \(PRI\)](#), and one of the founding signatories of [ILPA's Diversity in Action initiative](#). We're also an active participant in the ILPA's [ESG Data Convergence Project](#) to streamline and align the private investment industry's reporting on ESG activities. This allows GPs and portfolio companies to benchmark and advance their progress while enabling greater transparency and more comparable ESG portfolio information for LPs.



/Forgepoint's Commitment to ESG/

OUR RESPONSIBLE INVESTING PLEDGES

Inclusivity

Foster a culture of meritocracy, fairness, and transparency.

Community

Encourage all firm and portfolio company professionals to engage in nonprofit giving and socially responsible volunteer activities.

Actions Over Words

Proactively work with portfolio companies on environmental, health, safety, and social initiatives to improve performance and minimize adverse impacts.

Governance

Promote appropriate governance of our portfolio companies, including establishment of a qualified board of directors, engagement of independent auditors, and creation of appropriate channels for stakeholders to report potentially improper activities.

Compliance & Ethics

Proactively comply with national, state, and local regulations in the countries in which we invest, support competitive wages and benefits for employees, and provide a safe and healthy workplace for all.

Data Privacy & Security

Protect the privacy of confidential consumer and corporate information through our own operations and those of Forgepoint portfolio companies.

Protecting Our Planet

Ensure and continuously improve the environmental responsibility and energy efficiency of our firm and our portfolio companies.

Transparency

Encourage dialogue with our Limited Partners and other stakeholders on how we can manage ESG opportunities and risks in a way that is consistent with their initiatives.

Positive Impact

Not invest in any business that willfully exploits underserved or underprivileged communities and/or creates significant damage to society.

/Forgepoint's Commitment to ESG/



RESPONSIBILITY: FROM FIRST CALL TO EXIT

Our commitment to ESG starts with our team, composed of individuals who are all passionate about creating positive societal impact by investing in and advising companies that protect the digital world. We incorporate ESG into every aspect of our investment process, starting with our due diligence checklist. Once an investment is made, we actively monitor ESG opportunities and risks on an ongoing basis and require our portfolio companies to periodically provide us with information on their ESG initiatives.

For an overview of Forgepoint's ESG policies and activities, see page 14.

/Suggested Implementation Timeline By Funding Stage/

<p>■ SEED</p>	<p>■ SERIES A EVERYTHING IN SEED PLUS:</p>	<p>■ SERIES B AND LATER EVERYTHING IN SERIES A PLUS:</p>
<p>Environmental Conduct training on recycling.</p> <p>Social Track representation of management and employees by gender and ethnicity, track days worked without injury or illness, conduct anti-harassment training, provide employees a paid volunteering day.</p> <p>Governance Nominate an ESG champion from the leadership team to oversee ESG activities, actively seek out personal ESG learning opportunities through books, podcasts, etc.</p>	<p>Environmental Match employee donations to climate relief organizations, track the company’s overall carbon footprint.</p> <p>Social Source interns and employees from underrepresented groups, track employee mental health, measure employee engagement, provide a family and medical leave policy.</p> <p>Governance Identify your company’s top 3 impact metrics and share the results annually, report ESG risks and opportunities in board meetings.</p>	<p>Environmental Encourage and incentivize employees to minimize their footprints, replace plastic materials and items in the office with recyclable ones, organize Earth Day volunteering activities.</p> <p>Social Identify diversity & inclusion gaps with software like Diversio, track the fairness of promotions and ensure equal pay, deploy organizational culture surveys, conduct unconscious bias training for management, measure retention, track and improve diversity of board directors and advisors.</p>

/Environmental Recommendations /



- 1 Match employee donations to climate relief organizations (up to a specific amount) annually.** We advise presenting employees a list of vetted charitable organizations (effective climate change-focused ones can be found [here](#)) and matching their donations to demonstrate your organization's commitment and support.
- 2 Track company-wide carbon footprint and encourage employees to pay for carbon footprint offsets.** Companies like [Pachama](#), [Wren](#) and others help calculate your company's or an individual's carbon footprint free of charge, provide access to verified carbon reduction projects such as reforestation, and enable the purchasing of carbon credits that fund projects of your choosing. For an individual, the cost of offsetting a year's worth of carbon emissions may range from \$150 – \$400 depending on the individual's lifestyle, amount of travel, diet, and other factors. We advise subsidizing the carbon offsets either by a fixed percentage or a flat amount (e.g. 20% of the offset cost or \$100 per person) to further incentivize employees to go through the process.
- 3 Organize company-wide volunteering days,** either on or around Earth Day or throughout the year. From tree-planting, to beach clean up, to beautifying office and community surroundings, these are great ways to bring your team together and good for morale.

/Environmental Recommendations /



- 4** **Conduct training on recycling.** This can be accomplished by working with an external organization such as [Greenpath](#), [Roadrunner](#), and similar groups or by asking an employee to deliver a presentation on the importance and benefits of recycling, what items can be recycled and what cannot, and where employees can place recyclable materials within the office. After conducting a training, we advise tracking the percentage of employees that recycle through a survey.
- 5** **Use recyclable materials in the office.** We advise getting rid of disposable plastic materials such as plastic cups, plates, and straws and only use recyclable materials to reduce waste. Installing water bottle filling stations can be a powerful motivator for employees to bring reusable water bottles to work.

DIVERSITY & INCLUSION

1 Track the breakdown, as a percentage, of gender and racial/ethnic group representation for:

1. management and board
2. technical staff
3. and all other employees

2 Hire interns from underrepresented groups and post openings in non-traditional job networks. Potential groups to consider connecting with for recruiting purposes include:

- [Blacks in Cybersecurity](#)
- [ICMCP \(International Consortium of Minority Cybersecurity Professionals\)](#)
- [International Order of Black Security Executives](#)
- [Minorities in Cybersecurity](#)
- [Queercon](#)
- [Women in Cybersecurity](#)
- [Women in Security and Privacy](#)

You can find more information about these groups [here](#), and feel free to reach out to the Forgepoint team if you have trouble reaching any of these organizations as our team works with several of these.



/Social Recommendations /



Huntress recently volunteered company-wide for the nonprofit [School on Wheels](#), which equips students experiencing homelessness with backpacks and STEM-related school supplies.

/ PHOTO CREDIT: HUNTRESS /

HEALTH & SAFETY

- 1 Track employee mental health on an ongoing basis using tools like [Moodpath](#), [Animo](#), [Levell](#), [Unmind](#) or others. We advise using tools like Animo that not only track mental health but also prioritize recommendations to improve mental health. Encourage employees to take advantage of the mental health benefits available in their healthcare plans.
- 2 Track the number of days worked without injury or illness each year (subject to reporting on OSHA Form 300A).

COMMUNITY

- 1 Provide employees a paid service day to give back to their communities in whatever way they see fit. We advise setting a company-wide service day and asking employees to document their service experience, which can be shared in later team meetings.
- 2 Organize volunteer community events. These are great for teambuilding and culture. Opportunities include helping at local food kitchens or homeless shelters, beach clean-up days, or picking up trash at nearby parks.

INTERNAL POLICY & CULTURE

1 [Track employee engagement](#). Conduct brief “pulse” surveys that gauge current employee happiness or more in-depth surveys that focus on metrics such as:

1) [Satisfaction](#) – how pleased is the employee with their tasks, working conditions, pay, benefits, supervisor, and so on?

2) [Alignment](#) – is the employee motivated by the goals and missions of your organization, or do they wake up every day just to collect a paycheck?

3) [Future orientation](#) – does the employee envision a future at the company, or see themselves elsewhere in a few years?

2 [Conduct anti-harassment training annually](#). Please refer to your state’s guidelines to determine at what stage antiharassment training is mandated by law. In California for instance, all employers with 5 or more employees must provide 1-hour of sexual harassment and abusive conduct prevention training to nonsupervisory employees and 2-hours of sexual harassment and abusive conduct prevention training to supervisors and managers once every two years.



/PHOTO CREDIT: SUREFIRE CYBER /

/Social Recommendations /



- 3** [Provide a family and medical leave policy.](#) Please refer to your state's guidelines for specific details. In California, employers with 50 or more employees are required to provide eligible employees with up to 12 weeks of leave in a 12-month period for the birth, adoption or foster placement of a child, for the employee's own serious health condition, or to care for a family member with a serious health condition.
- 4** [Track the fairness of promotions and ensure individuals of different genders and ethnicities working in the same roles receive equal pay.](#) We advise making promotion discussions as tangible and quantitative as possible to remove any possible bias.
- 5** [Provide an anonymous harassment reporting system.](#) This could take the form of a physical box, or you could consider working with a startup such as [AllVoices](#) which enables the anonymous reporting of harassment, bullying, culture issues, bias, and other concerns.
- 6** [Conduct organizational culture surveys quarterly and identify key improvements.](#) We advise using tools like [Culture Amp](#) that have pre-built surveys specifically designed with this purpose in mind.

/Governance Recommendations /



- 1** Nominate a Chief ESG Officer or executive champion in charge of overseeing and implementing ESG initiatives.
- 2** Identify your company's top 3 impact-related metrics. To clarify, these are not financial metrics, but rather metrics that speak to the overall positive impact the company is having on society. Example metrics for cybersecurity startups may include: number of government agencies protected, number of endpoints protected, sensitive data exposure reduced, data breaches detected, malware detected, security incidents prevented, or number of individuals protected. For further guidance on impact metrics, please contact Mercy at mcaprara@forgepointcap.com.
- 3** Report ESG risks and opportunities in board meetings. For instance, share the ESG activities your company implemented since the previous board meeting, any changes to the representation of management and employees by gender or diversity, and any ESG concerns that your company could use assistance addressing.

ENVIRONMENTAL

Office Operations

- Energy-efficient office environment
- Recyclable/sustainably made office supplies
- Recycling and reusable/compostable dishware and utensils
- Annual e-waste program

Employee Contributions

- \$200 reimbursed per employee per year in carbon offset program. Wren asks users questions to calculate their carbon footprint and fund projects that achieve an equivalent or greater reduction in greenhouse gases.



- Earth day volunteering

SOCIAL

Prioritizing DEI

- Firm recruiting, new talent pipeline, hiring, training
- Portfolio company management, board, and team makeup
- Advisory Council members
- Marketing, events, and community engagement

Quality Working Conditions

- Healthcare, 401(k) contributions, L/T & L/T disability insurance
- Gym benefit, daily meal allowance
- Cellphone and internet coverage, device allowance
- Firmwide PTO for wellness

Charity & Community

- Charitable matching program of up to \$2,000 per year per employee
- Team and Holiday volunteering
- Donations to relevant non-profits after special events

GOVERNANCE

Firm & Portfolio

- Due Diligence Checklist
- ESG Handbook
- ESG Champion
- SG Committee
- ESG as part of team meetings and employee annual reviews
- Ongoing ESG Learning & Development

Reporting & Accountability

- Quarterly Portfolio Updates
- Monitoring in Cobalt
- ILPA ESG Data Converge Project
- ILPA Diversity in Action



Environmental

- Net Zero Carbon [Toolkit](#)
- Tips for Building a Sustainable [Startup](#)
- 6 Ways to Minimize [E-Waste](#)
- Track Your Organization's Carbon [Footprint](#)
- Support Carbon [Offsetting](#)

Financial Performance & Innovation

- The Other Diversity [Dividend](#)
- How and Where Diversity Drives Financial [Performance](#)
- Diverse Companies Produce More [Revenue](#)
- How Diversity Can Drive [Innovation](#)
- Diverse Teams Feel Less Comfortable, That's Why They Perform [Better](#)
- How Diversity Makes Us [Smarter](#)

Governance

- Framework for ESG Board [Oversight](#)
- LP Expectations of ESG [Reporting](#)

Legal

- Championing Diversity Without [Discriminating](#)
- How Promoting Diversity Helps Avoid [Discrimination](#)

Social

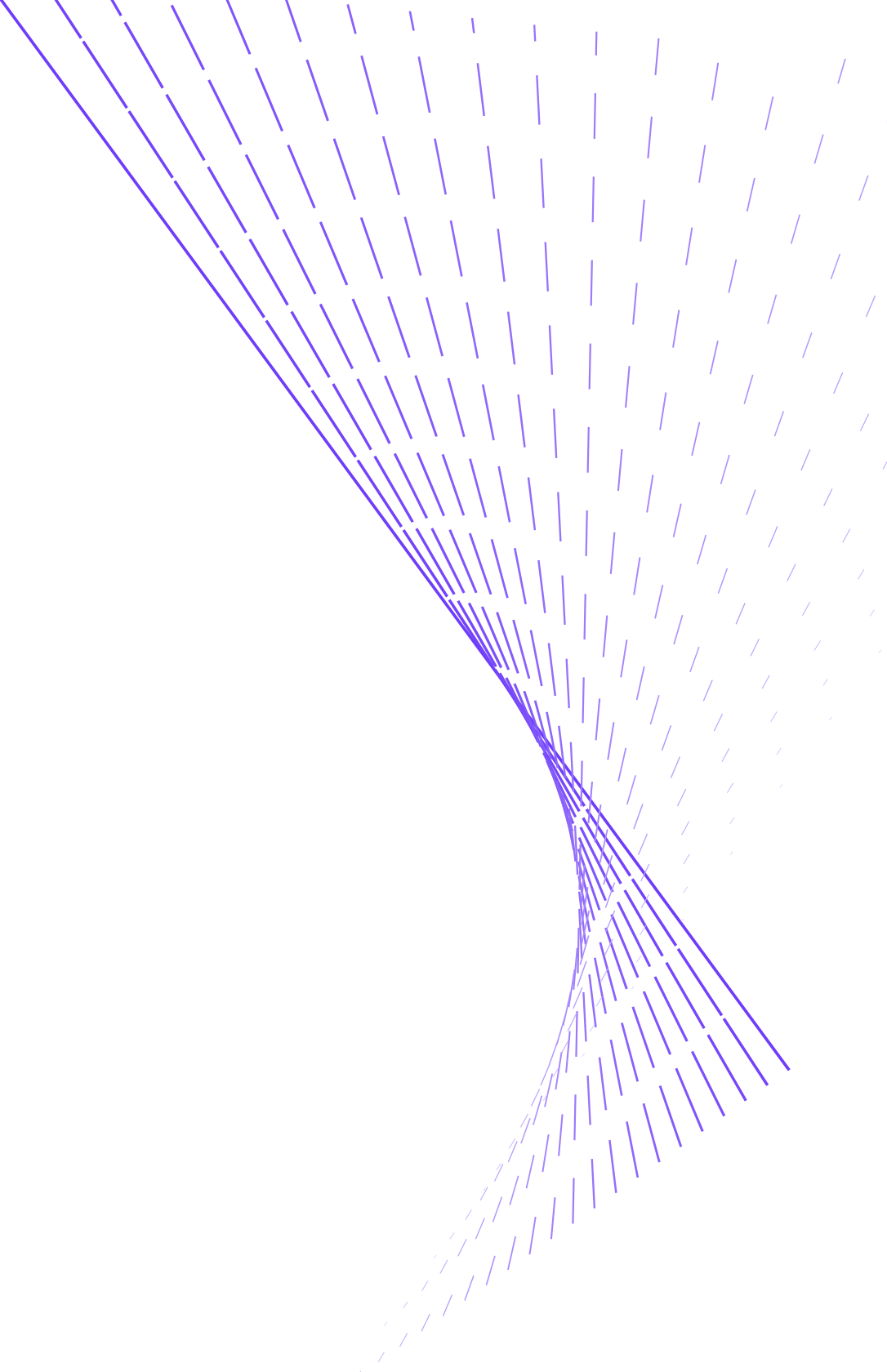
- Diversity and Inclusion [Handbook](#)
- Creating a Trans Inclusive [Workplace](#)
- How to Develop a DEI [Initiative](#)
- Labor Standards by [Country](#)
- Unconscious Bias Training [Providers](#)
- Create Employee Resource [Groups](#)
- Design Inclusive Office [Spaces](#)
- Encourage Use of Inclusive [Language](#)
- Diversify Organizational Recruiting [Efforts](#)
- Remove Bias in [Hiring](#)
- Conduct Equal Pay [Analysis](#)
- Implement Culture [Surveys](#)
- Measure Promotions by Gender and Minority [Status](#)

Standards

- United Nations Sustainable Development [Goals](#)
- United Nations Global Compact [Principles](#)
- IRIS+ Impact [Metrics](#)

Talent

- To Retain Employees, Focus on Inclusion — [not just Diversity](#)
- Lack of Focus on D&I Initiatives is a Key Factor in [Employee Turnover](#)
- The Connection Between Diversity In The Workplace & [Employee Retention](#)
- Lessons in Inclusive [Hiring](#)



[Forgepoint Capital](#)
400 S El Camino Real, Suite 1050
San Mateo, CA 94402
forgepointcap.com