



WE ARE PROS

Inaugural Corporate Social Responsibility Report



PROS®

Building a better world starts with people. Our people, powering the promise of a better future.

By coming together as one, we're making our mark through diversity and inclusion efforts, a vested interest in our customers' success, and the well-being of our employees and communities.

In doing so, we are guided by our core values:

We Are Innovators.

We Are Owners.

We Care.

From the very beginning, PROS was built on an unwavering commitment to the growth and success of our people and our customers.

We're our customers' biggest fans, and we're intensely focused on helping them compete and win in the digital economy. Delivering on this promise, however, requires more than best-of-breed, innovative technology, deep expertise in AI and machine learning, and years of proven experience... all of which we pride ourselves in. Our customers and people count on us to maintain a thriving business – one that embraces the value of diversity, supports our local communities and respects each individual for their unique talents and gifts. It's this focus that speaks to the "heart" of our company – our rich and deeply rooted culture centered around caring for the people, the businesses and the communities we serve.

At PROS, our mission is to help people and companies outperform. Our employees are at the heart of us delivering on our mission. We have an absolutely incredible team that cares deeply about our customers, our community, our environment and our PROS family. We at PROS also firmly believe that diversity and inclusion are key to driving true innovation. My experience as a U.S. immigrant and my Hispanic roots have largely shaped who I am today, and I'm personally committed to fostering an environment where people from every background can thrive. Together, we've created a strong and growing business, and I couldn't be prouder of what we've accomplished. I'm excited to share our story in our first CSR report.



ANDRES REINER
PRESIDENT AND CEO, PROS





Building a Better World Starts with Us

Over 30 years ago, we vowed to build a diverse, fair and welcoming global team. That commitment still stands today and it shows.

Our people mirror the rich cultural, ethnic and gender diversity of our global customers. Not only does this give us a better understanding of who our customers are and where they're from, enabling us to serve them better, it makes us stronger and more innovative as an organization. Our diverse team is one of our core strengths and we're committed to continuing to maintain and grow this rich heritage.

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Fostering a Diverse and Inclusive Environment

True innovation, ownership and genuine care are natural byproducts of inclusion. But the deeper impact diversity has is embodied when our people know their voices are heard, their perspectives matter and they are encouraged to put their unique fingerprints on the company.

Our commitment to creating an inclusive environment is evident in the ways we encourage employees to celebrate cultural heritage and diversity both individually and through action groups in the workplace.

DIVERSITY

We've taken steps to ensure our team represents the world around us. At PROS, we strive to end underrepresentation, compensate all our employees fairly, and provide amazing opportunities to grow.

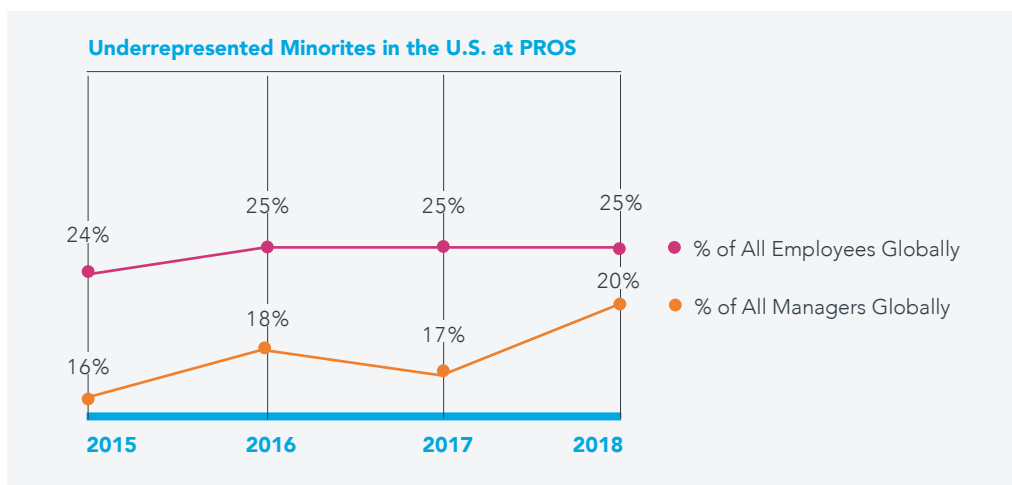
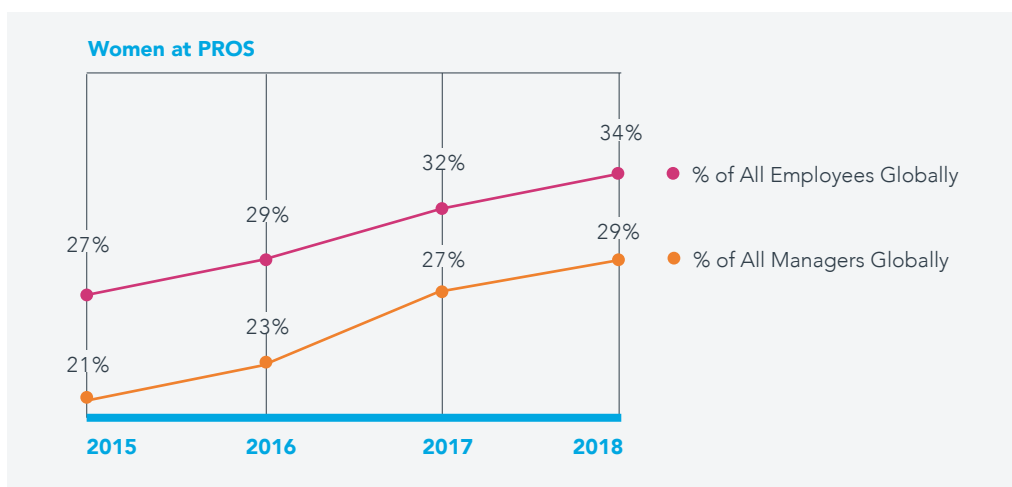
CULTURAL HERITAGE

Employees plan and host celebrations around cultural holidays like Diwali and the Lunar New Year, wearing traditional dress and serving traditional holiday foods from their country of origin.

EMPLOYEE RESOURCE GROUPS (ERG)

In addition to hosting internal events for Pride Month, Black History Month, International Women's Day and more, our ERGs also coordinate many of our community outreach programs. From post-hurricane book drives, to resume-building workshops, and events for women in tech, our ERGs find ways to give back year after year.

Diversity by the Numbers



We're proud of the progress we've made and remain committed to focusing on ways to continue to achieve equality in our workplace and make sure employees in similar roles are paid equitably.

Women and underrepresented minorities make up a larger percentage of managers than ever before, increasing to 29 and 20 percent, respectively, in 2018.

"In a time when inclusion and diversity are corporate buzzwords, PROS leadership truly understands the importance of representation."

MARCELA PASTEN,

Senior Marketing Events Manager,
UNIDOS ERG Co-President and Founder

Employee Resource Groups

While we've worked to maintain a welcoming environment since our early beginnings, over the past five years, we've taken our commitment to the next level by providing resources and opportunities to help ensure inclusion.

One of the most impactful ways we've done this is through Employee Resource Groups (ERGs) that have been formed and led by employees, with company support. They are organized around common life experiences and backgrounds and serve to champion our diversity initiatives and facilitate a workplace culture of equality and inclusion.

BLAZE

Dedicated to the professional development of women at PROS and in the surrounding tech community.

EMPOWER

Created to attract, develop and retain African-American talent at PROS.

UNIDOS

Represents the interests of the PROS and local Hispanic community while also celebrating the culture and values.

PRIDE @ PROS

Serves as a resource that positively influences and ensures the development of its LGBTQIA+ members.

YoPROS

Connects the community of young professionals across PROS to foster growth and development of leadership skills.

ERGs provide incredible mentorship, volunteer opportunities, and outreach programs to support our employees and the community. Any interested PROS employee may join any group.



Empowering Our Employees

An important part of our employees' experience is the opportunity to take charge of their careers.

This includes their ability to learn, grow and progress along a career path, as well as to have flexibility in their work day to achieve a work-life balance that fits their lifestyle.

With over 1,000 employees world-wide, we understand one size does not fit all. We strive to provide an environment where each employee feels supported and empowered to do their best work.

Investing In Our Future

GRADUATE DEVELOPMENT PROGRAM

We are committed to investing in future leaders. PROS Graduate Development Program identifies the best and brightest university graduates and then hones their talents and leadership skills as they embark on a meaningful career in the technology industry.

This highly-selective two-year program began in 2017 and provides an accelerated path to leadership in accounting, finance and information technology. Each year, we offer full-time positions consisting of three, eight-month rotations across a variety of areas in our business.

SUMMER INTERNSHIP PROGRAM

At PROS, we believe in the future of the youth. Every summer, we offer unique internship opportunities to foster career interests as early on as possible. High school seniors, university students and grads from all over the United States are chosen to work in all areas of the company -- product development, marketing, finance, HR, science, professional services and more.

In addition to working alongside seasoned PROS professionals, interns also participate in a wide variety of activities to learn about our culture – volunteering in community outreach, solving challenges through hackathons, and contributing to real-world projects that leverage and grow their skill sets.

With these first-hand experiences and exposure to our industry, customers, and potential career paths, stand-out interns have successfully landed full-time positions year after year.

Career Development and Leadership Opportunities

PROS UNIVERSITY

To help employees take ownership and control of their career (L&D) development, our Learning and Development team has created PROS University. Through PROS University, we provide online and in-person training to PROS employees, customers, and partners on many topics including our products, sales enablement, management, leadership development, soft skills topics, and compliance. In 2019, we transitioned our content to LinkedIn Learning to give employees even more options to learn and grow with a library of 9,000+ digital courses. LinkedIn Learning provides content in seven languages (Chinese, English, French, German, Japanese, Portuguese and Spanish), and with it, employees can expand their skill set through a personalized, data-driven online learning platform that is customized to their interests. This has enhanced PROS University's active offerings to approximately 15,500 courses. So no matter what career aspirations an employee has, there's usually a course to help. In 2018, 514 courses were taken through PROS University, and 2019 is on pace to set new L&D records with 458 courses completed at mid-year.

IGNITE

We are passionate about investing in our greatest asset, our employees. This year, we partnered with Rice University to create our IGNITE program which focuses on equipping leaders with tools that can help accelerate the growth of our global team. This development program helps our leaders grow their personal leadership styles and hone-in on their skills for managing teams.

ACCELERATE

Building on the success of IGNITE, we're launching an additional program in 2019, Accelerate, focused on building the soft skills of our newest and future people leaders. This program will be voluntary and completely virtual, with interested participants selected through an application process.

$$d = \sqrt{(x_1 - x_2)^2 + (y_1 - y_2)^2}$$

Promoting Wellness

Wellness matters. To help employees live their best lives both in and out of the office, PROS provides a variety of wellness-related benefits.

- State-of-the-art standing desks are available to employees upon request
- Rest & Relaxation rooms in our larger offices with couches, dimmed lighting and calming music/sounds
- Discounted gym memberships and, coming in 2020, an on-site, no-cost fitness center at our Houston headquarters
- An annual "Wellness Week @PROS," with on-site chair massages, bootcamps, and activities promoting the overall wellness of employees and their families
- Healthy snacks
- Other health-related events, such as blood drives, flu shots in the office, and more

Flexible Working Arrangements

At PROS, we believe flexible working arrangements for employees promote a healthy work/life balance. With remote roles and opportunities to work from home, employees are empowered to take charge of how and where they work.

"Working from home gives me space to power through projects that require long hours and intense production, which helps keep my home life in check."

SHANNON TATZ,

Vice President,
Strategy and Investor Relations

Supporting Our Communities

PROS cares. Throughout our history, our people have consistently demonstrated a tremendous spirit of caring for each other, our customers and the communities where we live and work.

On any given day, visitors to PROS offices are likely to see collection bins for charitable causes such as the Houston Food Bank, Dress for Success, or Backpacks for Kids. PROS teams frequently come together to support events such as the MS150 bike race, Houston Marathon, the Hour of Code and local tutoring and clean-up efforts near our offices around the world.

Over the last five years, however, there have been a few watershed moments that have come to truly define our spirit and have shaped our Community Outreach program.

One of these was when Hurricane Harvey hit Houston and flooded most of the city — PROS jumped in to help. Employees from around the world donated to a GoFundMe campaign and those in Houston volunteered in droves to help impacted employees and the community. In all, PROS donated close to \$230,000 and countless hours to recovery efforts citywide.

These events show the resiliency and compassion of our team, and inspired the creation of a **Community Outreach program** led by passionate employees and backed by PROS.

PROS Community Outreach in Action

PROS Community Outreach supports employee-led events for charitable causes throughout the year. In addition to ongoing outreach initiatives, we've also formed PROS Cares, a non-profit charitable giving organization that makes it easier to provide tax-free assistance to PROS employees when a need arises.

At PROS, we feel we're only as successful as the communities we're impacting.

This philosophy, paired with our employees' desire to pay it forward, has empowered our teams to connect with the people and organizations that need us the most.

WOMEN IN TECHNOLOGY

In 2018, 13 women from PROS enjoyed the opportunity to network and learn from the best and brightest in the industry — among them, five PROS speakers. We're proud to witness our female thought leaders use Grace Hopper to impact technical fields with a reach beyond the PROS network.

In addition to ensuring our female talent has access to resources like the GHC, we have a vested interest in the youth around us. Blaze partners with local universities to cultivate young women in computer science organizations by offering funds to help them along their professional journeys.

RIDE FOR THE CAUSE

This year, nine PROS team members participated in the "Ride of a Lifetime", the BP MS150. The MS150 is an annual trek from Houston to Austin that raises money for a great cause, helping those impacted by Multiple Sclerosis. With over \$16k raised in donations by the PROS team, they set out for the 150-mile journey to further show their support for research and those impacted by MS.

PROS + DRESS FOR SUCCESS

Prompted by an internal challenge to impact our community, a partnership with the local Dress for Success (DFS) chapter and PROS Talent Acquisition team was formed. The year-long commitment with DFS allowed PROS to get involved in more ways than one. In addition to donation drives for professional women's clothing and accessories, the PROS team offers monthly workshops on building and using a LinkedIn profile and resume assistance. Through these efforts, the Talent Acquisition team gets the opportunity to marry their professional roles with something that they're all personally inspired by.



Caring for Our Planet

We believe success isn't just measured in dollars and cents, it's also measured in the footprint we leave on the world around us.

That's why PROS continues to look for ways to make a positive impact on the environment in our offices around the world.

GREEN OFFICE SPACES

In 2018, we began planning to move our Houston headquarters to accommodate our growing workforce, a move that will take place in early 2020. The new building is LEED Silver certified and designed to minimize carbon emissions, conserve energy and water resources, as well as maximize natural light dispersion. Sustainable features such as LED automated lighting systems, water saving restroom and kitchen fixtures are all in line with our goals to be conscious of the environmental impact of our daily operations. Our new building will also feature green spaces and water features outside, as well as resting pods and quiet areas for employees inside.

SUSTAINABLE DATA CENTERS WORLDWIDE

The PROS Cloud is delivered globally under a Software-as-a-Service (SaaS) model, which has contributed to greater efficiency for our operations than what was possible a few years ago. The majority of our cloud services are provided utilizing strategically positioned data centers within the Global **Microsoft Azure** network, deployed in primary and secondary pairs for backup and failover. By partnering with Microsoft, which has a long-standing commitment to sustainability, we deliver our innovative solutions via data centers that operate using at least 50% green energy sources and are 100% carbon neutral.

Thinking Green

An employee-driven, grassroots group formed at the beginning of 2019 to provide a forum for employees to share and implement ideas for maintaining an environmentally sustainable workplace.

This group, **Thinking Green**, launched the PROS Bottled Water Reduction campaign, and more than 500 employees have taken the pledge to reduce their bottled water consumption in exchange for a PROS reusable water bottle. Additionally, individual, single-use bottles of water have been phased out in our European offices.

Additional Thinking Green efforts have included an office-wide outing for Sofia office employees to participate in the National Afforestation Campaign, planting oak, evergreen, pine, and lime trees around Bulgaria.

PROS RECYCLING EFFORTS

All PROS offices have a robust recycling program with recycling bins located in kitchen and breakroom areas. Office-wide recycling efforts vary by location, but include such items as paper, plastic, glass, and aluminum, as well as common office consumables like batteries, toner, and light bulbs. Additionally, documents placed in shredding bins are completely destroyed and then taken to a secure recycling facility, where they're further milled and then reproduced into paper products such as napkins and paper towels.



Building Our Company Responsibly

Corporate Governance At Pros

PROS Board of Directors, elected by our stockholders, sets corporate policies and provides oversight for our business. The Board selects our CEO, who is charged with the management of our business, and acts as an advisor to senior management in addition to monitoring PROS performance. Our Board has adopted formal Corporate Governance Guidelines to ensure that it has the necessary practices in place to review and evaluate our business operations as needed, to make decisions that are independent of our management, and to align the interests of directors and management with the interests of our stockholders.

As with all areas of our organization, representation in our Board matters. With 25% of the Board comprised of female directors and a mix of cultural backgrounds, we feel our Board of Directors mirror our employees, the customers we serve, and our stockholders.

CODE OF BUSINESS CONDUCT AND ETHICS

One of our company's most valuable assets is its integrity. Protecting this asset is the job of everyone at PROS. To that end, we have established a Code of Business Conduct and Ethics that applies to every officer, director and employee. We also expect that those with whom we do business (including our agents, consultants, suppliers and customers) will also adhere to the Code. Our Code is designed to comply with the law and provide guidance for maintaining the highest standards of ethical conduct. All of the company's officers, directors and employees must carry out their duties in accordance with the policies set forth in this Code and with applicable laws and regulations.

For more information, please visit our Corporate Governance page at ir.pros.com

Securing Our Digital World

We're serious about data and the power that it has to help companies transform. When an organization partners with us to harness the power of their data for smarter selling, they entrust us with their most sensitive information. We honor that trust by maintaining rigorous processes, tools and certifications to safeguard these critical assets.

PROS CLOUD ARCHITECTURE

We offer both single-tenant and multi-tenant cloud solutions delivered globally through PROS Cloud under a Software-as-a-Service (SaaS) model. Our high-performance software architecture supports real-time, high-volume transaction processing and enables us to handle the complex and demanding processing requirements of sophisticated global enterprises, including those who require sub-second response times for their customers.

The use of cloud computing platform partners provides us flexibility to service customers at scale and offers additional options to comply with in-country data privacy requirements when necessary. We also deliver our solutions from infrastructure designed and operated by us, but secured within third-party data center facilities.

INFORMATION SECURITY PROGRAM

We've fostered a culture of security compliance through the adoption of a robust Information Security Program that includes comprehensive security policies, regular testing and audits; security awareness training for all employees and contractors; state-of-the-art network protections such as two-factor authentication; and security monitoring.

MAINTAINING OUR SECURITY POSTURE

We regularly test key controls, systems and procedures in our information security program to validate their effectiveness in addressing threats and risks. We also conduct frequent internal audits, annual independent third-party audits and risk assessments to continuously monitor the threat landscape.



DATA SECURITY CERTIFICATIONS

We verify the effectiveness of our Data Security program with annual independent third-party audits for compliance with the SOC2, CSA and ISO 27001 certification standards.

Data security certifications demonstrate commitment, accountability to saas security and helps customers make informed choices.

DATA PRIVACY AND HANDLING

We've purpose-built our solutions on the most secure platforms available, that are maintained by experts in security and trust. To prevent unauthorized access, maintain data accuracy, and provide for the correct use of information, we have rigorous physical, electronic and managerial procedures in place.

Customer data is contained behind secured networks and is only accessible by a limited number of people, who have special access rights and are required to keep the information confidential. Additionally, PROS is GDPR compliant with full adherence to the most rigorous set of international regulations set forth in General Data Protection Regulations.

CRISIS MANAGEMENT AND BUSINESS CONTINUITY PLANNING

PROS has documented and tested Crisis Response, Disaster Recovery and Business Continuity Plans in place to ensure that data and privacy protections are not compromised or interrupted during a disaster, like Hurricane Harvey, when all systems remained online and no data was threatened.

“Our cloud delivery model utilizes strategically positioned data centers within the global Microsoft Azure network to minimize latency and provide primary and secondary pairs for backup.”

**MANOJ TRIPATHI,
VICE PRESIDENT, IT AND SECURITY**

PROS At-A-Glance

DELIVERING VALUE

\$250MM+

Total Revenue Run Rate

~1 Trillion

Transactions Processed in 2018

\$30B+

Total Estimated Addressable Market

81%

Recurring Revenue
% of Q3 2019 Total Revenue

95%+

Customer Gross Revenue
Retention Rate 2018

57%

Subscription Revenue
Q3 2019 YoY Growth

NYSE: PRO

Publicly Traded Since 2007

PROS mission is to help people and companies outperform. It's a mission we take seriously and a mantra that has guided our efforts from day one. We do this by helping companies sell smarter through our best-in-class AI-powered solutions, augmented by a deep partnership and close collaboration. With more than three decades of experience helping leading enterprises around the globe digitally transform their businesses, we have customer success down to a science. From dynamic pricing to offer optimization and intelligent commerce, PROS brings companies closer to their customers through prescriptive, AI-driven insights. Equipped with that knowledge, PROS makes it possible for them to meet today's challenges of buying and selling in a complex, digital world while building a viable path to thrive in the future.

Our solutions are cloud-based and delivered on a subscription basis, allowing our customers to reduce their initial investment in third-party software, hardware and administration requirements over traditional enterprise software. This also makes enterprise-class infrastructure, infrastructure management, security and other strategic services accessible and cost-effective for smaller customers or business units.

Every day, we live by the mantra **"PROS Cares"** and we're dedicated to continuously improving, innovating and expanding our efforts. It's been a core part of our culture for more than 30 years, and we're just getting started.

With the establishment of our Inaugural Corporate Social Responsibility Report, we look forward to sharing our annual progress on this journey.

ABOUT PROS

PROS Holdings, Inc. (NYSE: PRO) provides AI-powered solutions that optimize selling in the digital economy.

PROS solutions make it possible for companies to price, configure and sell their products and services in an omnichannel environment with speed, precision and consistency. Our customers, who are leaders in their markets, benefit from decades of data science expertise infused into our industry solutions.

To learn more, visit pros.com.



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