

RIVERWATER PARTNERS

Proxy Voting Guidelines

Updated January 2019

Policy

The following policies indicate our positions on proxy ballot issues and how we plan to vote shares for clients. We do not delegate our proxy voting authority or rely solely on third-party recommendations to vote our shares. We will consider the views of the management of portfolio companies, but we will vote in a manner we believe is in the best interest of clients. These policies may not include all potential voting issues, and in rare cases, we may deviate somewhat from these policies.

1) Environmental Issues

- a) We will vote for proposals asking for increased disclosure of current environmental practices and policies.
- b) We will generally vote for shareholder proposals that reduce a company's negative impact on the environment.
- c) We will vote for proposals asking for the elimination or substitution of toxic compounds used in products.
- d) We will vote for the adoption of the Coalition for Environmentally Responsible Economics (CERES) Principles.

2) Social Issues

a) EMPLOYEE AND SUPPLY CHAIN

- i) We will vote for proposals that show respect for a company's workers.
- ii) We will vote for proposals asking for increased disclosure regarding impacts on employees and vendors or suppliers.
- iii) We will vote for proposals requesting that companies adopt appropriate codes of conduct regarding global labor practices within their own company and with vendors or suppliers. These may address the use of forced or child labor, fair wages, safe working conditions and the right to organize and bargain collectively.

b) DIVERSITY

- i) We will vote for proposals asking for increased disclosure on a company's efforts to increase diversity. We will vote for proposals to improve the representation of women and minorities in the workforce, particularly at the executive level.
- ii) We will vote for proposals that assure pay equity among women, minorities, and their colleagues.
- iii) We will vote for proposals that adopt or improve nondiscrimination policies.

c) COMMUNITY RELATIONS

- i) We will vote for proposals requesting the company be a good corporate citizen and show sensitivity to the communities where it operates.

d) PHILANTHROPY

- i) We will vote for proposals asking for increased disclosure of philanthropy.
- ii) We will generally vote for proposals to increase philanthropy.

e) ANIMAL WELFARE

- i) We will generally vote for proposals asking for increased disclosure on a company's animal testing.
- ii) We will generally vote for proposals requesting that management develop viable alternatives to animal testing.
- iii) We will generally vote for proposals calling for consumer products companies to reduce their use of animal testing.

f) ETHICAL BUSINESS PRACTICES

- i) We will generally vote for proposals that ensure that a company follows ethical business practices.

3) Corporate Governance

a) ELECTION OF DIRECTORS

- i) We will vote for proposals that require Board slates to consist of a majority of Directors who are independent from management.
- ii) We will also vote for proposals to separate Chief Executive Officer and Chairman of the Board positions.
- iii) We will vote for increased diversity, including qualified women and minorities, on Boards.

- iv) We will vote **against** Directors who are incumbent members of the nominating committee if there are no women on the board.
- v) We will vote **against** Directors who have attended less than 75% of the Board meetings.
- vi) We will vote **against** Directors who have ignored a shareholder proposal that has gained a majority of the votes outstanding.
- vii) We will vote **for** the establishment of a reasonable retirement age for Directors.
- viii) We will vote **for** proposals that require Directors to own a minimum number of shares in the company to encourage them to have the same interest as shareholders.
- ix) We will vote **case-by-case** on proposals that seek to change the size or range of the Board.
- x) We will vote **case-by-case** on directors individually, committee members, or the entire board.

4) **Independent Accountants**

- a) We will vote **for** the ratification of the company's auditor unless we have reason to believe that the independence of the audit may be compromised. We will vote **against** ratification of the auditors when consulting fees exceed audit fees.

5) **Reincorporation**

- a) We will consider changes in the state of incorporation on a **case-by-case** basis and evaluate the economic benefits of and business reasons for reincorporation.
- b) We will vote **against** proposals to allow U.S.-based corporations to reincorporate overseas.

6) **Shareholder Rights**

- a) **CUMULATIVE VOTING**
 - i) We will vote **for** bylaws requiring cumulative voting so that minority opinions can be represented on the Board.
- b) **CONFIDENTIAL VOTING**
 - i) We will vote **for** confidential voting to prevent management from identifying dissenting shareholders before the final vote count in an attempt to convince them to change their votes.
- c) **DUAL CLASSES OF STOCK**
 - i) We will vote **against** dual classes of stock.
- d) **ABILITY TO CALL MEETINGS**
 - i) We will vote **against** proposals that limit a shareholder's right to call special meetings because matters may arise between annual meetings.
- e) **EQUAL ACCESS TO PROXIES**
 - i) We will vote **for** proposals to allow shareholders space in proxy statements to state their views on contested issues.
 - ii) We will vote **for** proposals to allow shareholders to nominate Director candidates on the company proxy as long as nominators own a substantial amount of stock and the nomination is not a frivolous one.

7) **Compensation**

- a) **EXECUTIVE COMPENSATION**
 - i) We will vote on executive compensation on a **case-by-case** basis.
 - ii) We will vote **for** proposals requesting that companies review and report on executive compensation. This includes reviews related to non-financial performance such as diversity, labor and human rights, environment, community relations, predatory lending, improvements in healthcare quality and other social issues.
 - iii) We will support proposals to allow shareholders to vote on executive compensation and management say on pay (MSOP).
- b) **SEVERANCE PACKAGES**
 - i) We will vote **against** severance that exceeds 3 times annual salary and bonus.
 - ii) We will vote **for** proposals to take a shareholder vote on severance packages. We support the right of shareholders to vote on golden parachutes, which we believe go above and beyond ordinary compensation practices. We take into account total management compensation, the employees covered by the plan and the quality of management.
- c) **STOCK OPTIONS**
 - i) We will vote on stock option plans on a **case-by-case** basis and consider voting and earnings dilution.
 - ii) We will vote **for** Employee Stock Ownership Plans (ESOPs) to promote employee ownership unless they cause excessive dilution or are heavily weighted toward top management.
 - iii) We will vote **against** the repricing of out-of-the-money stock options and stock options with exercise prices set below the stock's market price on the day of the grant.
 - iv) We will vote **for** the use of performance-based stock options, which tie executive compensation more closely to company performance.

8) Changes in Capital Structure

a) INCREASE AUTHORIZED COMMON STOCK

- i) We will vote **for** the authorization of additional common stock necessary to facilitate a stock split.
- ii) We will consider all other proposals for the authorization of additional common stock on a **case-by-case** basis.

b) REVERSE STOCK SPLIT

- i) We will consider management proposals to implement a reverse stock split on a **case-by-case** basis.

c) SHARE REPURCHASE

- i) We will vote **for** management proposals to institute open-market share repurchase plans.

d) ISSUANCE OF PREFERRED STOCK

- i) We will consider the issuance of preferred stock on a **case-by-case** basis. We will examine the purpose and terms such as voting, dividend and conversion rights of the stock. In the event of proposals seeking to create blank check preferred stock to be used as a takeover defense or carrying superior voting rights, we will vote against these proposals.

e) PRE-EMPTIVE RIGHTS

- i) We will consider on a **case-by-case** basis proposals to create or abolish pre-emptive rights which allow shareholders to participate proportionately in any new issues of stock of the same class. We will take into account the size of a company and the characteristics of its shareholder base.

9) Mergers, Acquisitions and Other Corporate Restructurings

- a) We consider mergers and acquisitions on a **case-by-case** basis and evaluate the terms of each proposal, the potential long-term value of the investment and the financial, strategic and operational benefits. Likewise, we will vote on a case-by-case basis on corporate restructuring proposals, such as leveraged buyouts, spin-offs, liquidations and asset sales.

b) ANTI-TAKEOVER PROVISIONS

- i) We will vote **against** staggered boards, which deter unwanted takeovers because a potential acquirer would have to wait at least two years to gain a majority of Board seats.
- ii) We will vote **against** poison pills and authorization to issue stock in an effort to avoid a takeover.
- iii) We will vote **against** supermajority provision, which generally require at least a two-thirds affirmative vote for passage of issues.

c) POLITICAL CONTRIBUTIONS

- i) We will vote **for** proposals calling for a company to disclose political contributions.

d) POLITICAL LOBBYING

- i) We will vote **for** shareholder proposals asking companies to review and report on their lobbying activities, including efforts to influence governmental legislation.
- ii) We will vote **for** proposals requesting information on a company's lobbying (including direct, indirect, and grassroots lobbying) activities, policies, or procedures unless the terms of the proposal are unduly restrictive.

Conflicts of Interest

There may be instances where our interests conflict, or appear to conflict, with client interests. For example, we may manage a pension plan for a company whose management is soliciting proxies. There may be a concern that we would vote in favor of management because of our relationship with the company. Or, for example, we (or our senior executive officers) may have business or personal relationships with corporate directors or candidates for directorship.

Our duty is to vote proxies in the best interests of our clients. Therefore, in situations where there is a conflict of interest, we will take one of the following steps to resolve the conflict:

1. Vote the securities based on a pre-determined voting policy if the application of the policy to the matter presented involves little discretion on our part;
2. Refer the proxy to the client or to a fiduciary of the client for voting purposes;
3. Suggest that the client engage another party to determine how the proxy should be voted; or
4. Disclose the conflict to the client or, with respect to a Fund, the Funds' Independent Trustees and obtain the client's or Trustees' direction to vote the proxies.