

Engagement Policy

January 2024

As active investors, Riverwater Partners engages company executives regarding their Environmental, Social, and Governance (ESG) policies and practices. As investors in the small cap space, where companies are often early in their ESG journey, we work to educate and share best practice regarding attention to material ESG factors for a given company, based on its industry. Our ultimate goals are superior performance and increased impact over time.

Riverwater Partners Portfolio Managers and Analysts, including dedicated Responsible Investment personnel, seek collaborative engagement with company leadership. This allows a focus on the issues that are most important to the long-term viability and success of the company and its stakeholders and gives leadership flexibility to prioritize initiatives and seek solutions.

Engagement may take several forms:

- Holding direct conversations with portfolio companies and issue experts regarding ESG issues, trends, efforts
- Writing to portfolio companies regarding ESG issues, trends, efforts
- Collaborating with other investors, companies, and advocates on ESG issues, trends, efforts
- Authoring and/or joining shareholder resolutions
- Voting Proxies according to our Proxy Voting Policy, which favors management and shareholder resolutions that align with our ESG views
- Advocating for public policy that favors focus on and adherence to ESG factors
- Providing educational outreach to the marketplace

Methods for Selecting Companies for Engagement:

- How do a company's ESG efforts compare to those in their industry?
- Which ESG practices are most important to the company?
- Which ESG practices are most important to the environment and stakeholders?
- Which ESG practices are most important to Riverwater and our clients?
- Has there been a controversial proxy vote or a controversy in general?

Monitoring Process and Response

- Riverwater will monitor progress toward improved ESG efforts.
- Riverwater will engage leadership toward achievement of ESG goals.
- Riverwater will collaborate with other shareholders to engage company leadership to work toward ESG goals.
- Riverwater will consider authoring and/or joining shareholder resolutions to compel company leadership to work toward ESG goals when dialogue has not worked.
- Riverwater will consider selling its position if a company remains unresponsive.