



ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG) POLICY STATEMENT

PHILOSOPHY

Ranger Investment Management has a fiduciary duty to act in the best interests of our investors. Our priority is to act as stewards of the capital with which we have been entrusted, with the goal of long-term capital appreciation. Our approach to ESG in this process is non-concessionary, meaning that we do not actively sacrifice performance over any ESG criteria, but that we consider ESG criteria as an integral part of the investment and risk mitigation process. We do this because our experience has shown that investments in companies that pass our screening criteria, including ESG criteria, tend to exhibit long-term performance with less risk than those that do not. A positive consequence of this approach is that our investments can, and often do, promote positive economic, social and environmental change while maintaining our investment mandate.

SCOPE

This policy applies to all Ranger Investments strategies. It provides a framework for the Investment Team to analyze financially material ESG factors throughout the investment process. For this reason, we commit to updating this policy as industry or internal expectations progress. This policy is reviewed at least semiannually, and any material updates or modifications will be approved by the ESG Advisory Committee.

COMMITMENT

We are a signatory of the United Nations-backed Principles for Responsible Investment (PRI) and the Investor Stewardship Group (ISG) and have an active and engaged ESG Advisory Committee. This Committee provides cross-functional support and consists of senior level representatives from management, the Investment Team, compliance, marketing and investor relations, including the firm's President and Portfolio Manager, Chief Compliance Officer and our Manager of Sustainable Investing and Risk Analysis. Within this team are members with certifications or credentials from the Sustainable Accounting Standards Board (SASB) FSA, the Forum for Sustainable and Responsible Investment (US SIF), PRI Academy and the Climate Disclosure Standards Board (CDSB) for TCFD. The Committee meets at least quarterly to review and discuss all responsible investment initiatives, goals, and reporting requirements.

Our ESG commitment embodies a culture of continuous improvement. This includes encouraging and sponsoring employee's efforts to participate in ESG-related collaborative events and continuing education or certification opportunities.

ESG INTEGRATION

ESG integration is present throughout the investment process, and helps with identifying trends, evaluating securities, portfolio construction, shareholder engagement, proxy voting and client reporting. As part of the Team's due diligence on investment candidates, we research and review material ESG factors and compile them in a proprietary research tool we call the Sustainability Assessment which provides a proprietary score (scale 1-10). As part of this process, additional proprietary "ESG Trend" and "ESG Awareness" categories are assigned to establish a baseline and assess improvements over time. This assessment, in addition to the fundamental research that is core to the investment process, is reviewed by the Investment Team when evaluating new investment ideas. We use third-party ESG research and analysis as a supplement to our proprietary work including MSCI, Bloomberg, Morningstar, ISS, SASB and TCFD. Third-party scores, analysis and summaries are included in each Sustainability Assessment, as well as quantitative governance data from financial data providers such as Bloomberg.

Values alignment screening and monitoring is also an integral part of the portfolio's investment assessment, selection, and risk management process. Our Investment Team can tailor ESG and/or values alignment screening to fit client needs, and the screens may vary between client accounts according to client-specific guidelines.

CORE CONSIDERATIONS

In all investment opportunities, we consider ESG criteria as an integral part of the investment and risk mitigation process and assess progress against ESG criteria on at least an annual basis. Our team seeks the following core considerations:

ENVIRONMENTAL FACTORS

As investors who believe that ESG factors can be financially material, we seek companies who consider the risks and opportunities of environmental factors in their business and act as environmental stewards. We believe climate change poses a material risk to financial markets and therefore consider the impact of climate-related factors in our investment process.

While acknowledging the ubiquity of climate-related factors, we recognize some industries are more heavily impacted than others, and therefore rely on the materiality framework set forth by SASB. Our analysis of environmental factors includes performance in the areas of energy consumption, water and waste management, air quality, responsible sourcing of resources, and, where available, the overall ecological impact of a company's business. We consider how companies navigate the energy transition and environmental regulatory risks, such as those related to an Inevitable Policy Response, a project pioneered by PRI to identify policy-gaps and prepare investors for associated climate-related portfolio risks. Our team supports and encourages, where applicable, companies that adopt policies and/or disclosures aligning with industry-specific or global frameworks such as SASB, GRI, TCFD or science-based targets as referenced in the Paris Agreement.

SOCIAL FACTORS

We believe human capital is not only a critical resource, but a strategic component to building sustainable and resilient business models and creating long-term value. Human capital management can have clear financial impacts and we believe engaged employees with equitable pay levels and opportunities for advancement are typically more productive. We assess diversity, equity, and inclusion (DEI) practices across all holdings including but not limited to gender, racial, and/or ethnic representation for the board of directors, senior management, and full-time employees. We engage management teams on this topic and encourage them to disclose diversity metrics in company documents or provide public access to EEO-1 data, where applicable. We believe a more diverse workforce, executive team and board can help attract and retain the best talent which can improve and attract new sources of revenue and garner more innovation while reducing employee turnover.

While some industries are more prone to specific social and human-rights risks, key factors we generally evaluate and encourage management teams to focus on within their businesses and across the supply chain are labor practices, health and safety, engagement, DEI, product quality and safety, and data security and privacy.

GOVERNANCE FACTORS

We believe that a correlation exists between the implementation of sound corporate governance practices and the ability of a company to add long-term value. At the heart of these practices are the concepts that (i) the objectives of a company should be driven by the interests of its shareholders and beneficiaries, (ii) a company should implement structures and mechanisms which create a culture of transparency and accountability, and (iii) practices are implemented to ensure that management and the board have the ability to effectively oversee employee behavior and lead the company in an effective, ethical and accountable manner. To that end, we have isolated five key principles to identify sound corporate governance:

Corporate Leadership

A company's board and management team should be comprised of capable leaders who can effectively direct the company in meeting its business purposes in both the short and long term. Factors evaluated by the Firm to isolate a company's adoption of this principle include, but are not limited to:

- Management background, experience and tenure with the company.
- Relationship between management and the board, management and employees.
- Insider ownership of the company at both the board and management level.
- Lack of any director conflict of interests and/or relationships which would compromise true independence and alignment to shareholder interests.
- Substantiation of ability of the board to impose true oversight and direction.

Board Structure, Independence and Engagement

The board should have an appropriate mix of skills, experience and independence to enable its members to discharge



their duties and responsibilities effectively. Factors evaluated by the Firm to isolate a company's adoption of this principle include, but are not limited to:

- Size and diversity of board relative to its peers.
- Suitable independence, experience and skill set of the company's board of directors to ensure that the board has sufficient understanding and command over the actions of the Company to serve as fiduciary watchdogs on behalf of shareholders.
- Board attendance, responsiveness and other indicators reflecting board engagement in company oversight.

Accountability

Management and the board should adopt principles of transparent reporting and communication, whereby they communicate to the company's shareholders at reasonable intervals, a fair, balanced and understandable assessment of how the company is achieving its business purpose and meeting its other responsibilities. Factors evaluated include, but are not limited to:

- Executive compensation structures that align with shareholder interests, including compensation structures which do not inadvertently give rise to adverse incentives.
- Policies and history relating to transparent reporting and communication, including timely reporting on financial results and audit related policies and procedures.
- A history of commentary related to future financial results that are reasonably in line with actual performance, candid and open commentary, as well as management accountability, during periods of underperformance.
- Bylaws and capitalization structures which do not shield a board from accountability and replacement, including dual class stocks when used for control purposes, hyper-voting structures, classified boards and poison pill equivalents.

Sustainability

Management and the board should consider the long-term sustainability and value of the company's enterprise. They should guide the business to create value and allocate it fairly and sustainably for reinvestment and distribution to shareholders, employees and communities. Factors evaluated include, but are not limited to:

- Adherence to industry-specific regulatory requirements.
- Attention to changing consumer and commercial expectations.
- Responsibility and accountability at the board level to assess sustainability risks and opportunities in the business, such as frequency of management and board discussions, strategic planning to assess sustainability risks in the business, and openness to innovation.
- Responsiveness to shareholder concerns.

Integrity

Management and the board should lead the company to conduct its business in a fair and transparent manner that can withstand scrutiny by stakeholders. Factors evaluated include, but are not limited to:

- A Code of Conduct/Ethics outlining expected behavior by executives, employees, and the board.
- An expectation or policy outlining behavior of suppliers or vendors.
- An active whistle-blower policy (although this is often included in code of conduct/ethics).

STEWARDSHIP

ENGAGEMENT

As part of our investment process, we seek opportunities to engage with companies to help inform our views on potential investment candidates and portfolio holdings. As a significant shareholder in many of the companies in which we invest, we are often afforded access to the management teams of these companies. This gives our Investment Team an opportunity for dialogue to form a potentially more robust view on company fundamentals, including ESG factors and how well they are managed. Further, we believe this dialogue can have the positive effect of keeping ESG risks and opportunities in focus for management teams. This includes holding management teams accountable for their actions as well as encouraging positive behavior that aligns with our clients' long-term interests.

Engagement activities are regularly shared across the organization, specifically with other members of the Investment Team to inform investment decision making. Engagements are recorded, noting which party initiated environmental, social, and/ or governance topics.



ESCALATION POLICY

As part of our proprietary ESG scoring process, we identify and prioritize companies for specific ESG engagements. Any company that i) falls in the bottom category of our ESG Awareness or ESG Trend scale, and/or ii) scores below a 6.0 on any E/S/G pillar (1-10) of their company-specific Sustainability Assessment is included in an escalation list, where engagement is prioritized. Our intention with escalated engagements is to gather information from management and/or board members about how companies approach specific ESG topics, and which financially-material factors are being addressed or not addressed. These conversations help establish baselines for tracking company improvements and allow us to convey how we integrate ESG analysis into our process. Results of escalated engagements are discussed with other members of the Investment Team and incorporated into our proprietary ESG scoring system.

PROXY VOTING POLICY

Our proxy voting guidelines are informed by our ESG “core considerations” as described above. These are not intended to be rules, but a framework for proxy decision-making. For a full review of our proxy voting process, please see the “Proxy Voting” section in our Compliance Manual.

We generally support environmental proposals that seek to:

- Improve climate-related initiatives and disclosures in a prudent and fiscally responsible manner and within a reasonable time frame. This includes alignment with climate reporting frameworks such as SASB/ISSB, GRI, and TCFD.

We generally support social proposals that seek to:

- Improve human capital initiatives and disclosures in a prudent and fiscally responsible manner and within a reasonable time frame. This includes diversity, equity, and inclusion disclosures, racial equity audits, publicizing EEO-1 reports, employee health and safety initiatives, and data security and privacy initiatives.

We generally support governance proposals that seek to:

- Improve board composition, independence, and diversity. In the election of directors, we consider how proposals may benefit or hinder board independence, board diversity, average board tenure, and overall board expertise that we deem important to the business.
- Improve board structure such as the separation of the CEO and Chair roles, a declassified board structure, majority voting rights, and a single class of stock which prohibits unequal voting rights. We carefully consider the potential impacts to board independence and diversity when these topics are related to director elections.
- Better align executive compensation with the interests of shareholders. For proposals related to equity-based compensation, we consider the dilutive impact of stock options on a case-by-case basis and do not support proposals where we deem dilution to be excessive.

REPORTING & TRANSPARENCY

On a quarterly and annual basis, we provide a proxy voting summary to all clients which includes the number of proxies voted, votes against management, votes against ISS, and commentary related to some proxy voting decisions.

SECURITIES LENDING PROGRAM

Regarding securities lending programs as it relates to proxy voting, most of Ranger Investments’ clients utilize separate accounts, and matters of security lending as it relates to proxy voting are decisions that are made between the client and their chosen custodian. For accounts where Ranger Investments manages the custodial relationship, securities that may be on loan during an upcoming proxy vote may be recalled on a case-by-case basis for a vote that the Investment Team deems material. In these cases, the custodian notifies us of upcoming votes for stock on loan and we have the option to recall that stock.



REPORTING

ANNUAL

As a Signatory to the Principles for Responsible Investment, we are required to report on our responsible investment activities annually. This rigorous reporting process allows our team to publicly demonstrate a commitment to responsible investing, while promoting accountability and continuous improvement of our practices. Additionally, we produce an annual ESG report highlighting topics such as management engagement, proxy voting activities, portfolio spotlights, and ESG factor trends, which is made available to all clients and publicly through the firm website.

QUARTERLY

Clients receive quarterly updates that include but are not limited to: ESG highlights in the portfolio, meaningful engagement with management teams, a proxy voting summary and a carbon footprint analysis.

Investors in separately managed accounts and/or private funds wishing to customize their ESG reporting experience are encouraged to evaluate investment management agreements, reporting content and frequency.

COMPLIANCE

Pursuant to the Investment Advisers Act of 1940, we are required to review on an annual basis the effectiveness of the firm's policies and procedures, which include those related to responsible investing. Additionally, the firm's compliance program is designed to ensure adherence to all applicable reporting requirements for any progress or initiative, including ESG. This is primarily accomplished through quarterly, annual and ad-hoc compliance testing of this Policy and its components, to evaluate its effectiveness and implementation.

