



RANGER
INVESTMENTS

2024 ESG Annual Report

This report is intended for institutional investors or investment professionals only.



| | |
|------------------------------------|-----------|
| About Us | 3 |
| Letter from the Firm | |
| Who We Are | |
| Year in Review | 5 |
| Quiet Advances for Small Companies | |
| PRI Reporting | |
| Engagement Overview | 8 |
| Proxy Voting | |
| Management Engagement | |
| Human Capital Survey Results | |
| Appendix | 13 |
| ESG Advisory Committee | |
| 2025 ESG Policy Statement | |



LETTER FROM THE FIRM

Dear Friends,

We are pleased to present to you Ranger Investments’ sixth annual report on environmental, social and governance (“ESG”) research. As we look back on the year, we have a lot of good news to share about the ESG work being done across the companies in our portfolio.

A year ago, we wrote about the political crosscurrents impacting the ESG landscape. These currents continue apace in today’s environment. Over the next four years, investors may find that certain aspects of ESG research run counter to the new administration’s focus on deregulation and support for traditional industries like energy. In addition, the SEC’s approach to ESG disclosure will be an important development that bears watching.

Despite potential regulatory changes, we consider ESG analysis as an integrated part of our investment process. We’ve always believed that grounding our work in financially-material factors specific to each industry gives us the focus needed to home in on what really matters for our portfolio companies. As industry regulations and reporting requirements change over time, the financial materiality standard maintains our focus.

With over 22 years of experience as small company investors, we understand and monitor how disclosures and policies evolve as companies mature. For example, newly public companies often look quite different in terms of board structure and governance from their peers that have been public five years or more. By being aware of these trends and benchmarking companies based on where they are in their life cycle, we can evaluate them in a more accurate and subtle-minded way than is often the case with third-party research firms.

Given the ever-changing landscape in which we invest, we continue to focus on refining our integrated ESG work as well. Over the past year, we’ve conducted quarterly ESG trainings for our investment team, led by external speakers as well as members of our ESG committee.

Below you will find a year in review that provides some insights into our approach to ESG, along with reports on both management engagement and proxy voting. We hope you find it insightful, and as always, please don’t hesitate to call if you have any questions or if we can be a resource.

Best Regards,



Conrad Doenges
Chief Investment Officer
& Portfolio Manager



Andrew Hill
President &
Portfolio Manager



Jeff Dalton
Manager of Risk &
Sustainability

WHO WE ARE

Ranger Investment Management, L.P. was founded in 2002. We are a boutique owner-operated investment firm specializing in the small- and microcap space, headquartered in Dallas, Texas. Our team manages long-only growth-oriented domestic equity portfolios with the objective of capturing and compounding returns while managing risk to preserve capital. As of December 31, 2024, the Firm managed \$1.9 billion in discretionary and non-discretionary assets, which are comprised of institutional investors.

Our non-concessionary approach to our ESG integration process seeks to exploit information inefficiencies inherent in smaller companies to add value and enhance portfolio quality while reducing risk. Through original research and management engagement, we look to identify companies making improvements in their sustainability initiatives, which we believe can be a powerful dynamic with positive consequences over time.

Conducting
Original
Research

Filling in the ESG information gap inherent in smaller companies is critical to fully understanding the investment opportunity. Many small capitalization companies are not covered by Wall Street and provide unique perspective and opportunity for our portfolios.

Assessing
Financial
Materiality

Guided by SASB standards alongside company-identified ESG risks and opportunities, we look for financially material and decision-useful information in our research.

Understanding
Management
& Corporate
Objectives

We seek to learn first-hand how companies are managing these issues in their businesses.

QUIET ADVANCES FOR SMALL COMPANIES

The shifts in the political environment and attitudes toward sustainable investing in recent years culminated in the events of 2024. The incoming administration began discussing proposed policy changes, while numerous state-level anti-ESG legislative actions and growing negative sentiment around the term “ESG” fueled pushback against companies that legislators and investors saw as too heavily focused on these issues. These forces produced concrete impacts across the corporate landscape. Companies have eliminated DEI programs, abandoned previous net zero commitments, and increasingly silenced many ESG practices. A major proxy voting advisor also pivoted away from its previous consideration of diversity factors in its voting guidelines, while the SEC suggested a more stringent threshold for what it considers “activist investors” based on engagement practices.

Several large companies abandoned or significantly weakened diversity programs, while others did away with net zero or anti-fossil fuel initiatives. Regardless, many companies likely believe they now face higher litigation risks from both sides of the political aisle, which may discourage them from making significant proclamations about their ESG practices. While controversial, we believe this restraint may lead to healthier outcomes over the long term. Companies that adopt more measured and thoughtful sustainability approaches can reduce greenwashing risks (and the litigation risks attendant to them) and re-center dialogue around sustainability issues as a core and measurable business matter. In our view, large companies that are scaling back their initiatives may have overcommitted or overstated their efforts in the first place. Rather than slamming on the brakes, many other companies appear to have simply eased off the accelerator regarding their ESG work.

Despite this backdrop, we continue to observe small companies making advances in their sustainability initiatives, adopting best practices, and narrowing the disclosure gap between themselves and their larger peers. However, they are doing so more quietly than in the past, and are not broadcasting these efforts in earnings calls and press releases as frequently as in recent years. Focus is now more squarely on the attendant financial goals and measures.

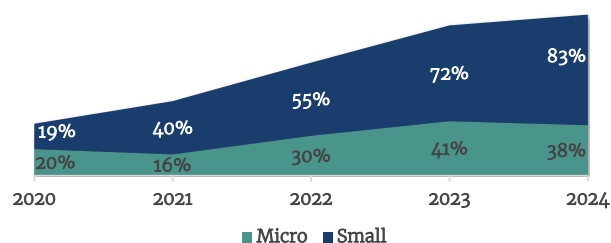
More Companies Publishing Sustainability Reports

Looking across our portfolios, more companies continue to report sustainability data. Of the 51 companies in Small Cap, 42 of them reported sustainability data in a standalone report or on their websites – about 83% of the portfolio. In Micro Cap, 14 of the 35 companies reported sustainability data, comprising about 38% of the portfolio.

Emissions Reporting Continues to Advance

Even after the SEC voted to end its defense of its final climate disclosure rule in response to meaningful opposition, we continue to see more portfolio companies formally reporting emissions. Many had already laid the groundwork for doing so, driven not only by initial SEC guidance, but also by other state and global disclosure standards. Regardless of how those standards evolve, we believe more small companies now view emissions reporting as a best practice and want to provide investors with data that many consider material to their businesses. By the end of 2024, 27 companies in our Small Cap strategy – representing 60% of the portfolio – reported Scope 1 and 2 greenhouse gas emissions. In Micro Cap, six companies reported emissions, comprising about 21% of the portfolio.

Portfolio Company Sustainability Reporting



Materiality Assessments

In 2024, we saw seven portfolio companies conduct materiality assessments for the first time or refresh previous ones. These assessments reflect a formal commitment to sustainability efforts by identifying the topics most important to both internal and external stakeholders. Prioritizing these topics enables deeper focus and more meaningful reporting. We believe materiality assessments can also identify topics that are less important to stakeholders and should therefore be less emphasized, helping companies sharpen future reporting and reduce the risk of scrutiny and greenwashing claims.

Governance Improvements

We continue to observe small companies enhance their governance practices. In 2024, five portfolio companies declassified their boards, two removed supermajority voting requirements and adopted majority voting, and two more reduced the ownership threshold required for investors to call a special meeting. Small companies that are newly public often begin with less advanced governance structures than their larger peers. We believe evolving these governance practices signals quality and stronger alignment with shareholder interests over the long term.

RIM Awareness Scale

After redesigning our proprietary ESG Awareness Scale in 2023 to better reflect how companies address ESG risks and opportunities, we find it a more effective tool for evaluating and contextualizing improvements. We update our proprietary Sustainability Assessment score, which includes our “ESG Awareness” and “ESG Trend” ratings, as new developments occur, and we report portfolio-level snapshots to clients each quarter.

ESG Awareness



RIM Investment Team ESG Training

Since 2021, our ESG Advisory Committee has held quarterly teach-ins across a variety of ESG topics. Given the rapid evolution in the sustainability landscape, including regulatory developments, we aimed to ensure continuity across our entire team in assessing these topics. In 2024, we explored executive compensation trends and portfolio proxy voting, spotlighted our analysis of data security and privacy factors, and hosted a guest speaker to discuss the current state of greenwashing litigation. Each training session includes a discussion of how each topic relates back to our portfolios. We believe staying informed of these issues helps us continue to improve our investment process.

ANNUAL PRI SIGNATORY REPORTING

The PRI results we received in 2024 reflected our assessment for calendar year 2023 which marked the third year of PRI’s new reporting regime. We are once again proud to report that our scores improved in both Policy Governance and Strategy and Direct Listed Equity – Active Fundamental categories and we maintained our top score in Confidence Building Measures. Our score improvements stemmed mostly from policy enhancements and more robust assessments of climate risks through scenario analysis. We continue to be at or above medians across all three categories in our group of 260 peers and believe we continue to punch above our weight amongst the peer group, where investment styles such as our focus on small and micro cap companies are not distinguished by PRI. Our Advisory Committee remains committed to constantly improving our practices in coming years.

| 2019-2020 | | | 2020-2021 | | | 2021-2022 | | |
|--|------------|------------|--|------------|------------|---|------------|-----------|
| | Med. Score | RIM | | Med. Score | RIM | | Med. Score | RIM |
| Strategy & Governance | A | A | Strategy & Governance | A | A+ | Investment & Stewardship Policy | 60 | 71 |
| Listed Equities-Incorporation | B | B | Listed Equities-Incorporation | A | A+ | Listed Equity-Incorporation: Active Fundamental | 71 | 83 |
| Listed Equities-Active Ownership | B | B | Listed Equities-Active Ownership | B | A | Listed Equity-Voting (Active Fundamental) | 54 | 59 |
| 2022-2023 | | | 2023-2024 | | | | | |
| | Med. Score | RIM | | Med. Score | RIM | | | |
| Policy, Governance, & Strategy | 50 | 60 | Policy, Governance, & Strategy | 49 | 68 | | | |
| Direct Listed Equities: Active Fundamental | 69 | 70 | Direct Listed Equities: Active Fundamental | 72 | 72 | | | |
| Confidence Building Measures | 80 | 100 | Confidence Building Measures | 80 | 100 | | | |

Signatory of:



PROXY VOTING

In 2024, we voted on 100% of the 755 proposals across our Small and Micro Cap portfolios. The most common cases where our votes differed from ISS, our third-party research provider, were in instances where they recommended a “withhold” vote against a director due to disagreements regarding director independence or executive compensation. In many of these cases, we took the view that corporate structures and compensation were in line with peers and/or industry practices. We voted on only two shareholder proposals in 2024, fewer than in previous years. One shareholder proposal was climate-related, and one was related to executive compensation.

2024 Proxies

| | Small Cap | Micro Cap |
|------------------------|-----------|-----------|
| Proxies Voted (#) | 459 | 296 |
| Proxies Voted (%) | 100% | 100% |
| Votes Against Mgmt (#) | 27 | 29 |
| Votes Against ISS (#) | 16 | 1 |

MANAGEMENT ENGAGEMENT

Engagement is a pillar of our investment process. Conversations with management teams and board members, particularly during proxy season, help us better understand nuances in their decision-making. This allows us to build a more robust assessment of their business that can ultimately inform our investment decisions.

In 2024, we held 332 meetings with management teams, of which 81 meetings were held with companies in our Small Cap portfolio, and 75 with companies in Micro Cap. While we consider all conversations value additive to our process, we particularly value discussions during proxy season, as we often are afforded opportunities to speak with board members in addition to executives. Though this frequently is spurred by a proxy proposal where we seek more information about a particular issue, such as executive compensation, these discussions are also an opportunity to broaden our focus on ESG topics overseen by the board, which we find particularly insightful.

2024 Engagements

| | Small Cap | Micro Cap |
|-------------------|-----------|-----------|
| Engagements # | 81 | 75 |
| E conversations % | 11% | 9% |
| S conversations % | 15% | 16% |
| G conversations % | 19% | 28% |

Engagement Highlights

Texas Roadhouse (TXRH):

Participants: Management | Topic(s): Executive compensation and broader sustainability

We held a call with management to discuss changes to the company's executive compensation structure, along with other sustainability efforts at the company, including trialing a "green" prototype restaurant, working alongside operators in sustainability efforts, and any impacts from changing immigration policies.

Azek Company (AZEK):

Participants: Management & board members | Topic(s): Executive compensation

We held a call to seek additional insight into AZEK's executive compensation as it relates to their proxy proposal to ratify their executive compensation plan. The board provided more context into the compensation trends and rationale on how it sets compensation targets. This provided us a clearer picture into how their compensation structure has evolved over time, including the addition of ESG-related incentives, and gave us more confidence in its alignment with shareholders.

Repay (RPAY):

Participants: Management | Topic(s): Governance and broader sustainability

We held a call with management to discuss ESG topics after the company published its sustainability report. We discussed the declassification of the board, cybersecurity efforts and costs, changes in risk exposure with its consumer business and expanding Canadian operations, as well as RPAY's plan to disclose emissions in 2025.

HUMAN CAPITAL SURVEY RESULTS

In 2024, we completed our second portfolio survey on human capital topics. Since we began conducting annual portfolio surveys in 2021, we have gained compelling insights into how small and micro cap companies are managing various ESG topics within their businesses and how sentiment and messaging on these topics have trended.

Although the response rate from portfolio companies fell below the 50% level we saw in previous years, we still found the results thought-provoking. This year, we also included more open-ended questions which allowed for more company-specific commentary. We found many of these responses insightful, as several companies offered thoughtful perspectives on how these issues impact their businesses. We greatly appreciate everyone who took the time to participate!

The human capital space continues to evolve, particularly post-COVID. About 65% of our portfolio companies said they offer either remote or hybrid remote/office work schedules.

83% of companies surveyed indicated they have accelerated their internal human capital efforts over the past two years, while 10% reported remaining neutral and 7% acknowledging they have decelerated. 96% of companies believe that proper management of human capital is a competitive advantage.

“Our people are the core of our company. Long-tenured staff generate more revenue for the company.”

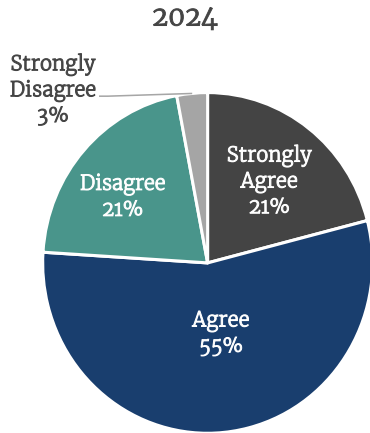
“Seeking and retaining relevant experience and talent has been a meaningful contributor to the company’s success.”

While companies remain divided, more responses in 2024 than in 2022 agreed that human capital issues can pose material long-term financial risks to their businesses. This year, about 66% of respondents agreed that these issues are material risks.

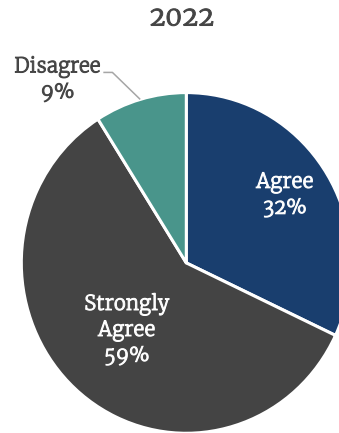
Do you plan to increase non-regulatory ESG disclosures in the future?



Fewer companies agreed that a diverse board, leadership team, and workforce are a primary driver for achieving financial goals:

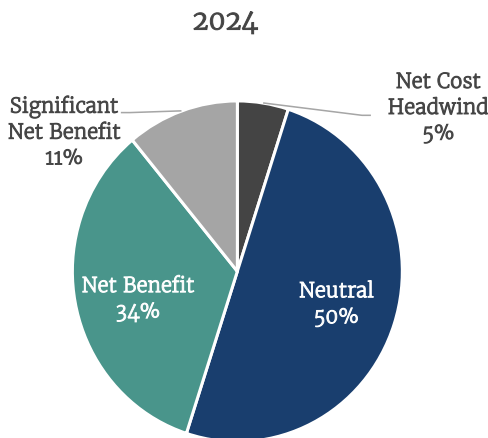


“The diversity in experiences, perspectives, and backgrounds of our Board, leadership team, and workforce is one factor, of many, that contribute to the achievement of our financial goals. Our company’s focus on the stakeholder model ensures that we are bringing a diversity of perspectives to all business activities and decisions.”

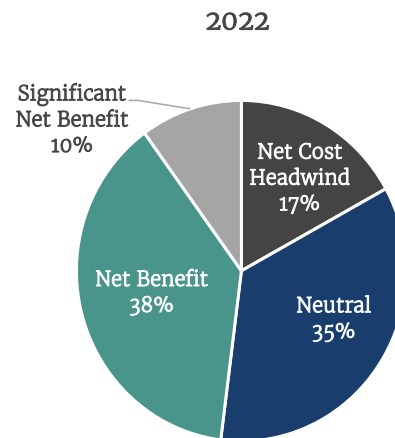


“As a software company, people are the heart of our operations. Human Capital Management is the area of ESG we invest the most in aside from Data Privacy and Security. An inclusive, people-first culture is key to our success and core to our strategy as a business.”

When we asked companies to characterize the financial costs and benefits of managing human capital efforts over the past two years, responses largely remained split down the middle:



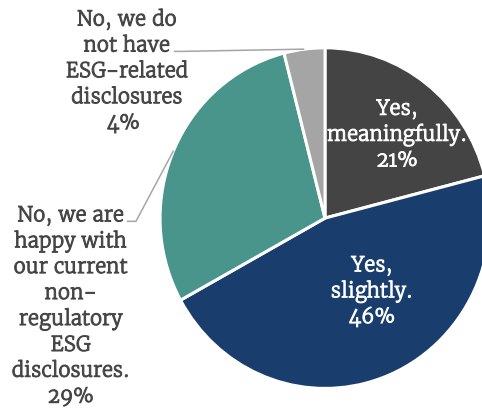
Company culture continues to be the top motivator for managing human capital, followed by competitive pressures and concerns over regulatory risk. Other motivations such as shareholder focus, social obligations, reputational risk, and business susceptibility to social issues, garnered relatively even attention.



“Diversity fuels innovation and allows us to better anticipate and respond to the evolving needs of our customers and stakeholders.”

Reinforcing our observation that small companies continue advancing ESG disclosures and initiatives despite the polarized political climate, about 67% of respondents indicated they plan to increase non-regulatory ESG-related disclosures.

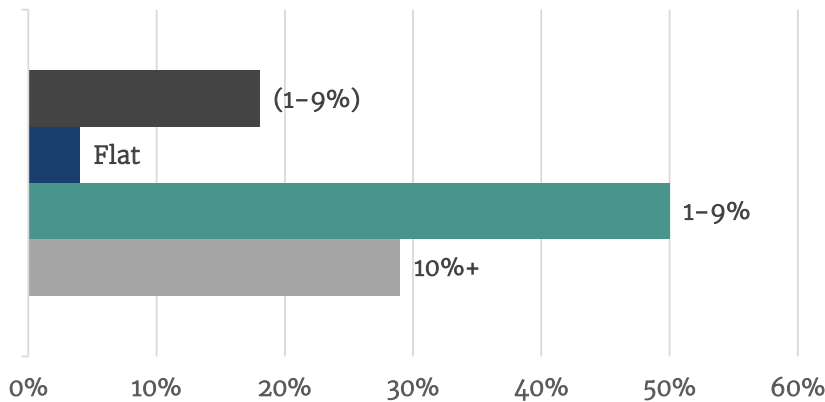
Do you plan to increase non-regulatory ESG-related disclosures in the future?



Given the growing prevalence of data security and privacy risks across all industries, we further explored this topic in this year’s survey. About 96% of survey respondents said data security and privacy represent a material long-term financial risk to their companies. Additionally, 25% identified it as their most significant ESG-related risk.

Beyond the responsibilities held by board Audit Committees, 86% of companies reported having a dedicated role within their organization for data security oversight. 64% indicated that their company has a third-party data security and/or privacy certification (SOC1, SOC2, ISO 27001, PCI, FedRAMP, etc.). The vast majority expect data security management and regulatory compliance costs to increase over the next two years.

Characterize the change in cost of cybersecurity management and regulatory compliance over the next two years vs. the previous two years.



Finally, with Artificial Intelligence (AI) tools proliferating across most business functions, we asked companies how AI might affect future human capital needs. About 54% of respondents said they already incorporate AI into their work processes, while 43% indicated they are currently evaluating AI solutions.

ESG ADVISORY COMMITTEE

Objective: Ranger Investments is committed to ESG integration across all investment strategies through bottom-up fundamental research, stewardship and engagement activities. The ESG Advisory Committee provides cross-functional support to the Investment Team. This includes ESG integration in the investment process, collaborative engagements within the investment community, and relevant reporting obligations. The Committee consists of four representatives from across the Firm, including senior management and investment professionals. This structure allows for a thorough and transparent responsible investing initiative.



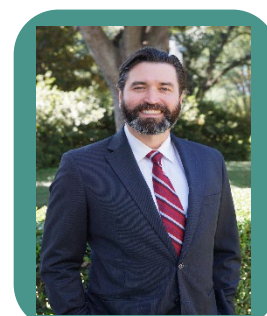
Jeff Dalton
Chair



Andrew Hill
Member



Melanie Mendoza
Member



Brian Busby
Member

Jeff Dalton, Manager of Risk & Sustainability: Committee Role: Responsible for monitoring, analyzing and reporting to the committee on any ESG issues related to investments. Credentials: SASB - FSA Credential; US SIF - Fundamentals of Sustainable and Impact Investment Certificate; Climate Disclosures

Andrew Hill, President & Portfolio Manager: Committee Role: Provides direction and oversight to the committee as it pertains to ESG and responsible investment policies, with specific responsibility to represent the Investment Team from a Partner/Portfolio Manager's perspective. Credentials: Climate Disclosures Standard Board - Introduction to Climate Related Disclosures

Melanie Mendoza, Chief Compliance Officer: Committee Role: Provides guidance and makes decisions on compliance-related matters. Credentials: Certified Regulatory Compliance Professional (CRCP)

Brian Busby, Head Trader: Committee Role: Manages the Trading Desk and reports to the committee on proprietary and third-party screening tools related to client-directed investment guidelines. Additionally, he represents the Investment Team from a Partner/Head Trader perspective. Credentials: Climate Disclosures Standard Board - Introduction to Climate Related Disclosures



2025 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.

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 Risk & Sustainability. 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), 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 employees' 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 from MSCI, Bloomberg, ISS, and SASB/IFRS. Third-party scores, analysis and summaries are included in each Sustainability Assessment, along with quantitative governance data from Bloomberg and industry-specific summaries of potential financial impacts from SASB/IFRS.

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. 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/IFRS. 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. Our team supports disclosures aligning with voluntary industry-specific or global frameworks such as ISSB, 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 review disclosures in company documents or EEO-1 data, when available. 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, we generally evaluate key factors such as labor practices, health and safety, employee 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, composition and diversity of skill sets 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 help better inform our investment decisions and 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 documented, notating 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. 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 grounded in financial materiality as informed by SASB/IFRS and 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 disclosures in a prudent and fiscally responsible manner and within a reasonable time frame. This includes alignment with voluntary climate reporting frameworks such as SASB/ISSB, GRI, and TCFD.

We generally support social proposals that seek to:

- Improve human capital disclosures in a prudent and fiscally responsible manner and within a reasonable time frame. This includes diversity, equity, and inclusion disclosures, 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 of skillsets. In the election of directors, we consider how proposals may benefit or hinder board independence, 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.

Managing Conflicts of Interest

We seek to avoid conflicts of interest as part of our fiduciary responsibilities to our clients. However, in the event a potential or perceived conflict may arise, we seek to mitigate the conflict from interfering with our proxy voting process. For example, this may include situations where an investee company is also a client of RIM or if a RIM employee has a personal or professional relationship with an investee company, such as serving as a director. The Firm has in place policies and procedures that include reporting of outside business activities and pre-clearance prior to accepting a certain director position. In the event these situations may occur and if we believe the conflict of interest may influence our decision-making process, we will continue voting in accordance to our proxy voting policy. If necessary, the Firm’s CCO will make a determination of the materiality of the conflict and seek an advisory vote from the ESG Committee.

Reporting & Transparency

On a quarterly and/or 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 they relate 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. This is primarily accomplished through quarterly, annual or ad-hoc compliance testing of this Policy and its components.



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