



Granahan Investment Management

Engagement Policy

We believe our fundamental bottom-up style of managing money in concentrated portfolios puts Granahan Investment Management (GIM) in a good position to develop long-term relationships with companies we invest in. We have engaged directly with companies on issues material to their sustainable growth and success for over 35 years. Granahan Investment Management uses multiple channels to engage with public companies, including proxy voting, direct engagement and, infrequently, collaboration with other investors. GIM has different catalysts for public company engagements, including:

- Theme-driven: focused on ESG issues that are significant to the company.
- Event-driven: determined by an ESG-related incident or corporate transaction.
- Proxy vote-driven: when deciding how to vote proxies or as a follow-up to a vote.

One of the most important rights that investors have is the right to vote. GIM uses its ownership positions in public companies to promote good governance practices by exercising its proxy voting rights. This means ensuring that votes are cast in a manner that is most consistent with the organization's Corporate Governance Principles and Proxy Voting Guidelines and are in the best long-term economic interests of company shareholders and our clients. GIM discloses its proxy voting record to clients upon request.

GIM prefers to conduct direct company engagement confidentially. Collaboration with other investors or political engagement could introduce conflicts of interest, or it may compromise the fiduciary duty we have towards our clients. Every investment decision and action we undertake is based on thorough independent research and an assessment of its potential impact on long-term sustainable growth. Collaborating on proxy votes may compromise our ability to act purely on what our research indicates is in the best interest of our clients. It is imperative that we make the most informed and objective decisions possible for our clients' benefit. A public approach to company engagement can be viewed as confrontational and counterproductive.

Engagement can provide insights into how companies are managing ESG risks and opportunities, and this can inform investment research and analysis. In fact, periods of controversy can provide meaningful opportunities to gain insight into the quality of management.



Our engagement policy is based on the underlying principles of good governance: accountability, transparency, probity, and focus on the long-term sustainable growth and success of an entity over the long term. Our portfolio managers are looking for the board to promote a diverse and inclusive culture, and one that will ensure sound risk management and internal control systems. We believe the shareholder's role in governance is to appoint the directors and the auditors, and to satisfy themselves that an appropriate governance structure which includes a clear division of responsibilities, and an appropriate balance of executive and non-executive members is in place. We use dialog to encourage management teams to act responsibly and ask them to justify their conduct if it does not meet governance standards.

In response to explanations for what is believed to be a conflict or controversy, GIM considers a company's size and complexity, and the nature of the risks and challenges it faces. While we believe we have the right to challenge a company's explanations, we do not believe they should be evaluated in a mechanistic way. GIM is careful to respond to the statements from each company in a manner that supports the "comply or explain" process. In such instances, our view would be discussed with management and/or board members, and then a decision would be made whether we agree with management or not, and ultimately to either retain the stock or sell it.

Through our engagement activities, we attempt to encourage good corporate governance with frequent conversations with management and through diligent attention to proxy voting responsibilities, all the while, raising issues of concern directly with company management as well as voting against items we do not believe are in the long-term interest of our clients.