



Engagement Policy

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 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. GIM discloses its proxy voting record to clients upon request. GIM prefers to conduct direct company engagement confidentially. A public approach to company engagement can be viewed as confrontational and be counter-productive. GIM engages with public companies to protect and create value for our clients. Engagement can provide insights into how companies are managing ESG risks and opportunities, and this can inform investment research and analysis.

Our engagement policy is based on the underlying principles of good governance: accountability, transparency, probity and focus on the sustainable success of an entity over the long term. 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 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, GIM considers companies' size and complexity and the nature of the risks and challenges it faces. While we believe we have the right to challenge companies' explanations, we do not believe they should be evaluated in a mechanistic way. GIM is careful to respond to the statements from companies 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.