

# Riverbridge Responsible Investing Policy

## Overview

At Riverbridge, we believe good business and sustainable business are synonymous and that a compelling business investment is a responsible investment. In our view, you cannot be a strong long-term investor if you are not also fundamentally looking for responsible companies that further human flourishing. This mindset has animated our work since 1987.

Responsible investing - and the corollary concept of ESG investing - is a longstanding bedrock of what we view as the core purpose of companies and capital markets. Since our founding, Riverbridge has endeavored to invest in companies that are working to add enduring value to the lives of the people and communities they serve. We believe that true business value is built over long periods of time by companies meeting human needs in innovative ways, minimizing environmental dependency, creating resource efficiencies, and elevating the potential of people.

This is the dual nature that makes responsible investing so powerful: the practices creating more sustainable communities are the very same practices which generate sustainable returns over long periods of time. We believe that companies that lead with a long-term view are thoughtful stewards of resources and capital—and are positioned to keep building their earnings power and intrinsic value over time. At Riverbridge, we proudly embrace responsible investing as the right thing to do for clients, and the right thing to do for the world.

## Our Research Process

There are no shortcuts to choosing responsible investments. At Riverbridge, we deploy a bottom-up, human-oriented approach. Our investment philosophy and process are consistent across all our strategies and the research is conducted through one investment team. As we consider the investment outcome to be tightly linked to the sustainability profile of the company, our investment team is accountable for both.

Riverbridge performs our own due diligence prior to investing in any company. We do not consider regulatory filings or external rating systems sufficient to understand a company's commitment to sustainability. We strive to uncover both the business and sustainability realities that no screen or checklist can fully provide.

Our process hinges on human insight and our peer review process in which we engage management teams and those around them to better understand a company's reputation and position within their sphere of relevance. This process brings to bear multiple perspectives through face-to-face conversations with management teams, customers, suppliers,

competitors, partners, and employees. The objective is to discover whether a business is cultivating the necessary relationships with a broad range of stakeholders that will enable it to thrive for decades. As perpetual holders of capital, Riverbridge naturally considers aspects of an investment that would otherwise be immaterial over shorter holding periods. Given the tight link between good business and sustainable business, ESG considerations are integrated into our fundamental research.

Our human-centered research process seeks to identify companies with the investment disciplines to be both compelling business investments and responsible investments. We analyze each company for our five investment disciplines: sound culture & management, strong unit growth, strategic market position, conservative accounting, and internally financed growth. We believe that companies aligned with these disciplines demonstrate characteristics of a compelling business investment. We believe these disciplines also demonstrate common ESG characteristics such as:



#### ENVIRONMENTAL

- Optimizes resource usage
- Resolves inefficiencies
- Enhances productivity



#### SOCIAL

- High employee investment and engagement
- Culture of constant improvement and innovation
- High degree of customer intimacy
- Excellent industry reputation
- Values diversity



#### GOVERNANCE

- Long-term focus
- Disciplined capital allocation
- Transparent management and prudent governance

### Engagement and proxy voting

The Riverbridge investment team routinely engages with a company's ecosystem throughout the life of an investment, and our process requires we continually learn from industry practitioners. We believe best-in-class businesses are also those with the highest appreciation for responsible and sustainable business practices. We seek to offer our perspective and learn from leaders as frequently as possible. Such insights provide important information about the quality of our existing investments and often direct our attention to other high-quality businesses we may someday own. We generally do not, however, seek to alter the behavior of the management teams we invest in. Riverbridge seeks to invest in best-in-class companies which display the capability to continue to be leaders in their markets and industries. If management teams must be convinced of the link between sustainable business practices and a strong ESG profile, they are not a good fit for our strategies.

Additionally, we engage with the companies we own through our proxy voting policy and guidelines. We believe sustainable business practices are key to long-term business success and we seek to align ourselves and our clients with like-minded management teams. Riverbridge views strong ESG practices as a crucial input to long-term value creation. In most, if not all cases, this will mean that the proposals which maximize the value over the long term will be approved with consideration for the ESG issues that aid in this objective. Riverbridge believes policy decisions are typically better left to management and the board and will generally vote consistent with management's recommendation on such proposals.

### **Responsible Investing Community Engagement**

We are committed to helping our clients navigate the continuous change within the responsible investing community. The definitions, data, and standards around responsible investing remain fluid. When investing goes beyond financial returns to consider values, environmental impact, and social implications, asset managers, business leaders, and investors are unlikely to form a uniform view. We will strive to remain well-informed of the current issues in order to help our clients understand how Riverbridge's approach aligns with their beliefs and objectives.

Finally, embracing diverse perspectives is engrained in our approach to investing and business. We are committed to learning from and contributing to the sustainable investing community through our daily interactions with business leaders, peers, responsible investing organizations, and our clients. As a firm, we are a signatory of the Principles for Responsible Investing (PRI) and continue to seek out opportunities to engage in industry discussions hosted by organizations such as PRI, First Affirmative Financial Network, and US SIF.

