

# Riverbridge Responsible Investing Policy

## Overview

At Riverbridge, the work we do every day is grounded in our purpose as a firm: to further human flourishing. We believe business is a powerful vehicle in serving that purpose – as companies can be positive influences for cultivating the potential of people and building a better world for all of us.

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. To us, responsible investing is deploying capital in ways that further human flourishing such as meeting human needs in innovative ways, creating resource efficiencies, and/or elevating the potential of people. We believe responsible companies have a mindset for sustainability and long-term impact that makes them thoughtful stewards of resources and capital, positioning them to build their earning power and intrinsic value over time.

Identifying companies with these aims is what fuels our commitment to responsible investing and enables us to better serve the long-term objectives of our clients.

## Our Research Process

There are no shortcuts to choosing investments using our investment philosophy and process. At Riverbridge, we deploy a bottom-up, human-oriented approach. Our process is consistent across all our strategies and the research is conducted through one investment team. As we consider the long-term investment outcome to be tightly linked to the responsible investing characteristics 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 whether or not a company meets our investment criteria. We strive to uncover both the business and sustainability realities that no screen or checklist can fully provide. Screens and checklists are also limited in their ability to provide meaningful insights to the fundamentals of a business.

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 long-term investment outcomes and the business practices of a company, identifying companies with responsible business practices is often a result of our fundamental research process.

We analyze each company for our five investment disciplines; sound culture & management, strong unit growth, strategic market position, conservative accounting, and internally financed growth.

### **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 those that meet our five investment disciplines. 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 long-term investment outcomes and responsible business practices, they are not a good fit for our strategies.

Additionally, we engage with the companies we own through our proxy voting process and guidelines. We believe responsible business practices are key to long-term business success and we seek to align ourselves and our clients with like-minded management teams. It is the policy of Riverbridge to vote all proxies for the exclusive benefit of the accounts whose assets we manage. For most proposals, including those often considered "ESG" proposals, those that maximize the value of portfolio securities over the long term will be approved. Riverbridge seeks to invest in companies aligned philosophically with our commitment to building earnings power and our investment disciplines. As such, we believe decisions at the policy level are typically better left to management and the board and we will generally vote consistent with management's recommendations 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 responsible 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, the CFA Society, First Affirmative Financial Network, and US SIF.

