



# CLIMATE TRANSPARENCY REPORT 2020

Riverbridge

# About the Climate-related Disclosure Indicators

Climate has been identified as a top priority for PRI signatories, with over 70% of asset owners reporting this as the most important long-term trend they are acting on.

The FSB Task Force's guidance on climate-related financial disclosure aim to create a single framework for disclosure on assessment and management of climate-related risk. The recommendations, supported by investors representing US\$22 trillion, identify four main disclosures, Governance, Strategy, Risk Management, Metrics and Targets, and include specific guidance for asset owners and managers.

As a result, the PRI introduced climate-related disclosure indicators that can be used to align with the TCFD recommendations in the 2020 PRI Reporting Framework.

## About this report

This report is an export of only the climate-related indicators from the 2020 Reporting Framework response. The full Public Transparency Report is available here (<https://reporting.unpri.org/surveys/PRI-reporting-framework-2020/-C1853983-129E-41D6-ADD4-460043638D52/79894dbc337a40828d895f9402aa63de/html/2/?lang=en&a=1>). It shows the responses to all the completed climate indicators, even those you chose to keep private. It is designed for your internal review or – if you wish - to share with your stakeholders.

The PRI will not publish this report on its website if you have designated your 2020 climate reporting as “private”. Otherwise, you will be able to access the Climate Transparency Report of your organisation and that of other signatories on the [PRI website](#) and on the [Data Portal](#).

To easily locate information, there is a **Recommendation index** which summarises the indicators that signatories complete and disclose. The report presents information exactly as it was reported as per signatory preference. Where an indicator offers a response option that is multiple-choice, all options that were available to the signatory are presented in this report.

# TCFD Recommendations Index

Strategy and Governance - CC			TCFD Recommendation			
Indicator	Reported	Disclosure	Governance	Strategy	Risk Management	Metrics & Targets
SG 01.6 CC	✓	Public				
SG 01.7 CC	✓	Public				
SG 01.8 CC	✓	Public				
SG 01.9 CC	✓	Public				
SG 01.10 CC	✓	Public				
SG 07.5 CC	✓	Public				
SG 07.6 CC	-	Public				
SG 07.7 CC	-	Public				
SG 07.8 CC	-	Public				
SG 13.1	✓	Public				
SG 13.2	✓	Public				
SG 13.4 CC	✓	Public				
SG 13.5 CC	✓	Public				
SG 13.6 CC	✓	Public				
SG 13.7 CC	✓	Public				
SG 13.8 CC	✓	Public				
SG 14.1	✓	Private				
SG 14.2	✓	Private				
SG 14.3	✓	Private				
SG 14.6 CC	-					
SG 14.7 CC	-					
SG 14.8 CC	-					
SG 14.9 CC	-					
SG 15.1	✓	Public				
SG 15.2	-	Public				
SG 15.3	-	Public				

Symbol	Status
✓	The signatory has completed this sub-indicator
-	The signatory did not complete this sub-indicator.
	This indicator is relevant to the named TCFD recommendation
Within the first column "Indicator", indicators marked in blue are mandatory to complete. Indicators marked in grey are voluntary to complete.	

# ORGANISATIONAL OVERVIEW

This section provides an overview of your organisation. These characteristics are used to define your peer groups.

MAIN CHARACTERISTICS	
<b>Name</b>	Riverbridge
<b>Signatory Category</b>	Mixed Services
<b>Signatory Type</b>	n/a
<b>Size</b>	US\$ 5 - 9.99 billion AUM
<b>Main Asset Class</b>	>50% Listed Equity Internally Managed
<b>Signed PRI Initiative</b>	2019
<b>Region</b>	North America
<b>Country</b>	United States
<b>Disclosure of Voluntary Indicators</b>	22% from 38 Voluntary indicators

# Riverbridge

## Reported Information

### Public version

### Strategy and Governance

## PRI disclaimer

This document presents information reported directly by signatories. This information has not been audited by the PRI Secretariat or any other party acting on their behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented, and no responsibility or liability can be accepted for any error or omission.

## Investment policy

SG 01	Mandatory	Public	Core Assessed	General
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**New selection options have been added to this indicator. Please review your prefilled responses carefully.**

SG 01.1	Indicate if you have an investment policy that covers your responsible investment approach.
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SG 01 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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SG 01.6 CC	Indicate whether your organisation has identified transition and physical climate-related risks and opportunities and factored this into the investment strategies and products, within the organisation's investment time horizon.
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Yes

Describe the identified transition and physical climate-related risks and opportunities and how they have been factored into the investment strategies/products.
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Riverbridge's foundational philosophy and investment criteria are well suited to mitigate transition and physical climate-related risks and capture opportunities presented by the transition to a low carbon economy.

All Riverbridge portfolios are fossil fuel free, and we do not currently nor have we historically invested in companies and industries with significant carbon footprints that are most at risk in the transition to a low-carbon economy, such as airlines, automobiles, and oil and gas exploration and production. These types of companies typically do not meet our investment requirements of sustainable, predictable high returns on invested capital, growth at the unit level, the ability to internally finance growth, and the ability to grow regardless of overall economic and market conditions. As an additional data point, we have conducted scenario analysis on our portfolios using the Paris Agreement Capital Transition Assessment tool, which indicated that no companies in our portfolio have production in the core, climate relevant sectors of the report.

Furthermore, Riverbridge believes there is significant investment opportunity in companies that are helping other businesses and end consumers improve resource efficiency, promote reusability, and reduce waste. In our experience, management teams focused on the long-term earnings power of their businesses are acutely aware of the real and potential threats of climate change, and are positioning their companies to thrive in a marketplace and regulatory environment that demands best practices in the utilization of scarce resources. By identifying companies that consistently ring unnecessary resource consumption out of their business, we are also identifying companies that will continuously improve their competitive position and earnings power over long periods of time. When we identify companies that not only do this through internal facing initiatives, but also provide a product or service that makes their customers better, the combination is even more powerful.

No

SG 01.7 CC	Indicate whether the organisation has assessed the likelihood and impact of these climate risks?
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Yes

Describe the associated timescales linked to these risks and opportunities.

In our view, the transition and physical climate-related risks and opportunities identified by the TCFD are already in motion. However, we believe the transition to a low carbon economy will occur gradually over a longer time period (10-20 years). This timescale aligns with the investment horizon of all our portfolio companies. Riverbridge invests in businesses we believe are positioned to earn sustainable high returns on capital in the context of decades and seeks to benefit from their compounding earnings power. We are acutely aware of the policy and regulatory environment around our portfolio companies, as well as the risks and opportunities associated with the resource intensity, waste generation, and efficiency of their business models and business practices. Not only are our portfolio companies relatively less at-risk during the long-term transition to a low-carbon economy or due to the physical impacts of climate change, many businesses we own provide products and services that we expect to be in higher demand as market and regulatory forces drive increased commitment to resource efficiency, reusability, and waste reduction.

No

**SG 01.8  
CC**

Indicate whether the organisation publicly supports the TCFD?

Yes

No

**SG 01.9  
CC**

Indicate whether there is an organisation-wide strategy in place to identify and manage material climate-related risks and opportunities.

Yes

Describe

The identification and management of material climate-related risks and opportunities is the collective responsibility of the Riverbridge investment team, which manages all of the firm's equity growth equity strategies. Each member of the team is responsible for developing a deep understanding of the market, political, regulatory, and physical climate-related forces that may positively or negatively impact the long-term earnings power of every company we own.

Our foundational investment approach naturally places us in an advantageous position to avoid material climate-related risks. Our portfolios are fossil fuel free, have significantly lower carbon intensity than the broader markets, and the Paris Agreement Capital Transition Assessment tool indicates that no companies in our portfolio have production in the core, climate relevant sectors of the report. From a climate-related opportunities standpoint, Riverbridge believes businesses with compelling long-term earnings power prospects are those who are enabling customers to operate more efficiently, improve productivity, and reduce waste. In the transition to a low-carbon economy, the value and adoption of these solutions will accelerate.

No

**SG 1.10  
CC**

Indicate the documents and/or communications the organisation uses to publish TCFD disclosures.

- Public PRI Climate Transparency Report
- Annual financial filings
- Regular client reporting
- Member communications
- Other
- We currently do not publish TCFD disclosures

## Governance and human resources

SG 07 CC	Mandatory to Report Voluntary to Disclose	Public	Descriptive	General
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**SG 07.5 CC** Indicate the roles in the organisation that have oversight, accountability and/or management responsibilities for climate-related issues.

### Board members or trustees

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

### Chief Executive Officer (CEO), Chief Investment Officer (CIO), Chief Risk Officer (CRO), Investment Committee

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

### Portfolio managers

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

### Investment analysts

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

### Dedicated responsible investment staff

- Oversight/accountability for climate-related issues
- Assessment and management of climate-related issues
- No responsibility for climate-related issues

## ESG issues in asset allocation

SG 13	Mandatory	Public	Descriptive	PRI 1
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**SG 13.1** Indicate whether the organisation carries out scenario analysis and/or modelling, and if it does, provide a description of the scenario analysis (by asset class, sector, strategic asset allocation, etc.).

- Yes, in order to assess future ESG factors
- Yes, in order to assess future climate-related risks and opportunities



Describe

We have conducted scenario analysis on our portfolios using the Paris Agreement Capital Transition Assessment tool, which indicated that no companies in our portfolios have production in the core, climate relevant sectors of the report.

No, our organisation does not currently carry out scenario analysis and/or modelling

**SG 13.2** Indicate if your organisation considers ESG issues in strategic asset allocation and/or allocation of assets between sectors or geographic markets.

We do the following

- Allocation between asset classes
- Determining fixed income duration
- Allocation of assets between geographic markets
- Sector weightings
- Other, specify
- We do not consider ESG issues in strategic asset allocation

<b>SG 13 CC</b>	<b>Mandatory to Report Voluntary to Disclose</b>	<b>Public</b>	<b>Descriptive</b>	<b>General</b>
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**SG 13.4 CC** Describe how your organisation is using scenario analysis to manage climate-related risks and opportunities, including how the analysis has been interpreted, its results, and any future plans.

- Initial assessment
- Incorporation into investment analysis

Describe

Riverbridge builds robust financial models for each portfolio holding which are intended to support the investment team's analysis of a company's sensitivity to a variety of scenarios, including material climate-related risks and opportunities, as applicable. We have run the beyond 2 degree scenario analysis and used the 2Dii PACTA model. According to the PACTA model, no Riverbridge holdings have production in the core, climate relevant sectors of the report. We believe all Riverbridge portfolios are climate resilient and positioned to take advantage of a variety of opportunities related to the transition to a low carbon economy.

- Inform active ownership
- Other

**SG 13.5 CC** Indicate who uses this analysis.

- Board members, trustees, C-level roles, Investment Committee
- Portfolio managers
- Dedicated responsible investment staff
- External managers
- Investment consultants/actuaries
- Other

**SG 13.6**  
**CC**

Indicate whether your organisation has evaluated the potential impact of climate-related risks, beyond the investment time horizon, on its investment strategy.

Yes

Describe

We view ourselves as perpetual holders of capital and invest in businesses we believe are capable of generating sustainable earnings power growth for decades. At the outset of an investment, we do not have a specific time horizon or exit strategy. Over the course of a decade-plus, management teams almost surely be required to adapt to risks that we did not identify or imagine at the time of purchase.

No

**SG 13.7**  
**CC**

Indicate whether a range of climate scenarios is used.

- Analysis based on a 2°C or lower scenario
- Analysis based on an abrupt transition, consistent with the Inevitable Policy Response
- Analysis based on a 4°C or higher scenario
- No, a range is not used

**SG 13.8**  
**CC**

Indicate the climate scenarios your organisation uses.

Provider	Scenario used
IEA	<input checked="" type="checkbox"/> Beyond 2 Degrees Scenario (B2DS)
IEA	<input type="checkbox"/> Energy Technology Perspectives (ETP) 2 Degrees scenario
IEA	<input type="checkbox"/> Sustainable Development Scenario (SDS)
IEA	<input type="checkbox"/> New Policy Scenario (NPS)
IEA	<input type="checkbox"/> Current Policy Scenario (CPS)
IRENA	<input type="checkbox"/> RE Map
Greenpeace	<input type="checkbox"/> Advanced Energy [R]evolution
Institute for Sustainable Development	<input type="checkbox"/> Deep Decarbonisation Pathway Project (DDPP)
Bloomberg	<input type="checkbox"/> BNEF reference scenario
IPCC	<input type="checkbox"/> Representative Concentration Pathway (RCP) 8.5
IPCC	<input type="checkbox"/> RPC 6
IPCC	<input type="checkbox"/> RPC 4.5
IPCC	<input type="checkbox"/> RPC 2.6
Other	<input type="checkbox"/> Other (1)
Other	<input type="checkbox"/> Other (2)
Other	<input type="checkbox"/> Other (3)

SG 15	Mandatory to Report Voluntary to Disclose	Public	Descriptive	PRI 1
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**SG 15.1** Indicate if your organisation allocates assets to, or manages, funds based on specific environmental and social themed areas.

- Yes
- No

