

Responsible Investing

UNDERSTANDING ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS AS ACTIVE, LONG-TERM INVESTORS

Long-Term Investing, Always

Mairs & Power's first priority is to make investments for our clients that have the potential to deliver the highest return for a given level of risk. Ever since our founding in 1931, we have taken a long view of the world and the companies in which we invest. A fundamental part of our philosophy is investing in companies that strive to be good corporate citizens and demonstrate a commitment to sound environmental, social and governance (ESG) practices. We believe for a company to have long-term success, it must act in a socially responsible manner; failing to do so may improve profitability in the short-term, at the risk of longer-term consequences. Our investment philosophy is, and has always been, focused on the long-term.

We recognize that our actions, both as a company and as an investment adviser, have an impact on our community and the world around us. As individuals and as a firm, we contribute our time and treasure to nonprofits and other philanthropic endeavors. We promote diversity in hiring practices and strive to hire individuals with varied backgrounds that have been underrepresented in the investment management industry. We believe this increases the diversity of ideas and thus improves our decision-making process.

Values Provide Value

We invest in companies that we determine to have an above-average "durable competitive advantage" (DCA). As part of our DCA analysis, we assess many factors, including competitors, barriers to entry, buyers, suppliers, and the management team. We place a great deal of importance on the quality and philosophy of the management teams of companies in which we invest. This includes their approach to ESG. We incorporate both positive and negative ESG impacts in our financial forecasts and fair value assessments.

It is essential for a company's Board to promote the right set of values. As investors, we encourage the election of directors who will provide the kind of governance a company needs to succeed as a business and as a good corporate citizen. We are not activist investors, but we are active investors. We pay close attention to a company's governance structure and practices, as well as risks and opportunities associated with environmental and social factors, whenever these are directly applicable. We also take these factors into consideration when determining our stance on proxy proposals. We identify these proposals, discuss them in our Proxy Committee meetings, and make a decision that is in the best long-term interest of our shareholders and clients.

Businesses are responsible to many stakeholders, including customers, employees, investors, regulators, and the communities in which they operate. This is a challenging balancing act. We are also well aware of how difficult it is for companies to avoid negative impacts. For example, a drug that is approved for the market can later be found to cause side effects that weren't initially known. Or a company might develop a product that is thought to be safe but is later found to have resulted in an unforeseen environmental impact. We consider the long-term costs of negatively impacting the environment and the likelihood that policies will eventually be put in place that force companies to ultimately pay for the impact they cause. What is critical to us is that companies take good-faith steps to mitigate issues and correct problems that have resulted from their products and practices.

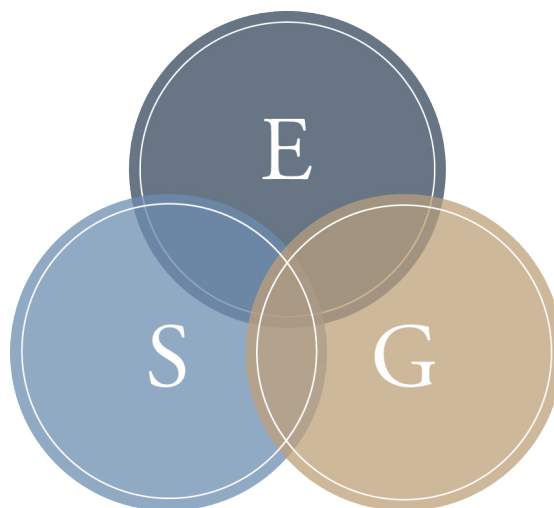
Our Actions Reflect Our Values

At Mairs & Power, we aspire to reflect the importance of corporate citizenship and stewardship in how we operate as a firm. We seek to act as good stewards in various ways. Many of our employees are involved in non-profit organizations and serve on non-profit boards. The firm also supports staff members' philanthropic activities by giving them time away from work to give back to their communities. We give a percentage of annual profits to local non-profit organizations.

We are an employee-owned firm, and we believe in the importance of diversity and inclusion. While we have not yet reached our goals, we are working hard to improve. The firm has women in leadership positions at all levels, including at the executive level and on our Board of Directors. Women currently own 11% of the firm, and that percentage is increasing. We also have put in place a strong succession plan that builds employee loyalty. We pride ourselves in our ability to provide opportunities for advancement, and engaging, valuable work.

We Are All Working Together

At Mairs & Power, we have always believed that a successful investment firm involves a true partnership, a partnership that extends beyond our offices. We care about the values and ethical conduct of the companies in which we invest. We believe good corporate citizens help contribute to the greater good of the community and provide the best long-term returns on investment. These two benefits are not separate from one another, they are interwoven.



Opinions expressed are subject to change without notice. Investing includes risk, including potential loss of capital.