

Responsible Investing Policy



About Cardinal

Founded in 1992 by Timothy Burt, our company was built on the premise that most investors do not have access to good long-term investment alternatives. Since these early days, our team has been driven by a commitment to consistency, discipline, research, and an unwavering desire to do what is best for our clients and their families. Our approach has been rewarded by a proven track record, and by growing assets of a large number of private and institutional clients.



OUR INVESTMENT APPROACH:

We invest in strong businesses that have a history of paying and increasing dividends that are backed by steady earnings growth. Those dividends translate into long-term growth and reward to shareholders who earn a growing dividend stream along with capital appreciation. These same companies often adhere to sound environmental, social, and governance (ESG) criteria and understand that integrating ESG standards into their operations and strategies is the best course for long-term profitability and sustained growth.

We take a value approach to investing that begins with fundamental, bottom-up stock selection. Our portfolios are built with large-cap, high-quality stocks that we believe will continue to deliver dividend and earnings growth, while still selling at attractive valuations. We look to invest in industry leaders with strong balance sheets and proven track records. A combination of in house research and a deep understanding of the economy guide our investment decisions. Our portfolios are built up of a small selection of high-quality stocks and we do not defer to the index.



INCORPORATING RESPONSIBLE INVESTING INTO THE INVESTMENT PROCESS

Cardinal became a signatory to the UN-PRI in January 2021, and has submitted annual compliance reports since 2024.

Cardinal's investment strategy is driven by extensive research focused on investing in quality companies. We use a fundamental value approach with an emphasis on the long-term health of companies and industries. Since Cardinal's founding, we have always considered qualitative factors including board governance, management quality, employee relations and industry regulations. Formally adopting ESG considerations was the next logical step and goes hand in hand with our view of investing in companies for the long term. We believe that leaders of outstanding companies place a high emphasis on all factors that materially impact their businesses.

Cardinal incorporates ESG information into investment decisions utilizing information gathered through a combination of in-house research, third-party sources, and direct engagement with company management. Our proprietary research process begins with an assessment of both ESG-related factors and traditional financial metrics to determine whether a company meets Cardinal's strict investment criteria before it is considered for inclusion in our portfolios. We do not use ESG factors in an exclusionary way but rather as another metric to enhance our understanding of the company. For companies passing our initial checks, our analysts build a financial model that includes a financial forecast, valuation analysis and identification of material financial risks, including ESG risks.

ESG research responsibilities are the responsibility of the entire investment team including the portfolio managers and analysts. We consider industry-specific issues along with broader issues that may include:

Environmental: environmental regulation, sustainable resource use, reducing waste and pollution, water conservation, emission reduction targets, environmental asset liabilities

Social: workforce composition including diversity, labour standards, health and safety policies, employee relations, community engagement, training programs

Governance: board oversight and effectiveness, board diversity, director elections, executive compensation, tax strategy, cyber security

CONSIDERATION OF CLIMATE CHANGE

Impacts from climate change exist as one of the most critical aspects of responsible investing as a changing climate may affect the financial outcomes of our investable universe. This includes companies' exposure to both extreme and changing weather patterns and transition risks as well as changes in regulatory, legal, operational and reputational risk, all of which can directly affect the profitability of a company. These risks are considered when undertaking our initial due diligence as well as monitored on an ongoing basis for those companies that we own. As well, we look for opportunities to invest in companies whose businesses contribute to achieving climate objectives while also assisting their future growth and financial sustainability.



PROTECTION OF HUMAN RIGHTS

The preservation and protection of Human Rights is a trait shared among the best-run companies in the world. We are committed to respecting internationally recognized human rights as laid out in the UDHR (United Nations Universal Declaration of Human Rights). We monitor our companies and engage with them should we have concerns that a violation has occurred. If remediation of a violation does not occur, we may divest from the company.

INVESTING IN INDUSTRY LEADERS

Through our decades of investment experience, we have found that companies with strong governance, and social and environmental rankings tend to be the ones that can provide stable, growing cash flows, and by extension, dividends over the long-term. As such, we believe that examining how a company handles these issues is a strong indicator of the historic quality of management as well as a strong predictor of their ability to maintain and grow earnings for the foreseeable future. Incorporating ESG factors into our analysis is an important part of our investment decision-making to assist with the identification of both risks and opportunities. Companies will be considered for inclusion in portfolios where we can adequately assess ESG risk factors along with more traditional risk factors.

COMPANY ENGAGEMENT

On behalf of our clients, we actively ensure that discussions with management teams include ESG issues pertinent to that company and we address areas where disclosure is lacking. We track our engagement activities, note pertinent items to investigate further and will have an annual engagement report available upon request.

PROXY VOTING

Proxy voting provides shareholders the ability to exercise their influence including to encourage good corporate governance and improve environmental and social policies. For each of our companies, we review each proxy item before casting votes and evaluate all motions. We take into account lasting value creation, sustainable business practices, board accountability, plus look for board practices and decision-making practices that are in the best long-term interest of the company and its stakeholders.

Cardinal subscribes to Glass Lewis and Broadridge Financial Solutions, which provides in-depth research on proxy-voting issues and proxy voting services, respectively. We take both their recommendations and our own views into consideration when voting proxies.

THE UN PRI GUIDING PRINCIPLES

- Incorporate ESG issues into investment analysis and decision-making processes;
- Be active owners and incorporate ESG issues into our investment process and practices;
- Seek appropriate disclosure on ESG issues from the entities in which we invest;
- Promote acceptance and implementation of PRI within the investment industry;
- Work together to enhance our effectiveness in implementing PRI; and
- Report on our activities and progress towards implementing PRI.

