

Ethical Investing Policy

Ethical investing is a central concern of many private clients & charitable foundations. In an effort to address these concerns, Burgundy has created several foundation and SRI-focused Funds which incorporate the policy guidelines below.

Ethical Investment Policy:

1. The Funds will not invest directly in companies or industries that are involved in the production or marketing of items that, when used as directed, present a danger to human health. For example, the stocks of tobacco companies and arms manufacturers will not be purchased.
2. The Funds will not invest directly in companies or industries that employ production processes that degrade the natural environment or threaten human life or wildlife. Primary extraction companies will only be invested in by the Funds if Burgundy can confirm that the company complies with all applicable environment laws and regulations.
3. The Funds will avoid investments in companies or industries that have close ties to repressive regimes or that countenance or employ oppressive labour practices anywhere in the world.
4. The Funds will not invest directly in companies in the gambling industry.

The aforementioned four points will be carried out to the fullest extent possible given the firm's research efforts and knowledge.

Our main concern in our qualitative assessments of companies is to be assured of the honesty and competence of the managements of the companies in which we invest. We believe that truly outstanding business leaders are acutely aware of the ethical dimensions of their decisions.

Burgundy normally invests in companies that possess a sustainable advantage over competitors, or that have found a market niche where competitors are few or weak. Sustainable advantage is usually the result of intense research and development efforts and stringent quality control. A culture of clear, rapid decision-making is present to allow management to respond in a responsible and decisive manner to conflicts and controversies. These companies do not have a history of legal or ethical infringements and tend to be on the leading edge in areas of social responsibility. Not coincidentally, they are invariably known as good employers.

There are inevitably conflicts between the primary purpose of the modern corporation, which is profit maximization for its shareholders, and the social and environmental impacts of its actions. Balancing the two is really the main job of management.

Great management will never sacrifice the long-term interests of shareholders for a quick profit, nor will they cave in to pressure groups who wish to impose unwarranted costs on shareholders. The marketplace is based on conflict and competition, and managing conflict and competition in an ethical manner is the ongoing challenge to corporate managements.

In the event that Burgundy determines that a particular investment does not meet this policy, Burgundy will sell that investment.