

# NEI Investments Corporate Social Responsibility Report 2010



## The Global Reporting Initiative

The Global Reporting Initiative (GRI) is the world's most widely-used sustainability reporting framework. NEI Investments follows the GRI framework in its own reporting and encourages companies in its fund portfolios to follow the framework in their own reporting. We also support GRI as an Organizational Stakeholder.

- This report contains highlights on our CSR commitments.
- The GRI Indicators Report provides details about how our reporting complies with the GRI Guidelines.

Read our CSR Report 2010 GRI Indicators:

[www.NEIinvestments.com](http://www.NEIinvestments.com) > About NEI > Corporate Social Responsibility

Find out more about GRI: [www.globalreporting.org](http://www.globalreporting.org)

## The Principles for Responsible Investment

NEI Investments is an active member of the Principles for Responsible Investment (PRI). Under the guidance of the United Nations, PRI aims to help investors improve long-term returns by integrating environmental, social and governance (ESG) analysis into investment decision-making and ownership practices.

Find out more about PRI and the Principles for Responsible Investment: [www.unpri.org](http://www.unpri.org)

# NEI Investments

## A Message From Our CEO

Welcome to our 2010 Corporate Social Responsibility (CSR) Report.

At NEI Investments, we have made CSR an integral part of our business planning process and we endeavour to integrate sustainable practices in everything we do. NEI Investments is one of the first mutual fund companies in Canada to issue a CSR Report based on the Global Reporting Initiative (GRI) framework.

2010 marked an exciting milestone for our company as we made the transition to our new name, NEI Investments. This included a new NEI Investments website that brought together our two fund families, Northwest Funds and Ethical Funds, under one virtual roof for the first time. Other accomplishments for the year included the launch of the Northwest Tactical Yield Fund in September and the ESG Services Team (formerly Sustainability Team) landing their first international pension fund client—AP Swedish Funds.

### **During 2010, we also moved ahead on our CSR commitments. Highlights include:**

- Our Toronto and Vancouver offices are now powered by Bullfrog Power, Canada's leading 100% green energy provider.
- Following a power-saving IT equipment refresh we donated our old computers to reBOOT Canada, to be reconditioned and reused by non-profit organizations.
- Our corporate matching program for employee-driven fundraising matched employee donations in support of Haiti earthquake relief, the Pakistan flood emergency response, and the Movember prostate cancer campaign.

Thank you for your interest in CSR at NEI Investments. Our CSR Report is published annually to document how well we're doing at living up to our commitments and standards. It also helps us to focus our efforts and track our progress year after year.

We value your support and look forward to sharing future reports with you as we continue advancing our CSR commitments.



**John Kearns**  
CEO



Read our Corporate Social Responsibility Policy:  
[www.NEIinvestments.com](http://www.NEIinvestments.com) > About NEI > Corporate Social Responsibility

# Our Commitments

## 1. Pursue the highest ethical standards in the ways we do business.

We respect and strive to comply at all times with industry regulations and requirements in the areas where we operate. Every employee at NEI Investments is required to recommit annually to our ethical business policies. We also have a confidential whistleblower process through which employees can report any breach of conduct concerns.

The design and sale of mutual funds is closely regulated in Canada to protect investors.

Learn more about the regulations governing mutual funds in Canada:

<http://www.osc.gov.on.ca/en/6449.htm>

## Industry Recognition for our Mutual Funds

- Lipper Awards: the Northwest Specialty High Yield Bond Fund won the High Yield Fixed Income Category for best fund over ten years.
- Dalbar: our investor statements ranked second out of 22 fund companies.
- Corporate Knights: the Ethical International Equity Fund, Ethical American Multi-Strategy Fund, and Ethical Global Dividend Fund were ranked as the top three equity funds in the annual responsible investment guide.



## 2. Demonstrate leadership in responsible investing.

NEI Investments' commitment to responsible investing is long-established and well-documented. Our ESG Investing Program is based on the thesis that companies integrating best environmental, social and governance (ESG) practices into their strategy and operations will provide higher risk-adjusted returns over the long term.

### Our industry-leading program integrates the following elements:

- Evaluation of sectors and companies for material environmental, social and governance risks.
- Corporate engagement on environmental, social and governance issues with companies in our funds.
- Proxy voting based on environmental, social and governance guidelines.
- Public policy and standards work to mitigate systemic environmental, social and governance risks.
- Research on emerging environmental, social and governance topics.

All elements of the program are applied to our Ethical Funds family. Some elements of the program are also applied to the Northwest Funds family, or are provided as services to other investment institutions.

## ESG Investing Program Annual Report 2010

Every year, NEI Investments publishes a report covering all aspects of our comprehensive ESG Investing Program: company evaluations, corporate engagement, proxy voting, public policy and research. The most recent report reflects on accomplishments in 2010, and highlights plans for 2011.

### Highlights from the 2010 Report:

- Direct intensive corporate engagement with 61 companies
- 18 goals reached and a further 25 dialogues resulting in positive progress
- 17 shareholder proposals filed —we withdrew 9 shareholder proposals when companies complied with our concerns
- Voted on almost 7000 agenda items at international and Canadian company AGMs — voting against management 39% of the time
- 6 policy submissions on topics ranging from conflict minerals to oil sands regulation



Read the ESG Investing Program Annual Report 2010:

[www.NEIinvestments.com](http://www.NEIinvestments.com) > ESG Services > How we work > Accountability

## In Detail: Goldcorp's Marlin Human Rights Assessment

One of the most important issues facing mining companies is the social license to operate – including relations with local communities around project sites. These relations can be tense, especially in countries where human rights abuses are prevalent. A Human Rights Impact Assessment is an emerging good practice to mitigate this risk.

Along with a small group of other investors, we successfully urged Goldcorp to commission an independent human rights assessment of its controversial Marlin mine in Guatemala, and we participated in the steering committee for the 18-month project. 2010 saw the public release of the assessment report, and our Vice President for ESG Services travelled to Guatemala to participate in stakeholder meetings. Goldcorp has already published several updates on how it is responding to the recommendations, setting a new standard for openness on this issue.

Read the Marlin Human Rights Assessment:

<http://www.hria-guatemala.com/en/MarlinHumanRights.htm>

Learn more about Goldcorp's response to the assessment:

<http://www.goldcorp.com/operations/marlin/hria/>

### 3. Minimize the environmental and social footprint of our operations and supply chain.

NEI Investments' is working to make a positive environmental impact through our operations and employees. As an office-based financial services company, our biggest direct environmental and social impacts relate to paper, energy use and travel.

**Paper:** For our printed materials, our Paper & Printing Selection Policy requires that we ask for recycled paper made from 100% post-consumer waste, and sets 30% as the minimum recycled content. We give preference to Forest Stewardship Council certified paper and seek out suppliers who use vegetable-based inks and power their operations with renewable energy. We estimate our office paper use in 2010 at about 1.25 tonnes of paper - just over 3000 sheets per employee.



**Energy Use:** We estimate NEI Investments' annual energy use at our Montreal, Toronto and Vancouver offices at 478 MWh. This translates to about 45 tonnes of carbon dioxide emissions. In 2010 we began purchasing Bullfrog Power renewable energy certificates to cover electricity use at our Toronto and Vancouver offices, to help advance renewable energy development in the regions where we operate.



Bullfrog Power sources green electricity from wind and hydro facilities that have been certified as low impact by Environment Canada under its EcoLogo<sup>M</sup> program.

**Travel:** Partially due to an administrative change, this year our employees only recorded driving 14,405 km in private cars on company business (compared to 102,838 km in 2009), producing estimated greenhouse gas (GHG) emissions of just over 3.5 tonnes of carbon dioxide equivalent.

In 2010 we set up an air travel mileage tracking system. From April to December, our employees flew 798,521 km, producing estimated GHG emissions of just over 96 tonnes of carbon dioxide equivalent. We plan to begin offsetting business travel emissions in 2011. From our CSR employee survey, we learned our employees (87% of survey respondents) are already choosing sustainable commuting options such as walking, transit and car-pooling. As a result, we will prioritize action on business travel, rather than commuting.

#### A New Life For Our Old Equipment

In our previous report, we described taking the opportunity of our IT infrastructure overhaul to "right-size" systems and equipment, reducing energy demand. Following the IT refresh, we donated 40 units of retired computer equipment to reBOOT Canada, an initiative that reconditions and redistributes IT equipment for use by non-profit organizations. This has a double benefit - not only giving a helping hand to good causes, but also reducing the environmental impact of electronic waste.

Learn more about reBOOT Canada: [www.rebootcanada.ca](http://www.rebootcanada.ca)

#### 4. Strive to be competitive with employers in our industry and have a highly-engaged workforce.

In 2010, we took steps to improve internal corporate communications across our offices, setting up a shared drive for company information and introducing NEI Talk, an employee newsletter published three times a year that includes updates on the CSR Program.



To help our employees develop professionally, we provide job-related training and education reimbursements. Special initiatives in 2010 included two days of training for our entire Sales team covering the latest developments and tools, and a two-day course for all ESG Services staff in interest-based negotiation to enhance our corporate engagement capacity.

In a knowledge-based industry, our people are our biggest resource. We offer our employees a competitive package of compensation and benefits including extended medical and dental insurance, disability and life insurance, family assistance programs and fitness subsidies.

### The NEI Investments CSR Team

NEI Investments' CSR Program relies on the contribution of a cross-company group of employee volunteers, the CSR Team. The CSR Team organizes quarterly staff events and CSR engagement activities, is responsible for employee-driven fundraising and volunteering initiatives, provides input on CSR policy and planning, and reviews the annual CSR Report.

#### 5. Identify and engage with our stakeholders.

Key engagement activities in 2010 included a survey of employee attitudes and preferences on corporate social responsibility, and a survey of advisor perceptions on NEI Investments and our Sales team.

To identify NEI Investments' stakeholders, we consider individuals or groups who affect or are affected by our work. Our diverse stakeholders include our employees, our owners, investors, ESG Services clients, the financial advisors who recommend our products, suppliers, regulators and the media. We offer a variety of ways for stakeholders to contact us and let us know their needs and concerns.

### CSR Employee Survey 2010

NEI Investments employees have a strong interest in corporate social responsibility: over 80% of employees participated in the employee survey that we conducted in 2010 to get input on CSR priorities. Among the findings, we learned our employees are most concerned about paper use and office air quality. We also learned the types of local and global philanthropic causes that our employees prefer to support. The results of the survey will be integrated into our 2011 CSR planning.

## 6. Contribute to the community.

In 2010 a cross-company donations and sponsorships policy was developed by an inter-departmental group of employees, clarifying process and setting sustainability criteria for the causes that we will support.

NEI Investments made philanthropic donations of just under \$39,000 in 2010. We matched our employees' generous donations after Haiti's devastating earthquake and Pakistan's disastrous floods, as well as supporting the employee team that participated in the Movember prostate cancer initiative. To mark the holiday season, we made a corporate gift of \$12,000 to Food Banks Canada.

In 2010 NEI Investments also provided \$242,000 in sponsorship to Alpine Canada as part of a multi-year commitment, as well as over \$150,000 in sales-related sponsorships.

NEI Investments is owned by the Credit Union Centrals and Desjardins Group. We provide a profit-sharing income distribution — the Partnership Distribution — to our credit union partners, based on each credit union's proportionate share of eligible NEI Investments assets under management. In March 2010, based on 2009 assets, over \$4.1 million was distributed to the credit unions and Desjardins Group. We are proud to be the only investment manufacturer in Canada owned by the co-operative system, sharing profits with our key stakeholders and helping them achieve business success.

### Disaster Relief – Quick Decisions Save Lives

When disaster strikes, getting aid to the victims within the first few days is vital to saving lives. As part of our new Donations Policy, we established a “same day” emergency response procedure through which our employee CSR Team can access company funds to match donations made by employees. During 2010 the CSR Team led “Triple Your Impact” fundraising campaigns for the Haiti earthquake and Pakistan floods emergencies. Because both the Government of Canada and NEI Investments were matching their giving, every dollar donated by our employees was leveraged to \$3 of aid to the victims of these disasters.

# NEI Investments

NEI Investments is owned 50% by the Provincial Credit Union Centrals and 50% by Desjardins Group, and offers a wide range of conventional and corporate class funds from Northwest Funds and from Ethical Funds, the largest responsible investing fund family in Canada. NEI Investments currently has over \$5 billion in assets under management.

NEI Investments has offices in Toronto, Vancouver and Montreal.

To contact us:

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