

NEI Investments

Corporate Social Responsibility Report 2009

Global Reporting Initiative Indicators



Global Reporting Initiative Content Index

The Content Index sets out the Global Reporting Initiative (GRI) Financial Services Sector Supplement disclosure requirements, an assessment of the completeness of NEI Investments' response to each requirement, and where the response can be found.

- Our response fulfils the GRI requirement.
- ◐ Our response partially fulfils the GRI requirement.
- No response this year.
- ⊗ Not material for NEI Investments.
- * Additional disclosure not required for GRI Level C.

Strategy and Analysis

1.1	Statement from the most senior decision-maker of the organization.	●	CSR Report – page 3.
1.2	Description of key impacts, risks, and opportunities.	○	Not required for Level C.

Organizational Profile

2.1	Name of the Organization.	●	Northwest & Ethical Investments L.P. (NEI Investments is a trade name of Northwest & Ethical Investments L.P.)
2.2	Primary brands, products and/or services.	●	NEI Investments offers a wide range of conventional and corporate class funds from Northwest Funds and the largest responsible investing funds family in Canada from Ethical Funds. Our ESG team also provides environmental, social and governance (ESG) company evaluations and corporate engagement services to institutional clients. We outsource significant portions of our operations to third-party service providers: back office, fund accounting and valuation, and portfolio management.
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries and joint ventures.	●	Our main operational areas are ESG services, sales and marketing, and customer service. Our organizational support functions are finance, legal and compliance, and portfolio manager oversight.
2.4	Location of organization's headquarters.	●	155 University Avenue 4th Floor, Toronto, ON M5H 3B7, Canada
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	●	The company operates solely within Canada.

Organizational Profile – Continued

2.6	Nature of ownership and legal form.		<p>Northwest & Ethical Investments L.P. (NEILP) is a limited partnership; as such, all decisions are made and implemented on its behalf by its general partner, Northwest & Ethical Investments Inc. (NEII), which has the same ownership structure as NEILP.</p> <p>Our ownership structure is as follows:</p> <ul style="list-style-type: none"> • Fédération des caisses Desjardins du Québec: 50% • Central 1 Credit Union: 26% • Credit Union Central Alberta Limited: 6.53% • Credit Union Central of Saskatchewan: 8.19% • Credit Union Central of Manitoba: 4.96% • Credit Union Central of New Brunswick: 1.145% • Credit Union Central of Nova Scotia: 2.01% • Credit Union Central of Prince Edward Island: 1.165%
2.7	Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries).		<p>Our mutual fund products are only available within Canada, and are distributed across the country.</p>
2.8	Scale of the reporting organization.		<p>In 2009 NEI Investments had 85 employees, with offices in Toronto, Vancouver and Montreal. NEI Investments' total assets under management at December 31, 2009 were C\$ 4.4 billion. Our 2009 net sales were C\$90 million.</p> <p>Statistics for NEI Investments and other investment institutions can be accessed at: http://statistics.ific.ca/English/Reports/MonthlyStatistics.asp</p>
2.9	Significant changes during the reporting period regarding size, structure or ownership.		<p>No significant changes occurred during the reporting period.</p>
2.10	Awards received in the reporting period.		<p>CSR Report – page 4.</p>

Report Parameters

3.1	Reporting period for information provided.	●	January – December 2009.
3.2	Date of most recent previous report.	●	This is our first report.
3.3	Reporting cycle.	●	Annual.
3.4	Contact point for questions regarding the report or its contents.	●	csr@NEInvestments.com
3.5	Process for defining report content.	●	See “Our CSR Report Process” – page 14.
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	●	See “Our CSR Report Process” – page 14.
3.7	State any specific limitations on the scope or boundary of the report.	●	See “Our CSR Report Process” – page 14.
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability from period to period and/or between organizations.	●	See “Our CSR Report Process” – page 14.
*3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.	●	See “Our CSR Report Process” – page 14.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement.	●	This is our first report.
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied in the report.	●	This is our first report.
3.12	Table identifying the location of the Standard Disclosures in the report.	●	This table has been prepared to comply with the requirement.
*3.13	Policy and current practice with regard to seeking external assurance for the report.	●	This report is GRI-Checked Level C. We have not sought external assurance for this initial report. As our CSR reporting program develops, we will explore the feasibility of seeking external assurance.

Governance, Commitments and Engagement

4.1	Governance structure of the organization including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	●	The Board of Directors of NEII is composed of ten members. The Board is legally responsible for determining organizational strategy and for monitoring performance. It has three committees — Human Resources & Governance, Audit, and Investment — which review these aspects of operations and report to the Board.
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	●	The Chair of the Board is not an executive officer.
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body who are independent and/or non-executive members.	●	All Board members are non-executive/non-employee. Most are employees or directors of our owners.
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	●	As a non-public entity, NEI Investments is governed by a unanimous shareholders agreement which guarantees minimum board representation to each of the owners. We do not have a formal representation mechanism for employees at present.
*4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	●	The Company Incentive Plan is based on key financial and operating results, and individual achievement in meeting personal performance objectives. The performance objectives of employees working on the ESG Program relate directly to our environmental and social performance as investors.
*4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	●	The Board has adopted policies and procedures which expand on the legally-imposed requirements regarding conflicts of interest among directors. At each meeting or committee meeting of the Board, each director confirms that he or she has no conflicts. Processes and procedures are in place for resolving situations where conflicts of interest may exist.
*4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.	●	Each member of the Board completes an annual questionnaire on his or her qualifications and expertise.
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	●	See "Our Internal Policies" – page 15.
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	●	The Board meets on a quarterly basis. Information on financial, environmental, and social risks and opportunities, management and performance is presented to the Board for discussion and any necessary decisions. This information includes regular updates on the progress of the ESG Program. The Board may also request information on sustainability issues.

Governance, Commitments and Engagement – Continued

4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	●	The Board undertakes an annual self-assessment process.
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	○	Not required for Level C.
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	●	See "The Principles That Guide Us" – page 16.
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: <ul style="list-style-type: none"> • Has positions in governance bodies; • Participates in projects or committees; • Provides substantive funding beyond outline membership dues; or • Views membership as strategic. 	●	See "Working Together To Advance Our Industry" – page 17.
4.14	List of stakeholder groups engaged by the organization.	●	See "Stakeholder Engagement" – page 17.
4.15	Basis for identification and selection of stakeholders with whom to engage.	●	See "Stakeholder Engagement" – page 17.
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	○	Not required for Level C.
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	○	Not required for Level C.

Product and Service Impact

FS1	Policies with specific environmental and social components applied to business lines.	●	CSR Report – page 5.
FS2	Procedures for assessing and screening environmental and social risks in business lines.	●	<i>Sustainable Investing Program Annual Report 2009</i> , pages 8 – 9, “Evaluating Companies”: www.NEIinvestments.com > ESG Services > Accountability
FS3	Processes for monitoring clients' implementation of and compliance with environmental and social requirements included in agreements or transactions.	⊗	Not material for NEI Investments, as we do not have agreements of this type.
FS4	Process for improving staff competency to implement the environmental and social policies and procedures as applied to business lines.	●	Implementation of our ESG Program is based on documented policies and procedures that we work continuously to improve. Our ESG Services employees attend a wide variety of courses, seminars and conferences to enhance their understanding of ESG risk. As thought leaders on responsible investing, our staff members are also called upon frequently to share their expertise within the industry through presentations, webinars and media interviews.
FS5	Interactions with clients/investees/business partners regarding environmental and social risks and opportunities.	●	<i>Sustainable Investing Program Annual Report 2009</i> , pages 10 – 11, “Shareholder Action”: www.NEIinvestments.com > ESG Services > Accountability
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	⊗	Not material for NEI Investments, given the nature of our products.
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	●	We do not manufacture products of this type.
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	●	We do not manufacture products of this type.
FS9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	○	Not reported for 2009.
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	●	CSR Report page 5 (number of companies). Each year, the Ethical Funds holdings are reviewed and some 20% of assets are targeted for intensive corporate engagement on potential ESG risks. Where the assets of Ethical Funds overlap with those of Northwest Funds, engagement activity utilizes all our assets to increase leverage.
FS11	Percentage of assets subject to positive and negative environmental or social screening.	●	100% of Ethical Funds assets (which represented 45% of assets under management at December 31, 2009) are subject to our ESG evaluations process, which incorporates both positive and negative screening.
FS12	Voting policy applied to environmental or social issues for shares over which the reporting organization holds the right to vote shares or advises on voting.	●	<i>Sustainable Investing Program Annual Report 2009</i> , page 12, “Proxy Voting”: www.NEIinvestments.com > ESG Services > Accountability

Economic

EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings and payments to capital providers and governments.		CSR Report page 7. We have reported on our Partnership Distribution and on corporate donations and sponsorships, but the Limited Partnership agreement restricts disclosure on some of the topics covered under this indicator.
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.		Not reported for 2009.
EC3	Coverage of the organization's defined benefit plan obligations.		We do not have a defined benefit plan.
EC4	Significant financial assistance received from government.		We do not receive financial assistance from government.
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.		Not material for NEI Investments, as we operate solely in Canada and our employees earn multiples of local minimum wages.
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.		Not reported for 2009.
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.		Not material for NEI Investments, as we operate solely within Canada.
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind or pro bono engagement.		Not material for NEI Investments, given the nature of our operations.
EC9	Understanding and describing significant indirect economic impacts, including the extent of impacts.		Not material for NEI Investments, given the nature of our operations.

Environmental

EN1	Materials used by weight or volume.		Not reported for 2009.
EN2	Percentage of materials used that are recycled input materials.		CSR Report – page 6.
EN3	Direct energy consumption by primary energy source.		Not material for NEI Investments, given the nature of our operations.
EN4	Indirect energy consumption by primary energy source.		CSR Report – page 6. We do not have separate energy metering, but we were able to establish estimates for our larger offices (Toronto and Vancouver).
EN5	Energy saved due to conservation and efficiency improvements.		CSR Report – page 6. We are not able to calculate the energy saved by the IT efficiency improvements because we do not have separate energy metering.
EN6	Initiatives to provide energy efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.		Not material for NEI Investments, given the nature of our products.
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.		Not reported for 2009.
EN8	Total water withdrawals by source.		Not material for NEI Investments, given the nature of our operations.
EN9	Water sources significantly affected by withdrawal of water.		Not material for NEI Investments, given the nature of our operations.
EN10	Percentage and total volume of water recycled and reused.		Not material for NEI Investments, given the nature of our operations.
EN11	Location and size of land owned, leased managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas.		Not material for NEI Investments, given the nature of our operations.
EN12	Description of significant impacts of activities, products, services on biodiversity in protected areas and areas of high biodiversity outside protected areas.		Not material for NEI Investments, given the nature of our products and operations.
EN13	Habitats protected or restored.		Not material for NEI Investments, given the nature of our operations.
EN14	Strategies, current actions and future plans for managing impacts on biodiversity.		Not material for NEI Investments, given the nature of our operations.
EN15	Number of IUCN Red List Species and national conservation list species with habitats in areas affected by operation, by level of extinction risk.		Not material for NEI Investments, given the nature of our operations.
EN16	Total direct and indirect greenhouse gas emissions by weight.		CSR Report – page 6. Calculation is based on Toronto and Vancouver energy use estimates (see EN4).
EN17	Other relevant indirect GHG emissions by weight.		CSR Report – page 6. We have data for vehicle travel, and established a data collection system for air travel during 2010.
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.		CSR Report – page 6. We do not have data on emissions reductions achieved.

Environmental – Continued

EN19	Emissions of ozone-depleting substances by weight.	<input checked="" type="checkbox"/>	Not material for NEI Investments, given the nature of our operations.
EN20	NO, SO and other significant air emissions by weight.	<input checked="" type="checkbox"/>	Not material for NEI Investments, given the nature of our operations.
EN21	Total water discharge by quality and destination.	<input checked="" type="checkbox"/>	Not material for NEI Investments, given the nature of our operations.
EN22	Total weight of waste by type and disposal method.	<input type="checkbox"/>	Not reported for 2009. Our ability to measure waste is constrained in our leased offices. We will explore the feasibility of reporting on this indicator in future.
EN23	Total number and volume of significant spills.	<input checked="" type="checkbox"/>	Not material for NEI Investments, given the nature of our operations.
EN24	Weight of transported, imported, exported or treated waste deemed hazardous under the Basel Convention Annex I, II, III and VIII, and percentage of transported waste shipped internationally.	<input checked="" type="checkbox"/>	Not material for NEI Investments, given the nature of our operations.
EN25	Identity, size, protected status and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and run-off.	<input checked="" type="checkbox"/>	Not material for NEI Investments, given the nature of our operations.
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	<input checked="" type="checkbox"/>	Not material for NEI Investments, given the nature of our products.
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	<input checked="" type="checkbox"/>	Not material for NEI Investments, given the nature of our products.
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.	<input checked="" type="checkbox"/>	None – but not material for NEI Investments, given the nature of our operations.
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	<input checked="" type="checkbox"/>	Not material for NEI Investments, given the nature of our products and operations.
EN30	Total environmental protection expenditures and investments by type.	<input type="checkbox"/>	Not reported for 2009.

Labour Practices & Decent Work

LA1	Total workforce by employment type, employment contract, and region.	<input checked="" type="radio"/>	See "Our Employees"– page 18.
LA2	Total number and rate of employee turnover by age group, gender, and region.	<input type="radio"/>	See "Our Employees"– page 18. We do not have data on the age group of employees who left the company.
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	<input checked="" type="radio"/>	See "Our Employees"– page 18.
LA4	Percentage of employees covered by collective bargaining agreements.	<input checked="" type="checkbox"/>	Not material for NEI Investments, given the characteristics of our workforce.
LA5	Minimum notice period regarding operational changes, including whether it is specified in collective agreements.	<input type="radio"/>	Not reported for 2009.
LA6	Percentage of total workforce represented in formal joint management -worker health and safety committees that help monitor and advise on occupational health and safety programs.	<input type="radio"/>	Not reported for 2009.
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and total number of work-related fatalities by region.	<input type="radio"/>	Not reported for 2009.
LA8	Education, training, counseling, prevention and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	<input checked="" type="radio"/>	See "Our Employees"– page 18.
LA9	Health and safety topics covered in formal agreements with trade unions.	<input checked="" type="checkbox"/>	Not material for NEI Investments, given the characteristics of our workforce.
LA10	Average hours of training per year per employee by employee category.	<input type="radio"/>	Not reported for 2009.
LA 11	Programs for skills management and life-long learning that support the continued employability of employees and assist them in managing career endings.	<input type="radio"/>	Not reported for 2009.
LA12	Percentage of employees receiving regular performance and career development reviews.	<input checked="" type="radio"/>	All employees receive annual performance and career development reviews.
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	<input type="radio"/>	Not reported for 2009.
LA14	Ratio of basic salary of men to women by employee category.	<input type="radio"/>	Not reported for 2009.

Human Rights

HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.		100% of Ethical Funds portfolio companies operating in high risk countries or representing high environmental impact are subject to human rights evaluation.
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.		Not reported for 2009.
HR3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.		Not reported for 2009.
HR4	Total number of incidents of discrimination and actions taken.		Not reported for 2009.
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.		Not material for NEI Investments, given the location of our operations and the characteristics of our workforce.
HR6	Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour.		Not material for NEI Investments, given the nature and location of our operations.
HR7	Operations identified as having a significant risk for incidents of forced or compulsory labour and measures to contribute to the elimination of forced or compulsory labour.		Not material for NEI Investments, given the nature and location of our operations.
HR8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.		Not material for NEI Investments, given the nature and location of our operations.
HR9	Total number of violations of the rights of indigenous people and actions taken.		Not material for NEI Investments, given the nature of our operations.

Society

SO 1	Nature, scope and effectiveness of any programs and practices that assess and manage the impacts of operations on communities including entering, operating and exiting.		Not material for NEI Investments, given the nature of our operations.
FS13	Access points in low-populated or economically disadvantaged areas by type.		Not material for NEI Investments, given the nature of our operations.
FS14	Initiatives to improve access to financial services for disadvantaged people.		Not reported for 2009.
SO 2	Percentage and total number of business units analyzed for risks relating to corruption.		This is part of regulatory compliance within the Canadian mutual funds industry. Risk assessment work was carried out with the Board in 2009.
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.		All new employees are trained in our ethical business policies and procedures, including anti-corruption aspects, as part of their induction.
SO4	Actions taken in response to incidents of corruption.		NEI Investments has never been the subject of an allegation of corruption.
SO5	Public policy positions and participation in public policy development and lobbying.		CSR Report – page 4. <i>Sustainable Investing Program Annual Report 2009</i> , page 12, "Public Policy & Standards". Our policy submissions are disclosed on our website at: www.NEIinvestments.com > ESG Services > Public Policy & Standards.
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.		None. CSR Report – page 4.
SO7	Total number of legal actions for anti-competitive behaviour, anti-trust and monopoly practices and their outcomes.		None – but not material for NEI Investments, given the level of competition within the mutual fund marketplace.
SO8	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.		No fines or sanctions have ever been imposed on NEI Investments for non-compliance with laws and regulation.

Product Responsibility

FS15	Policies for the fair design and sale of financial products and services.		See "Mutual Fund Regulation in Canada" – page 20. All our mutual fund products are subject to the requirements laid down by the Canadian Securities Administrators.
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and service categories subject to such procedures.		Not material for NEI Investments, given the nature of our products.
PR2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome.		Not material for NEI Investments, given the nature of our products.

Product Responsibility – Continued

PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	●	See “Mutual Fund Regulation In Canada” – page 19. All our mutual fund products are subject to the requirements laid down by the Canadian Securities Administrators.
PR4	Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.	●	There were no incidents of non-compliance with regulations and codes on product and service information.
PR5	Practices relating to customer satisfaction including results of surveys measuring customer satisfaction.	○	Not reported for 2009.
FS16	Initiatives to enhance financial literacy by type of beneficiary.	●	We seek to advance public understanding of finance and responsible investment. We provide opportunities for financial advisors to earn responsible investment Continuing Education credits.
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	○	Not reported for 2009.
PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	●	There were no incidents of non-compliance with regulations and codes on marketing communications.
PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	●	No substantiated complaints have been made against NEI Investments regarding breaches of customer privacy and losses of customer data.
PR9	Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services.	●	No fines have ever been imposed on NEI Investments for noncompliance with laws or regulations concerning the provision and use of products and services.

Our CSR Report Process

The following considerations define our report content:

- Which issues are most significant to the sustainability of an investment management institution? We recognize that our direct operational impacts are limited, and that our most significant impacts relate to how we choose, monitor and interact with the companies in our portfolios.
- Which issues are most relevant to our CSR Policy commitments?
- What are our obligations as a signatory to the UN Principles for Responsible Investment?
- What are our most significant direct environmental and social impacts?
- Which issues are most important to stakeholders? For our first report, we base this assessment on earlier surveys of Ethical Funds unit holders and Canadian investors. We will expand the range of stakeholder input in future reports: for example, in 2010 we conducted a survey to establish which issues are most important to employees.
- For which Global Reporting Initiative indicators do we have data for the reporting year? This first report is intended as a baseline for improving our reporting and performance. We focus on areas for which data were available, and discuss areas for which we are developing data collection in 2010.
- Which stakeholders are likely to use the report? We expect the report will be of interest to unit holders, advisors, clients, owners, employees and our industry peers.

This report covers all employees, offices and brands of NEI Investments. Where information applies to a specific business line, brand or office, this has been indicated. It does not cover the operations of our outsourced functions and suppliers.

We have followed the Greenhouse Gas Protocol to convert travel data into emissions estimates, using the US gasoline-fuelled vehicle emission factors for passenger vehicles built after 2005. Our estimates for emissions from energy use in our offices are based on emissions factors for grid electricity in Ontario and British Columbia provided by Bullfrog Power.

A limitation on our operational impact data collection is that utilities for our offices are charged on the basis of area occupied within a shared building, rather than actual usage. We have explored the possibility of installing separate metering but this is not economically feasible. We are also unable to disaggregate employee data by age or minority group membership at present.

Report Application Levels

		2002 in Accordance	C	C+	B	B+	A	A+
Mandatory	Self Declared		<input checked="" type="checkbox"/>	Report Externally Assured		Report Externally Assured		Report Externally Assured
	Third Party Checked		<input type="checkbox"/>					
Optional	GRI Checked							

Our Internal Policies

The following table lists the main policies that we follow, and how they are applied across the company.

Title	Purpose	Application
Corporate Social Responsibility Policy	Sets out the main objectives and principles behind our CSR work. Incorporates elements from ISO 14001, the UN Principles for Responsible Investment and AAI000 SES.	Company-wide: all employees and our Montreal, Toronto and Vancouver offices.
Code of Ethics for Business Conduct	Provides guidance as to prudent and appropriate business ethics and conduct.	All employees, officers, and directors.
Code of Ethics for Personal Trading	Establishes oversight procedures and pre-clearing of personal trading activity to prevent any employee trading that may be contrary to the interests of the funds, or in violation of securities regulations.	All employees, officers and directors who may be deemed "access employees" with access to non-public information with respect to fund portfolio holdings and trading strategies.
Privacy Policy	Safeguards the personal information of account-holders in accordance with privacy legislation.	All employees.
Whistleblower Policy	Provides a direct reporting mechanism to the Board of Directors of any serious malfeasance with respect to financial reporting, fraud, corruption, breach of the law, or breach of company policies.	All employees, officers and directors.
Board Governance Manual	Articulates the authority and responsibilities of the Board of Directors, structure and mandate of Board committees, and describes basic rules of procedure for Board activities.	All directors.
Conflict of Interest Manual	Addresses potential conflicts between the interests of the fund manager and the funds, and guides the fund manager and its Independent Review Committee in discharging regulatory obligations under National Instrument 81-107.	Company-wide.
Policies and Procedures Manual	Deals with day-to-day policies and procedures, including Compliance, Finance, Operations and Portfolio Management.	Company-wide.
ESG Services Code of Conduct for Engaging External Parties	Ensures that contact and engagement with a wide range of external parties in the context of the ESG Program is undertaken effectively and ethically. We believe this code is a first within the investment industry.	ESG Services.
Promotional Purchasing Policy	Promotes the purchase of sustainable and ethically-sourced promotional products.	Marketing Department.

Title	Purpose	Application
Paper & Printing Selection Policy	Promotes the use of recycled paper and paper from sustainably managed forests.	Company-wide.
Communications Policy (2010)	Ensures that all communications meet company standards of presentation. Includes instructions on minimizing printing costs and waste, including duplex printing as standard.	Company-wide.
Corporate Donations Policy (2010)	Ensures that donations, sponsorships, fundraising and volunteering supported by the company reflect our values and comply with regulations.	Company-wide.

The Principles That Guide Us

We subscribe to a range of voluntary economic, environmental and social principles — following them ourselves where they apply to our work, or encouraging the companies in our portfolios to follow them.

Initiative	Our Role	Date of Adoption	Stakeholders
UN Principles for Responsible Investment (PRI)	Signatory. We choose to disclose fully our submission to the annual PRI Assessment of performance against the Principles.	2006 (<i>Ethical Funds</i>) 2009 (<i>company-wide</i>)	Institutional investors
Global Reporting Initiative (GRI)	We follow the GRI framework for our own CSR reporting and encourage portfolio companies to do the same.	Long-term	Multi-stakeholder
Carbon Disclosure Project (CDP)	Signatory. We promote CDP to portfolio companies and co-sponsor the CDP Canada Report.	Long-term	Institutional investors
CDP Water Disclosure Project	Signatory	2010	Institutional investors
Forest Footprint Disclosure Project	Signatory	2009	Institutional investors
Canadian Boreal Initiative (CBI) Boreal Forest Conservation Framework	Endorser	Long-term	Multi-stakeholder
Extractive Industries Transparency Initiative (EITI)	Supporting Investor	Long-term	Multi-stakeholder
UN Global Compact (GC)	We promote GC to portfolio companies.	Long-term	Multi-stakeholder
Forest Stewardship Council (FSC)	We promote FSC certification to portfolio companies and give preference to FSC paper products.	Long-term	Multi-stakeholder

Working Together To Advance Our Industry

We participate in a wide range of associations and organizations that strengthen our industry or address sustainability issues.

Investment Funds Institute of Canada (IFIC)	Member
FundSERV	Member
Canadian Cooperatives Association (CCA)	Member
Social Investment Organization (SIO)	Sustaining Member. Our employees sit on the Board, the Policy & Advocacy Committee (Chair), the committee on French-English industry terminology (Chair), and the Board Development and Nominations Committee.
Boreal Leadership Council (BLC)	Member
Canadian Coalition for Good Governance (CCGG)	Member
International Corporate Governance Network (ICGN)	Member
Ceres – Investor Network on Climate Risk (INCR)	Member
Interfaith Centre for Corporate Responsibility (ICCR)	Affiliate member
Canadian Business for Social Responsibility (CBSR)	Member

Stakeholder Engagement

We follow the AccountAbility AA1000 Stakeholder Engagement Standard definition of stakeholders: “Stakeholders are those groups who affect and/or could be affected by an organisation’s activities, products or services and associated performance”. Applying this definition, we have identified a diverse set of stakeholders: our mutual fund unit holders, our ESG Services clients, the financial advisors who recommend our products, our owners, our employees, our suppliers and outsourced service providers, our regulators and the companies held within our funds.

Among our recent stakeholder engagement activities:

- We conducted our most recent employee engagement survey in the fall of 2008.
- We conducted our most recent survey of attitudes to sustainability issues among Ethical Funds unit holders in 2008. In 2009 we commissioned Globescan to conduct research into attitudes to sustainability among Canadian investors in general.
- NEI Investments’ owners are represented on the Board, which meets quarterly.
- Employees involved in the manufacture and sale of our products meet regularly throughout the year with our external portfolio managers, and with financial advisors.
- We undertook dialogue with the 46 investee companies to which the Ethical Funds portfolios were most exposed, and which faced the most pressing ESG risks, under the auspices of the 2009 Corporate Engagement Focus List.

Our Employees

We offer our employees a competitive package of compensation and benefits, which includes:

- Provincial Medical Plan
- Extended Healthcare
- Dental Care
- Short-term Disability
- Long-term Disability
- Basic Life Insurance
- Accidental Death or Dismemberment Insurance
- Dependent Life Insurance
- Best Doctors
- Employee and Family Assistance Program (confidential health and social counselling service)
- Fit Pays Program (subsidy for fitness club membership or fitness classes)

Our Workforce in 2009

Region		Ontario	BC	Quebec	Alberta	Saskatchewan	Total
Full-time Permanent	Management	19	16	3	1	1	40
	Supervisory	1	5	0	0	0	6
	Technical / Professional	10	19	1	0	0	30
	Admin / Support	1	5	0	0	0	6
Full-time Temporary	Contingent	2	1	0	0	0	3
Part-time		0	0	0	0	0	0
Total Workforce		33	46	4	1	1	85

Employee Turnover in 2009

Region	Ontario	BC	Quebec	Alberta	Saskatchewan	Total
Male	3	5	1	0	0	9
Female	3	12	0	0	0	15
Total Turnover	6	17	1	0	0	24

Mutual Fund Regulation In Canada

The design and sale of mutual funds is closely regulated in Canada. Among the most significant regulations are the National Instruments laid down by the Canadian Securities Administrators:

- *NI 81-101 Mutual Fund Prospectus Disclosure*: Addresses the form and content of a simplified prospectus.
- *NI 81-102 Mutual Funds*: The “foundational” National Instrument governing many aspects of our business including investment activities and restrictions, creation of a new fund, conflicts of interest, changes to funds, custodianship, sales and redemptions, financial controls, compliance reports, sales communications, and recordkeeping.
- *NI 81-105 Sales Practices*: Governs the relationship between fund managers and distributors, describing permitted and prohibited compensation and incentives, and co-sharing of marketing and sales promotion activities.
- *NI 81-106 Continuous Disclosure*: Addresses continuous public disclosure of fund performance, financial issues, and the Annual Information Form (AIF).
- *NI 81-107 Independent Review Committee*: Mandates that all fund managers should have an external oversight function to address and respond to perceived or real conflicts of interest that might arise between the interests of the unit holders and the interests of the fund managers.

Learn more about the regulations governing mutual funds in Canada:

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

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 \$4 billion in assets under management.

NEI Investments has offices in Toronto, Vancouver and Montreal.

To contact us:

Head Office

NEI Investments

155 University Avenue, 4th Floor
Toronto, ON
M5H 3B7 Canada

Telephone: 1.888.809.3333

www.NEInvestments.com

NEI, Northwest Funds, Aiming for Better Returns with Less Risk, Ethical, Ethical Funds, Ethical Growth Fund, and Make money. Make a difference. are registered marks and trademarks owned by Northwest & Ethical Investments L.P.

