



NEI ETHICAL FUNDS CALLS FOR INVESTORS TO GET A GRIP ON HIGH EXECUTIVE PAY

NEI Ethical Funds' recent white paper addresses the issues of executive compensation

[Toronto, October 3, 2012] – NEI Ethical Funds has called for the investment industry to turn up the heat on high executive pay. In a white paper released today, titled *Crisis, What Crisis?*, the investment management company says there is a design flaw at the heart of how the executives of public companies get paid. This flaw has encouraged excessive risk-taking, contributed to the global financial crisis and presents systemic risks to our economy by contributing to income polarization and the shrinking middle class.

It is stated that fixing this problem will take a fundamental repositioning of the corporation's purpose away from maximizing returns for shareholders and towards the idea that the corporation should provide a positive return to all company stakeholders including customers, employees, communities and investors.

The underpinnings of shareholder value maximization are now under attack by legal scholars, public policy leaders and the people who actually manage companies.

"A focus on shareholder value maximization is misplaced. While companies do need to pay attention to share price, they also need to focus on providing good products at good value for customers. Companies need to attract, motivate and retain engaged employees and work well with their suppliers. They need to be welcome neighbours in the communities where they locate operations," said Robert Walker, Vice President of Ethical Funds for NEI Investments. "All of these goals are important and the evidence shows that companies that focus solely on the shareholder will underperform over the long term."

In place of shareholder value maximization, NEI Ethical Funds recommends that public companies, and the investment institutions that own their shares, embrace the stakeholder theory of the firm.

"Through Ethical Funds we've been pushing the stakeholder model for years and encouraging companies to integrate stakeholder-specific metrics into the design of executive compensation," said Walker. "And in fact, our recommendations have been taken up by several companies. In releasing *Crisis, What Crisis?* we're calling for our colleagues in the responsible investment industry around the world to support the stakeholder model as they vote on company pay packages."

Crisis, What Crisis? is available on the NEI website at:

<https://www.neiinvestments.com/Pages/ESGServices/Research.aspx>

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ABOUT NEI INVESTMENTS

NEI Investments is a national investment firm with approximately \$5 billion in assets under management. It offers Canadian retail investors unique access to top independent money managers through high quality investment solutions in two fund families, Northwest Funds and Ethical Funds. Its products provide investors with a full range of investment management styles as well as conventional and socially responsible investment choices.

NEI Investments is owned 50% by the Provincial Credit Union Centrals and 50% by Desjardins Group, united in their focus to strengthen and serve the cooperative financial movement across Canada. This backing of experience and resources allows NEI Investments to actively support business growth in these networks as well as independent advisor channels.

NEI Investments has offices in Toronto, Vancouver and Montreal.

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