

# Moral concerns raised over pay ratio roll-back

## Faith-based investors speak out on risks of a change in SEC's planned disclosure of employee-CEO pay ratio

[Praxis Mutual Funds](#)<sup>®</sup> and [Christian Brothers Investment Services](#) led a group of seven faith-based investment organizations in urging the Securities and Exchange Commission to keep a rule requiring businesses to disclose the CEO/median worker pay ratio.

The rule came into effect January 2017. The SEC is now reevaluating the disclosure, however, due to pressure from the new administration to eliminate regulations that are perceived to cause an undue reporting burden to companies.

Praxis, CBIS and the other signatories believe the CEO/median worker pay ratio provides valuable information about a company's health – and is an important measure of income inequality in society. Disclosing the CEO/median worker pay ratio will help develop a more fair and efficient economy be fairer and more efficient, outweighing any negatives.

"Faith-based investors serve not only as financial fiduciaries, but also stewards of the intersection of real-world investment practices with the religious values and teachings of their communities," said Mark Regier, Vice President of Stewardship Investing for Praxis Mutual Funds, a faith-based, socially responsible family of mutual funds, designed to help people integrate their faith and finances. "This double responsibility brings us together with, but at times separates us from, others in the investment world."

Julie Tanner, Director of Catholic Responsible Investing<sup>SM</sup> for CBIS, an asset management firm that helps Catholic organizations align their investments with their beliefs, agrees. "Catholic ethical and social teaching recognizes the rights of employees to receive just wages and the obligation of corporations to share prosperity broadly throughout the firm. In a world filled with growing unrest over income disparity, companies can demonstrate a mutually beneficial relationship with their employees by disclosing the firm's compensation plans through the proposed pay ratio. This ratio can also help shareholders effectively assess how financial gains are distributed and how employee contributions are valued."

By signing the letter together as members of Interfaith Center for Corporate Responsibility – a network of asset managers and asset owners who collaborate to engage corporations on environmental, social and governance issues – the group has a more powerful voice to encourage the SEC to consider their concerns.

"The pay ratio rule is about common sense transparency to improve corporate governance and ultimately company performance," said [Interfaith Center for Corporate Responsibility](#) CEO Josh Zinner. "It is also fundamentally about

companies reflecting on and reckoning with the vast, widening gap between CEO and worker pay and how that contributes to income inequality in our society.”

ICCR includes members from a variety of faith backgrounds that share a common desire to use their investments toward the greater good.

"Inequality is a societal problem addressed by all ethical traditions," said [Azzad](#) President and CEO Bashar Qasem. Azzad is a faith-based mutual fund company rooted in the Islamic traditions. "Islamic teachings decry the hoarding of wealth, which prevents the circulation of capital and its contribution to the real economy. To the extent that the pay ratio disclosure rule helps to counter inequality through transparency it is imperative that all people of conscience endorse its objectives."

### **About Praxis Mutual Funds**

Praxis Mutual Funds is a leading faith-based, socially responsible family of mutual funds designed to help people and groups integrate their finances with their values. Praxis is the mutual fund family of Everence Financial, a comprehensive faith-based financial services organization helping individuals, organizations and congregations. To learn more, visit [praxismutualfunds.com](http://praxismutualfunds.com) and [everence.com](http://everence.com), or call (800) 348-7468.

### **About Christian Brothers Investment Services**

CBIS is a global investment management firm that has been a trusted partner for Catholic institutions and their consultants worldwide for over 35 years. The firm manages more than \$6.6 billion across a variety of Catholic organizations including dioceses, schools, hospitals, and religious institutes. Specializing in Catholic Responsible Investing<sup>SM</sup> (CRI), a distinct investment approach that combines research-driven stock screening with active ownership, CBIS helps Catholic organizations align their investments with Catholic beliefs. Using CRI as an overlay, CBIS actively blends complimentary institutional managers to sub-advise its diverse range of investment strategies. CBIS is a Registered Investment Advisor owned by the De La Salle Christian Brothers in the United States and the Center of the Institute in Rome. CBIS has offices in New York, Chicago, San Francisco and Rome.

### **About the Interfaith Center on Corporate Responsibility**

Celebrating its 46th year, ICCR is the pioneer coalition of shareholder advocates who view the management of their investments as a catalyst for social change. Its 300 member organizations comprise faith communities, socially responsible asset managers, unions, pensions, NGOs and other socially responsible investors with combined assets of over \$200 billion. ICCR members engage hundreds of corporations annually in an effort to foster greater corporate accountability on questions such as climate change, corporate water stewardship, sustainable food production, human trafficking and slavery in global supply chains and increased access to financial and health care services for communities in need.

## **About Azzad**

Azzad Asset Management, investment advisor to the Azzad Funds and sponsor of the Azzad Ethical Wrap Program, is committed to providing investment services designed to help people enjoy optimum performance without compromising their values. Azzad is a member of the Forum for Sustainable and Responsible Investment, the Interfaith Center on Corporate Responsibility, and the Accounting and Auditing Organization for Islamic Financial Institutions. The firm, based outside Washington, D.C., is a registered investment advisor with the U.S. Securities and Exchange Commission.

**You should consider the fund's investment objectives, risks, charges and expenses carefully before you invest. The fund's prospectus and summary prospectus contain this and other information. Call (800) 977-2947 or visit [praxismutualfunds.com](http://praxismutualfunds.com) for a prospectus, which you should read carefully before you invest. Praxis Mutual Funds are advised by Everence Capital Management and distributed through BHIL Distributors LLC., member FINRA/SIPC. Investment products offered are not FDIC insured, may lose value, and have no bank guarantee. BHIL Distributors LLC is not affiliated with Christian Brothers Investment Services or Azzad.**