

**CODE OF  
CONDUCT**

April 2018

## PREAMBLE

The CAER Code of Conduct sets out the standards of our organisation, detailing how we want to interact internally with each other, and externally with our business partners, clients and broader stakeholders. To this end, our Code of Conduct is a public statement of commitment, and a guidance to employees and directors.

CAER will endeavour to abide by the spirit of its mission and guiding principles when dealing with staff and other stakeholders. We expect our employees and contractors to actively support us in these endeavours and uphold these ideals in the conduct of their employment.

Our Code of Conduct is structured in a way that underlines our core values. These are:

- Provide independent, evidence-based research and analysis.
- Deliver professional, high quality services.
- Develop solutions focussed on client needs.
- Cultivate open, transparent and long-term relationships.
- Ensure fairness and honesty in all dealings.

An important part of our business is our relationship with Vigeo Eiris. As part of this relationship, all CAER staff are also bound by [Vigeo Eiris' Code of Conduct](#), which is provided to all staff and is available online.

## Scope

This Code of Conduct has been endorsed by the CAER Board of Directors and applies to all employees and directors. This includes full-time, part-time, casual employees and contractors.

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## CAER MISSION, VISION, BELIEFS AND VALUES

### MISSION

To broaden the reach of ethical and responsible investment we provide structure and add value to ESG (environmental, social and governance) information on companies and investment portfolios.

### VISION

A diverse range of organisations in Australia and New Zealand seek our services because we provide important ESG research and information across all facets of their ethical and responsible investment journey.

### BELIEFS

- The integration of responsible investment approaches into investment decision-making results in better long-term investment returns. Responsible Investment is not a 'one size fits all' method. Different strategies and stages of the process require different support and inputs.
- Comprehensive research based on timely, detailed, verifiable and integral data is critical to sound ESG integration and investment decisions. ESG data and research should also be analysed as significant and meaningful in a 'real-world' context. Investment decisions informed by ESG research creates impactful investment and avoids tick-box or black box investment decision-making processes.
- All participants in the investment market have a significant role to play in addressing, preventing and managing the impacts of climate change, environmental degradation, damage to health and societal welfare, and human rights abuses. Investing responsibly is an important part of acting on this duty.
- Productive dialogue between investors and other market stakeholders, such as consumer groups, companies, civil society, government, academic institutions and research organisations, ensures ESG strategies provide meaningful outcomes for society.

### VALUES

- Provide independent, evidence-based research and analysis.
- Deliver professional, high quality services.
- Develop solutions focussed on client needs.
- Cultivate open, transparent and long-term relationships.
- Ensure fairness and honesty in all dealings.

# Provide independent, evidence-based research and analysis.

This value speaks to CAER's focus on the quality of its research, products and services, and the approach that we seek to cultivate and maintain in our work. It relates to our belief that *comprehensive research based on timely, detailed, verifiable and integral data is critical to sound ESG integration and investment decisions.*

In order to remain free of commercial, financial or other conflicts it is important that CAER staff maintain the utmost level of integrity. This includes a clear awareness of the Code of Conduct when use of privileged or confidential information is required.

CAER staff need to keep the principles of fairness, honesty, sincerity, professionalism and commitment to an independent view front of mind. In a situation where these principles may be compromised, a supervisor or the Compliance Officer must be made aware in order for CAER to uphold its integrity and independence.

To align with and uphold this value, CAER has implemented the following policies:

## We must be aware of conflicts of interest

There may be times when our personal interests conflict with those of the CAER business. In these circumstances, we should take action to remove or manage the conflict to avoid detriment to CAER, individual employees of CAER or its shareholders.

CAER employees must maintain an impartial view of all company information obtained through work with CAER.

CAER staff with responsibilities in the area of specific company research need to ensure they do not have interests that may impair their objectiveness to collating and assessing relevant company information. In instances where conflict is identified, employees will declare their interest and research in that company shall be assigned to another staff person. CAER employees will be made aware of the fact that they will be required to notify management if they have an interest in a company or an investment that is the subject of their paper, report or other related research work, or project matter.

For example:

- When a CAER employee is asked to write a recommendation in relation to a potential investee company and the employee has a direct material interest in that company, the employee will need to declare that interest.
- CAER employees may from time to time find themselves direct shareholders in investments contained in client portfolios and may wish to disclose this fact for the purposes of transparency and noting such potential conflicts of interest.

CAER staff with responsibilities in the area of client services or sales are not to research Australian companies operating in the finance sector, to minimise potential for conflicts of interest between objective research and the desire to please potential clients.

CAER's compliance officer maintains a conflict of interest register. All employees need to raise potential conflicts of interests immediately with the compliance officer who then takes further action if required.

All CAER staff also need to pay particular attention to Vigeo Eiris' conflict of interest policy as outlined in the [Vigeo Eiris Code of Conduct](#).

### We must ensure the confidentiality of information we access

In our day-to-day work we gather information and data that is used to compile reports and assessments on companies on behalf of investors interested in environmental, social and governance data. CAER prides itself on its independence and stance on confidentiality in the investment market.

In most of our work, companies are contacted as part of a review of their activities and disclosures against a set of clearly defined criteria that feed into a database to produce research reports on environmental, social and governance (ESG) indicators.

Data and information provided through interactions with companies is used in CAER research reports and outputs for clients who are interested in the ESG performance of their investee companies. CAER accepts reasonable confidentiality restrictions on documents and information provided.

CAER will not distribute copies of internal documentation, such as management systems manuals, employee handbooks or documents marked "confidential". In some instances, information gleaned from internal documents is summarised for assessments of data points to fulfil criteria required on ESG indicators.

CAER makes use of other public sources of information including, but not limited to, annual reports, company websites, sustainability reports, industry sources, press articles or non-government organisation publications. As these forms of publication are in the public realm, CAER assumes that companies allow information contained in them to be distributed freely.

Information that CAER collates and assesses may be used by and distributed through our global networks at Vigeo Eiris. In other cases, ESG data and research informs commissioned research publications, reports to investors ranking companies, screening for charity donor purposes, as well as the construction of ethically screened or ESG integrated indices. When interacting with companies, CAER will always include an explanation and reasoning for contact and information requests.

Should interested parties have questions or comments in relation to this policy or the points covered herein, feedback or questions with regard to confidentiality can be sent to our contact point via [contact@caer.com.au](mailto:contact@caer.com.au).

## We must not make unauthorised gains or payments

The giving or receiving of bribes is prohibited outright. Breaking this principle could compromise all concerned and is illegal. This also covers facilitation payments of any sort.

As a general rule we do not accept (or offer to give) gifts, services, discounts, gratuities or other gains from (or to) people who conduct business with CAER. There are some exceptions – small gifts or invitations to local social or sporting functions are generally acceptable where disclosed and of minor value. Ask CAER's compliance officer if you are unsure.

## We must not participate in insider trading

As part of our work, we may gain access to privileged information that falls under strict regulation for publicly listed and traded companies. If you have acquired information through work with CAER that is not publicly known, is price sensitive, and that you may have an interest in, then you must not pass that information on to another person or encourage another person (for example a family member or friend) to deal in that entity's securities. By "securities" we mean shares, units or any form of derivatives such as warrants or options.

## We provide factual information, not financial advice

CAER staff will always make clear to enquirers and clients that CAER's research should only be used for the purpose of an ESG assessment of client portfolios, and/or the review or adoption of an ethical investment policy. In our interaction with clients we need to make sure that nothing in the research or information CAER provides constitutes financial advice. Any information provided by CAER has been prepared without taking into account client investment objectives, nor does CAER consider a client's financial situation or needs. Clients and their officers will consider the appropriateness of any information CAER provides in the context of their particular financial circumstances and they will retain responsibility for any investment decision they make.

CAER employees shall always strive to undertake business in accordance with accepted principles of best practice, honesty and diligence.

# Deliver professional, high quality services.

This value speaks to CAER's focus on the standard of its products and services, and our interactions with clients and stakeholders. This value is related to the achievement of all of our organisational beliefs. A professional quality of service ensures clarity in communication, focussed outcomes, maximises productivity, and contributes to the furthering the reach of sustainable environmental, social and governance (ESG) practices.

To align with and uphold this value, CAER has implemented the following policies:

## We deliver high quality, verifiable research and services

As outlined in our vision, mission, beliefs and values, CAER undertakes to provide high quality services through the provision of responsible investment research such that:

- Data and sources are verifiable through a standardised research process that adheres to a clear methodological framework.
- Our processes and outputs as well as the work we distribute to our clients is of a standard that can be independently audited on a regular basis.

CAER believes that responsible investment is made possible through the broad availability of high quality research. We strive for material supporting and documenting the responsible investment dimensions of corporate behaviour to become widely used in investment decision-making processes.

## We must be familiar with policies and procedures that relate to our work

Policies and processes exist for a reason and CAER employees must make themselves aware of the policies and procedures that affect their roles within CAER. In particular, employees and directors must be clear about limits of authority and never exceed those limits by committing CAER verbally, in writing or by email beyond those limits. Together CAER officers should work collaboratively and, within the bounds of commercial confidentiality, to gain an understanding of responsibilities and actions that cover the scope of CAER work duties.

## We learn from mistakes and successes

CAER understands that we all make mistakes from time to time. We expect that if mistakes are made during the course of our work that they are recognised, owned up to, and steps are taken to fix them. If an employee continues to make the same mistake, CAER will take the necessary actions to ensure that the mistake is fixed and that further repetition is avoided.

CAER strives to learn from the past. We ask our employees to look for opportunities to review experiences and outcomes that went particularly well, or particularly badly, and to learn from them. A willingness to learn and improve contributes to success, as does a positive attitude.

### We must not disclose private information

In the course of our work, CAER staff may have access to private information. Unless permission is given employees must not make use of or distribute any such private and confidential information. This includes not revealing information to other sections of CAER or using the information provided for a different purpose without first obtaining permission from an authorised officer of CAER. This includes responsibilities around information security, such as credit card information, bank account details, tax file numbers and other personal information or data that needs to be kept secure either on computer systems or in filing cabinets in the company office space. Each employee has a responsibility to keep confidential information that they may have access to secure, through either passwords on computer systems, locked in a secure workplace or under lock and key in a filing cabinet or appropriate safe.

### We must not make unauthorised public statements

Employees must be mindful of our public image when representing CAER at speaking engagements and official appearances as when producing public facing documents such as media releases. In particular, we must be careful when it comes to advocacy and campaigning:

- Do not make unauthorised comments that may be construed as representing the official views of CAER. Ensure that any publicly available information we use (for example, in publications, memos, presentations or releases) utilises a format that has been approved for public distribution.
- Historically CAER's research and analysis has been used to support advocacy efforts in investment markets. CAER understands and respects each client's mission may differ with regard to fulfilling duties related to advocacy and campaigning. CAER only engages in business that provides information and research to advocacy efforts that align with our core beliefs. CAER does not engage in or support campaigns that seek to bring disrepute or disruption to our clients.

# Develop solutions focused on client needs.

This value speaks to CAER's engagement with the needs and capabilities of our clients. It relates to our belief that *the integration of ESG considerations into investment decision-making results in better long-term investment returns and that ESG integration is not a 'one size fits all' method.*

We want our research to make a difference. This is possible through the delivery of ESG research and analysis that is relevant to our clients' needs. It cannot be assumed that the same inputs and processes will have the same effect in different environments and organisations. Our approach therefore needs to be tailored to each client's needs.

To align with and uphold this value, CAER has implemented the following policies:

## We act in our client's best interests

CAER employees should always strive to give clients and prospective clients what they genuinely need and value. To achieve this, we need to make sure we listen to and understand a client's problem, and have a proactive approach when dealing with clients as well as each other. We should:

- **Fix problems:** Unresolved problems can lead to resentment, petty feuds and demotivation. When identified, take appropriate steps to fix a problem. Never hesitate to seek advice.
- **Communicate clearly, specifically and often – and always explain why:** People are willing to do or support something if they clearly understand what is being asked of them and how it fits into a bigger picture. In all interactions explain why and how specific asks or tasks contribute to the end game.
- **Always seek to improve and recognise that everyone is learning:** markets never stand still, neither do we and neither does our business. Continue moving forward, learning and improving.

## We ensure client confidentiality

CAER treats all client interactions and service provisions as confidential. Client information and details of services are not be shared publicly without the express instruction or consent of the client.

# Cultivate open, transparent and long-term relationships.

Open, transparent and long-term are principles at the core of responsible investment. We therefore always strive to apply these principles to all of our dealings. This value speaks to our belief that *productive dialogue between investors and stakeholders in society ensures that ESG strategies provide meaningful outcomes.*

To align with and uphold this value, CAER has implemented the following policies:

## We put people before profit

CAER's key assets are the people that work for us. This principle guides decisions on matters related to pay, work hours, office environment, holidays, personal and professional development, time-off-in-lieu for personal matters, and anything that might fall under this heading. CAER considers the following areas when making decisions about the treatment of employees:

- **Motivation:** People work best when motivated and inspired by purpose– not when forced into doing work that seems like a chore. We encourage and incentivise people to bring out their best work in a manner that is engaging and empowering, not forced.
- **Initiative:** People are content if they are willing and able to use their own initiative. CAER cannot give full autonomy, as the business has work deadlines to meet and projects to schedule. CAER can give everyone a bit of time each day and will not seek to dictate what is done during this time.
- **Remove obstacles:** Avoid micro-management, trust people to do their best. Wherever possible follow the principle of 'guide and step aside'.
- **Take responsibility for your actions:** We take responsibility for projects or work that we lead on. This means that the relevant person should take responsibility and is accountable for the work they are doing. If issues arise, we expect that steps be taken to address them. Do not blame, or seek to find someone to blame for a problem. If you need help, seek support from other team members.

## We always take into account environmental and health and safety impacts

CAER's policies and procedures manual outlines the policies used when CAER makes business decisions. These policies require CAER staff to consider environmental and social criteria as part of this process. In particular, this includes social impacts such as health and safety and non-discrimination, but it also includes the impact of the business in terms of the environment with regard to greenhouse gas emissions, energy use, water use and waste generated where this is applicable.

It is important that CAER employees act in a way that promotes the underlying business principles espoused in CAER's everyday business dealings. Staff should strive to ensure that business decisions do not compromise a commitment to avoiding injury to people or damage to the environment, and that at all times local regulations are adhered to.

# Ensure fairness and honesty in all dealings.

This value acknowledges that employees and stakeholders are entitled to fair treatment. It connects to the integrity of all of our beliefs.

CAER seeks to identify behaviours and situations that may have an unfair impact and always strives to remedy them. We treat our clients, business partners, peers and each other with respect and aspire to be truthful in all of our interactions. We foster positive client relationships through disclosing our capabilities and limitations. We commit to realistic goals, but try to deliver more than is expected to clients.

To align with and uphold this value, CAER has implemented the following policies:

## We must compete fairly

CAER is committed to fair competition. When competing for business CAER undertakes to do so fairly and to the best of its ability. We do not intentionally mislead clients, business partners, competitors or the community. We make use of CAER's reputation in legitimate ways and refuse to associate in deceitful market practices. These commitments also align with the [Vigeo Eiris' Code of Conduct](#).

## We must only use company assets as authorised

CAER's assets are critical to the success of our business. These include office equipment, computer systems, data on those systems (including the passwords allowing access to that data), brands and corporate charge cards. CAER assets are provided to employees solely for conducting CAER business. Any use you make of these assets must be authorised by CAER.

## We must ensure a safe and healthy workplace

CAER principally operates out of an office that we use for computer-based work, meetings and phone communications. We maintain a health and safety register and a detailed occupational, health and safety policy for the CAER business. The detailed policy is part of CAER's Employment Policies document and is supplied to all employees.

## We must ensure everyone experiences equal opportunity and has a workplace free of harassment and bullying

CAER has a commitment to providing equal opportunity for all its employees. Discrimination or harassment of any kind is inconsistent with our core business philosophies. Equal opportunity applies among other things to issues such as race, sex, religion, age, disability and sexual orientation.

All employees shall receive fair and equitable treatment in all aspects of recruitment and employment without regard to political affiliation, union membership, beliefs, gender, sexual orientation, marital status, pregnancy, or physical disability.

Equal pay is provided for work of equal value.

Cases of inappropriate behaviour place public confidence in our professionalism and integrity at risk. If in doubt of how best to act in a given situation, ask for guidance. This statement covers any kind of harassment in the workplace and when representing CAER on business. Any complaints or grievances need to be responded to in accordance with our Whistleblowing Procedures set out in this code of conduct.

Refer to CAER's Employment Policies for more specific detail including reporting and grievance mechanisms.

## COMPLIANCE

Compliance with the Code of Conduct and Employment Policies is overseen by CAER's compliance officer.

If there is an incident that arises where failure to comply with this code of conduct or other employment policies occurs, the CAER compliance officer will record the failure of compliance in accordance with CAER's procedures for dealing with breaches. Details of these procedures are set out in our employment policies and procedures manual.

If a breach is significant then it may require a report to regulators such as the Australian Securities and Investments Commission or police. Disciplinary action may apply as set out in CAER's employment policies. All CAER employees have access to our employment policies via our common files system.

To maintain a register of minor and major compliance issues, CAER documents the following:

- Register of key people and responsibilities, maintained in CAER's internal Procedures Manual
- Conflicts of Interest Register
- Incident Report Register
- Health and Safety Register
- Incident triggered reports to the Board or regulators on any failures to comply with company policy that may require such reports.

All Registers are updated on an ongoing basis, and are formally reviewed and checked by the compliance officer at least once per year, before the first Board meeting each calendar year.

### Whistleblowing and Grievances

CAER aims to achieve conduct that exceeds best practices. To this end, we ask employees to notify their manager or the compliance officer of any breaches of the code should they become aware of them.

CAER strives to build a reciprocal nature of trust between our organisation and its employees.

CAER encourages employees to discuss any matters which could be cause for concern with managers or supervisors to resolve an issue before it escalates.

If discussions with a manager or supervisor are not appropriate, employees may discuss matters in confidence with the compliance officer, which should enable the issue to be resolved.

Any CAER employee may disclose or inform the compliance officer of any individual or organisational breach, danger, scandal, corrupt practice, whether internal or external.

Further, the employee should do so without fear of retribution and in the knowledge that as far as is possible, the matter will remain confidential.

Clients and external stakeholders can raise grievances with CAER's Compliance Officer or Vigeo Eiris' Director of Methodology and Institutional Relations.

### Review and update

The code of conduct may be updated from time to time, and incorporated in the company records. A record of changes and updates is set out in the table below.

*Last Amended – February 2018*

<b>Version</b>	<b>CAER Compliance Officer</b>	<b>Policy Date</b>	<b>Board Approval</b>
1 - 2012	Konrad Knerr	Apr 2012	Dec 2012
2 - 2013	Konrad Knerr	Dec 2013	Dec 2013
3 - 2014	Konrad Knerr	Jul 2014	Dec 2014
4 - 2015	Konrad Knerr	Nov 2015	Dec 2015
5 - 2018	Konrad Knerr	Apr 2018	Apr 2018

Next revision due in January 2019.

**Questions and concerns:** please get in touch with your supervisor, our compliance officer or via email [contact@caer.com.au](mailto:contact@caer.com.au)