



CAER Code of Conduct

The CAER Code of Conduct is intended to provide guidance to employees and directors on the standards that CAER expects in the conduct of its operations. The Code has been endorsed by the CAER Board of Directors and applies to all employees and directors.

Whistleblower Policy:

The following code of conduct sets a standard of conduct for CAER employees.

The code also has a policy that enables employees to notify of breaches to or specific non-adherence to the code, should they become aware of this.

Any CAER employee may disclose or inform the company 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 so far as it is possible it will remain confidential.

CAER strives to achieve conduct that exceeds best practices of honesty and integrity.

Hence CAER recognises the importance of trust between CAER and its employees and the reciprocal nature of mutual trust.

First CAER encourages employees to discuss with managers or supervisors any matters which could be cause for concern to resolve the issue.

Second or alternatively you may discuss matters in confidence with the Compliance Officer, which should enable the issue to be resolved.

Third you can also consider and discuss your personal position including how to deal with your concern through the staff counselling service: [IPS Employee Assistance Program, on 1300 366 789 or 1800 451 138 after hours.](#)

Conflicts of interest:

We must be aware of conflicts:

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

CAER employees should maintain an impartial view on all company information obtained through work with CAER.

For example:

- When a person/entity approaches CAER or Australian Ethical because of an association with a CAER employee to apply for a loan or to seek investment monies. That person will need to declare an interest and not be involved in the process due to conflicting interests;

CAER

Corporate Analysis Enhanced Responsibility

- A CAER employee is asked to write a recommendation in relation to an Australian Ethical Investment Ltd potential investee company and that employee has a direct material interest in that company. That person will need to declare the interest;
- CAER employees may from time to time find themselves direct shareholders in investments contained in Australian Ethical investment portfolios and may wish to disclose this fact for the purposes of transparency and noting potential conflicts of interest.

Integrity and Independence

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 front of mind the following values: fairness, honesty, sincerity, professionalism and commitment to an independent view and in a case where this may be compromised this needs to be made clear to a supervisor or the compliance officer in order that principles of integrity and independence are upheld.

In these instances employees will declare their interest and the 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 the company or investment that is the subject of their paper/report, pending the adoption of this policy.

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

This policy is distributed to all CAER employees and directors and makes up part of the information provided to new employees when they join CAER.

Compliance:

If there is a an incident that arises where failure to comply with this policy occurs, then the CAER Compliance Officer will record the failure of compliance in accordance with CAER procedures for dealing with breaches.

This will require it being reported in the Annual Compliance report, which is required under the Authorised Representative Agreement between CAER and Australian Ethical. If one of these breaches is significant then it may require a report to the Australian Securities and Investments Commission. Disclosure of Conflicts of Interest Procedure as it relates specifically to EIRIS Ltd is at Appendix A below.

The following documentation will be maintained by CAER:

- the company policy on conflicts of interest as updated from time to time and incorporated in the company procedures manual;
- A conflicts register;
- Annual Compliance reports as required under the authorised representative agreement between Australian Ethical and CAER;
- Specific reports to the Board or regulators on any failures to comply with company policy that may require such reports.

A Conflicts of Interest Register is maintained by CAER and updated on a regular basis.

CAER Code of Conduct 2009.doc

Updated – 26 November 2009



Specific standards of conduct:

We must not participate in insider trading:

If you have non-publicly known, price sensitive information such as: information acquired through work with CAER and you may have an interest in it; or information that has come to your knowledge through your employment with CAER, then you must not pass that information on to another person or encourage another person (for example a family member) to deal in that entity's securities. By "securities" we mean shares, units or any form of derivatives such as warrants or options.

In addition, as a general rule, if you are an Australian Ethical shareholder you should not buy or sell Australian Ethical shares between close of the financial year, or half year, and the announcement of results.

We must not make unauthorised gains or payments:

As a general rule, don't 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. The giving or receiving of bribes is prohibited outright. Breaking this principle could compromise all concerned and is illegal. This policy covers facilitation payments of any sort.

We must only use company assets as authorised:

CAER's assets are critical to business competitiveness and success. These assets 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 you for conducting CAER business. Any use you make of these assets must be authorised by CAER.

We must not disclose confidential information:

In the course of duties you may learn confidential information. Unless permission is given you must not use or give out any confidential information. This includes not giving confidential 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.

We must ensure everyone has an equal opportunity:

CAER has a commitment to equal opportunity for all its employees. Discrimination or harassment of any kind is totally inconsistent with company philosophy. This makes good business sense as well as being fair to all. Hence the policy covers among other things race, sex, religion, age, disability and sexual orientation.

Maintaining public confidence in professionalism and integrity is too important to be put at risk by inappropriate behaviour. Ask for guidance if in doubt, how best to act in a given situation. This statement covers sexual harassment at the workplace and on work business. Any complaints or grievance procedures need to be undertaken through the Whistleblowing Procedures contained herein.

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. This means not intentionally misleading clients, business partners, competitors or the community; only using CAER's reputation in legitimate ways and refusing to associate in doubtful market practices.

We must take into account any environment, health and safety impacts before making any business decision:

CAER Code of Conduct 2009.doc

CAER

Corporate Analysis Enhanced Responsibility

CAER's policies and procedures manual outlines the policies used when CAER makes business decisions. These policies require CAER staff to consider a range of environmental and social criteria as part of this process. In particular this includes elements of the social impacts outlined in detail in this code, 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 such a way as to promote 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.

We must not make unauthorised public statements:

We must take great care in public speaking engagements, media releases and official appearances. In particular, we must be careful in the following areas:

The public face of CAER:

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 form that has been approved for public distribution.

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

CAER officers must make themselves aware of policies and procedures that affect their roles as employees with CAER. In particular, officers must be clear about limits of authority and never exceed those limits by committing CAER verbally, in writing or by e-mail 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 provide information not advice:

CAER staff will always make clear to enquirers and clients that CAER's research should only be used for the purpose of an ethical assessment of client portfolios, and/or the review or adoption of an ethical investment policy. Clients acknowledge 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.

Charters:

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