

CAER – CORPORATE ANALYSIS. ENHANCED RESPONSIBILITY

Updated in March 2012

Activity: ESG Research Organisation

Legal status: Private company

Address:

Physical:

Trevor Pearcey House, 34 Thynne Street
Block E, Traeger Court, BRUCE ACT 2617

Postal: PO Box 229

Belconnen ACT 2616, Australia

Telephone: +61 (0)2 6201 1900

Fax: + 61 (0)2 6201 1987

E-mail: dpaterson@caer.org.au

Website: www.caer.org.au



Activities

► Products and services to investors

- ☒ Analysis/ rating
- ☒ Investment research and consulting
- ☒ Information provision
- ☐ Stock indexes
- ☐ Benchmarks
- ☒ Alert system
- ☒ Portfolio screening
- ☒ Company profiles
- ☒ Proxy voting services
- ☒ Sector and thematic research reports
- ☒ Participation in the creation of ethical stock indexes

► Universe

► Coverage

- ☒ Large-cap companies
- ☒ Non-listed large companies
- ☒ Small and mid-cap companies
- ☒ Non-listed SMEs
- ☒ Investment projects
- ☐ Local authorities
- ☒ Countries

► Products and services to companies

- ☒ Analysis/ rating
- ☒ Sector and thematic research
- ☒ Information provision
- ☐ Consulting
- ☐ Certification
- ☐ Audit
- ☐ Benchmarks
- ☒ Training
- ☒ Writing Sustainable Development reports or other, specify:

► Universe

ASX-300 and NZ-50

► Coverage

- ☒ Large-cap companies
- ☒ Non-listed large companies
- ☒ Small and mid-cap companies
- ☒ Non-listed SMEs
- ☒ Investment projects
- ☐ Local authorities
- ☒ Countries

► Other services

- ☒ Contribution to conferences
- ☒ Communication - Publication
- ☒ Stakeholder dialogue
- ☒ Contribution to sustainability reports
- ☒ Engagement / Dialogue with companies
- ☐ Other:

Organisation background and structure

► History and experience

Founded in 2000, the legal entity Centre for Australian Ethical Research, trading as CAER - Corporate Analysis Enhanced Responsibility was initially operated as a business unit of specialist ethical fund manager Australian Ethical Investment Ltd (AEI). CAER was formally established as an independent, private company that is not-for-profit and staff owned in October 2002.

► Geographical implementation

CAER is based in Canberra, A.C.T., Australia and covers the Australian and New Zealand markets as an international partner of the London based, Ethical Investment Research Services (EIRIS).

► Structure of capital

CAER is a not-for-profit and staff owned private company. Shares are held by company Directors, staff, its board of oversight and the Centre for Environmentally Responsible Investment (CERI).

► Governance

- Board of Directors

Includes representatives from CAER staff and the not-for-profit Centre for Environmentally Responsible Investment.

- Advisory Panel

Not Applicable.

- Deontology

CAER has a defined research methodology that ensures compliance of procedures to assure transparency of the research process and to ensure the integrity of its data. CAER is the only Australian organisation to be certified by the AI CSRR to the CSRR - QS 2.1 Voluntary Quality Standard.

- Annual income

Approximately \$600,000-\$700,000 per annum.

► Staff structure

- Total staff: 8
- Number of full time analysts: 7
- Number of full time auditors: 0
- Subcontracting: 0

► Memberships

- ☒ AI CSRR (Association for Independent Corporate Sustainability and Responsibility Research)
- ☐ Eurosif
- ☒ National SIF (Sustainable Investment Forum)
- ☒ PRI (Principles Responsible Investment)
- ☐ Academics network, specify:

► Professional partnerships

CAER is the Australian partner of the Ethical Investment Research Service (EIRIS).

CAER provides research on Australian & New Zealand companies to EIRIS.

Member of the Association for Independent Corporate Sustainability and Responsibility Research (AI CSRR).

► **Partnerships with producing organisations of stock indexes**

EIRIS partnership work feeds into the FTSE4Good Index.

► **University Partnerships**

CAER currently undertaking responsible investment research work with the University of New South Wales

Products and Services

► **Description and theme of products and services**

CAER maintains a database of the ASX-300 and NZ-50. Data on the local constituents of the FTSE All-World Developed Index are made available to global clients through EIRIS' Portfolio Manager software (EPM). CAER is the exclusive distributor of global data via EPM to investors in Australian and New Zealand markets.

► **Speciality-ies**

CAER is focused on the provision of ESG data in the Australian and New Zealand market place to institutional investors.

► **Objective**

CAER was established to provide independent social and environmental data on companies operating in Australia and the Asia-Pacific region. CAER's mission is to raise the level of awareness of ethical investment in Australia by providing tailored, independent, quality research services to fund managers and organisations so as to enable them to make informed investment decisions.

CAER's data assists clients seeking to apply ethical or responsible investment criteria using a range of different approaches including: exclusion; positive and negative screening; rating; best of sector methodologies and engagement.

► **Approach**

CAER is a not-for-profit and staff owned organisation focused on promoting product diversity in the ethical investment marketplace in Australia and New Zealand. CAER's approach is to collect data on a broad range of social and environmental criteria, without any philosophical or ideological bias, and to allow its clients to develop their own ratings or screens.

By using the EPM software developed by its UK partners EIRIS, CAER clients are able to quickly and easily develop investment portfolios tailored to meet the needs of their particular stakeholders.

► **Methodology**

CAER research processes are designed to maximise the diversity of information available to clients, at the same time as minimising use of subjective judgements when recording data points. Information is provided to clients on over 200 criteria, under the broad headings of environment, social issues and other general issues. CAER does not seek to provide an overall 'rating' of companies – rather, CAER seeks to provide quality quantitative data to enable the maximum of diversity of ESG data in the ethical investment market in Australia and New Zealand.

Information is provided to clients via the EPM software, and clients can access information at three different levels:

- Level 1 – database-style output;
- Level 2 – large report evaluating specific criteria effects per each company in the portfolio;
- Level 3 – detailed report on each company showing all the information that is held on that company.

► Analyse process of informations

► Criteria

► Screening Criteria

Positive criteria: *Criteria areas covered:*

- Environment – reporting; management systems; policies; performance; prosecution (mining, forestry, nuclear power, etc)
- Social Issues – corporate governance; community involvement; equal opportunities and diversity; health and safety; human rights; employee participation; stakeholder engagement; customer and supplier relations
- General Issues – alcohol, animal testing, fur, gambling, genetic manipulation, intensive farming/meat sale, military issues, political donations, pornography, positive industries, tobacco

Clients are able to utilise the above, and other, criteria to develop positive or negative screens, ratings processes, 'best-of-sector' ratings or engagement approaches, as they see fit.

► Sources of information Companies

Questionnaire: Annual

Rate of answer: 25-50%

Average time to answer: 1 week

Interviews: Occasionally

Visits of sites: No

Stakeholders:

Trade-unions, NGOs

Questionnaire: No

Interviews: Occasionally

Public information: social, environmental, financial and newspapers data bases, Government information sources, NGO information sources, Standards data.

Databases: Internal database system underlying EPM software

► Rating review

☒ quarterly

☐ bi-annually

☐ annually

► Alert system

There is an ongoing media monitoring process that will pick up alerts and there is a regular review of company announcements.

► Research and rating Schedule Average time of analysis by organisation: Approximately 1 day

The annual research plan is organised by company reporting dates. Questionnaires are sent out at times relevant to each company's main sustainability reporting date. Analysis of companies is carried out on an ongoing basis throughout the year, with specific triggers to update data held, such as web site checks and mail-out of data to companies to check on the accuracy of data.

► Financial performances

CAER doesn't keep track of the financial performance of rated companies.

► SRI stocks Indexes

FTSE 4 Good, created on July 2001 by FTSE and EIRIS.

CAER conducts sustainability analysis of Australian & New Zealand companies for this index, for EIRIS in London.

Client services

▶ **Clients**

Pension Funds, Investments Funds, Asset Managers, Financial Advisors, Public Institutions and Universities in Australia (100%)

- ▶ **Access to analysts for clarification of results at any time:** Yes
- ▶ **Information about changes in the analysis process:** Yes
- ▶ **Information about changes in the company's rating:** Yes
- ▶ **Publication and confidentiality of results:** Yes, CAER doesn't publish companies rating, CAER doesn't sign confidentiality clauses with companies.