

## #1. Responsible Investment Certification Program: Overview and Guidelines

### 1. Why the Responsible Investment Certification Program?

The Responsible Investment Certification Program (the Program) is one of core pillars for RIAA's overall goal to drive more capital into sustainable assets and enterprises, in order to shape more responsible financial markets, deliver strong financial returns, and through that contribute to a stronger and healthier society and environment.

The goal of the Program is to assist with the transformation towards more responsible financial markets in Australia and New Zealand in two key ways:

1. **Building the capacity of the industry to invest more responsibly:** helping to ensure that ESG and/or ethical factors are fully integrated into investment decision making by setting standards and highlighting good investment practice; and
2. **Helping consumers navigate towards more responsible and ethical investment choices:** helping responsible and ethical investment products to be more widely invested in because they are easier to find, better understood and align with the growing interest by many classes of investor.

Key to reaching this goal, the Program aims to increase the uptake and deepen the impact of responsible investment by:

- Helping investors find and compare responsible investment products and services through the standardized disclosure and transparent, easily accessible information;
- Enabling consumers to differentiate responsible investment products and services from other more conventional investment options, through the provision of the Certification Symbol for certified responsible investment products and services.

### 2. What is the Responsible Investment Certification Program?

There are three key parts to the Program:

1. Certification of products and services against inclusions thresholds, disclosure requirements and operational and quality processes;
2. The licencing of a Certification Symbol to qualifying products and services for use in communications including marketing; and
3. Effective communications and marketing by RIAA of the certified products and services.

The Program provides clear information, marketing support, disclosure and guidance at all points in the investment cycle – for individual investors (including retail and wholesale, across individuals, families, charities and not for profits), financial advisers, dealer groups, product providers such as fund managers and superannuation funds.

### 3. What are the Program Requirements?

There are six categories – three for financial services, two for products or funds and one for the whole of fund (superannuation funds only). The requirements for each are summarised in Table 1. (RI refers to responsible investment).

Table 1: Overview of program requirements by category

Requirement/Category	Financial Adviser	Dealer Group	Investment Management Service	Product Provider	Super/KiwiSaver Option	Super Whole of Fund
Financial, legal and governance compliance	✓	✓	✓	✓	✓	✓
Professional membership	✓					
Specified level of RI education, training and experience	✓	✓	✓			
Sound client RI advisory process	✓	✓	✓			
Inclusion and promotion of RI products	✓	✓	✓		✓	
Disclosure – RI products	✓	✓	✓			
Disclosure - RI strategies			✓	✓	✓	✓
Disclosure – holdings			✓	✓	✓	✓
Disclosure – product performance			✓	✓	✓	✓
Third party verification of RI strategies and processes			✓	✓	✓	✓
Quality & Threshold Test ( <i>internally applied</i> )	✓	✓	✓	✓	✓	✓
Commitment to Program Code of Conduct	✓	✓	✓	✓	✓	✓
Certification Symbol Trade Mark Licence Agreement	✓	✓	✓	✓	✓	✓
Licensee Marketing Kit & Style Guide	✓	✓	✓	✓	✓	✓
RI = responsible investment						

Refer to the respective category Application Form for details of program requirements or the *Program Requirements by Category Guide*.

#### 4. What is the Certification Symbol?

The Certification Symbol (the Symbol) is the Registered Trade Mark. All responsible investment products and service providers are eligible to enter into a two year licence (the *Certification Symbol Trade Mark Licence Agreement*, (the Agreement)) to use the Symbol after receiving program certification. The Symbol is owned and managed by RIAA.

By definition, the Symbol verifies that a Licensee has adopted the information, operational and disclosure practices required for the relevant category. In turn, the Symbol indicates to investors that they can access information about the Licensee and their services from RIAA's website and/or webtool [responsiblereturns.com.au](http://responsiblereturns.com.au) and [responsiblereturns.co.nz](http://responsiblereturns.co.nz).

The use of the Certification Symbol is covered by the *Licensee Marketing Kit & Style Guide* (the Guide). A condition of the licence is the use of the Certification Symbol in compliance with this Guide.

#### 5. Who can apply to licence the Certification Symbol?

Any member of RIAA can apply to have one or more of their products and services certified as part of the Program. Once the application has successfully progressed through the Program process, a licence agreement may be entered into for a period of up to two years at a time. So long as a member's RIAA membership remains current, as does their certification under the Program, the licensee is eligible to use the Symbol in accordance with the Guide and the Agreement.

## 6. How will my application be assessed?

The information contained in the application is strictly confidential. Your completed application form will initially be reviewed by RIAA staff for completeness, accuracy and relevance. If the application is missing information or evidence is required to substantiate some claims, a RIAA staff member will contact you requesting subsequent data. Once subsequent data has been received and reviewed, RIAA staff will provide a report to the RIAA's Certification Assessment Panel (CAP). The estimated time of this stage of the process is eight weeks.

The primary purpose of the CAP is to act as a delegate for the full RIAA Board in overseeing the administration and governance of the Program; the CAP may also comprise independent members from time to time. The CAP's operational activities are the assessment and approval for new and renewing Program participant applications and Certification Symbol licences. A key role of the CAP is to apply the Program *Quality and Thresholds Test* to new and renewing responsible investment products and financial advisory services.

Should the CAP approve the application, then you will be notified of the decision within five working days and sent a licencing agreement for the use of the Certification Symbol Trade Mark. You will need to read this agreement and have it signed and returned to RIAA before the product and/or financial services is officially certified.

In the case of new product providers, superfunds and investment management services, a third-party verification process administered by RIAA may be required within 12 months of Program entry; refer to Figure 2, step 5.

A process is in place for the disclosure of any conflicts of interest which may arise between a member of the CAP and licence applicant and ensure the interests (and confidential information) of the licence applicant is kept confidential and strictly commercial in confidence.

RIAA reserves the right to exercise its executive discretion and award certification to responsible investment products and services that meet, or that are likely to meet, the Program requirements ahead of the provision of evidence that those requirements are met. In this event, RIAA would direct the Applicant to produce the required evidence in support of Program requirements within a specified and reasonable timeframe.

RIAA also reserves the right to seek further information from the applicant and review the applicant criteria and program fees from time to time.

## 7. How long does the licence last?

Your inaugural Certification Symbol Trade Mark Licence Agreement lasts for two years from the date that you sign it. Every two years thereafter you will be invited to renew your Licence Agreement.

## 8. Terminology

To assist Licensees promote their product or service in a way that is most meaningful to their target market, the Certification Symbol is available featuring three different terminologies.

The term RIAA uses to describe the "family" of products and services which take environmental, social, ethical and/or governance issues into account when making investment decisions is *responsible investment*. Certified Products and Services may use any one of the two Symbol "**Responsible Investment**" or "**SRI**" to communicate their Certified status.

Figure 1: Program Certification Symbols

Responsible Investment



CERTIFIED BY RIAA

SRI (socially/ sustainable responsible investment)



CERTIFIED BY RIAA

Certified products and services that have met the Program requirements outlined in #22 *Requirement for trading with Ethical Investment TM Symbol* are also eligible to select from the use of the “**ethical investment**” Trade Mark Symbol. This Symbol signifies a certain style of investment that contains a minimum scope of generally accepted product exclusions such as tobacco and fossil fuels but also a minimum number of optional exclusions as well as building in other aspects of consumer expectations related to responsible investing, such as positive tilts towards cleaner technologies for example.

Ethical Investment



CERTIFIED BY RIAA

## 9. What are the costs involved in certification?

Certification is open to current RIAA members and program fees vary according to the category of certification.

Effective January 1, 2016 the fees and levies for members with certified products (Product Providers, Superfunds and Investment Management Services) are:

1. A levy of 25% of the licensee’s RIAA membership
2. A fee of \$AUD150 for the member’s second and each subsequent certified product, capped at \$AUD1,000 per year per member.

For existing certified members, the licence fee is payable upon the next membership renewal.

New certified Product Providers, Superfunds and Investment Management Services will require a third party verification of the self-declared data (application form) and shall be charged AU\$1,500 plus GST and reasonable expenses for the service. Applicants will be appointed a verifier from RIAA's Program Third Party Verification Panel.

There are currently no program fees or levies for Certified Advisers or Dealer Groups. RIAA reserves the right to amend the program fees from time to time.

## 10. What is the Program Code of Conduct?

Being certified as an adviser or having a product, fund or service certified under the Program, demonstrates a commitment to growing and developing responsible investment across our region and staying in step with developments in and performance of the responsible investment sector.

Consistent with RIAA's purpose and goals, participants in the Program commit to:

1. **Doing responsible investment well** – making a demonstrable commitment to superior ESG and ethical investment management and advice;
2. **Promoting success** – providing an accessible narrative for the performance and impact of responsible investing; and
3. **Clarity and transparency** - offering clear, transparent and easily accessible information for consumers and others to understand and navigate the broad array of products and services.

You will be required to confirm your commitment to the *Program Code of Conduct* as part of your application process and renewal.

## 11. How should I fill out and submit my application?

Applicants should express their interest in seeking their category certification by contacting RIAA at [info@responsibleinvestment.org](mailto:info@responsibleinvestment.org); RIAA shall then make the relevant links and log-ins available to you so that you can enter and submit your application details online. Should you have any supporting information that can't be easily uploaded or attached to the online application, feel free to email it to this same email address and provide your member name and product/ service in the subject line.

## 12. I've completed and submitted my application form, what happens now?

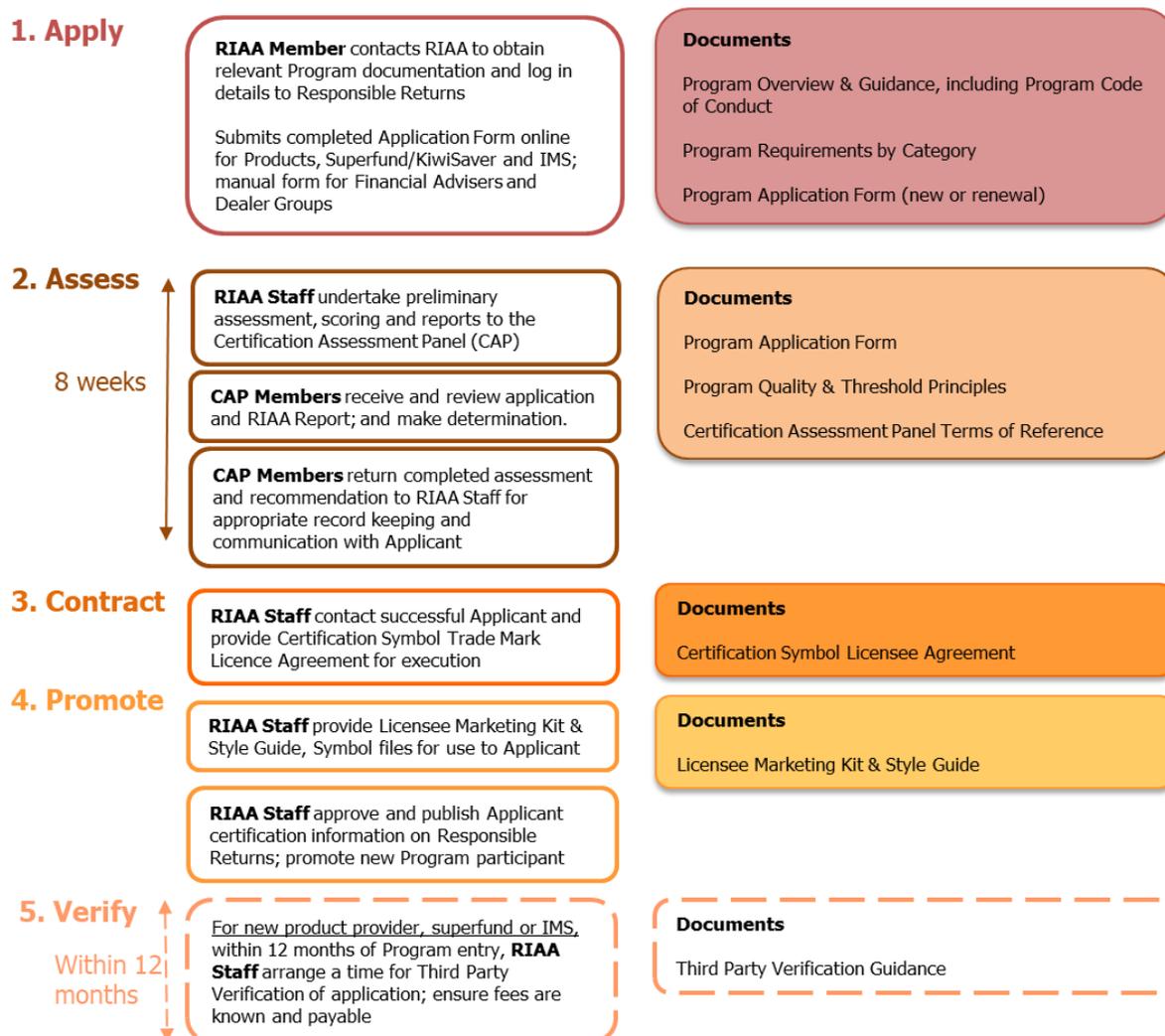
Stage 2 of the review process "Assess" is estimated to take eight weeks. Figure 2 shows the steps involved in the application process.

Once your application has been assessed and approved by the Certification Assessment Panel you will be issued with a *Certification Symbol Trade Mark Licence Agreement* which you will be asked to sign and return to RIAA.

Upon receiving your signed Agreement, RIAA will issue you with your chosen Certification Symbols. You will also receive the *Licensee Marketing Kit and Style Guide* which will help you promote your status as a certified Program participant.

At this time, RIAA will also add your product or service to its web-tool *Responsible Returns* and further industry and market-place marketing and promotions.

Figure 2: Steps in the Program application process



### 13. Who should I contact for help?

If you require any assistance completing your application or have any questions about the process, please contact RIAA:

Phone: +61 2 8228 8100  
 Email: [info@responsibleinvestment.org](mailto:info@responsibleinvestment.org)  
 Address: Level 9, 387 George Street, Sydney 2000 Australia