



CERTIFIED BY RIAA

# RESPONSIBLE INVESTMENT CERTIFICATION PROGRAM

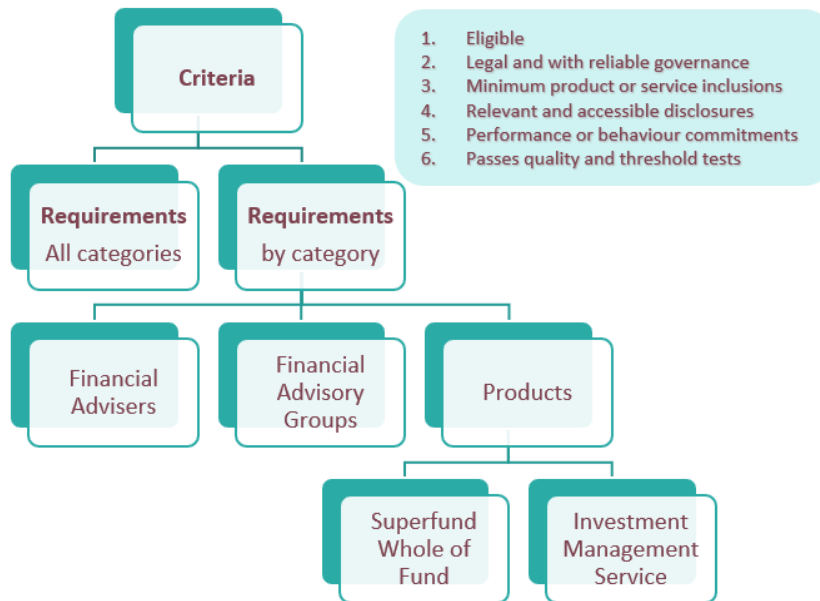
## RI CERTIFICATION STANDARD

## 1. Meeting the Responsible Investment Certification Standard

To be certified against the Standard, all six of the Criteria must be met.

1. Eligible
2. Legal and with reliable governance
3. Minimum product or service inclusions
4. Relevant and accessible disclosures
5. Performance or behaviour commitments
6. Passes Quality and Thresholds Tests

# Responsible Investment Certification Standard



There are two sets of Requirements that show applicants how to meet all six Criteria – Requirements All Categories and Requirements by Category.

## 2. Requirements all categories

Certified responsible investment financial advisers, financial advisory groups, products, investment management service and superfund whole of funds:

A1	Meet strict operational and disclosure requirements and make publicly available specific details of their services as laid out under the respective Category requirements (following)
A2	Invite their members, clients and peers to hold them to account for their behaviours consistent with the <i>Program Code of Conduct</i>
A3	Are subjected to and pass the <i>Quality and Thresholds Tests</i>
A4	Promote the Standard by incorporating the Certification Symbol into marketing and communications material in accordance with the <i>Certification Symbol Licensee Agreement</i> and the <i>Licensee Marketing Kit and Style Guide</i>
A5	Agree to participate in good faith in the <i>Program's Concerns &amp; Grievance Policy and Procedures</i> with a view to protecting the reputation of responsible investment peers, individual investors and/or the responsible investment industry as a whole
A6	Are current members of the Responsible Investment Association Australasia
A7	Are operating/offered for investment in Australia and/or New Zealand
A8	Are current and legally trading
A9	Are not persistently subject to legal proceedings and/or regulator investigation

A10	Commit to notify RIAA of material changes in product characteristics that may impact the suitability of the product remaining Certified under the Program.
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### 3. Requirements by category

#### Financial Advisers

Certified Responsible Investment Financial Advisers:

F1	<b>Be Licensed</b> – Maintain authority to provide financial advice in their jurisdiction
F2	Have Professional Membership - Maintain a current membership with a professional body
F3	<b>Be Experienced</b> - Have completed an approved training course OR have at least two year's relevant experience providing responsible investment advice.
F4	<b>Be Educated</b> – Meet the minimum ongoing education requirements by demonstrating how they stay up to date with developments in responsible investment through continuing education.
F5	<b>Promote responsible investment services</b> - Undertake to enquire about the environmental, social and governance preferences of ALL of their clients, as a minimum including appropriate questioning, and be able to perform an adequate client interview process.
F6	<b>Provide responsible investment products</b> – Can demonstrate that they can research and offer responsible investment products, having RI products on their approved products list (or equivalent).

#### Financial Advisory Groups

Certified Responsible Investment Financial Advisory Groups:

G1	<b>Are legal:</b> hold a current Australian Financial Services Licence; and
G2	<b>Are trained and/or experienced:</b> have at a minimum 50% of their advisers certified as responsible investment financial advisers under the Program. To be certified advisors have completed the RI Essentials course offered by the PRI Academy OR have at least two years' relevant experience providing responsible investment advice; and
G3	<b>Support their network:</b> are committed to and enable the provision of specialist responsible investment training to their adviser network; and
G4	<b>Provide responsible investment products:</b> include responsible investment products on its approved product list (or equivalent) including some that have been certified by RIAA; and
G5	<b>Promote responsible investment services:</b> include appropriate questions on responsible investing in their Financial Advisory Group Fact Find (or equivalent) that is used by ALL their advisers to ALL clients

## Products

Certified Responsible Investment Products:

P1	<p><b>Have formal, consistent, documented, and auditable RI strategies and processes: RI Strategies:</b></p> <ol style="list-style-type: none"> <li><u>are fully explained in legal product documentation</u> such as the Product Disclosure Statement (retail), Information Memorandum or Pitch book (wholesale) and/or equivalent documentation that supports the product, and</li> <li><u>are consistently and reliably represented</u> between the legal documentation, supplementary materials, website and other public platforms, and</li> <li><u>are underpinned by detailed, fit-for-purpose and formalized RI processes</u>, management systems and reporting frameworks and thereby <u>consistently and reliably applied to the Product</u>, and</li> <li>applied to the Product and its management processes are 1. verified by a <u>Third-Party Verification entity appointed by RIAA</u>; where some or all of the Product is managed by external manager/s, those managers' processes are also required to be verified by a Third-Party Verification entity appointed by RIAA (unless already certified by RIAA); 2. Subject to RIAA's annual spot audits (executed by RIAA or a Third-Party Verification Panel member designate) covering between 5-10% of eligible program participants renewing their product certification in a given year; and</li> </ol>
P2	<p><b>Make honest claims and are appropriately labelled:</b></p> <ol style="list-style-type: none"> <li>are named to accurately reflect the social, environmental, sustainability and/or ethical outcomes or responsible investment approach applied to the product and</li> <li>describe what could be reasonably expected by an investor in terms of the portfolio holdings of the product as well as</li> <li>ensure all claims made about the product are honest and not false or misleading nor include puffery, un-substantiations and unqualified predictions; and</li> </ol>
P3	<p><b>Avoid significant harm:</b> can detail how the responsible investment product strategy results in a product for investors that, as a minimum <i>avoids significant harm</i>; and</p>
P4	<p><b>Account for ESG factors in the investment process:</b> can evidence how the responsible investment approach accounts for the <u>explicit</u> inclusion of environmental, social and governance factors in its <u>systematic</u>:</p> <ul style="list-style-type: none"> <li>• selection, retention and realisation of assets, and/or</li> <li>• construction of portfolios and/or</li> <li>• risk assessment and management and/or</li> <li>• selection, assessment and management of managers; and</li> </ul>
P5	<p><b>Have relevant and accessible RI disclosures:</b> publish</p> <ol style="list-style-type: none"> <li>the benchmark against which the product is being financially measured (where relevant) and</li> <li>twice-annually, the past financial performance results/returns of the product and</li> <li>twice-annually, the details of their product's portfolio holdings (for equities funds, or an equivalent disclosure for other products (e.g. separately managed accounts direct to clients), including fund look through and derivatives) on the product's webpage with no longer than a 90-day lag and</li> <li>activities and outcomes from stewardship practices (both engagement and voting); taking affect for all renewing funds on January 1, 2021 and</li> <li>for products asserting certain sustainability outcomes or claims, the product's social, environmental and/or sustainability performance against benchmarks, goals or targets, at least annually as well as the methodology for measuring the Product's contribution to social, environmental and/or sustainability outcomes and</li> <li>if the Product uses short-selling, how such instruments are managed, the proportion of the product likely subject to short-selling; and on a <i>look through</i> basis, all underlying positions</li> </ol>

	including those to which there is zero net exposure after consideration of short-selling (or any other mitigating strategy); and
P6	<b>Are managed by active stewards:</b> can detail the stewardship practices applied to the management of the responsible investment product and articulate the improved investee governance outcomes of these practices; and
P7	<b>Are managed by organisations with a formalised commitment to responsible investing:</b> managing or issuing organisations can demonstrate their organisation-wide commitment to promote, advocate for or support approaches to responsible investment that align capital with achieving a healthy and sustainable society, environment and economy. This requirement takes affect within two years of entry to the Program and 12 months for entrants who have products certified under the Certification Program standard pre-dating July 2019; and
P8	<b>Provide educational information to members and customers</b> about the responsible investment approaches and investment outcomes

### Superfund (whole of fund)

Certified Responsible Investment Superfund whole-of-funds meet Requirements P1-P8 as well as:

W1	<b>Have in place a responsible investment charter or policy</b> that governs the way responsible investment is considered and implemented across the entire superannuation fund; and
W2	<b>Apply at least two RI approaches across the superfund</b> (e.g. screening plus ESG integration/active stewardship), with at least 85% of total fund assets managed under clearly defined RI approaches; and
W3	<b>Are actively involved in advocating for more responsible financial markets</b> either directly through contributions to public and industry-based discourses and/or indirectly through membership and participation in collaborative initiatives.

### Investment Management Service

Certified Responsible Investment – Investment Management Service meet Requirements P1-P8 as well as:

M1	<b>Are legal:</b> hold a current Australian Financial Services Licence; and
M2	<b>Are experienced:</b> their key and responsible investment personnel have at least two years’ relevant experience providing responsible investment advice and can demonstrate how they stay up to date on developments in RI (such as by meeting the requirements of RIAA’s Continuing Education Credits system); and
M3	<b>Have in place a published responsible investment charter or policy</b> that governs the way responsible investment is considered and implemented across the entire portfolio; and
M4	<b>Promote responsible investment services:</b> include responsible investments as part of the services systematically delivered to ALL clients, that should be able to be demonstrated by clear auditable process (e.g. such as questions in Fact Find, or online sign up).

## 4. Overview of main requirements by Category

Requirement/Category	Financial Advice	Financial Advisory Group	Investment Management Service	Product	Superfund Whole of Fund
Financial, legal and governance compliance	F1	G1	M1	A8	A8
Professional membership	F1				
Specified level of RI education, training and experience	F2	G2	M2		
Sound client RI advisory process	F3	G5	M4		
Inclusion and promotion of RI products	F4	G4	M4		
Disclosure – RI products	F4	G5	M4		
Educational RI information for clients			P8	P8	P8
Avoid significant harm			P3	P3	P3
Account for ESG factors			P4	P4	P4
Honest and substantiated claims			P1	P1	P1
Disclosure - RI approaches, holdings, performance, sustainability outcomes			P5	P5	P5
Managed by active stewards			P6	P6	P6
Formalised organisation-wide commitment to RI		G3	P7/M3	P7	P7/W1
Third party verification of RI approaches and processes			P1	P1	P1
Quality & Threshold Test ( <i>internally applied</i> )	A3	A3	A3	A3	A3
Commitment to Program Code of Conduct	A2	A2	A2	A2	A2
Licensee Marketing Kit & Style Guide	A4	A4	A4	A4	A4
RI= Responsible Investment					