



ASIC

Australian Securities & Investments Commission

REGULATORY GUIDE 65

Section 1013DA disclosure guidelines

ASIC guidelines to product issuers for disclosure about labour standards or environmental, social and ethical considerations in Product Disclosure Statements (PDS)

December 2003

What these guidelines are about

1 These guidelines are designed to help product issuers meet their new Product Disclosure Statement (PDS) obligations under s1013DA of the *Corporations Act 2001* (“the Act”). The guidelines apply together with other requirements for PDSs under Part 7.9 of the Act (e.g. s1013D(1)(l)). They provide guidance on the disclosure of how labour standards or environmental, social or ethical considerations are taken into account in selecting, retaining or realising an investment. The purpose of this improved disclosure is to:

- (a) enhance consumers’ ability to compare products and to select the product that best matches any goals they may have regarding these standards or considerations;
- (b) provide industry with greater certainty about how it can meet the new disclosure requirements without inhibiting developments in this area or product design, and without being commercially unrealistic or exposing product issuers to unreasonable levels of risk; and
- (c) ensure that products are “true to label” and do what they say they do.

2 Like ASIC Policy Statement 168¹ and IFSA’s Guidance Note on this issue,² these guidelines are designed to facilitate:

- (a) transparency—providing consumers with sufficient relevant information to understand the approach of a fund to these issues;
- (b) accuracy—ensuring information presented or omitted does not create a misleading or deceptive impression;
- (c) comprehensibility—presenting information in a simple and concise manner, recognising that too much information is as potentially problematic for consumers as too little; and
- (d) comparability—presenting information in a manner that allows consumers to compare different products.

3 This is a new area of disclosure, and so we have deliberately adopted a non-prescriptive, principles-based approach. We have also included transitional arrangements in the guidelines to enable product issuers time to adjust to them. This means that the guidelines only apply

¹ ASIC Policy Statement 168 *Product Disclosure Statements (and other disclosure obligations)* [PS 168].

² The Investment & Financial Services Association (IFSA) issued Guidance Note No. 14.00 *Socially Responsible Investment Disclosure* in February 2003.

to PDS *dated* after 10 March 2004 or *given* to a person after 10 March 2005. We intend to review these guidelines, in light of market conduct, in the first half of 2006, to ensure that the guidelines meet our objectives.

4 These guidelines do not set out what constitutes a labour standard or an environmental, social or ethical consideration, or what methodology product issuers should use for taking these issues into account. The guidelines do, however, make it clear that you must disclose *which* of these standards and considerations you take into account and *how*. If you have no predetermined approach, then this too must be clear. The more a product is marketed on the basis that such standards and considerations are taken into account, the more detail is required.

5 Section 1 of this document describes our s1013DA guidelines in detail, while Section 2 provides some background information on the development of the guidelines. Note that Section 2 does not form part of the guidelines.

6 These guidelines have taken into account the feedback we received from our December 2002 discussion paper, September 2003 draft guidelines and other consultations.

Important note: ASIC has the power to make binding guidelines under s1013DA of the *Corporations Act*. These guidelines have been made pursuant to s1013DA and **must** be complied with (subject to transitional arrangements).

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Section 1 The guidelines

Important note: These guidelines *do not apply* to investment products where labour standards or environmental, social or ethical considerations *are not* taken into account.

What products do these guidelines apply to?

1.1 These guidelines apply to all “products with an investment component” (investment products) where their PDS claims that labour standards or environmental, social or ethical considerations are taken into account in selecting, retaining or realising the investment. “Products with an investment component” include superannuation products, managed investments and investment life insurance.

1.2 Products with an investment component also include those:

- (a) with multiple investment options;
- (b) made up of different asset classes; and
- (c) where the issuer devolves all or part of the investment decisions to others.

1.3 We recommend you seek your own legal advice on whether other products are “products with an investment component”.

In what circumstances do these guidelines apply?

1.4 These guidelines apply to all investment products issued to retail clients where any of the following are taken into account by the product issuer when selecting, retaining or realising an investment:

- (a) labour standards;
- (b) environmental considerations;
- (c) social considerations; and/or
- (d) ethical considerations.

1.5 These guidelines apply when any of these standards or considerations are taken into account by the product issuer, even if a product does *not* promote or market itself as taking them into account.

1.6 Where labour standards or environmental, social or ethical considerations are *not* taken into account when selecting, retaining or realising an investment, the Corporations Regulations state that the PDS

must explicitly state this. These guidelines *do not apply* to products where these standards or considerations are not taken into account.

1.7 It is up to each product issuer to determine whether labour standards or environmental, social or ethical considerations *are or are not* taken into account when selecting, retaining or realising an investment and, if so, *how* they are taken into account.

1.8 The following table summarises when the guidelines do and do not apply.

Table 1: When do the guidelines apply?

The product issuer must ask:	If the answer is yes:	If the answer is no:
Are labour standards or environmental, social or ethical considerations taken into account when selecting, retaining or realising an investment for a retail client?	The guidelines <i>do</i> apply (even if the product is not marketed as taking these standards and considerations into account)	The guidelines <i>do not</i> apply, but the PDS must explicitly state that labour standards or environmental, social or ethical considerations are not taken into account

How do these guidelines apply to different products?

1.9 As noted above, these guidelines apply to all products with an investment component, including those with multiple investment options, those made up of different asset classes and those products where the issuer devolves all or part of the investment decisions to others.

Products offering multiple investment options

1.10 For products with multiple investment options, these guidelines apply separately to each option. This means that a PDS covering multiple options should disclose, for each option, which labour standards or environmental, ethical or social considerations are taken into account and to what extent.

1.11 This does *not* mean that you need to give a separate PDS for each investment option (unless it is required under Part 7.9 of the Corporations Act—for example, under s1012IA). A product issuer who takes labour standards or environmental, ethical or social considerations into account

in some or all of its investment options may be able to rely on the PDS given for each of these investment options, under s1012IA, to meet its obligation to provide information about these standards or considerations. See paragraph 1.13 for guidance about when a product issuer will be regarded as taking these standards or considerations into account.

Products made up of different asset classes

1.12 If the extent to which labour standards or environmental, social or ethical considerations are taken into account in a product (or each investment option within a product) *varies* between asset classes, you must disclose for the product or option:

- (a) the benchmark percentage of the investment product each asset class makes up (e.g. “20% is invested in property, 40% in Australian shares and 40% in international shares”); and
- (b) the nature and extent of the variation (e.g. “The environmental considerations listed are only considered for Australian and international shares. We do not apply them to our property investments.”).

Product issuers who devolve all or part of the investment decisions to others

1.13 Disclosure about how far labour standards or environmental, social or ethical considerations are taken into account is required *wherever* such matters are considered in selecting, retaining or realising investments issued to retail clients, and the issuer has ultimate responsibility for selecting, retaining or realising the investments. This applies to:

- (a) the product issuer;
- (b) a delegate of the product issuer (e.g. an investment manager); or
- (c) the issuer or manager of an underlying financial product where the product issuer has responsibility for the investments (e.g. where the underlying product is an investment option offered by a superannuation trustee’s PDS).

1.14 In these circumstances, the product issuer’s PDS must contain disclosure about the extent to which labour standards or environmental, social or ethical considerations are taken into account if it is the *only* PDS the client will receive about that particular investment (e.g. disclosure is not being made by a separate PDS under s1012IA of the Corporations Act). It should always be clear to a client who is making decisions about labour standards or environmental, ethical or social considerations, and

the degree to which reliance is being placed on information provided by others (e.g. fund managers or specialists).

1.15 If the product issuer does not itself take account of these labour standards or environmental, social or ethical considerations and does not retain ultimate responsibility for investment decisions made by others (e.g. an investor directed portfolio service (IDPS) or IDPS-like arrangement), there is no requirement for the product issuer to make any disclosures about these standards or considerations other than to explicitly state they are not taken into account, in accordance with the Corporations Regulations.

What must be disclosed?

1.16 A product issuer must disclose:

- (a) if labour standards or environmental, social or ethical considerations are taken into account in selecting, retaining and realising an investment;
- (b) the extent to which these standards and considerations are taken into account in selecting an investment, including methodology and any weighting system used; and
- (c) a description of the retention and realisation policies.

Disclosure about whether the standards and considerations are taken into account

1.17 A product issuer must disclose if it takes into account labour standards or environmental, social or ethical considerations in selecting, retaining and realising an investment.

1.18 If the product issuer does not take all of these standards or considerations into account, the PDS must clearly set out which of these standards or considerations *are* and are *not* taken into account. When you take into account only some of these standards or considerations, you must not give the impression that you take into account all of them. For example, if you only take into account what you regard as environmental, social or ethical considerations, your disclosure must not give the misleading impression that you also take into account labour standards.

1.19 If a PDS states that labour standards or environmental, social or ethical considerations *are* taken into account in selecting, retaining and realising an investment, the PDS must have information on what those standards or considerations are.

1.20 If a product issuer has no predetermined view about what it regards to be a labour standard or an environmental, social or ethical consideration, the PDS must clearly state this.

Disclosure about the extent to which the standards and considerations are taken into account

1.21 The legislation requires disclosure of “the extent to which” labour standards or environmental, social or ethical considerations are taken into account—in other words, how far the standards or considerations are taken into account. This involves providing retail clients with sufficient detail to understand the activities undertaken by or on behalf of a product issuer, by disclosing:

- (a) the *methodology* for taking the standards or considerations into account where one exists (including the absence of a methodology, if there is none); and
- (b) the *weight* given to the standards or considerations, where a weighting system is used.

1.22 You must include in the PDS a general description about how far the labour standards or environmental, ethical or social considerations are taken into account. For example, a PDS may say that the fund manager will lobby companies in which investments are made to further certain labour, environmental, ethical or social goals, or that the fund will only invest in companies that follow certain labour practices or have no association with certain environmental, ethical or social activities.

1.23 If you use a weightings system, you must also include a general description of that.

1.24 If you have no predetermined view about how far labour standards or environmental, social or ethical considerations will be taken into account (i.e. you have no specific methodology), this must be clearly stated. For example, a PDS may say that you have no predetermined view other than you take into account labour standards or environmental, social or ethical considerations you may become aware of, but only to the extent that they financially affect the investment.

Disclosure of retention and realisation policies

1.25 Where a PDS claims to take into account labour standards or environmental, social or ethical considerations, your description of the methodology for taking these standards or considerations into account must include:

- (a) a general description of how adherence to the methodology for taking such standards and considerations into account will be monitored or reviewed, or a statement that you have no set approach to monitoring or review, if that is the case;
- (b) the timeframe, if you have a set time for monitoring or reviewing investments, or a statement that there is no such timeframe, if that is the case; and
- (c) a general description about what will or may occur when an investment no longer matches the stated investment policy and within what timeframe. If there is no predetermined view about this, you must provide a clear statement that the approach is determined case by case, or the timeframe is not fixed, if this is the case.

How detailed should your disclosure be?

1.26 At a minimum, a client should be given general information about what issues the product issuer takes into account, how these issues are taken into account and whether or not their approach is based on some predetermined methodology. How detailed your disclosure is about labour standards or environmental, social or ethical considerations will vary from product to product. As a guide, follow the principles in Table 2.

Table 2: Guiding principles—How detailed should your disclosure be?

Area of disclosure	Guiding principle
Disclose what is “known”	A PDS need only contain information about labour standards or environmental, ethical or social considerations that is actually known in accordance with s1013C(2). This includes information known to the product issuer. It also includes information known to a delegate of the product issuer or other person involved in the investments of a product for which the product issuer has ultimate responsibility (on the basis that their knowledge can be imputed to the product issuer because of its common law obligation to monitor its delegates).

Area of disclosure	Guiding principle
Disclose what a person would “reasonably require”	The s1013D test requires that the PDS must include such information as “a person would reasonably require for the purpose of making a decision, as a retail client, whether to acquire the financial product”.
Assess “reasonableness” from the client’s perspective	Section 1013F states that information does not have to be included in a PDS if it would not be reasonable for a retail client deciding whether to buy the product to expect to find the information in the statement. Reasonableness here must be assessed from the retail client’s perspective, not the product issuer’s perspective.
More marketing means more disclosure	The more a product is marketed on the basis that such matters are taken into account in investment decisions, the more detail you have to give about the standards or issues you have regard to and how they are employed. Any details must be clear, concise and effective and have regard to the good disclosure principles in [PS 168].
Explain all terms (including industry jargon) used	You must take care in all cases to adequately define the terms used. Where possible, industry jargon should be avoided or clearly explained: see [PS 168.50]. Where a particular standard or consideration is commonly known by a numerical or other non-descriptive formal title, you must include a brief description of its subject matter.
Explain all policies and approaches used	You must take care in all cases to adequately explain the policies or approaches used including, where relevant, that a policy or approach is subject to qualifications. No claims should be misleading or deceptive. For example if a claim is made that no investment is made in companies associated with product X, the disclosure should clarify what associations this negative screen captures. For example, is the negative screen limited to companies that are directly associated with product X (e.g. they manufacture, mine or grow it) or does it extend to companies that have indirect associations with it (e.g. they transport or retail it)? Also, does the negative screen look at the parent or subsidiaries of companies?

Area of disclosure	Guiding principle
Describe any specific measures used	If a PDS claims investment decisions are based on objectives associated with labour standards or environmental, social or ethical considerations, you should disclose at least some ways of measuring how far such objectives are met, or the fact that you use no specific measures. For example, if a PDS states that the product issuer only invests in companies with good labour relations, they must either also mention at least some of the criteria by which they (or an external provider or ratings mechanism) measure this, or make it clear there are no specific criteria or mechanisms used for measuring this.
Consider referring clients to secondary sources	In most cases you will not need to disclose specific details of very complex weighting systems that vary by sectors as part of your description of the methodology used, but you may wish to consider referring clients to a secondary source for more detailed information about weightings or weightings systems used along with other more intricate details about the approach used: see paragraphs 1.27 and 1.28.
Identify any external providers or ratings mechanisms	If you use an external provider or ratings mechanism you may need to identify the external provider and state where clients can find out more about the external service provider's approach. Subject to s1013K, ³ the PDS should provide the client with enough information about the approach of the external provider or rating mechanism for the client to have a general understanding of the approach taken.

When should you refer clients to a secondary source?

1.27 Some product issuers may want to refer clients with special information needs to a secondary source for further details about their approach to taking into account labour standards or environmental, social or ethical considerations. Such clients may, for example, want more details on the external agency ratings system or index used, the weightings system used or lists of investments actually made.

³ Under s1013K, a PDS must only include a statement made by a person, or a statement said in the PDS to be based on a statement made by a person, if certain requirements are met (in particular, consent of the person who made the statement).

1.28 The PDS must contain all the information that a person would reasonably require for the purpose of making a decision, as a retail client, whether to acquire the financial product. When this requirement is satisfied, however, you can refer clients to secondary sources for information. Tell clients in the PDS where they can access this additional information.

What transitional arrangements apply?

1.29 These guidelines apply to all PDSs:

- (a) dated on or after 11 March 2004;
- (b) given to a person on or after 11 March 2005.

1.30 If a product issuer who takes labour standards or environmental, ethical or social considerations into account in some or all of its investment options relies, pursuant to section 1012IA, on the PDS (underlying PDS) prepared by the product issuers of the financial products comprising those investment options to meet its obligation to provide information about these standards or considerations, the product issuer will be taken to satisfy these guidelines notwithstanding that these transitional arrangements apply to the underlying PDS.

Important note: From 11 March 2004, PDS for investment products must comply with Section 1013D(1)(l) of the *Corporations Act* and its supporting regulations. This section and regulations apply to PDS for investment products, even though these guidelines may not yet apply.

Section 2 Background information to our guidelines

2.1 This section provides some general background information to our guidelines. It is *not* part of the guidelines.

Legislative framework

2.2 As part of the financial services reforms in Chapter 7 of the Corporations Act, product issuers must give retail clients a PDS before they are issued with certain financial services/products. This is the key disclosure document telling clients about the features of a product, including costs, significant benefits and significant risks.

Disclosure about labour standards or environmental, social or ethical considerations

2.3 Section 1013D(1) sets out what must be disclosed in a PDS. Section 1013D(1)(l) provides that if the product has an investment component, the PDS must include disclosure about:

“the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of the investment”.

2.4 In this context, products with an investment component include superannuation products, managed investment products and investment life insurance products: s1013D(2A).

2.5 Reg 7.9.14C requires actual disclosure on this issue, whether or not these matters are taken into account. Thus, where labour standards or environmental, social or ethical considerations are *not* taken into account in selecting, retaining or realising investments for a product, the PDS must include a clear statement that this is the case.

2.6 The regulations also require that the product issuer must make it clear *which* labour standards or environmental, social or ethical considerations are taken into account, and *the extent to which (how far)* they are taken into account in selecting, retaining or realising an investment.

2.7 Section 1013DA of the Act gives ASIC the power to develop guidelines that must be complied with where a product disclosure statement makes any claim that labour standards or environmental, social or ethical considerations are taken into account in selecting, retaining or realising an investment.

Other disclosure requirements

2.8 While these guidelines focus on s1013D(1)(l), PDSs must also comply with Part 7.9 of the Corporations Act. Such requirements include that information must be up to date (s1012J) and worded and presented in a clear, concise and effective manner (s1013C(3)).

2.9 For further guidance on PDS disclosure see ASIC Policy Statement 168 *Disclosure: Product Disclosure Statements (and other disclosure obligations)* [PS 168]. This policy statement sets out the principles of good disclosure (see [PS 168.10]), including that:

- (a) disclosure should be timely;
- (b) disclosure should be relevant and complete;
- (c) disclosure should promote product understanding (e.g. product issuers should try to avoid using industry jargon but, if this cannot be avoided, they should explain its meaning);
- (d) disclosure should promote comparison;
- (e) disclosure should highlight important information; and
- (f) disclosure should have regard to consumers' needs.

Industry practice

2.10 More and more product issuers are taking into account labour standards or environmental, social or ethical considerations as part of investment management. Different motivations for this move include:

- (a) the desire to choose investments that will perform well financially;
- (b) the belief that an understanding of how far labour standards or environmental, social or ethical considerations are complied with or practised by a company will enable a better assessment of the opportunities and risks posed by a particular investment; and
- (c) the desire to provide investment products that match investors' views about the type of world in which they wish to live.

Selecting standards and considerations

2.11 Deciding which labour standards or environmental, social or ethical considerations funds should consider is the subject of much international discussion and work. It is an evolving field and, in some areas, highly subjective.

2.12 There are numerous documents/codes/standards that product issuers can consider when designing their products. Some of these were primarily designed to assist with the requirements of triple bottom line reporting but have been adapted for investment strategy purposes. Examples of key international documents setting out standards and considerations, which some investment funds have sought to assess and measure, include the Global Reporting Initiative⁴, standards promulgated by Standards International, the International Labour Organisation (ILO) Standards and United Nations Declarations.

2.13 It is up to each product issuer to determine which issues, if any, they will take into account, but where they do, they should clearly tell clients what particular labour standards or environmental, social or ethical considerations they take into account. When making this disclosure, we envisage that product issuers will use the terminology in the law (i.e. labour standards, environmental considerations, social considerations or ethical considerations), even if they also use other terms to describe some or all of these factors (e.g. sustainability issues). Such an approach will help promote comparison between products.

2.14 Our guidelines also make clear that the PDS should disclose if the product issuer has *no* predetermined view about what it regards to be a labour standard or an environmental, social or ethical consideration.

Selecting methodologies

2.15 Product issuers can also choose from many different methodologies. These methodologies are also going through a process of evolution. Again, we do not intend to inhibit fund managers' choice of methodology. Our guidelines simply make clear that the PDS should disclose whether or not there is a methodology and, if there is, provide sufficient explanation of what that methodology is for clients to understand the approach taken, and have enough information on which to base a decision.

2.16 Many funds employ more than one methodology. Common methodologies include:

- (a) **engagement** approaches where the fund actively communicates with companies and/or uses its voting rights and other sources of influence to exert pressure on the company to do, or not do, particular things;
- (b) **investment governance** approaches, which identify environmental, social and corporate governance risks and

⁴ <http://www.globalreporting.org>

- opportunities of present and future investments, and actively inform relevant stakeholders of these matters;
- (c) **negative screens** where the fund does not invest in companies involved with certain named activities;
 - (d) **positive screens** where funds seek to invest in companies that engage in what are seen as desirable practices;
 - (e) **preference strategies** where fund managers work to a list of guidelines or criteria that companies invested in should meet (this approach can involve elements of other methodologies);
 - (f) **best of sector** approaches where the fund invests in companies that are the best performers in their sector as measured against a range of specified indicators; and
 - (g) **index-based** approaches that construct portfolios using established indices of environmentally and socially responsible companies.

2.17 Some product issuers may have **no predetermined approach** for considering labour standards or environmental, social or ethical considerations even though they may consider them from time to time. In such cases there may not be a predetermined specific set of issues that the fund looks at or a specific methodology for assessment of such matters. The guidelines make clear that product issuers must disclose (where applicable) that they have no predetermined view about how far labour standards or environmental, social or ethical considerations will be taken into account (i.e. they have no specific methodology).

Investment product categories

2.18 For the purposes of these disclosure requirements, investment products can be broadly divided into three groups:

- (a) Those that do not consider labour standards or environmental, social or ethical considerations at all. Products in this group are likely to be few, but may, for example, include some index funds. These products are required by reg 7.9.14C (a) and (b) to include in their PDS an explicit statement that they do not take account of labour standards or environmental, ethical or social considerations.
- (b) Those that consider these standards and considerations to the extent they impact on the financial value of an investment, but do not advertise or promote themselves on the basis of their consideration of such matters. The vast majority of funds will be in this group.

- (c) Those that advertise themselves on the basis of their consideration of these issues.

2.19 Our guidelines focus on groups (b) and (c). Because the disclosure requirements apply equally to both groups, our guidelines do not try to distinguish between them except that the more a product is marketed on the basis of its consideration of these issues, the more detail will be required about what exactly it takes account of and how.

2.20 Group (b) product issuers should not overstate how far they take into account any of these issues. Clients who wish to purchase investment products on the basis of their consideration of labour standards or environmental, social or ethical considerations should be able to easily determine the extent of the focus on these matters by a fund. An impression should not be created that there is a greater focus than exists in reality.

Where should disclosure appear in the PDS?

2.21 We envisage that this disclosure will appear in the section dealing with investment strategy (although it may, in addition, appear elsewhere, for example, in a general information section). This is to ensure that it is close to other information about investments. If all product issuers were to adopt this approach to placement it would help consumers compare products and options more easily.

2.22 At times different approaches apply to different investment options offered within the one PDS. For example, a PDS could cover options that:

- (a) systematically take into account these issues;
- (b) only take them into account from time to time where they have a financial impact; and
- (c) do not take into account these issues.

2.23 In such cases, including s1013D(1)(l) disclosure in the discussion of each investment option may help to limit consumer confusion.

Monitoring and enforcement: [PS 168]

2.24 A breach of these guidelines could result in a PDS being considered defective. Our approach to monitoring PDSs and enforcing PDS requirements is set out in Part C of [PS 168].

2.25 Briefly, we intend to conduct selective compliance reviews of PDSs to determine whether they comply with the PDS requirements,

including the requirements set out in these guidelines (when applicable). In particular, we may review a PDS:

- (a) if we categorise a PDS as open to compliance risk;
- (b) if we receive credible information from an external source about a PDS that warrants undertaking a review; or
- (c) at random.

2.26 In [PS 168] we note that where we detect, or are made aware of, valid prima facie disclosure concerns about a PDS, we may notify the issuer of our concerns before serving an interim stop order. However, if delay could be prejudicial to the public interest, we will impose an interim stop order without consulting the issuer, pending resolution of our concerns at a hearing. It is our view that the public interest in this context can encompass non-financial concerns.

2.27 We may take enforcement action on a particular PDS if:

- (a) the PDS appears to be misleading or deceptive, including the overall impression given about the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of an investment;
- (b) the PDS does not contain all relevant information; and/or
- (c) the PDS does not meet the other general and specific content requirements of Part 7.9, including Section 1 of this document.

Key terms

In these guidelines:

“ASIC” means the Australian Securities & Investments Commission

“Corporations Act” means the *Corporations Act 2001* (as amended by the FSR Act) and includes regulations made for the purposes of the Corporations Act

“FSR Act” means the *Financial Services Reform Act 2001*

“IDPS” means an investor directed portfolio service and has the same meaning given to “IDPS” in ASIC Class Order [CO 02/294], or any class order that replaces it

“IDPS-like service” has the same meaning given to “IDPS-like scheme” in ASIC Class Order [CO 02/296], or any class order that replaces it

“PDS” means a Product Disclosure Statement

“reg 7.6.01” (for example) means a regulation of the Corporations Regulations 2001 (in this example numbered 7.6.01)

“regulations” means the Corporations Regulations 2001

“section 911A” (for example) means a provision of the Corporations Act (in this example numbered 911A)

Related information

Legislative requirements

Part 7.9 Corporations Act 2001

Section 1013D(1)(l)

Subject to s1013D(1), and also s1013C(2) and 1013F, a PDS must include the following statements, and such of the following information as a person would reasonably require for the purpose of making a decision, as a retail client, whether to acquire the financial product:

“...if the product has an investment component, the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of the investment”.

Section 1013D(2A)

For the purposes of s1013D(1)(l), products that have an investment component include superannuation products, managed investment products and investment life insurance products.

Section 1013DA

ASIC may develop guidelines that must be complied with where a PDS makes any claim that labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of the investment.

Corporations Regulations 2001

Regulation 7.9.14C Labour standards and environmental, social and ethical considerations

For s1013D(4)(c) of the Act, the more detailed information to be included in a PDS about the extent to which labour standards or environmental, social or ethical considerations are taken into account in the selection, retention or realisation of an investment is:

- (a) a statement that the product issuer does, or does not, take into account labour standards for the purpose of selecting, retaining or realising the investment; and

- (b) a statement that the product issuer does, or does not, take into account environmental, social or ethical considerations for the purpose of selecting, retaining or realising the investment; and
- (c) if the PDS includes a statement that the product issuer does take into account labour standards for the purpose of selecting, retaining or realising the investment—a statement outlining:
 - (i) the standards that the product issuer considers to be labour standards for that purpose; and
 - (ii) the extent to which the product issuer takes those standards into account in the selection, retention or realisation of the investments; and
- (d) if the PDS includes a statement that the product issuer does take into account environmental, social or ethical considerations for the purpose of selecting, retaining or realising the investment—a statement outlining:
 - (i) the considerations that the product issuer regards as environmental, social or ethical considerations for that purpose; and
 - (ii) the extent to which the product issuer takes those considerations into account in the selection, retention or realisation of the investment.

ASIC policies

Policy Statement 168 *Disclosure: Product Disclosure Statements (and other disclosure obligations)* [PS 168]

Policy Statement 169 *Disclosure: Discretionary powers and transition* [PS 169]

Policy Statement 175 *Licensing: Financial product advisers — Conduct and disclosure* [PS 175], in particular [PS 175.110]