



Responsible Investment
Association Australasia

RIAA Submission: Sustainable Investment Product Labelling – Policy Design

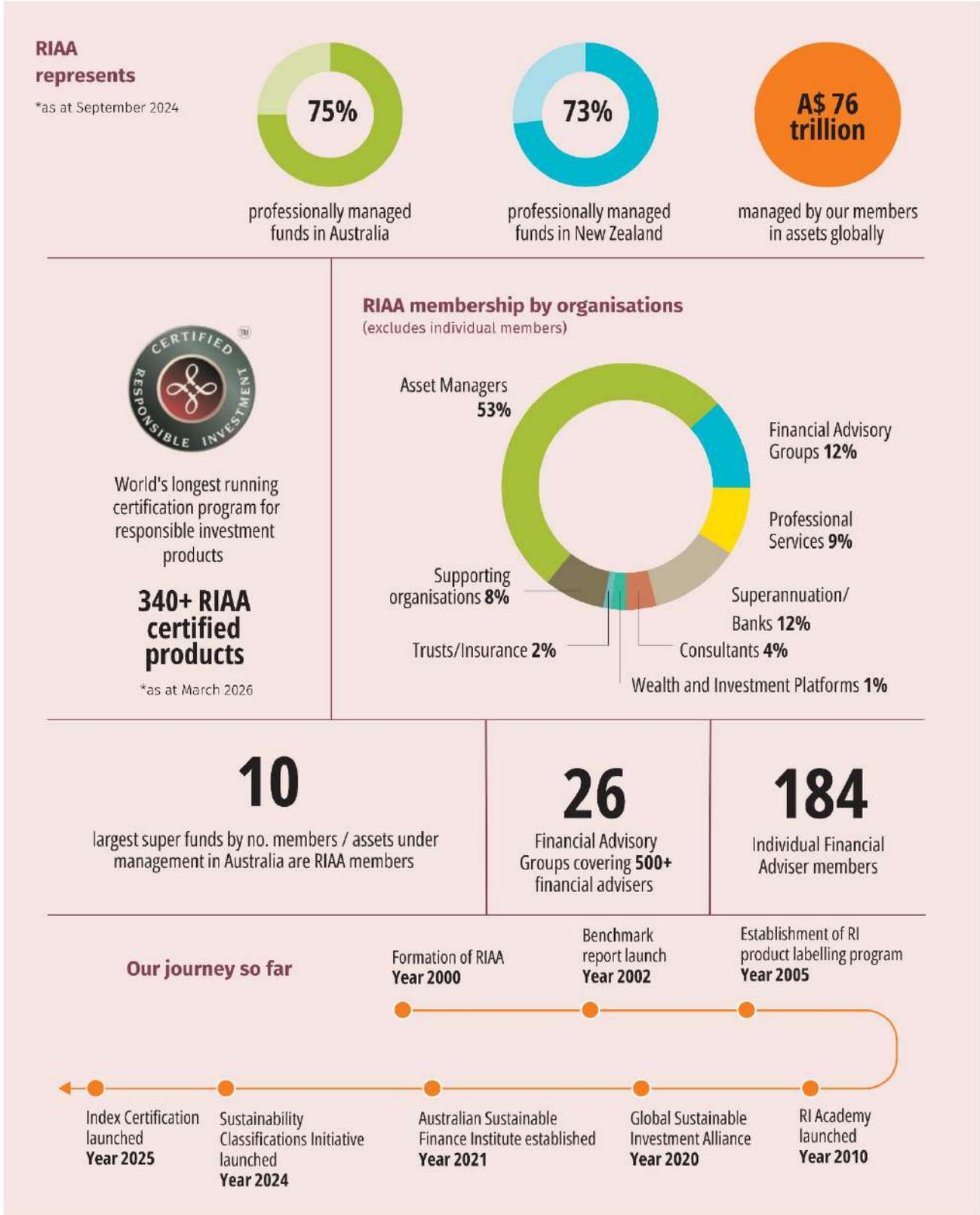
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About RIAA

The Responsible Investment Association Australasia champions responsible investing and a sustainable financial system in Australia and Aotearoa New Zealand. It is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy.



Overview

The Responsible Investment Association Australasia (RIAA) thanks Treasury for the opportunity to comment on the second Sustainable Investment Product Labels [Consultation Paper](#).

RIAA congratulates Treasury for its continued progress on this important initiative. The release of this second consultation represents a significant step forward in delivering on the Government's commitment outlined in the June 2024 Sustainable Finance Roadmap.

We support the direction Treasury has taken in this second consultation. In particular, we welcome its focus on developing a policy design that recognises the importance of a principles-based approach – ensuring the regime is sufficiently robust to prevent greenwashing while retaining the flexibility needed to support future product innovation and product diversity that will support the other objectives of the Sustainable Finance Roadmap as well as other government policy priorities. The need to be adaptive is essential given that sustainability is inherently subjective and retail investor understanding and industry norms continue to evolve. We also recognise the central role that clear, consistent and comparable disclosure plays in underpinning retail investors' access to, understanding of, and trust in sustainable investment products.

While the labelling regime and accompanying program have been introduced to protect consumers from greenwashing, it originates from the Australian Treasurer's Sustainable Finance Roadmap which aims to increase capital flows to sustainable finance. These objectives must go hand in hand, but the implementation of these can, if not designed well, conflict with each other.

RIAA Certification Program

In the absence of a legislated framework, RIAA established the Responsible Investment [Certification Program](#) in 2005 with the aim of improving the products which are offered to consumers and retail investors and raising industry standards. As at March 2026, over 340 financial products are certified under this program. As Australasia's leading expert and standard-setter on sustainable financial product labelling, RIAA brings over 25 years of expertise to this consultation.

It will be important that the Government ensures any regime does not undermine or penalise those in the industry who have adhered to and supported this formal, voluntary certification process that is an accepted industry standard for more than 20 years.

A well-designed labelling regime can play a critical role in preventing greenwashing and guiding capital toward sustainable outcomes. To be effective, the regime must be:

- principles-based;
- anchored in widely accepted industry standards; and
- developed in close collaboration with industry stakeholders.

It must also be fit-for-purpose for the Australian market, set a clear minimum standard to avoid greenwashing, and be ready for industry adoption from day one to meet growing consumer demand. The administration of the program and enforcement mechanisms must also be fit for purpose to ensure the regime achieves its objectives and does not undermine or disincentivise the issuance of sustainable investment options onto the market.

RIAA's response has been informed by the input of RIAA's diverse member base – we are grateful for the strong engagement from our membership and thank those RIAA members who contributed to the development of this submission. RIAA acknowledges that there are a number of different views across industry regarding the appropriate approach (if any) to a product labelling regime, including among RIAA's 500-strong member base. However, through wide consultation and engagement with funds that pursue different strategies and approaches, and with over 20 years' experience in the RIAA Certification Program, we consider our views and recommendations to be those that are best able to progress the RIAA mission and achieve the Government's policy objectives for the implementation of the product labelling program.

General submissions

Clearly differentiate between sustainability objectives, sustainability claims and investment approaches

A credible and effective labelling regime must distinguish between three related but fundamentally different concepts:

- **Sustainability objectives:** what the financial product seeks to achieve, whether related to performance, output or other stated sustainability-related aims.
- **Sustainability claims:** how the financial product and its characteristics are communicated to the market, including through sustainability-related product names, disclosures, and marketing.
- **Responsible investment (RI) approaches:** the strategies used to implement or support the product’s positioning, as outlined in the [RIAA Responsible Investment Spectrum](#) and globally accepted definitions of responsible investment approaches.

RIAA's Responsible Investment Spectrum

Approach	Traditional Investment	Responsible & Ethical Investment						Philanthropy	
		ESG Integration	Exclusionary/ negative screening	Norms-based screening	Stewardship	Positive / best-in-class screening	Thematic Investment	Impact investing	
Method	Using investor rights and influencing investees and other parties (such as policymakers) to protect and enhance the multi-faceted overall long-term value for clients and beneficiaries, including the common economic, social, and environmental assets on which their interests depend (using influence to promote performance, without regard to overall value, does not constitute stewardship)	Providing limited or no regard for environmental, social, governance and ethical factors in investment decision making	Ongoing consideration of ESG factors (qualitative or quantitative) within an investment analysis and decision-making process with the aim to improve risk-adjusted returns	Applying rules based on defined ESG criteria (qualitative or quantitative) that determine whether an individual investment is not permitted in a portfolio	Using investor rights and influencing investees and other parties (such as policymakers) to protect and enhance the multi-faceted overall long-term value for clients and beneficiaries, including the common economic, social, and environmental assets on which their interests depend (using influence to promote performance, without regard to overall value, does not constitute stewardship)	Applying rules based on desirable ESG criteria, or ESG criteria that are desirable relative to peers, that determine whether an individual investment is permitted in a portfolio	Selecting assets to access specified trends which may be medium to long term in duration, regional or global in scope, and cross-cutting with respect to traditional industry or sector boundaries e.g. sustainable agriculture, low-carbon, or Paris-aligned	Investing with the intention to generate positive, measurable social and/or environmental impact alongside a financial return – requires a credible explanation of the investor’s contributory and/or catalytic role (as distinct from the investee’s impact) and accounting for whether and to what extent intended environmental or social improvements actually occur	Giving money, time, skills, assets or lending a voice to people and communities that would otherwise receive lower quality, or have less access to, goods and services, with no direct financial return
Intention		Avoids harm							
				Benefits stakeholder					
					Contributed to solutions				
Features & Outcomes		Delivers competitive financial returns							
		Manages ESG risks							
				Contributes to better system stability and economic sustainability					
				Pursues opportunities and creates real-economy outcomes					

The framework should explicitly allow responsible investment approaches, to underpin sustainability-related claims. These approaches are widely used across the market and often serve as the foundation for a product’s sustainability positioning, even where no explicit sustainability objective is being pursued.

Recognising these distinctions will ensure the regime aligns with market practice, avoids misinterpretation, and maintains consumer clarity.

Why this distinction matters

A failure to clearly differentiate between objectives, claims and approaches creates two key risks:

1. **Greenhushing:** Products that legitimately apply RI approaches but do not aim to achieve a sustainability objective may remove these approaches or avoid using sustainability-related terminology to avoid being incorrectly captured by the regime. This reduces transparency and consumer understanding.
2. **Greenwashing:** Products applying broad ESG approaches (such as ESG integration) may appear justified in presenting themselves as pursuing sustainability objectives despite no such intention. This can inflate or exaggerate sustainability positioning and undermine trust in the regime.

Recommendation 1: Clearly differentiate between sustainability objectives, sustainability claims, and responsible investment approaches. The regime must explicitly allow process-based RI approaches (e.g., negative screening, ESG integration) to underpin sustainability-related claims without being treated as sustainability objectives. This distinction is essential to prevent greenhushing, avoid greenwashing, and preserve consumer clarity while accurately reflecting market practice.

Ensure coherent market design across retail, wholesale and institutional products

RIAA supports the proposed regime's aim to protect retail investors, but it must also account for the high degree of relationship between retail, wholesale and institutional product markets. These segments influence one another closely: wholesale and institutional products often shape the construction, asset allocation and strategies of products ultimately offered to retail investors. A regime that overlooks these linkages risks creating inconsistent expectations across markets and distorting product design.

To avoid this, the labelling framework should adopt a holistic view of the product ecosystem. Many retail products rely on wholesale building blocks, and institutional mandates frequently establish market norms that flow through to retail offerings. Ensuring coherence across the full investment chain will support comparability, reduce unnecessary compliance complexity, avoid market fragmentation and maintain the integrity of sustainability claims. RIAA encourages Treasury to consider where further guidance or alignment mechanisms may be needed to ensure the regime operates consistently across all market segments and does not inadvertently disadvantage retail investors.

Recommendation 2: Design the labelling framework with explicit regard to the relationship between retail, wholesale and institutional product markets, ensuring coherence and avoiding regulatory inconsistencies that could undermine the regime's effectiveness.

Recognise the extent of exposure of Impact Investment products to retail investors

The labelling regime should accurately reflect retail investors’ limited direct access to Impact Investment products and the important role of wrapped structures in facilitating access. Retail investors currently have comparatively limited direct access to standalone Impact Investment products. This is due to characteristics commonly associated with traditional impact offerings, such as higher minimum investment thresholds, higher fees linked to intensive impact measurement and management, and risk profiles that may not align with retail investor needs or regulatory requirements.

As a result, retail investors are more likely to gain exposure to impact investments indirectly – through diversified managed funds, multi-asset products, or other structures that “wrap” underlying impact assets into vehicles designed to meet retail distribution, liquidity, and risk return requirements. This dynamic highlights the need for the framework to recognise not only standalone impact products but also the ways in which impact exposures are incorporated into retail facing products.

Additionally, only products with genuine, measurable impact objectives that take an impact investing approach should be eligible to use an impact label. This safeguard is essential to prevent products without impact intent from being misrepresented to consumers, and aligns with globally recognised definition of Impact Investment

The regime should also align with established impact standards, including the RIAA Certification [Assessment Note](#) for products trading with “impact” in the product label, which reflects existing investing norms and accepted market practice ([Annexure A](#)).

The purpose of the [Assessment Note](#) is to inform product issuers how products claiming to be impact investment products can demonstrate compliance with the Responsible Investment Standard.

The Assessment Note provide the following Impact Tests which will be applied to any product that wishes to obtain RIAA Certification and trade with the term ‘impact’ in its name/label. The Impact Tests provide additional evidence in support of compliance with the Program Requirements.

Intentionality	1. Impact thesis
	2. Impact goals - metrics to deliver impact thesis
	3. Invest in impact business & services >50% revenue
	4. Prioritisation of the impact intent – dual intent
	5. Responsible exits
Measurement	6. Portfolio-level
	7. Asset/constituent
Manager contribution	8. Engages for greater impact
	9. Contributes to the growth of undersupplied market
	10. How financial contribution scales impact

Consistency with recognised standards will help ensure that impact-labelled products are credible and avoid confusion across the market.

It is critical that the labelling framework reflects market realities while maintaining its integrity. Without careful calibration, the regime could unintentionally diverge from established Impact Investment standards, creating uncertainty for issuers as well as increasing compliance burdens, or undermining confidence in impact-related claims.

RIAA recommends that Treasury ensure strong alignment with both domestic and global impact investing standards, and explicitly consider how retail investors access impact products. This approach will support consistent treatment of impact exposures, enable appropriate retail access to authentic impact products, and ensure that investors can trust that impact-labelled offerings genuinely contribute to measurable social and environmental outcomes.

Recommendation 3: Ensure the labelling regime reflects the current extent of retail investors' direct access to impact products and the role of wrapped structures, while remaining aligned with established impact standards.

Recommendation 4: Only products with genuine, measurable impact objectives should be eligible to use an impact label, preventing non-impact products from misrepresenting themselves.

Update existing regulatory requirements to ensure success of the regime

There are a number of different areas of existing regulatory requirements which would benefit from being updated to provide a complete solution to the policy problems identified in the consultation paper. These include:

- **Expand existing portfolio holdings disclosure requirements** to a) also apply to managed investment schemes and b) be disclosed to the asset level. This would address a number of the evidentiary issues related to sustainability-related claims as well as address one of the main concerns of retail investors: that product holdings don't match the product labels.
- **Address concerns with the Your Future, Your Super (YFYS) performance test** which require trustees to have regard to short-term performance measured against limited benchmarks when making investment decisions. This disincentivises long-term investment decision-making (see RIAA's most recent [submission](#) to the YFYS performance test).
- **Update the guidelines issued by ASIC under s1013DA of the Act** of ASIC Regulatory Guide 168 Product Disclosure Statements all financial products which uses a full-form or shorter- product disclosure statements (PDS). These guidelines must be met to comply with the PDS disclosure requirement s1013D(1)(I) relating to labour standards or environmental, social or ethical considerations in investment decision making.
- **Consider guidance about target market determinations (TMD)** which could include, for all products, a simple declaration about whether a product has sustainability obligations,. This would help standardise disclosures and support financial advisers.

- Consider additional guidance for common non-sustainability consumer-facing terms that are used to describe investment options and that are subject to interpretation, such as ‘growth’ and ‘balanced’.

Any changes to existing disclosure frameworks should be proportionate, practical, and not hinder market participation.

Embed strong regulatory guidance to uphold disclosure integrity

RIAA emphasises that the effectiveness of a disclosure-based labelling regime relies heavily on the availability of strong, clear and practical regulatory guidance. Without this, the framework risks inconsistent interpretation, uneven application across the market, and unnecessary compliance burdens for issuers. These issues would ultimately undermine consumer and retail investor clarity and confidence – the core objectives of the regime.

Clear, consistent and comparable disclosure should apply to sustainability-related claims and the various RI approaches used by products. Robust guidance is critical to support issuers in preparing disclosures that are not misleading and to ensure the regime operates successfully as intended from day one.

The need for updated and strengthened guidance is reinforced by several challenges identified throughout this submission. Products that make sustainability-related claims but do not pursue a sustainability objective require clear guidance to ensure their claims are not misinterpreted as objectives. Issuers will also need guidance on how to treat indirect exposures, how to interpret terms within a non-exhaustive sustainability terminology list, and how to operationalise thresholds under a hybrid approach.

A strong guidance framework is also critical for ensuring that disclosure expectations are proportionate to the type of sustainability approach being used. Process-based strategies (such as screening) should not be subject to evidentiary burdens which are misaligned with their intent; while products pursuing sustainability objectives must be fully explained with evidence.

In line with our longstanding position, RIAA submits that the government should work with industry to develop comprehensive, practical guidance that:

- supports consistent disclosure and full explanation of sustainability claims and objectives;
- aligns with established industry standards, including the Responsible Investment Standard (RI Standard) and RIAA’s existing product labelling guidance;
- minimises unnecessary compliance burdens by building on frameworks issuers are already using; and
- strengthens consumer understanding and market integrity within a disclosure-based regime.

Recommendation 5: Develop clear, strong regulatory guidance to support a disclosure-based product labelling regime and encompass all aspects under consultation. This will ensure consistent interpretation and application of sustainability claims and objectives and align with established industry standards to minimise compliance burdens and enhance consumer clarity.

Consultation questions

Element 1: Scope of Sustainable Investment Product Labelling

- 1) ***Is the definition of financial product in the Corporations Act appropriate as the basis for the kinds of investment products captured by this regime?***
 - a. ***Should the scope be narrowed to certain types of financial products (such as products with an investment component e.g. superannuation or managed investment schemes), and if so, on what basis?***
 - b. ***Should there be any exclusions of types of financial products?***
 - c. ***Conversely, does this approach miss any financial products that should be captured by the regime?***

RIAA supports using the existing definition of a *financial product* in the *Corporations Act 2001* (Cth) as the foundational basis for determining the scope of products captured under the proposed product labelling regime. This definition is already well understood by industry, provides a comprehensive starting point, and minimises the risk of creating parallel or inconsistent regulatory concepts.

Maintaining this broad starting point is also important for avoiding regulatory arbitrage, where products may be intentionally structured to fall outside a narrower or bespoke definition. A consistent baseline ensures the regime captures the full spectrum of products currently in market and preserves competitive neutrality across providers and product types.

RIAA refers to submission by the Australian Council for Superannuation Investors (ACSI) to this consultation and notes that, for superannuation funds, the definition of *financial product* may be too broad. Consumers making an investment decision on superannuation are often able to choose between various investment options which are not distinct financial products under the Corporations Act. It is possible that some or all of these options would have their own sustainability-related objectives and/or sustainability-related claims. The Corporations Act defines ‘investment option’ for the purposes of superannuation in section 1017BB.

At this stage, RIAA does not recommend specific product exclusions. A broad scope is appropriate, provided that accompanying standards and requirements remain principles based to ensure flexibility, proportionality, and suitability across diverse product types. In addition, there is no compelling basis for excluding from this regime any financial product which is a) marketed and available to retail investors and b) has sustainability objectives.

RIAA also supports this approach because it encourages ongoing product innovation. Sustainable and responsible investment markets continue to evolve rapidly, and overly narrow definitions may unintentionally limit the development of new sustainability aligned products or investment structures, to the detriment of consumers and retail investors.

Recommendation 6: RIAA recommends retaining the Corporations Act definition as the primary inclusion threshold, with any exclusions treated as clearly justified exceptions rather than the default position.

We refer to our [general recommendation](#) to clearly differentiate between sustainability objectives, sustainability claims, and investment approaches as the basis for determining inclusion beyond this initial scope. Making this distinction explicit is essential to ensuring products are scoped in or out appropriately, and that the regime does not unintentionally capture products that apply RI approaches but do **not** have sustainability objectives or make sustainability-related claims, even at the whole of fund level.

This is particularly important for product issuers that apply whole of fund RI approaches (such as ESG integration and stewardship) across all products for risk mitigation purposes. Such approaches applied at the whole of fund level may not be appropriate to bring an entire suite of products into scope. Many issuers also offer a smaller subset of products that carry targeted sustainability labels or make explicit sustainability claims or objectives. The regime should therefore distinguish between:

- **Fund-wide approaches** that apply universally (e.g., ESG integration, stewardship), and
- **Product-level claims or objectives** that are explicitly marketed as related to sustainability.

Failing to make this distinction may lead to inappropriate scope creep, unintended compliance burdens, and reduced clarity for consumers. A principles-based, claims triggered framework will best ensure that products are captured only where sustainability claims or objectives are being made to the market.

EXAMPLE: A fund may claim to integrate ESG considerations at a entity level. ESG integration is the incorporation of ESG factors into an investment process, based on the beliefs that ESG factors can affect the risk and return of investments and that ESG factors are not fully reflected in asset prices. ESG integration involves:

- seeking out ESG information;
- assessing the materiality of that information; and
- integrating information judged to be material into investment analysis and decisions.

The details of implementation can vary and may include simply considering and mitigating ESG-related risks. This is different from having an explicit sustainability objective.

EXAMPLE: A fund may use screening as an investment strategy. Screening is a process for determining which investments are or are not permitted in a portfolio. It is used for a variety of purposes, such as attaining an investment focus, complying with laws and regulations, satisfying investor preferences, and limiting risk. Screening criteria can be based on various investment characteristics, including market capitalisation, credit ratings, trading volumes, geographical location, and/or ESG characteristics. The screening process does not necessarily incorporate sustainability objectives – this is optional.

However, where there are whole of fund sustainability objectives (and/or claims) which are *positive* and *specific*, these can and should be differentiated from RI approaches which are applied for risk mitigation purposes. As such, specific and positive whole of fund sustainability objectives should be in scope of the product labelling regime.

EXAMPLE: A fund may have whole of fund objectives to have no fossil fuel exposure and pursue reduction of carbon emissions. The financial products issued by the entity do not have any specific sustainability targets. The fund promotes itself as being an option for people who want to make sure their money does not support fossil fuels. As the whole of fund sustainability objectives are specific and positive (ie. Attempting to achieve/progress towards an outcomes), the products issued by the fund would be within scope even though the financial products themselves do not have their own sustainability objectives.

Recommendation 7: Ensure that financial products are only captured by the regime where they make explicit sustainability related claims or pursue sustainability objectives. Whole of fund RI approaches should only be in scope where the sustainability-related objectives are specific and positive, rather than used for the purposes of risk mitigation. The framework should be principles-based and claims triggered framework to mitigate against inappropriate scope creep and unintended consequences.

2) *Is the approach of using a non-exhaustive list of ‘sustainability’ terms appropriate for this regime?*

RIAA supports using a non-exhaustive (limited) list of sustainability-related terms that would be determine whether a financial product is within scope of a principles-based product labelling regime. Any list must remain non-exhaustive to accommodate evolving market language and emerging sustainability concepts.

However, while a list of commonly used terms is helpful, the context in which a term is used is essential. Terms may carry very different meanings depending on how they are applied in product names, disclosures, or marketing materials. A list that is not accompanied by clear contextual guidance risks being over- or under-inclusive.

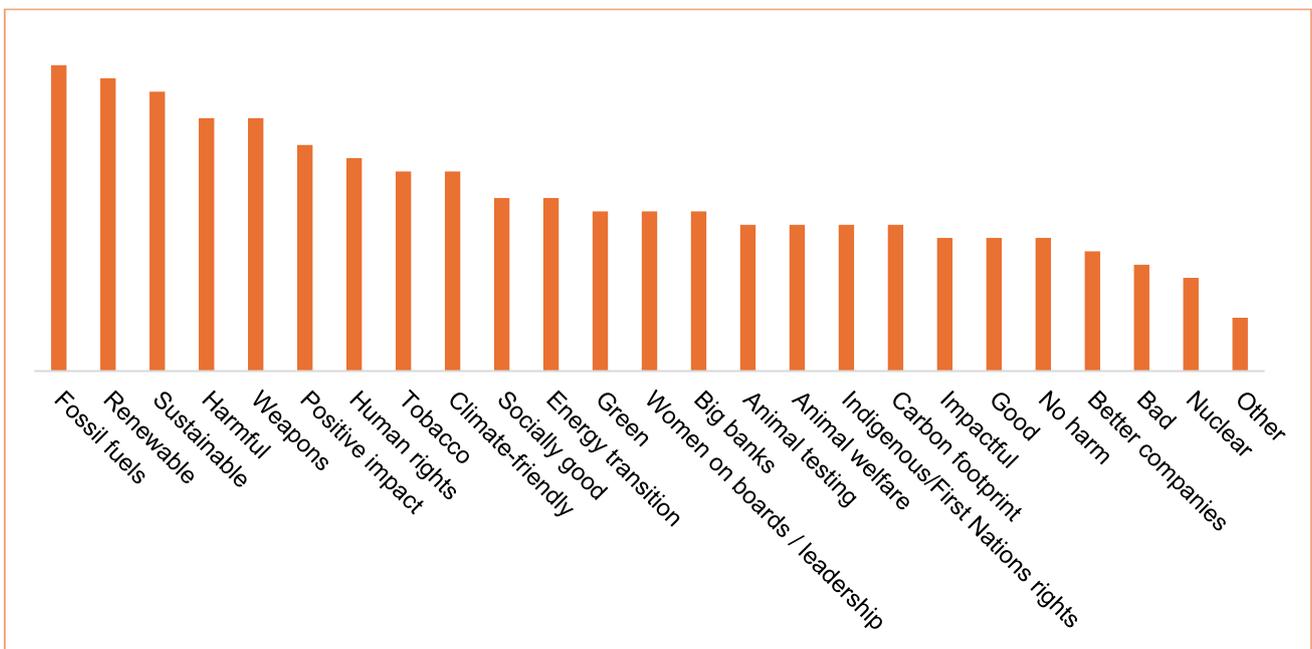
Certain terms may only be sustainability related when paired with relevant descriptors. For example, the term “equity” may be sustainability related only when used with another contextual term such as *gender equity*. Without such qualifiers, it may simply refer to an asset class that is not inherently sustainability linked (i.e. shareholder equity). Similarly, the term “future” is overly broad and may only be sustainability-related when used with another contextual term. We recommend these are amended to include appropriate qualifiers such as:

- Equity (where used in a sustainability context)
- Future (where used in a sustainability context).

This list should be equipped to evolve as global standards and leading practice evolve, continually incorporating retail investor and industry insights. The practice and governance of RIAA and RIAA’s Certification Program allow for strong industry and international engagement, insight and ownership, reflecting leading practice and hence embedding confidence amongst industry participants, financial advisers, platforms and retail investors that definitions used remain up to date, reflect a reasonable consumer lens and are fit-for-purpose for product design.

Financial adviser feedback

As part of a March 2026 survey, [RIAA financial adviser members](#) were asked which terms retail clients use when discussing ethical concerns. The most frequently cited terms are shown below, demonstrating that consumers and retail investors use a variety of terms when describing their ethical concerns.



Note: The terms listed may be used by clients in either a positive or negative context. For example, “fossil fuels” typically reflects a concern or intention to exclude, while terms such as “women on boards” often indicate positive interest or support.

RIAA therefore recommends that Treasury adopt a non-exhaustive list to determine when a financial product is within scope of the product labelling regime, with guidance that clarifies the contextual use of terms, including:

- when a term is likely to imply sustainability characteristics,
- when a term is neutral unless modified, and
- when terms may create unintended regulatory consequences.

This approach will ensure clarity for issuers, prevent inconsistent interpretation, and maintain alignment with how sustainability terminology is actually used and understood across the market.

Recommendation 8: Adopt a non-exhaustive list of sustainability related terms supported by clear contextual guidance, ensuring that terms are interpreted appropriately and only considered sustainability related when used in a relevant descriptive context.

3) *Should terms relating to the governance and social elements of ESG be in the scope of this regime? Why?*

Yes. Terms relating to the governance and social dimensions of ESG should be explicitly included within the scope of the labelling regime.

Governance and social related sustainability claims are already widely used in the market, particularly in retail products where these themes are often central to consumer expectations and adviser discussions. While labels specifically referencing governance are less common, governance-based sustainability objectives and claims such as those relating to stewardship, investment selection, and corporate conduct are an established component of layered responsible investment approaches.

Terms relating to social sustainability are also prevalent. Socially oriented product descriptions (e.g., “socially responsible”) are already widely recognised and form a meaningful part of retail investor preferences. Our recent [financial adviser research](#) asked RIAA’s financial adviser members which terms retail clients use when raising ethical concerns, and social-related terms featured prominently in the top ten with terms such as “socially good” and “human rights” were among the most frequently cited by advisers.

Excluding governance or social related terms would risk creating an inconsistent and incomplete regime that does not reflect existing market practice or how investors understand sustainability. In addition, it would add to regulatory burden and cost to artificially separate these factors, such as interrelated risks and assumptions. Including these terms ensures the framework captures the full breadth of sustainability related claims used in product marketing and supports greater alignment with retail investor expectations.

Recommendation 9: Terms relating to governance and social elements of ESG should be included within the scope of the regime, reflecting current market practice, retail investor expectations, and the established use of governance and social based sustainability claims.

4) *Are there any terms in the non-exhaustive list that create unintentional consequences and should not be included? Are there any terms missing?*

We refer to our response to [Question 2](#) for the relevant recommendations.

Element 2: Consumer-facing disclosures

- 5) Do you support the introduction of mandatory consumer-facing disclosure obligations?**
6) How could voluntary templates achieve the policy objectives?

RIAA notes that the information proposed to be included in the proposed consumer-facing disclosure (CFD) is likely already to be disclosed under existing regulatory requirements as well as the policy objective outlined in the consultation paper:

Policy objective

Product issuers are currently required to provide a range of information to help investors choose and compare financial products. Alongside these product disclosure requirements, the prohibition against misleading or deceptive conduct in the Corporations Act 2001 (Cth) (the Corporations Act) and the Australian Securities and Investments Commission Act 2001 (Cth) (The ASIC Act) play an important role in protecting the market from ‘greenwashing’ practices.

Despite these obligations, the lack of consistency between product issuer claims makes it difficult for investors to compare the merits of different sustainable investment options.

A consistent framework for when a financial product is marketed as sustainable (or similar) will help improve investor understanding of the sustainability credentials of their investments and provide more certainty for product issuers marketing a product as sustainable. A labelling regime should appropriately balance the need to inform investors about the sustainability characteristics of a financial product against the risk of disincentivising product issuers from making sustainability claims. (emphasis added)

As such, RIAA supports introducing mandatory CFD obligations where they are principles-based and underpinned by clear minimum standards. It will be important that the regime is clear that the CFD is change to form, not substance.

Clear, consistent, and comparable disclosure is fundamental to strengthening confidence in sustainability-related claims and ensuring that consumers can meaningfully understand and differentiate products in the market. Mandatory minimum requirements would help address the current inconsistencies in the way concepts, processes, and investment strategies are articulated across products, which can otherwise impede comparability and limit consumers’ ability to assess whether a product aligns with their expectations.

While both mandatory and voluntary disclosure frameworks have merit, neither approach will be effective unless underpinned by clear minimum standards that ensure consistency, comparability, and credibility. Without these baseline requirements, voluntary templates alone will not deliver the level of integrity needed to address greenwashing risks, and a mandatory framework without defined minimum expectations may result in uneven or insufficient disclosures. There may, however, be value in adopting a transitional voluntary phase supported by defined minimum standards, to build issuer capability, support the development of high quality disclosures, and

strengthen market confidence. This transitional approach could prepare industry for a full mandatory regime within a defined timeframe, ensuring that the eventual shift to mandatory disclosure is both practical and effective.

Mandatory disclosure should also consider non-sustainability consumer-facing terms that are used to describe investment options and that are subject to interpretation, such as ‘growth’ and ‘balanced’.

Recommendation 10: Introduce mandatory CFD obligations where they are principles-based and underpinned by clear minimum standards, with the option to be complemented by a transitional voluntary phase to build issuer capability and market confidence. This should consider factors on which decisions are made wider than sustainability related factors.

7) Which of the above design options do you support, and why?

- a. If you support a prescriptive approach, what specific elements of the CFD should be mandated?**
- b. If a principles-based approach is preferred, what should be included in the principle-based template for CFD requirements?**

RIAA supports option 3 hybrid approach which we recommend should mandate a small set of core disclosures in a fixed format to ensure consistency and comparability across products.

Core disclosures may include the fund’s sustainability objective, key sustainability metrics, any explicit targets, and whether the strategy allows for the investment of conflicting assets (including the rationale), as well as further details of where a consumer can access other relevant sustainability and non-sustainability information.

Beyond this core set, issuers would have discretion to explain their broader sustainability approach and terms using principles-based guidance.

8) Would you support mandating that product issuers disclose their direct and indirect investment exemptions in the CFD requirement?

- a. Does the exclusions list featured in Box 2 (p.13) capture an appropriate range of companies, industries, or activities?**

RIAA is generally supportive of requiring product issuers to disclose their direct and indirect investment exemptions within the CFD. Greater transparency around exclusions is essential to ensuring consumers can clearly understand the sustainability characteristics of a product and assess whether it aligns with their values and expectations.

While the exclusions list presented in Box 2 identifies several examples of common exclusion categories, RIAA notes that this list does not capture the full breadth of exclusion approaches used across the market. As with the approach taken in Box 1, Treasury should explicitly acknowledge this list provides examples only and clarify that the list is non-exhaustive. Doing so will help avoid misinterpretation and ensure that issuers retain the flexibility to disclose a broader range of relevant screening and exclusion practices where applicable.

Should Treasury proceed with introducing this requirement, supportive guidance will be essential. This guidance should help issuers understand how to categorise and report screening practices particularly where indirect exposure or layered investment structures make disclosure more complex; and ensure that reported information remains consistent and comparable across the market.

Recommendation 11: Require product issuers to disclose both direct and indirect investment exclusions within the CFD, supported by clear guidance, and should clarify that the exclusions list in Box 2 is non-exhaustive to ensure flexibility and prevent misinterpretation.

9) *What are other considerations should the Government consider if it progresses with the introduction of mandatory consumer-facing disclosure obligations?*

Align CFD requirements with the RIAA Responsible Investment Standard

RIAA submits that the mandatory CFD obligations strongly align with RIAA RI Standard on product labelling and related product labelling guidance. RIAA notes that many of the information types proposed for inclusion in Box 2 are already comprehensively addressed within the RI Standard and related guidance materials. Aligning the CFD framework with these existing standards will enhance consistency, reduce duplication, and help ensure that disclosures are meaningful, comparable, and grounded in established industry practice.

RIAA is well placed to support Treasury and ASIC in the detailed development of a disclosure framework and guidance that draws directly from these established standards. Doing so would enable the CFD requirements to leverage more than two decades of practical industry experience and industry ownership, creating a disclosure regime that is workable for issuers and genuinely informative for consumers. Additional detail on relevant sections of the RI Standard and related guidance has been provided in the [Annexure A](#).

Recommendation 12: Ensure that any mandatory CFD requirements are strongly aligned with the RIAA RI Standard and its accompanying guidance, drawing on the established frameworks already used across industry to enhance consistency, reduce duplication, and support meaningful, comparable disclosures.

We refer to our [general recommendation](#) to clearly differentiate between sustainability objectives, sustainability claims and investment approaches. Ensuring these components are sufficiently distinguished is essential for designing a CFD regime that operates effectively and remains consistent with the scope of products intended to be captured.

Financial adviser feedback

When RIAA’s financial adviser members were asked, “Which of the following challenges do you have when working with clients who are seeking responsible investments?”, the two most frequently cited challenges were:

1. Concerns that product holdings may not match the label or marketing material, and
2. Insufficient product disclosures or reporting.

These [findings](#) highlight a persistent gap between product marketing, underlying holdings, and the information retail investors rely on to make informed decisions. Strong and consistent CFD requirements can play a key role in addressing these challenges.

The development of CFD requirements should incorporate dedicated testing with consumers wherever possible. Where direct consumer research is not feasible, engaging financial advisers offers a valuable and practical alternative. Advisers sit at the intersection of retail investors and product issuers, observing firsthand how consumers interpret (or misinterpret) sustainability concepts, where expectations do not align with product realities, and how greenwashing manifests in day-to-day practice. Their insights should inform the development of disclosure formats that are genuinely useful, understandable, and effective in guiding consumer decisions.

Recommendation 13: Ensure CFD requirements are informed by targeted testing with consumers; or, where not feasible, with financial advisers who have direct insight into how retail investors interpret sustainability-related products. The requirements must support product innovation to meet evolving consumer demand and not be overly restrictive to disincentivise sustainable investment product issuance.

The development of a CFD would benefit from drawing on existing examples within the financial services sector that serve a similar purpose. For instance, the format used in RIAA’s certified product provider landing pages offers a practical model. An example is provided in [Annexure B](#).

10) Should separate CFD requirements be developed for different types of financial products (i.e. non-fund products)?

11) When and how should the CFD be provided to the client/potential client?

No. A single, principles based CFD framework should be developed which is applicable across all financial product types.

This framework needs to be supported by supplementary guidance to clarify application for specific or more complex product structures, ensuring consistency without creating unnecessary fragmentation.

In RIAA's view, the CFD should be provided alongside the PDS to ensure consumers receive all key product information at the point of decision-making.

Element 3: Thresholds

12) Should a threshold be prescribed (option 1) or only require there to be disclosure (option 2)?

- a. *Which option best ensures the credibility of the labelling regime?*
- b. *If option 1 is adopted what is the appropriate threshold in the Australian context?*

13) How should a threshold be calculated under option 1 and 2? What assets should contribute to threshold, and how should the different impacts that investments could have on sustainability be considered?

RIAA submits that the credibility of the labelling regime would be best ensured by a hybrid approach whereby:

- Prescribed minimum thresholds apply to products using specific labels (at present, “impact” and “sustainable”).
- Principles-based disclosure-only thresholds apply to other sustainability-related labels or objectives.

RIAA recommends a principles-based approach should be adopted to determining which assets contribute to sustainability thresholds under a hybrid option (i.e. both Option 1 and Option 2). This must be supported by clear guidance defining what constitutes a qualifying asset or objective to ensure thresholds are meaningful rather than purely numerical. We refer to our [general recommendation](#) clearly differentiate between sustainability objectives, sustainability claims and investment approaches.

In general, assets should only count toward a threshold where they are aligned with the product’s stated sustainability objective or claim. Diverse investment strategies and product structures must be accommodated when determining whether thresholds are met. For example, see [RIAA’s multi-asset guidance note](#).

To support this approach, RIAA recommends drawing directly from the product labelling components of the RI Standard, particularly the following principles:

P2 Make honest claims and are appropriately labelled:

- a. *are named to accurately reflect the social, environmental, sustainability and/or ethical outcomes or responsible investment approach applied to the product including definitions of terms used and*
- b. *describe what could be reasonably expected by an investor in terms of the portfolio holdings of the product as well as*
- c. *ensure all claims made about the product are honest and not false or misleading nor include puffery, un-substantiations, unqualified predictions and consider net effects; and*

P5e Have relevant and accessible RI disclosures: for products asserting certain sustainability outcomes or claims, publish 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.

Guidance will be essential

RIAA strongly emphasises that supportive guidance will be required to operationalise any threshold or disclosure framework. This is critical to ensuring consistency across the market and helping issuers avoid misinterpretation or unintended non-compliance.

RIAA developed as used in RIAA’s Certification Program:

- A Guidance Note on Product Labelling aligned to the Responsible Investment Standard, and
- Two Assessment Notes on the use of the terms “sustainable” and “impact”.

These will provide a practical foundation for guidance on how thresholds should be calculated and how specific terms should be interpreted. Additional detail is provided in [Annexure A](#).

Recommendation 14: Adopt a principles-based approach to determining which assets contribute to sustainability thresholds under both Option 1 and Option 2. Assets should only count toward a threshold where they are substantively aligned with the product’s stated sustainability objective or claim. Threshold methodologies must remain flexible to accommodate diverse investment strategies and product structures.

Recommendation 15: Draw on the RI Standard – particularly requirements for accurate labelling, honest claims, clear expectations of portfolio holdings, and transparent sustainability disclosures. Comprehensive guidance will be essential, and should align with RIAA’s Product Labelling Guidance Note and Assessment Notes on “sustainable” and “impact” labels when developing this guidance.

14) If either option 1 or 2 are adopted, what are the practical administrative considerations that need to be resolved during implementation?

We refer to our recommendations in response to [question 12](#) for implementation considerations.

Additionally, RIAA recommends the regime be designed such that it can adapt to evolving industry and consumer norms. This requires deep industry expertise and connections to both domestic and international institutional and impact investors and their respective industry bodies. RIAA supports and refers to the submission by United Nations Principles of Responsible Investment (PRI) to this consultation which provides the following practical considerations:

- **Data infrastructure:** Threshold compliance depends on the availability of issuer-level and asset-level sustainability data. This infrastructure is still maturing in Australia and globally. The regime may strongly benefit from a phased implementation pathway that recognises current data limitations, with requirements becoming more precise as AASB S1/S2 disclosures and disclosure based on the Australian Sustainable Finance Taxonomy mature.
- **Lead time:** Product issuers should be given sufficient and reasonable lead time from the finalisation of rules to first compliance date, to build data infrastructure, update systems,

redesign products where necessary, and staff the compliance function. PRI has observed 18 months as a timeframe consistent with the lead times provided in comparable jurisdictions.

- **Superannuation performance test interaction:** Treasury should continue to consider, consult on, and address how a sustainable investment interacts with the Your Future Your Super superannuation performance test. Products pursuing sustainability objectives may underperform in certain market conditions relative to peer products that make no sustainability claim. The regime should not create inadvertent incentives that penalise products for pursuing their sustainability objective.
- **Passive deviations:** Temporary deviations from the disclosed threshold due to market movements outside the product issuer’s control should be treated as passive breaches subject to prompt correction and disclosure, not triggers for immediate regulatory action. The UK SDR and Singapore MAS Circular both adopt this approach.

15) Should direct and indirect investments be treated differently for the purposes of the thresholds?

a. How would compliance with thresholds be evidenced in regard to indirect investments?

This question can be interpreted in two different ways and RIAA has provided feedback on each, including recommendations. Clear guidance is essential to ensure:

- thresholds are understood at either the product level, or the holding level;
- different product structures (directly managed, externally managed, pooled, multi asset or derivative based) are treated consistently; and
- issuers can rely on transparent methodology disclosure to demonstrate compliance.

Interpretation 1: Direct vs indirect ownership

Under this interpretation, the question concerns how an issuer is exposed to an asset or economic activity; i.e. whether the exposure is through direct ownership or indirect ownership (e.g. via subsidiaries, minority stakes, or layered corporate structures).

RIAA recommends adopting a principles-based approach to indirect ownership within threshold methodologies.

EXAMPLE: A financial product applies an exclusionary screen of 0% revenue threshold for involvement in the manufacture of tobacco. The product invests in an equities portfolio, and one of the companies held in the portfolio (A) owns a minority stake in another company (B). If that second company (B) earns revenue from tobacco manufacturing, this creates an indirect exposure to an excluded activity.

Indirect investments should only be included where they are material and substantively linked to the product's stated sustainability objective or claim. Two practical methods may be appropriate when determining whether indirect investments should be included in threshold calculations:

1. Ownership based approach:

- Indirect investments where the product has majority ownership (above 50%) should be included in the threshold calculation.
- Minority indirect exposures (below 50%) may be excluded from the threshold calculation where appropriate, provided that this treatment is clearly disclosed.

2. Contribution based approach:

- Indirect investments should be included where consolidated revenue or another clearly defined economic exposure materially links the indirect asset to the sustainability approach of the directly held asset.

Materiality is an important consideration. Indirect exposures will not always be relevant to the sustainability objectives, and the regime should allow for proportionate treatment of such exposures to prevent unnecessary complexity or unintended noncompliance. This can result from such things as asset mergers and acquisitions or lag times in company reporting.

Interpretation 2: Direct vs indirect management

Under this interpretation, the question concerns how the asset is managed; whether by the issuer itself (direct management) or by an external investment manager (indirect management).

As a starting point, RIAA submits that both directly and indirectly managed assets should be included when assessing whether a product meets a threshold.

However, the methodology for assessing alignment must reflect the realities of different product structures particularly where products use external managers, pooled vehicles, underlying investment mandates, or hold small allocations to derivatives or structured instruments. These structures mean thresholds cannot be applied in a uniform way across all instruments.

EXAMPLE: A multi-asset financial product has some components of the portfolio managed directly by the product issuer, while other components are managed externally by underlying investment managers.

Within a single asset class such as equities, the product may have portions that are both internally and externally managed, yet the sustainability objective applies to the entire equities allocation.

In this case, the threshold methodology should enable a reasonable level of look-through to both the directly managed and externally managed components

Any component of a product not subject to thresholds should be clearly disclosed, ensuring consumers understand the extent of alignment and any limitations in the methodology.

This principles-based approach ensures thresholds reflect the true economic exposure of the product, while remaining practical given the diversity of investment strategies, structures, and data availability across the market.

Recommendation 16(a): For direct vs indirect ownership, adopt a principles-based approach to the treatment of indirect investments within threshold methodologies. Indirect investments should only be included where they are material and substantively linked to the product’s stated sustainability objective or claim. RIAA recommends allowing inclusion based on either (1) majority ownership (>50%), or (2) material economic exposure, such as consolidated revenue links, with clear disclosure where indirect exposures are excluded.

Recommendation 16(b): For direct and indirect management, the framework should adopt a principles-based approach to the treatment of direct and indirect investments within threshold methodologies. Both should be included where they are material and substantively linked to the product’s stated sustainability objective or claim.

16) Is there a role to adopt a mechanism which governs the assets not contributing to the threshold (sub option a)?

- a. What are the advantages and disadvantages of adopting the UK’s criteria?**
- b. What are the advantages and disadvantages of specifying classes of investment as being ineligible for products covered by the labelling framework similar to the EU’s proposed framework?**
- c. Which option should be preferred?**

Addressing the sub-option of ‘no conflicting assets’ principle, the basis of the regime is better served by an alternate “Conflicting Assets Disclosure” principle.

Given that the consultation paper proposes a predominantly disclosure-based regime, under this principle, issuers would be required to clearly identify and disclose any assets held that are inconsistent with the product’s stated sustainability objective, along with an explanation of why those assets are held.

This approach recognises the diversified nature of Australian superannuation products and the operational realities of multi asset portfolios. Superannuation products, in particular, must maintain broad portfolio diversification to meet member expectations, regulatory requirements, and long-term investment strategies and are required under legislation to do so. In practice, this means they will inevitably maintain some exposure to assets that may not fully align with a sustainability objective. These constraints are further reinforced by the Australian YFYS performance test, which limits deviation from benchmark exposures even where sustainability preferences may suggest a different allocation.

By contrast, requiring that a product’s net impact be “sustainable” is not compatible with a disclosure-based framework. Such a requirement would introduce a merit based (and possibly outcomes-based) assessment and necessitate verification of the product’s overall impact which is

an approach that cannot be operationalised through disclosure alone. A conflicting assets disclosure requirement is therefore more appropriate, more transparent, and more consistent with a disclosure regime.

RIAA recommends that Treasury adopt this principle to preserve integrity while allowing diversified products, especially superannuation funds, to continue applying meaningful sustainability strategies without breaching regulatory or performance-based constraints.

Recommendation 17: Adopt a “Conflicting Assets Disclosure” principle, requiring issuers to identify and explain any assets that are inconsistent with a product’s sustainability objective. This approach fits a disclosure-based regime and accommodates the diversified, benchmark constrained nature of Australian superannuation products, without introducing merit-based assessments that cannot be delivered through disclosure alone.

RIAA does **not** support adopting prescriptive exclusions or ineligible asset classes, including those proposed in the EU’s framework. Such rules are overly rigid and risk excluding legitimate investment strategies that contribute to sustainability goals in ways that are not captured by fixed asset categories.

Similarly, adopting the UK’s SDR criteria would not be appropriate. The UK definition of a *sustainability objective* is overly narrow because it requires improving or pursuing positive sustainability outcomes. This disadvantages financial products which use approaches that are focused on sustainability performance improvements such as climate transition strategies.

At this early stage of the regime, implementing strict lists of ineligible assets or narrow definitions of sustainability objectives would create several risks, including limiting innovation, constraining diversified products (especially superannuation funds), and producing unintended compliance or product design consequences. The net effect of this is less products on the market that meet growing and diverse consumer demands.

Instead, RIAA recommends a principles-based approach aligned with the RI Standard. This provides flexibility, supports market evolution, and avoids prematurely locking in definitions that may quickly become outdated. A principles-based model can also set a sufficiently high bar for consumer facing disclosures, without introducing rigid exclusions that distort investment decisions.

This approach should be supported by strong regulatory guidance to ensure consistent application across the market while allowing the regime to mature and adapt over time as global standards and consumer expectations evolve.

Recommendation 18: Adopt a principles-based approach rather than prescriptive exclusions or ineligible asset lists. UK or EU-style rules are too rigid and risk limiting innovation and constraining diversified products.

Element 4: Evidentiary Assessment

17) Do you support a principles-based approach to evidentiary assessment requirements for financial products marketed as ‘sustainable’ or similar? Why or why not?

a. If not, what alternative approach would you prefer and why?

RIAA supports a principles-based approach to evidentiary assessment. A flexible, principles based model is the most appropriate way to accommodate the diversity of responsible investment strategies in the market and to support future product innovation.

It is important to distinguish between evidence and disclosure, as the level of substantiation required should depend on the nature of the sustainability representation being made.

- For **sustainability claims**, such as those based on negative or exclusionary screening, clear and accurate disclosure may be sufficient.
- For **sustainability objectives**, evidentiary substantiation should be required to demonstrate how the product intends to achieve or perform against its stated objective.

Evidentiary expectations must therefore be calibrated to the type of sustainability representation being made. A principles-based approach provides the flexibility needed to ensure that evidentiary requirements remain proportionate, meaningful, and suitable across different responsible investment strategies.

Recommendation 19: Adopt a principles-based approach to evidentiary assessment, ensuring that evidentiary expectations are proportionate to the type of sustainability representation being made

RIAA recommends that Treasury adopt evidentiary principles aligned to those embedded in the RI Standard, as outlined in the [Annexure A](#). These principles already provide a robust industry tested foundation for assessing the credibility of sustainability approaches, including requirements for:

- honest, substantiated claims,
- clarity on the investment process and intended outcomes, and
- transparent reporting on sustainability performance and methodologies.

A principles-based approach ensures consistency while avoiding overly prescriptive rules that could restrict innovation or fail to account for the wide range of investment strategies used across the market.

Recommendation 20: Draw on the evidentiary principles embedded in RIAA’s RI Standard, which provide a clear, credible and industry tested foundation for assessing honest, substantiated claims and transparent sustainability reporting.

18) If applicable, what types of evidence do you currently rely on to substantiate sustainability-related claims for financial products (if possible, please include information on internal methodologies, third-party data, standards or certifications).

a. What is the relationship between the labelling regime and industry standards? Should a labelling regime prescribe specific standards? If yes, which?

RIAA does **not** recommend prescribing specific metrics or standards for evidentiary assessment, given the wide diversity of sustainability strategies used across the market. Instead, the regime should reference established industry standards and guidance, including the RI Standard and related guidance.

RIAA provides a suite of guidance materials that outline detailed criteria, methodologies and examples to support the application of responsible investment approaches. These materials demonstrate how products can substantiate sustainability related claims or objectives through a variety of evidence sources, including:

- documented investment processes;
- ESG and impact measurement methodologies;
- stewardship and engagement records;
- third party datasets; and
- outcomes reporting against defined benchmarks or targets.

These examples draw on more than two decades of insights from the Responsible Investment Certification Program and reflect recognised good practice approaches across the market.

Relationship between the labelling regime and industry standards

The evidentiary requirements associated with different responsible investment strategies, sustainability claims, and sustainability objectives vary significantly. Prescribing specific metrics or individual standards within the labelling regime would risk favouring certain methodologies over others and could inadvertently exclude credible, widely used approaches.

To avoid this, RIAA recommends that the framework:

- acknowledge the role of industry standards and guidance – including RIAA’s RI Standard – as the primary reference point for evidentiary expectations; and
- require products making sustainability claims or objectives to disclose the recognised methodologies they have applied when substantiating those claims or objectives.

This approach maintains flexibility, supports evolving market practice, and ensures consistency and credibility across products without imposing rigid evidentiary rules that may quickly become outdated.

Recommendation 21: The framework should not prescribe specific metrics or standards for evidentiary assessment. Instead, it should reference industry standards and guidance, including the RIAA Responsible Investment Standard, and require products to disclose the recognised methodologies applied to substantiate their sustainability claims or objectives.

19) pHow can a principles-based regime ensure sufficient consistency across products and issuers, while still allowing flexibility in evidentiary methods?

A principles-based regime can ensure consistency across products and issuers by anchoring evidentiary and disclosure expectations to clear, well-defined principles rather than rigid metrics. This provides comparability while preserving the flexibility needed to accommodate diverse responsible investment strategies, asset classes and product structures.

Consistency is achieved by setting minimum expectations for:

- how sustainability claims must be disclosed
- how sustainability objectives must be evidenced
- what constitutes a substantiated versus an unsubstantiated claim

Flexibility is maintained by allowing issuers to select the methodologies, data sources and frameworks most appropriate to their investment strategy, recognising that different sustainability approaches require different forms of evidence.

To support this balance, Treasury should anchor the regime in the evidentiary and disclosure principles already embedded in the Responsible Investment Standard, which require:

- honest, accurate and non-misleading claims
- clear articulation of investment processes
- transparency regarding sustainability performance, outputs or outcomes
- consistent reporting of methodologies

Comprehensive regulatory guidance including examples, case studies and expectations for different responsible investment approaches; will be essential to ensure consistent application across the market without limiting innovation or forcing products into unsuitable evidentiary models.

Recommendation 22: Anchor the evidentiary framework in clear principles, supported by guidance, to ensure consistent application while allowing flexibility in evidentiary methods.

20) Are there particular challenges in evidencing certain sustainable investment approaches?

a. If so, how should a principles-based regime accommodate these differences?

Certain sustainability approaches inherently present different evidentiary challenges, and a principles-based framework must be designed to accommodate these differences. The level and type of evidence required will depend on whether a product is making a **sustainability claim** or pursuing a **sustainability objective**, consistent with RIAA’s broader recommendation to distinguish between these concepts.

To ensure proportionality and consistency, a principles-based regime should:

1. **Differentiate evidentiary expectations based on the nature of the representation**, whether it is a sustainability claim or a sustainability objective.
2. **Allow multiple evidentiary pathways**, recognising that different investment strategies rely on different data sources, methodologies and frameworks (e.g., screening, ESG integration, thematic strategies, impact investing).
3. **Avoid prescriptive metrics or a single mandated methodology**, which risk excluding credible approaches or favouring certain models over others.
4. **Provide strong guidance** for different responsible investment approaches, including examples and case studies to support issuers in applying the evidentiary principles consistently.
5. **Ensure proportionality**, so that products are not required to provide evidence beyond what is reasonable or relevant for the claims or objectives they pursue.

This approach ensures that evidentiary expectations remain credible and meaningful across diverse sustainability strategies, while avoiding unnecessary compliance burden and preserving innovation in responsible investment.

Annexure A: RIAA Responsible Investment Standard

Since 2005, RIAA’s Certification Symbol has differentiated responsible investment products from the rest of the market, directing investors towards quality products underpinned by reliable, fit for purpose investment processes.

RIAA certifies financial products/services that can adhere to the [Responsible Investment Standard](#). In some cases, [Guidance and Assessment Notes](#) are used for certain product types (e.g. Banking) to ensure that the scope of certification continues to represent an uplift in standards for Responsible Investment for the specific product type or industry in line with the Responsible Investment Standard.

The Responsible Investment Standard is underpinned by eight requirements that act as the guiding principles for Certified Responsible Investment Products:



Evidentiary requirements for product labelling under the RI Standard

Product Requirement 5 – *Have relevant and accessible RI disclosures* includes the following evidentiary requirements amongst others to: publish

- c. 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
- d. activities and outcomes from stewardship practices (in particular, engagement and voting)
- e. 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, the methodology for measuring the Product’s contribution to social, environmental and/or sustainability outcomes, and materially adverse information once discovered

Guidance note – Product labelling

To fulfil the RI Standard’s product labelling requirements, issuers must demonstrate the following for each product they wish to certify:

P2 Make honest claims and are appropriately labelled:

- a. *are named to accurately reflect the claims pertaining to social, environmental, sustainability and/or ethical outcomes or responsible investment approach applied to the product; and*
- b. *describe what could be reasonably expected by an investor in terms of the portfolio holdings of the product; and*
- c. *ensure all claims made about the product are honest and not false or misleading nor include puffery, un-substantiations and unqualified predictions.*

P5e Have relevant and accessible RI disclosures: for products asserting certain sustainability outcomes or claims, publish 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.

RIAA’s [Product Labelling Guidance Note](#) provides detailed information on how Certified product providers can demonstrate compliance with the RI Standard.

Climate Claims Annex to Guidance Note – Product labelling

The Climate Claims Annex serves as a guide to how product providers can show adherence to RI Certification Standard requirements P2 and P5e where climate-related product claims are made, and names / labels are used.

Examples of climate-related product names and labels: Green, Transition, Climate, Clean Energy, Clean Technology, Renewable Energy, Low Carbon, Carbon Reduction, Net Zero, Net Zero aligned, Paris-aligned.

Examples of climate-related product claims: “We don’t invest in fossil fuel production”; “our portfolio constituents derive at least 50% of revenue from renewable energy”; “we are committed to aligning our portfolio with a 1.5-degree pathway”; “we target a reduction in exposure to fossil fuels by applying a 5% revenue threshold on the exclusion of thermal coal mining.”

Product providers should ensure that they adopt these terms, names and labels consistently to ensure clarity of defined terms and ensure investors have a clear understanding of this meaning.

The Climate Claims Annex provides a number of examples to illustrate how these terms, names and labels may be used in relation to:

- Descriptions of climate-related product names, labels and claims
- Consistent representation of climate-related claims
- Description of the methodologies that inform climate-related claims
- Description of negative effects/ adverse impacts against climate-related claims

Assessment note – Products trading with ‘sustainable’ in the label

This purpose of this Assessment Note is to inform product issuers how products claiming to be sustainable investment products can demonstrate compliance with the Responsible Investment Standard.

'Sustainable' Test – The following test will be applied to any product that wishes to obtain RIAA Certification and trade with the term 'sustainable' in its title/label. The 'Sustainable' Test provides the required evidence in support of compliance with the Program Requirements.

1	The product provider has established sustainability objective(s) for the fund
2	The sustainability objective(s) are built into the product’s RI Strategy and Process
3	Portfolio Holdings and stewardship practices align with the stated sustainability objective(s)
4	Publish sustainability performance against its goals or targets as set in its sustainability objectives

Assessment note – Products trading with ‘impact’ in the label

The purpose of this Assessment Note is to inform product issuers how products claiming to be impact investment products can demonstrate compliance with the Responsible Investment Standard.

Impact Tests – The following Impact Tests will be applied to any product that wishes to obtain RIAA Certification and trade with the term 'impact' in its title/label. The Impact Tests provide additional evidence in support of compliance with the Program Requirements.

Intentionality	1. Impact thesis
	2. Impact goals - metrics to deliver impact thesis
	3. Invest in impact business & services >50% revenue
	4. Prioritisation of the impact intent – dual intent
	5. Responsible exits
Measurement	6. Portfolio-level
	7. Asset/constituent
Manager contribution	8. Engages for greater impact
	9. Contributes to the growth of undersupplied market
	10. How financial contribution scales impact

Annexure B: RIAA’s certified product landing page

The format used in RIAA’s [certified product provider landing pages](#) offers a practical model for how to communicate information about responsible investment products which are flexible to different products and responsible investment approaches. RIAA has provided suggestions on how such a resource could be adapted for the CFD.

Responsible Investment Fund

Australia | Investment

View product website | Product information

How we evaluate products

Responsible Investment strategies, processes, practices and disclosures are assessed against the eight criteria for product certification in the Responsible Investment Standard and accompanying Guidance and Assessment Notes.

What this symbol means

General certification: This Symbol signifies that a product or service offers an investment style that takes into account environmental, social, governance or ethical considerations, and that it adheres to the operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product.

See RIAA's Financial Services Guide →
Learn about RIAA's certification / sustainability classifications →

The content on this webpage is provided by Responsible Investment Association Australasia Ltd (ACN 621 048 998, AFSL 564116). For more information refer to our Financial Services Guide. Certain content provided may constitute a summary or extract from the offer document of a financial product. This general advice has been provided without reference to your investment objectives, financial situation or needs. If the advice relates to the acquisition of a particular financial product for which an offer document (such as a product disclosure document) is available, you should obtain the offer document relating to the particular financial product and consider it before making any decision whether to acquire the product. Past performance does not necessarily indicate a financial product's future performance. To obtain information tailored to your situation, contact a financial adviser.

Learn more about this product

RIAA does not actively monitor the content of these links.

Public Holdings | Financial Performance | Product Documentation | Supporting Documents

Themes & Issues

Society

Healthcare and medical products	✓ Included
Controversial Weapons Manufacturing	× Fully avoided
Nuclear Weapons	× Fully avoided
Tobacco growing and production	× Fully avoided
Tobacco alternatives production	× Fully avoided

Environment

Green property	✓ Included
Renewable energy and energy efficiency	✓ Included
Thermal Coal exploration and extraction	× Mostly avoided
Securities from issuers on UN sanctions list	× Mostly avoided
Genetically Modified Organisms	× Partially avoided
Illegal Logging	× Partially avoided

For RIAA's definitions of the themes included and issues avoided, please view this guide. Product-specific exclusion criteria and practices may vary. You can find these by referring directly to the product provider.

Overview

The Responsible Investment Fund is designed to suit investors who hold strong ESG (Environmental, Social and Governance) values and intend to invest primarily in small and medium sized Australian listed companies. The fund intends to deliver long-term growth prospects, by investing in forward thinking companies that meet rigorous environmental and socially responsible standards.

Description

The Responsible Investment Association Australasia (RIAA) champions responsible investing and a sustainable financial system in Australia and New Zealand. RIAA is dedicated to ensuring capital is aligned with achieving a healthy society, environment and economy. With over 500 members representing US\$29 trillion in assets under management, RIAA is the largest and most active network of people and organisations engaged in responsible, ethical and impact investing across Australia and New Zealand. Our membership includes super funds, KiwiSaver providers, fund managers, banks, consultants, researchers, brokers, impact investors, property managers, trusts, foundations, faith-based groups, financial advisers and individuals.

We, the Responsible Investment Association Australasia, don't earn any commission from providers or products you switch to.

1. Summary of sustainability claims, sustainability objectives, and RI approaches
2. Relevant supporting documentation (e.g. portfolio holdings, PDS)
3. Breakdown of themes and issues considered by the financial product/option. Guidance can provide principles for 'mostly' and 'partially' avoided.
4. Overview and description of the product which provides more context for the strategy.

Summary of recommendations

General submissions

Recommendation 1: Clearly differentiate between sustainability objectives, sustainability claims, and responsible investment approaches. The regime must explicitly allow process-based RI approaches (e.g., negative screening, ESG integration) to underpin sustainability-related claims without being treated as sustainability objectives. This distinction is essential to prevent greenhushing, avoid greenwashing, and preserve consumer clarity while accurately reflecting market practice.

Recommendation 2: Design the labelling framework with explicit regard to the relationship between retail, wholesale and institutional product markets, ensuring coherence and avoiding regulatory inconsistencies that could undermine the regime's effectiveness.

Recommendation 3: Ensure the labelling regime reflects the current extent of retail investors' direct access to impact products and the role of wrapped structures, while remaining aligned with established impact standards.

Recommendation 4: Only products with genuine, measurable impact objectives should be eligible to use an impact label, preventing non-impact products from misrepresenting themselves.

Recommendation 5: Develop clear, strong regulatory guidance to support a disclosure-based product labelling regime and encompass all aspects under consultation. This will ensure consistent interpretation and application of sustainability claims and objectives and align with established industry standards to minimise compliance burdens and enhance consumer clarity.

Element 1: Scope of Sustainable Investment Product Labelling

Recommendation 6: RIAA recommends retaining the Corporations Act definition as the primary inclusion threshold, with any exclusions treated as clearly justified exceptions rather than the default position.

Recommendation 7: Ensure that financial products are only captured by the regime where they make explicit sustainability related claims or pursue sustainability objectives. Whole of fund RI approaches should only be in scope where the sustainability-related objectives are specific and positive, rather than used for the purposes of risk mitigation. The framework should be principles-based and claims triggered framework to mitigate against inappropriate scope creep and unintended consequences.

Recommendation 8: Adopt a non-exhaustive list of sustainability related terms supported by clear contextual guidance, ensuring that terms are interpreted appropriately and only considered sustainability related when used in a relevant descriptive context.

Recommendation 9: Terms relating to governance and social elements of ESG should be included within the scope of the regime, reflecting current market practice, retail investor expectations, and the established use of governance and social based sustainability claims.

Element 2: Consumer-facing disclosures

Recommendation 10: Introduce mandatory CFD obligations where they are principles-based and underpinned by clear minimum standards, with the option to be complemented by a transitional voluntary phase to build issuer capability and market confidence. This should consider factors on which decisions are made wider than sustainability related factors.

Recommendation 11: Require product issuers to disclose both direct and indirect investment exclusions within the CFD, supported by clear guidance, and should clarify that the exclusions list in Box 2 is non-exhaustive to ensure flexibility and prevent misinterpretation.

Recommendation 12: Ensure that any mandatory CFD requirements are strongly aligned with the RIAA RI Standard and its accompanying guidance, drawing on the established frameworks already used across industry to enhance consistency, reduce duplication, and support meaningful, comparable disclosures.

Recommendation 13: Ensure CFD requirements are informed by targeted testing with consumers; or, where not feasible, with financial advisers who have direct insight into how retail investors interpret sustainability-related products. The requirements must support product innovation to meet evolving consumer demand and not be overly restrictive to disincentivise sustainable investment product issuance.

Element 3: Thresholds

Recommendation 14: Adopt a principles-based approach to determining which assets contribute to sustainability thresholds under both Option 1 and Option 2. Assets should only count toward a threshold where they are substantively aligned with the product's stated sustainability objective or claim. Threshold methodologies must remain flexible to accommodate diverse investment strategies and product structures.

Recommendation 15: Draw on the RI Standard – particularly requirements for accurate labelling, honest claims, clear expectations of portfolio holdings, and transparent sustainability disclosures. Comprehensive guidance will be essential, and should align with RIAA's Product Labelling Guidance Note and Assessment Notes on "sustainable" and "impact" labels when developing this guidance.

Recommendation 16(a): For direct vs indirect ownership, adopt a principles-based approach to the treatment of indirect investments within threshold methodologies. Indirect investments should only be included where they are material and substantively linked to the product's stated sustainability objective or claim. RIAA recommends allowing inclusion based on either (1) majority ownership (>50%), or (2) material economic exposure, such as consolidated revenue links, with clear disclosure where indirect exposures are excluded.

Recommendation 16(b): For direct and indirect management, the framework should adopt a principles-based approach to the treatment of direct and indirect investments within threshold methodologies. Both should be included where they are material and substantively linked to the product's stated sustainability objective or claim.

Recommendation 17: Adopt a "Conflicting Assets Disclosure" principle, requiring issuers to identify and explain any assets that are inconsistent with a product's sustainability objective. This approach fits a disclosure-based regime and accommodates the diversified, benchmark constrained nature of

Australian superannuation products, without introducing merit-based assessments that cannot be delivered through disclosure alone.

Recommendation 18: Adopt a principles-based approach rather than prescriptive exclusions or ineligible asset lists. UK or EU-style rules are too rigid and risk limiting innovation and constraining diversified products.

Element 4: Evidentiary Assessment

Recommendation 19: Adopt a principles-based approach to evidentiary assessment, ensuring that evidentiary expectations are proportionate to the type of sustainability representation being made.

Recommendation 20: Draw on the evidentiary principles embedded in RIAA's Responsible Investment Standard, which provide a clear, credible and industry tested foundation for assessing honest, substantiated claims and transparent sustainability reporting.

Recommendation 21: The framework should not prescribe specific metrics or standards for evidentiary assessment. Instead, it should reference industry standards and guidance, including the RIAA Responsible Investment Standard, and require products to disclose the recognised methodologies applied to substantiate their sustainability claims or objectives.

Recommendation 22: Anchor the evidentiary framework in clear principles, supported by guidance, to ensure consistent application while allowing flexibility in evidentiary methods.