

Rest Super Submission to Sustainable Investment Product Labelling consultation

March 2026

Rest Super welcomes the opportunity to provide views to Treasury in its consultation on a Sustainable Investment Product Labelling regime.

Rest is one of Australia's largest profit-to-member industry superannuation funds, with more than two million members – or around one-in-seven working Australians – and around \$105 billion in assets under management (as at 31 December 2025). We represent around one million members under the age of 30, who are decades from retirement. An overwhelming majority of our members will retire into a post-2050 world. Many of our members work in part-time or casual jobs which can make it harder to build super consistently over their working lives. We put our members needs at the centre of everything we do, and we are deeply committed to maximising the retirement outcomes of our members.

We support actions for a more sustainable future. We consider climate change and other financially material environmental, social and governance (ESG) factors in our investment decisions. As a universal owner and long-term global investor, Rest believes that responsible investment adds value. Rest considers and integrates ESG factors to reduce risks, improve returns and maximise investment opportunities which supports investment outcomes for members' retirement savings.

Rest's 'Sustainable Growth' option enables members to choose an investment option designed to meet its return objective based on traditional risk return investment analysis, along with additional and more specific ESG considerations.

Rest welcomes this consultation in the context of broader Government policies under the Sustainable Finance Strategy and Sustainable Finance Roadmap priorities, to improve the information available to investors on sustainability. This includes climate-related financial disclosures (Priority 1) and other relevant developments including the Australian Sustainable Finance Taxonomy (Priority 2), transition planning guidance (Priority 3), and increased availability of sustainability-related data (Priority 7). Rest supports these initiatives.

Rest notes the Government's target of 2027 for the commencement of a sustainable investment product labelling regime, subject to final policy decisions. Rest believes that further consultation is appropriate prior to commencement of any new disclosure requirements.

Benefits of Sustainable Investment Product Labels

Rest believes that sustainable product labelling of investment products or options can play an important role in providing ease of comparability for members. We are committed to ensuring the information we disclose is meaningful for our members. We support the objective outlined in the consultation paper to: *“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”*. Rest believes the increased number and complexity of sustainably labelled

options in the super landscape makes it difficult for members to compare option structures, features and risk on a like-for-like basis.

As acknowledged in the consultation paper, superannuation funds already have a range of options on the market that have sustainability objectives, many of which are in addition to the performance objective (e.g. CPI+). Across these, there is considerable diversity of investment objectives, the investment mechanisms for screening or exclusion, and risk rating for these options, making informed decision-making on the part of a consumer difficult. Consistent labelling and disclosure requirements, relating to the sustainability objective, could enhance the transparency of the sustainable finance market and drive better outcomes for consumers as they seek to make informed decisions.

As noted in Rest's [August 2025 submission](#) on sustainable investment product labelling, as investment providers of generally mature offerings with an understanding of the importance of sustainability, we believe that labelling and disclosure requirements should be simple and flexible enough to provide transparency across a range of options.

We also believe that broader superannuation labelling reform could bring significant benefits to members. For example, members could greatly benefit from terms like “Growth” and “Balanced” being subject to standardised definitions and labelling requirements. Often these terms are used by one fund for an option that may have different risk and return profile to an option offered by another fund. Rest recommended in our [2026-27 Pre-Budget Submission](#) that the Government develop a standardised investment labelling framework that applies consistent risk categories and descriptors across comparable options, enabling clear, like-for-like member comparison and improved consumer understanding.

Design of Sustainable Investment Product Labelling regime

Element 1 – Scope of Sustainable Investment Product Labelling – what products will be included?

Rest **supports the new regime applying to products or options marketed as ‘sustainable’ or similar**. For superannuation funds, members can often select between various investment options, some of which may be marketed as ‘sustainable’ or similar. For this reason, applying labels at the investment option level would provide the most meaningful information to members.

While investment options are not separate ‘financial products’ under the *Corporations Act*, they are expressly recognised in section 1017BB in relation to portfolio holdings disclosure. We encourage Treasury to consider the investment option aspects of the superannuation system when designing the new labelling scheme.

Focusing on ‘sustainable’ (or similar wording) products or options will target regulation to the most relevant section of the market, while minimising regulatory burden on industry. Applying the new regime to all investment products or options, and no matter how they are labelled, would be a significant regulatory change and significantly more complex to implement. Regarding the term ‘sustainable’, while we believe this is a useful starting point, we agree that Government will need to consider coverage of the scheme to other similar terms like ‘green’, ‘responsible’, ‘socially aware’ and ‘ethical’ in preparing the list of terms that may underpin the new regime.

Rest suggests the starting point for the new regime is for it to apply to products or options that use relevant terms in the name. In considering a more expansive approach, Treasury would need to closely consider what it means for an entity to use these terms in marketing to avoid capturing products or options that are not marketed as sustainable.

We agree that the new regime, once implemented, should not restrict the ability of super funds to transparently and accurately communicate about their investment approaches, such as Net Zero objectives for investment portfolios, ESG integration, and stewardship for both non-labelled options and their portfolios as a whole. We think it is important for superannuation funds to continue to be able to take into account responsible investment approaches and ESG considerations in their investment approaches, in order to meet their best financial interests duty (BFID) to members. Overall, we consider it very important that labelling is not conflated with how funds integrate responsible investment approaches and ESG considerations into their investment processes, and how they disclose that to members and other key stakeholders.

Element 2 – Consumer-facing disclosures

Rest supports new disclosure requirements for sustainable investment options that improve how superannuation funds communicate the key elements of their sustainable investment option(s). **Rest supports a principles-based approach** for disclosure, as this can support innovation while uplifting the consistency and quality of information that consumers receive regarding options labelled as sustainable. Alongside new principles for disclosure, Rest also supports a **hybrid approach for disclosure** – for example, requiring funds to disclose a concise set of standardised information on sustainable options. Rest believes that a principles-based approach is appropriate for disclosure of direct and indirect investment exclusions.

Any new disclosure requirements should be subject to further consultation to ensure that they are fit-for-purpose and do not introduce unintended consequences. Rest supports any uplift in disclosures – for example as driven by new disclosure principles as well as potentially standardised information requirements – being communicated via funds’ Product Disclosure Statements.

Element 3 – Thresholds

Rest is **not supportive of the introduction of quantitative thresholds** for sustainable or similar products or options, as this approach would take the policy reform beyond improving investor understanding of the sustainability credentials of their investments.

Instead, this type of change could drive changes in investment approaches, while introducing complexity and potentially heightening uncertainty for consumers, noting the diversity of investment options currently in the market. These complexities include potential interactions with the annual superannuation performance test.

If Government puts in place a requirement for funds to disclose thresholds for sustainable products or options, we believe that a principles-based approach to how this is done is appropriate. For example, this could allow funds to disclose their alignment with a sustainability objective, what it applies to within the total investment, and the process for meeting this. For superannuation options, Rest believes

that disclosing the allocations to asset classes in sustainable options would be the most useful for members, alongside the sustainability criteria used.

Element 4 – Evidentiary Assessment

Rest **supports a principles-based** approach to evidentiary requirements. Under existing law and regulatory enforcement, it is necessary that product issuers can substantiate claims made about the sustainability characteristics of the investment products or options they offer.

Conclusion

Rest values the opportunity to engage in Treasury’s consultation and provide this submission. We would welcome the opportunity to further discuss any matters outlined in this submission at your convenience.