

12 March 2026

**Labelling and Disclosure Unit
Climate and Energy Division
The Treasury
Langton Crescent
PARKES ACT 2600
Australia**

By email: climatereportingconsultation@treasury.gov.au

Consultation on Sustainable Investment Product Labelling regime ('Consultation')

MSCI¹ welcomes the opportunity to comment on the proposed Sustainable Investment Product Labelling regime. As a leading provider of climate risk data and analytics to the global investment community, MSCI has assisted investors for over two decades with analysis on climate and sustainability-related aspects of their portfolios.

We have the following general observations, with more detailed responses to the specific consultation questions in the Annex.

1. **Global interoperability is essential:** The future regime should ensure interoperability with other commonly used frameworks, such as the EU Sustainable Finance Disclosure Regime (currently under review) and the UK's Sustainable Disclosure Regime.
2. **The list of restricted terms should be non-exhaustive and include 'transition':** A non-exhaustive list is a more future-proof policy choice. The list should aim to include all terms currently used in naming of sustainability products, including 'transition'.

¹ MSCI ESG Ratings, research and data are produced by MSCI Solutions LLC, a subsidiary of MSCI Inc.

- 3. The regime design should be based on disclosures rather than prescribed thresholds:** This approach would better support investment products focused on emerging markets, for example, where the pace of climate-transition may be slower due to constraints outside of the portfolio companies' control.

We appreciate the opportunity to share our views and look forward to continued engagement with the Treasury.

Please do not hesitate to contact us to discuss our submission.

Yours sincerely,

Michael Percival

Michael Percival
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Question 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? The regime should apply to all products that use sustainability-related terminology or make ESG claims in marketing or product names. This will help reduce risks of both greenwashing and ‘greenhushing’, by transparently categorising various sustainable investment strategies.

b. Should there be any exclusions of types of financial products? No, all investment products should be treated equally. There should be no exclusions from the requirement to substantiate sustainability claims and there should be no exclusions as to the assets which can form part of sustainable portfolios, e.g., sovereign green bonds should be eligible.

c. Conversely, does this approach miss any financial products that should be captured by the regime? No comment.

Question 2: Is the approach of using a non-exhaustive list of ‘sustainability’ terms appropriate for this regime? An exhaustive list inevitably leads to the exclusion of some investment products with sustainability characteristics as the market evolves. A non-exhaustive list is a more future-proof policy choice. However, the list should aim to include all terms currently used in naming of sustainability products. One example of a missing term is ‘transition’.

Question 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? Both options can support the credibility of the regime, as long as investors have clarity as to the regime’s design. A framework based on disclosures rather than prescribed thresholds can better support investment products focused on emerging markets, for example, where the pace of climate-transition may be slower due to constraints outside of the portfolio companies’ control.

b. If option 1 is adopted what is the appropriate threshold in the Australian context? If Option 1 were to be adopted, a threshold aligned with the EU and UK (i.e., 70%) would ease global interoperability.