

Comparing Carbon Emissions from New Zealand Investment Funds:

**Analysis of Climate-Related
Disclosures and Financed
Carbon Footprint**

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Foreword

This report is an important component in Mindful Money's climate change programme. Mindful Money supports increased transparency in reporting on greenhouse gas (GHG) emissions and other climate impacts as part of our role in providing free information to the New Zealand public on investments in their KiwiSaver and other managed funds. The transparency enables and empowers Kiwis to align their investments with their values.

The purpose of this report is threefold:

1. Provide a broadly comparable snapshot of financed emissions from managed investment schemes (MIS) drawn from the first year of mandatory climate-related disclosures (CRD).
2. Derive an estimate of the average financed emissions from New Zealanders' investments. This financed emissions category is a missing piece of the individual carbon footprint calculation.
3. Make recommendations regarding the future of CRD in New Zealand, actions for MIS and for individuals seeking to reduce their carbon footprint, including financed emissions.

Research and analysis for this report commenced prior to the government's decision in October 2025 to dramatically increase the thresholds for reporting by New Zealand's listed companies and remove all mandatory reporting requirements from MIS. As such, we broadened the initial scope to also comment on the impact of those decisions.

Mindful Money's climate programme includes other forms of public information to support informed climate action. This includes:

- annual surveys of the New Zealand public, undertaken jointly with the Responsible Investment Association of Australasia (RIAA);
- surveys of investment managers and institutional investors on how they are integrating climate into their decision-making, managed jointly with the Investor Group on Climate Change and the Centre for Sustainable Finance;
- research on climate investment, including identifying the companies that are still expanding their fossil fuel production and those on a pathway to net zero;
- free and accessible information for investors in KiwiSaver and retail funds on their investments in fossil fuel companies; and
- information on those funds' investments in companies that are providing renewable energy and other climate solutions (to be added in July 2026).

Mindful Money is a New Zealand-based charity aiming to make money a force for good. We seek to engage and collaborate with others and drive change in the finance sector. We welcome partnerships, donations and other forms of support for our work.

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Executive Summary

Towards comparability

An initial aim for this report was to compare the financed emissions (the aggregate of emissions from securities in investment portfolios) of New Zealand Managed Investment Schemes. While there have been a number of analyses of the CRD regime, we were unaware of any that had undertaken a comparison of the emissions from MIS that are Climate Reporting Entities (CREs).

As shown in this report, developing a robust comparison was not straightforward and the estimates in the report are necessarily approximate. It has been an instructive process of analysing the methodological differences and the required adjustments to improve comparability.

The analysis used a sample of the total of 22 CRD reports - some providers were not included because they used a phase-in provision to delay their reporting on financed emissions. Others used incomplete coverage of asset classes that made comparisons impossible. A comparison of financed emissions is shown in this report for the sample of eight funds with full and broadly comparable reporting.

We hope that the explanations of the methodological differences and the adjustments required will be useful for CREs, the Ministry of Business Innovation and Employment (MBIE), the External Reporting Board (XRB) and the Financial Markets Authority (FMA). A conclusion from this analysis is that future reporting systems will require clearer definitions and specific reporting templates.

Comparing emissions

In future, Mindful Money aims to include the financed emissions from each fund as part of the key information provided to investors. Such mechanisms for comparing climate actions across fund providers will be crucial for climate reporting to make a significant contribution to the aim of improved allocation of investment.

The results of the analysis show there is a wide range in the estimated greenhouse gas (GHG) emissions for the eight funds analysed. For KiwiSaver funds, the lowest emissions were the Pie/Juno Growth Fund at 10.5 tonnes of carbon dioxide equivalent per \$ million invested, and the highest was the ASB Growth Fund at 43.9 tonnes.

Calculating our carbon footprint

A second aim of the briefing was to use the data on emissions from investment funds to calculate an investment carbon footprint - the average emissions for New Zealand individuals. Carbon footprint measurement has become an important tool to enable citizens to understand their contribution to climate change and to help them to reduce their emissions. It is focused on the emissions from their consumption of energy, transport, food and shopping.

Investment decisions have consequences in terms of climate emissions, but are not generally included in carbon footprint measures. This briefing provides an estimate of the average financed investment footprint, drawing on CRD reports.

The annual financed emissions are estimated to be 2.8 tonnes of carbon dioxide equivalent per person across the population, recognising there are different definitions and ways of looking at what is included as a footprint. Financed emissions are the second largest driver of average carbon emissions for New Zealanders, behind transport.

The important outcome of this analysis is that individuals can take action to reduce the carbon footprint of their investments. As a reference point, Mindful Money's website provides free information on the highest carbon emitters, and links to find funds with lower emissions.

A future for mandatory climate reporting

This briefing concludes by explaining why the New Zealand fund management sector needs to report on climate-related risks, opportunities and impacts in the future. The previous experience of voluntary reporting provided inconsistent, patchy and anecdotal reporting. Mandatory reporting is required to provide robust and comparable reporting for the fund management industry, for informed decision-making by investors and for the sound allocation of investment resources.

Progress on the adoption of aligned international reporting will create pressure for lowering of the settings for corporate reporting and the re-introduction of mandatory reporting for managed investment schemes. This briefing concludes with specific recommendations for improvements to climate reporting in New Zealand in the future.

We hope that the insights from this report will be useful in reviewing and improving the next iteration of climate reporting.

SECTION 1

A brief summary of climate-related disclosure in New Zealand

1.1 The introduction of climate-related disclosure in New Zealand

New Zealand was the first country in the world to pass [legislation](#) mandating climate-related disclosure (CRD) in 2021 and gained international attention in the process. At the time this was widely welcomed as an important step forward in transparency and most OECD countries and major emerging economies have since introduced similar requirements or are on the pathway to do so.

The ultimate aim of the [New Zealand Climate Standards](#) (NZ CS) is to support the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future. In providing a consistent framework for entities to consider the climate-related risks and opportunities that climate change presents for their activities over the short, medium and long term, investors and stakeholders can understand and assess how entities are considering those risks and opportunities and then make decisions based on these assessments.

Without such information, the market cannot function properly; assets may be mispriced, risks may be hidden, and capital may flow to the wrong places.

For investors, and for KiwiSaver members specifically, this matters because:

- **Risk exposure:** Climate change poses real financial risks. Physical risks (like floods damaging assets) and transition risks (like new regulations making fossil fuel investments less valuable) can affect investors' savings, including their retirement funds.
- **Personal values:** Many people want their savings invested in ways that align with their values. CRD helps investors understand whether their fund is supporting a transition to lower emissions or enabling companies to further expand their production and use of fossil fuels.
- **Accountability:** Mandatory reporting creates transparency. Fund managers must explain their approach to climate issues, not just to regulators but also to the public.
- **Comparison:** When all funds report using the same standards, investors can compare them, and decide on what priority carbon emissions have compared to other investment preferences. This supports a sound allocation of capital across the economy.

The mandatory disclosures are split into four thematic areas; governance, strategy, risk management, and metrics and targets.

GHG reporting is within the metrics and targets section, with requirements across the three 'scopes':

- **Scope 1 (Direct emissions):** These are emissions from sources that an organisation directly owns or controls. For a manufacturing company, this might be emissions from their factory. For a transport company, it is emissions from their trucks. For KiwiSaver and investment funds, Scope 1 emissions are typically minimal or zero – funds do not operate factories or vehicle fleets.
- **Scope 2 (Indirect emissions from energy):** These are emissions from the electricity and heating that an organisation buys and uses. Again, for investment funds, these are usually negligible – perhaps emissions from running their office buildings, but this is tiny compared to other sources.
- **Scope 3 (All other indirect emissions):** Scope 3 includes emissions from an organisation's entire value chain – everything they are connected to but do not directly control. For MIS managers, there are two layers to Scope 3 – emissions from investments (Scope 1 and 2 of those investments) and the entire value chain of those investments (Scope 3 of those investments). The emissions of the companies they invest in are commonly called "financed emissions".

More information about GHG reporting is available in Annex 1.

The standards took effect for financial years beginning 1 January 2023 or later and [approximately 200 climate reporting entities \(CREs\)](#) in New Zealand were in scope including certain banks, insurers, MIS and large listed issuers. The External Reporting Board (XRB) – the standard setter – recognised there would be challenges with early reporting and developed adoption provisions which allowed phase-in periods for a number of the requirements including some GHG reporting.

During the consultation process to develop the standards, Mindful Money made [representations to the government](#) calling for the aims to also include accountability of emitters and investment entities to stakeholders. We also emphasised the importance of comparability of information to allow comparisons across companies and investment funds.

1.2 Implementation challenges and subsequent changes to the CRD regime

Throughout that same consultation process, the XRB recognised it would keep NZ CS under review as lessons were learned from implementation and standards were also developed in other jurisdictions. The Financial Markets Authority (FMA) – responsible for monitoring and enforcing NZ CS – also demonstrated flexibility and sought to adopt an 'educative and constructive' approach in the early years.

Despite those assurances, the threat of liability of directors appeared to contribute to a compliance-oriented approach from entities. Concerns emerged over the costs of disclosure for the first year and some companies, investment funds and industry associations lobbied the government. Mindful Money [submitted](#) on a government consultation on the issues. In parallel, the XRB and FMA were aware of the concerns and initiated a review to provide for simplified reporting and differentiated reporting standards for smaller CREs.

However, in 2025 the government announced significant changes to take effect in 2026, well beyond the proposals that had been included in the consultation. The changes were:

- increasing the threshold for listed issuers from company value of \$60m to \$1bn;

- removing all MIS from the scope of the regime; and
- removing deemed director liability for breaches of the requirements.

These changes are expected to reduce the number of corporate entities in scope by [more than 50%](#), as well as eliminating the reporting requirements for investment fund providers. They also carry implications for the work of Mindful Money, both in this report and more broadly as we seek to educate and inform the New Zealand public and institutional investors about the relationship between climate impacts, risks and opportunities, and their investments. These are crucial issues and the loss of these regulated disclosures will adversely affect investor information and capital allocations.

1.3 The Future of Climate Reporting

Mindful Money considers the analysis and justification for the changes are flawed, as set out in the briefing '[Stay the Course](#)'. We will advocate for enhanced mandatory climate disclosure to be introduced by a future government.

Despite the changes, there are sound business and economic reasons for MIS and other entities to continue disclosing emissions and other climate-related risks and opportunities (as well as being a core part of their corporate social responsibility):

- disclosure acts as an effective tool for entities to identify, measure and manage their climate-related risks and opportunities and embed the transition into their strategies and business planning;
- businesses that trade internationally are increasingly required to provide robust and verified climate information by their customers and others in their value chains, both for internal policies and for their own reporting requirements;
- international investors also need credible climate information, and climate metrics of companies and investment funds are an important criterion in the investment process. These requirements are also mirrored domestically;
- the New Zealand financial sector and economy will benefit from sound capital allocation decisions that include climate information; and
- surveys show that New Zealand retail investors want their KiwiSaver or investment funds to reduce their climate footprint and to report on their financed emissions.

A number of companies and investment funds that are no longer obliged to report have said they will continue to do so on a voluntary basis. However, while we appreciate those intentions and efforts, we do not consider voluntary disclosure as a viable way forward for New Zealand. Voluntary disclosure has well-documented problems, including incomplete coverage and an emphasis on communicating only the positive information, and the use of a variety of methodologies for reporting. [The interim evaluation](#) of the CRD regime also highlighted several other issues with voluntary climate statements based on practices prior to the introduction of the legislation in 2021, including concerns that the information was not robust or comparable.

It is clear that mandatory disclosure promotes the aims of the CRD regime and is the best way to ensure plentiful, comparable and robust information for investors – including the public – to use in their decision-making. We aim to highlight the usefulness of such data comparisons in the next section of this report.

SECTION 2

Comparing financed emissions in first-year climate statements

2.1 The rationale for our research

The ability to compare across entities is fundamental to any reporting system, particularly to guide the allocation of capital and assessment of performance. Given our mission, Mindful Money has a particular interest in the comparability of reporting from MIS.

We have observed a couple of insightful comparison exercises to-date. Mosaic FSI published its [analysis](#) of 17 KiwiSaver schemes in 2025 which provided useful data detailing which schemes reported on the categories specified in CRD. The FMA has also produced insight reports from its reviews of climate statements in both [2024](#) and [2025](#), with observations across all types of CRE and thematic areas.

However, there has, until now, been no analysis of the reported data to gain insights into the degree to which the data is comparable. Mindful Money's aim is to analyse CREs' climate statements and understand the ways in which quantitative measures are comparable or not. This also provides the basis for making adjustments to the data and publishing a smaller dataset of the measures that are as comparable as possible.

This was intended as a learning exercise for a number of different purposes:

- understand the different approaches and methodologies used in generating data for climate statements;
- identify the degree to which GHG emissions data can be compared and the adjustments that are required to increase the level of comparability;
- highlight the need for greater clarity in standards, so that a common methodology could be applied to CRD;
- start the process of assembling comparative climate data that could, in future, be incorporated into the [Mindful Money website](#), alongside ethical and financial data; and
- derive an average level of financed emissions across KiwiSaver and managed funds that can be used as an indicator of the carbon footprint of the investments of New Zealand investors.

2.2 The scope of our research

Our analysis focused on the headline metric of financed emissions. This is because there are few specific mandated quantitative measures and none that are possible to compare across a number of investment funds.

We undertook the analysis for the first full year of CRD, for financial years beginning 1 January 2023 or later (with the associated climate statements published between early 2024 and January 2025).

We analysed climate statements from KiwiSaver and managed fund providers to seek comparative data across funds. In total this comprised 22 statements from 18 MIS, representing analysis of 60 individual KiwiSaver funds and multiple managed funds; a significant portion of New Zealand's retirement savings under the mandatory disclosure regime. The analysis did not include the results from FundRock, which reported on a number of smaller funds.

We analysed the following providers:

Banks:

- ANZ/OneAnswer
- ASB
- BNZ
- Westpac

Large Non-Bank Providers (>\$1bn AUM):

- | | |
|-----------------------------------|--------------------|
| • Mercer (including NZDF schemes) | • Pie Funds (Juno) |
| • Booster | • Generate |
| • Milford | • JMI Wealth |
| • AMP | • MAS KiwiSaver |
| • Fisher Funds | • NZ Funds |
| • Harbour | • Simplicity |
| • Amova (Nikko/GoalsGetter) | • Superlife |

2.3 High-level observations on comparable quantitative metrics

We observed few comparable measures in the first-year statements. Much of the information was in narrative form, derived from the work of the Taskforce on Climate-Related Financial Disclosures, with an emphasis on describing climate-related risks. While the sections of Governance, Strategy and Risk Management provided extensive qualitative information, there were no clearly defined quantified metrics that could be compared across funds. Even the section on metrics and targets did not include many specific measures that could be compared, other than the past level of GHG emissions, which is due to the design of the standards as well as the choices by CREs.

We note that many of the adoption provisions within NZ CS 2 that entities utilised covered elements of quantitative information which could facilitate greater comparisons such as current and anticipated financial impacts in future years. However, we recognise even if those are fully disclosed there would likely still be significant differences between CREs arising from different methodologies and data providers (such as MSCI, Sustainalytics, ISS and Bloomberg).

2.4 The variation in MIS' first-year GHG reporting

All fund providers we reviewed met the legal requirements to disclose in Year 1. However, most investment providers applied Adoption Provision 4 (an exemption from disclosing all or some Scope 3 GHG emissions, since extended to the first four years of climate statements), often citing a lack of available data.

The following MIS provided no financed emissions data in their first-year statements:

- AMP - No reported financed emissions
- Generate - No reported financed emissions
- JMI Wealth - No reported financed emissions
- MAS KiwiSaver - No reported financed emissions
- NZ Funds - Reported only at scheme level; no financed emissions at fund level
- Simplicity - No reported financed emissions
- Superlife - No reported financed emissions

While compliant with CRD regulations, from a transparency perspective it meant their first-year reports provided little insight into the climate impact of investments. Mindful Money observes that other funds did manage to obtain the relevant data.

The reason given for the delayed reporting of scope 3 emissions for companies was primarily due to gaps in scope 3 data availability. However, this was not a problem for reporting financed GHGs. Most of the CREs that reported their financed emissions used only scopes 1 and 2 of the companies in their portfolios, and did not report scope 3 emissions for those companies. Data on scopes 1 and 2 for investee companies was readily available to fund managers through their external data providers (such as MSCI, Sustainalytics, ISS or Bloomberg) with sufficient coverage of listed companies, comprising a large majority of fund portfolios.

Several funds reported their financed emissions, but in ways that made comparability too difficult to include in our analysis. For example, BNZ and Westpac disclosed financed emissions but excluded significant asset classes (sovereign bonds for BNZ and both sovereign and corporate bonds for Westpac), limiting comparability with the funds that included these asset classes. Methodological differences are discussed more in the next sub-section.

That left us with the following funds that disclosed their financed emissions in such a way that they could be included within our comparison:

KiwiSaver funds	Managed Investment Funds
Amova/Nikko/GoalsGetter	Amova/Nikko Asset Management
ANZ KiwiSaver Scheme	ANZ Investments
ASB KiwiSaver Scheme	ASB Investments
Booster KiwiSaver	Booster Asset Management
Mercer KiwiSaver (and NZ Defence Forces)	Harbour Asset Management
Milford Asset Management	Mercer (and NZ Defence Forces)
Pie Funds (Juno)	Milford Asset Management
	Pie Funds

2.5 The key differences impacting comparisons of GHG disclosures

Even within the funds we could include, there were still several methodological differences which prevent a complete like-for-like comparison:

- different sources of underlying data – some emissions estimates rely on secondary data from a variety of published and unpublished sources, and those proxies can lead to large variations;
- different asset class coverage levels – coverage levels vary between 67-89% for the funds that have provided enough data to understand the proportion, with portfolios that primarily invest in listed securities at the higher end;
- only including Scope 1 and 2 company emissions – where companies have not fully disclosed their Scope 3 emissions it is hard to get a comprehensive estimate. This is particularly problematic for fossil fuel production, where most of the emissions result from the use of the product, rather than just its extraction;
- unclear Scope 3 allocation – where an investee uses multiple providers, it is often unclear as to how each provider allocates its proportion of the attributable Scope 3 emissions (duplication can inflate total Scope 3 numbers);
- the proportion of sovereign bonds in portfolios – under commonly used methodologies, sovereign bonds are more emissions-intensive than corporate bonds and so the distribution of bonds within portfolios largely determines the emissions intensities (this primarily affected Defensive and Conservative funds).

2.6 The results of our comparisons

Our analysis takes into account these key differences impacting comparisons, particularly the widely differing estimates for emissions from sovereign bonds. The focus is on Scope 1 and 2 emissions of investments in the portfolio (rather than the value chain). We also focus on the largest asset class; Growth Funds.

In cases where a provider offers a range of Growth funds, we have calculated an average of the emissions across that range. The table below shows the breakdown across KiwiSaver and Managed Funds by provider. The data is in tonnes of CO₂ equivalent per NZ\$1m of funds invested in the portfolio.

Please note that the adjustments made by Mindful Money to allow comparability have used estimates where full data is not available. In addition, the emissions figures provided by CREs in their reports are themselves estimates, often from incomplete or unreliable data. Therefore the following estimates should be regarded as indicative only.

Provider	KiwiSaver Funds (tCO ₂ e/\$m)	Managed Funds (tCO ₂ e/\$m)
Amova/Nikko Asset Management	16.8	16.8
ANZ Investments	30.0	33.5
ASB Investments	43.9	44.4
Booster Asset Management	41.6	32.1
Harbour Asset Management	-	14.5
Mercer Investments	22.7	30.2
Milford Asset Management	32.1	33.3
Pie Funds	10.6	20.1

We note the emissions intensities would be significantly higher if Scope 3 emissions for companies, across their value chain, were included. Analysis of those MIS reporting Scope 3 data shows Scope 3 estimates are 5.5 - 7 times higher than the total of Scopes 1 and 2.

The level of emissions across the funds within risk categories varies significantly. While in some cases this may be a result of methodological differences, in others it results from differences in portfolio investment decisions that have the effect of reducing emissions intensity.

Some of the variation between providers can be explained through the proportions of higher-intensity sovereign bonds within their portfolios. Emissions were also higher for the funds with a high proportion of global and Australian investments. Those with a greater proportion of New Zealand investments (such as Harbour Asset Management) had lower emissions.

Meanwhile, ASB's methodology for calculating emissions from sovereign bonds showed far higher emissions than for other fund providers. Analysis of the emissions of the four major bank-branded fund providers (ANZ, ASB, BNZ and Westpac) showed they had similar levels of financed emissions when sovereign bonds were excluded.

The pattern of the data across other risk categories is similar to the Growth category. Because emissions intensity is higher for sovereign bonds, Conservative and Moderate categories have a higher level of emissions compared to Growth and Aggressive categories. For example, the average for KiwiSaver Conservative funds was 44 tonnes/NZD\$1m compared with 30 tonnes for Growth funds.

2.7 CREs' actions to reduce their financed emissions

While CREs discussed the risks from high-emission investments and the opportunities from investing in climate solutions, few were able to provide explicit information on the steps they had taken to reduce their financed emissions, influence their investors, or to take advantage of opportunities. Even though the climate convention was signed in 1992, the Kyoto Protocol in 1997 and the Paris Agreement in 2015, analysis of the CRD statements shows most investment providers are still at an early stage in taking action.

Some of the small CREs reported they had not yet considered climate-related inputs explicitly as part of their investment decision-making processes. Others referred to climate risks being part of their environmental, social and governance (ESG) management but without further detail or examples of how this impacted their investment decisions. Mindful Money considers the actions taken to change investment practices should be at the heart of CRD statements.

An important outcome of the first year of reporting was a commitment to build capacity and deepen processes for climate action in the future. As highlighted in several CRD statements, these practices should deepen investment practices through:

- extending the use of exclusions and ESG tilting to reduce risks and decarbonise portfolios, as well as responding to the preferences of most investors who want to avoid investing in fossil fuels (as revealed in [annual surveys](#) of the New Zealand public);
- strengthening active engagement and stewardship with investee companies to influence them towards reduced emissions, avoidance of risk, greater resilience and climate opportunities; and
- increasing investment in climate solutions.

An assessment of progress on these issues is provided by a series of annual surveys of New Zealand fund managers and asset owners, undertaken by Mindful Money, the Investor Group on Climate Change (IGCC) and the Centre for Sustainable Finance (CSF).

Findings from our [2025 annual survey](#) of investors showed a marked improvement in climate governance and integration, including those directly related to the processes of CRD reporting:

- 91% of investors reported board-level awareness of climate risks and strategies;
- 48% had set net zero climate targets compared with 30% in 2023; and
- 93% of respondents were measuring at least some of their financed emissions.

We hope the rationale for continued action and disclosure, commitments in first-year CRD statements and sentiment from our survey are sufficiently strong to continue driving progress despite the government's 2025 decision regarding the CRD regime.

SECTION 3

Calculation of New Zealanders' carbon footprint

3.1 Investment as a carbon footprint

Measuring individuals' carbon footprints helps them understand the extent of GHG emissions arising from their consumer choices. This measurement, taking place in some forms for decades, can enable individuals to actively reduce their footprint and track their progress.

A commonly used tool in New Zealand is [FutureFit](#), which takes a consumption-based approach to calculate emissions that are embedded in products and services. Some of these are direct, such as driving a car, while others are indirect through a contribution to collective emissions, such as air travel (the plane will still fly even if the individual is not flying). However, FutureFit does not currently include investments within its estimations. Investment decisions are crucial in both avoiding companies that harm people and the planet and in channelling more funds to companies that create positive impacts.

Investment in a KiwiSaver or other fund, or a direct investment in a company, is a contribution to collective emissions. An individual's investment decision does not tend to have a direct impact on a company, but the collective decision by a large number of individuals not to invest in a company has a significant impact. This form of collective impact ('divestment') has [a long history](#) in contributing to the end of slavery and apartheid. Divestment campaigns have so far ([April 2026](#)) resulted in US\$40 trillion of managed funds avoiding investment in fossil fuel producers, resulting in a major impact on their cost of capital, reputation and social licence to operate.

3.2 Conventional carbon footprint analysis (excluding financed emissions)

Using the [FutureFit tool](#), the average footprint for an individual in New Zealand is made up of four key elements:

- transport;
- housing and electricity use;
- food; and
- shopping and other consumption.

The total carbon footprint for a New Zealander is estimated to be 7.7 tonnes per annum, with transport, especially air travel, the largest contributor. That 7.7 figure is lower than countries like Australia and the US but far higher than most of the world's population, especially the developing world (the average across Africa is around 1 tonne per annum).

As mentioned earlier in this section, the calculated emissions for individuals cover many aspects of their consumption but not the emissions that are derived from their investments. As seen in the CRD analysis, there is considerable variation in estimates across KiwiSaver and managed investment funds. This report adds to the available information for individuals by providing estimations of their extended carbon footprint, including their financed emissions.

3.3 Calculating an average extended carbon footprint

To calculate this extended carbon footprint, we use the average of the GHG emissions data from KiwiSaver and managed investment funds made available through CRD statements. The estimates need to have caveats because of the inconsistencies and incomplete data that we have highlighted in this report, including many MIS not disclosing comparable data, differing methodologies and incomplete Scope 3 reporting through the value chain.

Nevertheless, Mindful Money believes it is important to start with what data we do have available and to refine over time, recognising this could become even more challenging depending on how MIS continue to disclose their GHG emissions within the now voluntary regime for them.

The methodology averaged the Scopes 1 and 2 emissions, drawn from CRD report, and grouped by asset classes (eg. defensive, conservative, balanced, growth and aggressive funds), recognising the differences in financed emissions between classes. This was then scaled by the proportion of funds in each asset class, using Mindful Money portfolio data on all Kiwisaver and retail managed funds. The total emissions were calculated by the total of funds under management to end June 2026 and divided by the latest data for the New Zealand population. This provided the average emissions per New Zealander.

Our methodology for calculating an average extended carbon footprint relies on the calculation of Scope 1 and 2 emissions across portfolios, with one important addition. Since the carbon footprint measure is based on individual consumption, such as the use of a car for travel or electricity for heating, a consumption approach has been applied to energy use in investment portfolios.

The biggest difference between a production approach (through the use of Scopes 1 and 2) and a consumption approach is the use of fossil fuels. Scopes 1 and 2 for oil, gas and coal measure only the emissions resulting from the extraction of fossil fuels (such as electricity or fossil fuels used), but not their use (which is typically around 90% of the total scopes 1, 2 and 3 emissions). Our calculation of a carbon footprint from financed emissions therefore uses an approximation for the consumption approach by including average emissions from the Own Use (Section 11 of Scope 3) fossil fuels.

The calculation provides an average of Section 11 emissions from [the major global oil and gas companies](#) from 2023 climate statements. This is applied to the investment in the major fossil fuel producers in KiwiSaver funds (\$1.01bn) and retail Managed Funds (\$1.66bn), calculated through Mindful Money portfolio analysis for September 2025. The results of the analysis are:

Average for NZ Population	Average Emissions (tonnes)		
	KiwiSaver	Managed Funds	Total
Scope 1 & 2	1.20	0.61	1.81
Fossil fuels scope 3 (Section 11) emissions	0.47	0.53	1.00
Total Financed 'carbon footprint'	1.67	1.14	2.81

As shown, the total financed emissions are large compared to the total footprint of 7.7 tonnes per person; more than all other categories apart from travel. This could be considered a conservative estimate, since section 11 of Scope 3 emissions is the only measure used beyond the direct Scope 1 and 2 emissions.

A far higher previous estimate was calculated by the ethical pensions advocate, Make My Money Matter (now no longer operating), without a detailed methodology or data from specific portfolio emissions. We are unaware of other published estimates. Mindful Money aims to continue further research on the methodology underlying the above approach and would welcome feedback and suggestions.

3.4 Managing individual carbon footprints

For investors, the first step towards reducing their investment carbon footprint is to understand the investments in their KiwiSaver or managed investment portfolio that make the most significant contribution. Uniquely, this analysis of retail portfolios is freely available in New Zealand.

As a charity, Mindful Money provides a free and easy-to-use [Fund Checker](#) tool which breaks down each fund's portfolio and identifies its exposure to six different areas of ethical concern, drawn from [annual surveys](#) of which issues the New Zealand public want to avoid in their investments. The Mindful Money Fund Checker distinguishes fossil fuel companies between those still expanding their production, those on a 1.5°C transition pathway and others.

To supplement the existing insights, Mindful Money is adding further information within the Fund Checker about investments made in renewable energy and other climate solutions. This will provide information to investors on the investments that a large majority of New Zealanders want in their KiwiSaver and managed funds.

Mindful Money intends to add free information to the public on the overall financed emissions in their investments. This has become more difficult with the ending of regulated reporting for MIS. Even so, the available climate emissions data that we have analysed provides a useful measure for the public.

We plan to add a calculator to the Mindful Money website which will allow individuals to calculate their emissions, based on an average fund, scaled to their balances for KiwiSaver and managed fund investments. In future, when and if there is a reinstatement of mandatory reporting, we will provide data for all investors on the financed emissions from the investments in their specific fund.

As investors become increasingly informed, they are better placed to make investment decisions. For example, some investors will choose a fund that excludes fossil fuel production and electricity generation using fossil fuels since they have the highest intensity of GHG emissions. Mindful Money maintains a list of [climate-friendly funds](#) on our website and we encourage investors to use this in their decision-making.

SECTION 4

Recommendations

This section brings together recommendations for government, MIS and the public based on the work and commentary that has informed this report. Mindful Money believes these actions will promote greater transparency, facilitate higher quality decision-making and, in turn, better enable the allocation of capital towards activities that are consistent with a transition to a low-emissions, climate-resilient future.

4.1 The CRD regime in New Zealand

We have commented extensively on the decision to change the scope of the regime and the impact of removing so many CREs from mandatory disclosure, including all MIS. The 2025 amendments to the CRD scheme have taken New Zealand from leader to laggard in the international system.

The aims of the CRD are still valid and, in the context of growing impacts, risks and opportunity, even more important than when the legislation was passed in 2021. While compliance costs have been obvious and immediate, the benefits of climate reporting are more difficult to measure and longer term. The rationale for regaining a leadership position on climate reporting include:

- sound business and investment practices, enabling CREs to identify, measure and manage their climate-related risks and opportunities, and integrate them into their strategies;
- meeting international expectations for exporters and investment providers, including well-regulated and verified climate reporting;
- providing information to guide domestic and international capital allocation decisions;
- fulfilling the preferences of investors who want assurances that their investments in KiwiSaver or investment funds are aligned with a transition to Paris-aligned targets.

Meeting these benefits does not imply a return to the original CRD settings. However, there are key features that need to be incorporated into a future reporting framework:

Recommendation 1: A revised climate-related disclosures framework is required with the following features:

- a graduated system for reporting, differentiated between the size of CREs, ranging from voluntary reporting for smaller companies and MIS to a simple mandatory requirement for medium-sized companies and MIS; to fully verified reporting requirements for larger entities.
- closer alignment with international reporting to reduce compliance challenges for international fund providers and promote consistency;
- specific disclosures for MIS reporting to reflect the differences from corporate reporting;

- clearer guidance on methodologies to improve consistency and comparability, with the use of templates for a limited number of specific metrics including GHG emissions, climate risks and opportunities, transition plans and all elements of the reporting framework; and
- cost sharing for key elements of data, including information on climate science, predicted physical impacts and specific scenarios, as well as a database compiling emissions data from listed companies.

4.2 Actions of MIS

We have consistently noted the sound business reasons for MIS and other entities to continue taking climate-related actions including disclosure.

Recommendation 2: MIS increasingly embed climate-related risks and opportunities into their strategy, set emissions reductions targets and take action to achieve them.

Recommendation 3: MIS continue to produce and publish annual CRD statements, including enhanced and more easily comparable Scope 1-3 GHG emissions data.

4.3 Actions of individuals

We have highlighted the willingness of individuals to align their investments with their preferences, including with regard to the climate policies and actions of their funds.

Recommendation 4: Financed emissions are normalised in carbon footprint tools and individuals include financed emissions within their efforts to understand and reduce their carbon footprint, using tools including Mindful Money's Fund Checker and forthcoming information on investments in climate solutions.

ANNEX 1

Understanding GHG reporting

Accounting for the emissions responsibilities of investment funds is different from companies. As explained above, the direct emissions from Scopes 1 and 2 for a fund manager typically cover direct office emissions and electricity use. They are far smaller than the emissions from the companies that their investment finances. The emissions of the companies they invest in are commonly called “financed emissions”. They are categorised as part of Scope 3 emissions.

To understand what funds are reporting, a few technical details are needed. Here they are in (relatively) plain language.

Greenhouse Gas Emissions: Scopes 1, 2, and 3

When measuring carbon footprints, emissions are categorised into three “scopes”:

Scope 1: Direct emissions

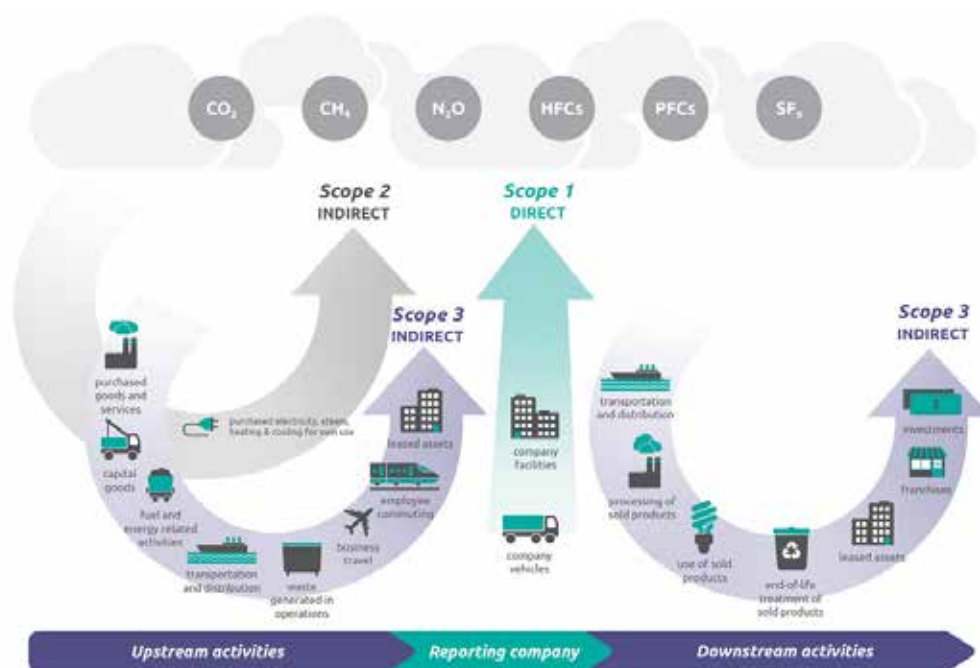
These are emissions from sources that an organisation directly owns or controls. For a manufacturing company, this might be emissions from their factory. For a transport company, it is emissions from their trucks. For KiwiSaver and investment funds, Scope 1 emissions are typically minimal or zero. Funds do not operate factories or vehicle fleets.

Scope 2: Indirect emissions from energy

These are emissions from the electricity and heating that an organisation buys and uses. Again, for investment funds, these are usually negligible – perhaps emissions from running their office buildings, but this is tiny compared to other sources.

Scope 3: All other indirect emissions

Scope 3 includes emissions from an organisation’s entire value chain; everything they are connected to but don’t directly control. For MIS managers, there are two layers to Scope 3; emissions from investments and the entire value chain of those investments.



Source: <https://www.epa.gov/climateleadership/scope-1-and-scope-2-inventory-guidance>

There are particular implications for MIS from these definitions. When a KiwiSaver or managed investment fund owns shares in a company, it is implicitly responsible for a proportional share of that company's emissions. When this is added across all the companies in a fund's portfolio, which can be thousands of individual companies, the result is the fund's total financed emissions. These are typically thousands of times larger than the fund manager's operational emissions (Scopes 1 and 2).

Financed emissions are usually calculated for scope 1 and 2 emissions of the companies in the portfolio. But this often misses some of the most important impacts from the company's activities. For example, scopes 1 and 2 for a company producing oil measure just the emissions used to get the oil out of the ground and to process it.

However, scopes 1 and 2 do not include any of the emissions that result from using the oil, for example to generate electricity or drive a car. The use of a product is covered by Category 11 (use of sold products), which is one of the 15 categories of the Greenhouse Gas Protocol's emissions reporting. For oil producers, Category 11 amounts to around 80-95% of their carbon footprint. Including only scopes 1 and 2 therefore vastly understates the magnitude of financed emissions in any investment portfolio and the effect that oil production and use has on the climate.

Using data from the funds that reported Scope 3 emissions, this research report calculates that Scope 3 emissions are typically 5-7 times larger than Scope 1 and 2 emissions across diversified portfolios and over 10 times higher for fossil fuel producers.

ANNEX 2

Adjusting for Methodological Differences

Within the CREs that reported financed emissions, there were significant differences in methodology that affect the comparability of the data. Mindful Money considers that clearer guidance and templates would create a simpler system for reporting and would facilitate comparability without necessary adjustments. This will be important for the future, whether disclosure is primarily voluntary or if mandatory reporting is re-introduced.

The standards for CRD reporting allowed flexibility to providers in their approach, methodologies and calculations of metrics. However, in our experience, the provision of that flexibility often created confusion and more work for CREs in having to choose a methodology, and it meant that reports from fund providers are not comparable without significant adjustments.

Generally, the methodology was based on the Scope 3 category 15 of the Greenhouse Gas Protocol –the Corporate Value Chain (Scope 3) Accounting and Reporting standard. This has been used as a compatible base for the standard issued by the Partnership for Carbon Accounting Financials (PCAF): Global GHG Accounting & Reporting Standard for the Financial Industry.

However, even though this was referred to as a standard by all CREs, there were significant differences in the specific metrics adopted.

Measuring Emissions:

The Greenhouse Gas Protocol has been established as the foundation for definitions and the framework to calculate financed emissions consistently. The financial industry generally uses the GHGP as the most widely used voluntary framework for GHG emissions reporting, providing foundational guidance for Scope 3 emission disclosures.

Partnership for Carbon Accounting Financials (PCAF) standard. This international framework provides detailed methods for attributing a company's emissions to its investors.

The basic PCAF formula for listed equity (shares) is:

Financed Emissions = (Value of Investment ÷ Company Market Value) × Company's Total Emissions

This attribution approach - dividing responsibility based on ownership share - is the foundation of most emissions reporting by funds.

How Emissions are Expressed: Understanding the Metrics

There are several different ways of expressing emissions in fund disclosures:

Absolute/Total Emissions (tCO₂e)

The total tonnes of carbon dioxide equivalent emissions attributable to the fund (ie. financed emissions). The "e" in CO₂e means "equivalent" — different greenhouse gases are converted to their carbon dioxide equivalent based on their warming potential.

For example: "Fund ABC's total emissions are 50,000 tCO₂e."

The challenge: This number is hard to interpret without context. Are 50,000 tonnes a lot? It depends on the fund's size.

Carbon Footprint/Investment Emissions Intensity (tCO₂e/\$m invested)

Total emissions divided by the fund's value, typically expressed as tonnes of CO₂e per million dollars invested.

For example: "Fund ABC has a carbon footprint of 100 tCO₂e/\$m invested."

This is better for comparison because it accounts for fund size. Smaller funds naturally have smaller absolute emissions, but the use of the carbon footprint measure allows insights into whether they have higher or lower intensity.

Weighted Average Carbon Intensity - WACI (tCO₂e/\$m revenue)

This metric looks at the carbon intensity of the companies in the portfolio, weighted by how much the fund has invested in each company. It measures tonnes of CO₂ per million dollars of the companies' revenue. For example: "Fund ABC has a WACI of 150 tCO₂e/\$m revenue."

This metric is recommended by some international frameworks because it shows exposure to carbon-intensive companies, independent of how much the fund has grown. However, it can be less intuitive for the public to understand and can be variable in situations when revenues and emissions occur in different timeframes.

A2.1 Measurement basis

Almost all the fund managers that reported emissions used either the Carbon Footprint measure (tonnes of CO₂ equivalent emissions per million NZ dollars invested tCO₂e/\$m) or the Weighted Average Carbon Intensity (WACI) which measures emissions per dollar of company revenue.

The Carbon Footprint measure is affected by changes in market valuation, but has advantages for use in comparing investment funds since it is easily scalable to the level of member investments and easily enables comparisons between funds.

Of the sample of funds reporting on the significant asset classes, Milford was the only CRE that reported only using the WACI methodology. Mindful Money converted the data for Milford to the Carbon Footprint measure using fund values from the Mindful Money website, drawn from Milford's filings to the Disclose Register of the Companies Office.

A currency adjustment was also made to Mercer's data which was reported in emissions per US\$m rather than NZ\$m.

A2.2 Coverage of asset classes and data

Most KiwiSaver and Managed Investment Funds are heavily invested in listed equities and bonds. Emissions data for those securities is readily available from the research providers that provide information to all the major investment funds.

However, there remain gaps in data availability for some asset classes, such as cash and cash equivalents, real assets (e.g. infrastructure), derivatives and private capital. Most fund managers did not include emissions for those categories and reported the coverage of asset classes.

Current PCAF methodologies cover:

- Listed equities (publicly traded shares)
- Corporate bonds
- Sovereign bonds (with the issues discussed above)
- Some unlisted companies (with limitations)

Not yet covered or with limited methodologies:

- Cash and cash equivalents
- Derivatives
- Infrastructure investments
- Private equity (limited coverage)
- Commodities
- Some alternative investments

For most diversified KiwiSaver and managed funds, the unmeasured portion is 10-30% of the portfolio.

Most providers clearly disclosed which asset classes were included and excluded and the percentage of the portfolio that had coverage of emissions data. This transparency represented good practice in being clear about the basis for measurement.

Partial approaches were less informative. Those that just disclosed the categories without the % of coverage were not clear about the degree to which emissions data was covered by estimates. In addition, those that provided a percentage for coverage, but without specifying the categories, were unclear about which asset classes had not been included. Some providers (such as Booster and Fisher Funds) reported emissions and described categories, but did not provide coverage data.

Mercer took a different approach by scaling from their coverage to 100%, using the average of estimated emissions. From [their disclosure](#) (p.58):

“Metrics in this Statement use a pro-rata approach to scale up each climate metric to present the data as if full coverage was available for each asset. This assumes that the part of an investment fund that does not have data available has the same investment characteristics (for example, same sector or geography) as the part where there is data.”

This provided an estimate of full coverage, but the adjustment assumed unmeasured assets have the same characteristics as measured assets, which is unlikely to be the case. Asset classes such as infrastructure, private equity and cash have very different emissions profiles. Since Mercer was the only CRE to use this approach, Mindful Money made an adjustment to be consistent with other providers, totalling CRE data that had specific emissions measurements but excluding those asset classes that were not measured.

A2.3 Sovereign bonds

The treatment of government bonds emerged as an important comparability issue. Sovereign (government) debt is defined as bonds and loans of all maturities issued by a country in domestic or foreign currencies.

The PCAF methodology uses a country’s total Scope 1 and Scope 2 emissions from its national inventory as a figure for total emissions. A financial institution’s holdings of debt are then calculated as a proportion of the country’s overall outstanding debt. The total emissions multiplied by the share of debt provides the estimated financed emissions.

A potential problem with sovereign debt is that the estimates of national emissions and debt statistics are not reliable for many developing countries. However, the extent of these information gaps was not large for this dataset – a separate analysis of sovereign bonds in New Zealand investment funds showed 44% in New Zealand securities, 23% in US securities and the majority of other holdings in OECD countries.

These countries all publish reliable estimates of national level emissions and the stock of outstanding debt. Even so, the level of sovereign emissions as a proportion of investment varied significantly between funds, which may be a result of investment composition or differences in the ways the methodology was applied.

Sub-sovereign and municipal counterparties were excluded from many portfolios, but some CREs used the country-level sovereign emissions as a proxy for the sub-sovereign level.

As an asset category, the emissions of sovereign bonds were high relative to corporate bonds. As Booster noted in their disclosure: “The methodology used to calculate emissions associated with investments in sovereign bonds... typically results in higher financed emissions per dollar invested compared to other types of investments.”

The funds with a high proportion of sovereign bond investments, typically in the defensive or conservative risk categories, were therefore estimated to have far higher carbon-intensity than funds with high proportions of corporate bonds and equities.

There were also different methodologies applied to the presentation of data. For example, ASB initially calculated sovereign emissions using standard PCAF methodology. But their calculation expressed emissions proportional to the sovereign bonds holdings, not the overall portfolio. An adjustment was made, with advice from the ASB investment team, to re-calculate the emissions as a proportion of the overall portfolio, so it could be added to emissions from other asset classes.

Some providers included estimates for emissions from sovereign bonds, but many did not. Those that included sovereign bonds:

- ANZ KiwiSaver
- ASB KiwiSaver
- Booster KiwiSaver
- Milford KiwiSaver
- GoalsGetter KiwiSaver
- Pie Funds (Juno)
- Harbour (managed funds)

Those reporting emissions that did not include sovereign bonds:

- BNZ KiwiSaver
- Westpac KiwiSaver
- Fisher Funds

A2.4 Scope 3 investee emissions

Only 41% of schemes disclosed Scope 3 emissions for the companies in their portfolios. Given that Scope 3 is 5.5-7 times larger than Scope 1 and 2, this meant most first-year reports omitted the majority of investment-related emissions. As noted above, the omission of scope 3 data particularly understates the emissions from fossil fuel production.

The degree of importance of scope 3 varies with the sector. The [most significant gap](#) from omission of scope 3 data occurs with upstream production of fossil fuels, such as through the production of fossil fuels.

Scope 1 emissions originate directly from a company's operations, and Scope 2 emissions account for purchased electricity or heat. These do not include Scope 3 emissions from upstream activities such as raw material extraction and transportation, as well as downstream emissions primarily associated with the combustion of sold energy products.

As a result, Scope 3 emissions for the producers of fossil fuels [account for 80-95% of their full emissions](#). Leaving these emissions out from the calculation of financed emissions understates the level of overall emissions, particularly for the funds that have invested heavily on fossil fuel companies.

In terms of the portfolios as a whole, Scope 3 emissions were found to be significantly larger than the total of scopes 1 & 2:

- 5.9 times larger for Booster SRI funds
- 5.7 times larger for Booster Multisector funds
- 6.9 times larger for Milford Active Growth fund

A2.5 Comparing funds within risk categories

Comparisons between funds for past returns or fees are usually undertaken within defined risk categories. This is also important for financed GHG emissions. The pattern of investments is likely to be significantly different for the growth funds investing primarily in more risky investments (such as through equities and property) and those invested in conservative investments (such as corporate or sovereign bonds).

This is important for emissions calculations because of the methodological approaches. As identified in this paper, Scopes 1 and 2 sovereign bond investments are calculated to be highly emissions-intensive compared to other forms of investment. Conservative and Defensive funds typically hold more sovereign bonds than Aggressive or Growth funds.

The categories used in this analysis to compare emissions do not rely on fund names that sometimes give a misleading picture of the proportions of level of risk for a fund (typically measured by the proportion of risky assets, such as equities and property, compared with less risky assets). For this analysis, the level of risk for each fund reflects the proportion of their growth and conservative holdings within their fund, drawn from Mindful Money analysis based on fund filings to the Disclose Register of the Companies Office and additional research.

A2.6 Time Periods

While most KiwiSaver schemes had 31 March 2024 balance dates (with reporting required by 31 July 2024), some managed funds had different year-end dates, creating minor timing inconsistencies in market valuations and comparability.

