

Board of Trustees of the National Provident Fund (NPF)

Status Report against Crown Responsible Investment Framework as of March 2026

This report is written for the benefit of NPF Schemes' members and the Crown. It compares our progress against the expectations set out in the Crown Responsible Investment Framework (CRIF)¹. Please note that this report and associated analyses relate to investments held in the Global Asset Trust (GAT).

After consulting with us, and a group of other institutions collectively known as Crown Financial Institutions (CFIs²), in 2021, the Minister of Finance issued an Enduring Letter of Expectations with respect to a CRIF for us and the other institutions. We have voluntarily adopted the CRIF, and it establishes the basis for our approach to reducing the carbon footprint of our investments.

The various superannuation schemes that NPF manages have been closed to new members since 1991. The benefits payable to members and other beneficiaries under the schemes are guaranteed by the Crown. We have a primary duty to act in the best long-term interests of NPF's members, having regard to the Crown's guarantee.

We invest the scheme assets across a wide range of entities globally, in both equity and fixed income securities. We believe that environmental, social and governance (ESG) issues, of which climate change is a key example, can affect the performance of NPF's investment portfolios. Many, if not most, of the entities NPF invests in will be impacted by climate change. We consider that it is in the best interest of NPF members to continue to take a measured approach to reducing carbon emissions.

Expectations set out in the CRIF

The CRIF sets out expectations under three headings: Measure; Reduce; Influence

Measure

Requirement 1: *Carbon footprint metrics for your investment portfolios should be reported transparently, on a consistent basis, enabling public scrutiny over progress towards carbon neutral portfolios by 2050. In the case of fossil fuel reserve owners, you should also account for emissions from the end-use of their products.*

Requirement 2: *Reporting should align with the Taskforce for Climate-related Financial Disclosure recommendations, until the External Reporting Board's (XRB) climate related disclosure framework has been issued, at which point it should apply, and should continue to evolve in line with global best practice standards.*

Requirement 3: *You should strive for consistency of measurement standards across the CFIs so that relative performance on carbon emissions reduction can easily be interpreted.*

¹ [Enduring Letter of Expectations to Crown Financial Institutions in relation to Responsible Investment.pdf](#)

² The CFIs (Crown Financial Institutions), for the purpose of the CRIF, consist of the Accident Compensation Corporation, Government Superannuation Fund Authority, New Zealand Superannuation Fund and the National Provident Fund.

Status:

The carbon footprint of the GAT has been reported annually since 2022. The 2025 footprint is available at: [Investment Publications - NPF](#).

NPF is no longer required to report against the Climate Reporting Disclosures. In lieu of this, we must provide an annual report to the Minister of Finance on progress against the CRIF.³ The report for FY25 was sent to the Minister along with the Financial Statements. This document fulfils the requirement for FY26 and will be sent to the Minister with the 2026 Financial Statements.

NPF worked with NZ Super and ACC to achieve as much consistency as possible when determining carbon targets and metrics. Policy decisions driven by differing investment objectives have led to some divergence in the rate of decarbonisation of portfolios and the metrics used.

Reduce

Requirement 1: *CFI investment portfolios must be carbon neutral by 2050.*

Requirement 2: *You should set challenging minimum carbon reduction targets at interim periods to provide assurance that investment portfolios are on track to be carbon neutral by 2050. In the case of fossil fuel reserve owners, reduction targets should also address emissions from the end-use of their products.*

Requirement 3: *Interim targets should be aligned with global best practice standards to maintain a 1.5-degree global warming outcome.*

Requirement 4: *Your first interim target should be for 2025 and should be refreshed prior to the start of that year for 2030. This process is to be repeated every five years thereafter.*

Requirement 5: *Where investment strategies allow, you should take a leadership position ahead of minimum reduction expectations to demonstrate how return on investments can be achieved through low carbon strategies.*

Status:

NPF has two targets for 2030. Both relate to the listed equity and credit assets held by the GAT.

- A 65% reduction in scope 1 and 2 Carbon Footprint from a 2019 baseline
- A 65% reduction in scope 1, 2, and 3 (Fossil Fuel) Carbon Footprint from a 2019 baseline

As of 31 March 2026, the GAT has achieved the following reductions:

- An 80.6% reduction in scope 1 and 2 Carbon Footprint from a 2019 baseline.
- A 55.5% reduction in scope 1, 2, and 3 (Fossil Fuel) Carbon Footprint from a 2019 baseline.

We are on track towards the net zero by 2050 goal.

³ [Letter of Expectations 2025/26 from the Responsible Minister - National Provident Fund - 6 March 2025 - New Zealand Government](#)

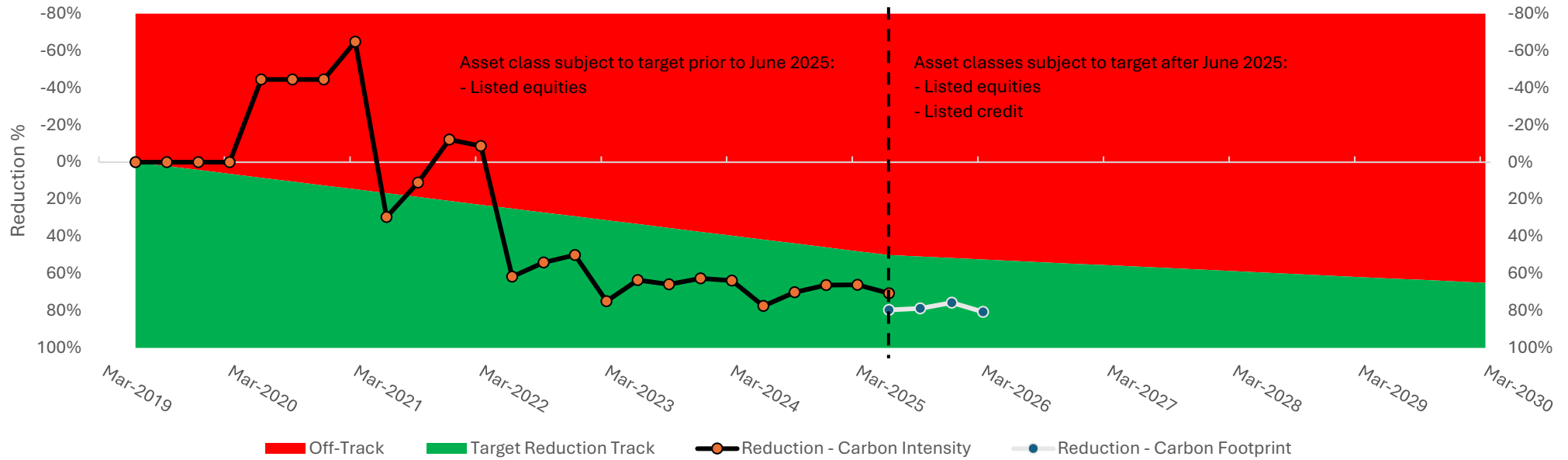
As of 31 March 2026, the scope 1 and 2 Carbon Footprint is 33.8 tonnes of carbon dioxide equivalent per million USD invested (tCO₂e / mln).

At the same date, the scope 1, 2, and 3 (Fossil Fuel) Carbon Footprint is 126.5 tCO₂e / mln.

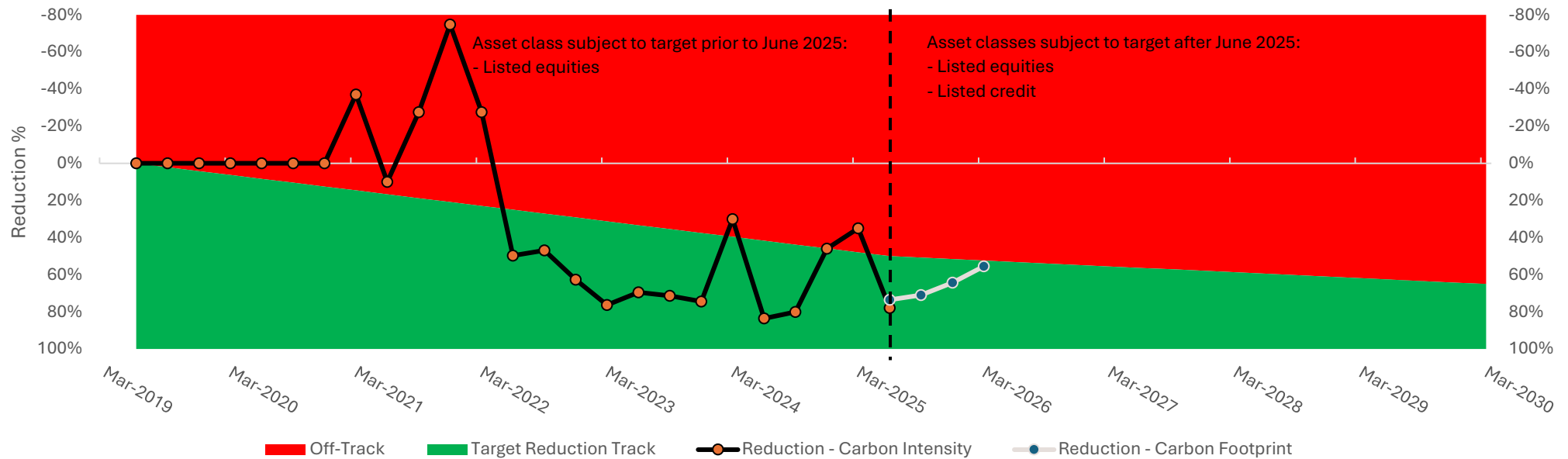
We have achieved significant reductions in greenhouse gas (GHG) emissions, while continuing to deliver strong investment returns. In the 3 years to 31 March 2026, NPF's Global Equities portfolio outperformed its benchmark by 1.94% per annum (p.a.) and the Global Fixed Income portfolio outperformed its benchmark by 0.51% p.a. The New Zealand Equities portfolio underperformed its benchmark by 1.32% p.a., but we do not attribute this to the GHG reduction targets.

We are a member of the [Paris Aligned Asset Owners](#) organisation and have committed to its [Net Zero Investment Framework](#). This is the most widely used guide by investors to set targets and produce related net zero strategies and transition plans.

NPF Scopes 1 and 2 Carbon Reduction vs 2019 baseline



NPF Scopes 1, 2 and 3 (Fossil Fuel Reserves) Carbon Reduction vs 2019 baseline



Influence

Requirement 1: *You should utilise your long-term risk and return strategies to actively identify positive investments that generate additionality to the transition to a low carbon economy.*

Requirement 2: *Recognising that success in reducing carbon exposure for investment portfolios relies on investee companies to transition to low carbon solutions, you should utilise your position as significant investors to engage with New Zealand and global companies on developing transition strategies.*

Status:

Strategies targeting carbon solutions are most prevalent in private equity and venture capital. Both types of unlisted investments require a long-time horizon. Unlisted investments require a longer time horizon than available to NPF, which faces diminishing assets under management.

Through our external managers and third-party agents, we engage both globally and in New Zealand. We employ Columbia Threadneedle to engage on our behalf with global companies, in both our Equity and Fixed Income portfolios.

We have also been working with NZ Super and ACC to engage with companies whose current carbon footprint and / or credible actions to reduce their emissions warrant direct engagement. On behalf of the CFIs, meetings were held with three NZX companies during April (after NPF year-end). Overall, the engagements were open and constructive, providing useful insight into how each company is managing transition risks, regulatory settings, and long-term strategy in sectors facing differing transition challenges.

Corporate Emissions

The Crown RI Framework does not require NPF to report against corporate emissions. Nevertheless, we do so here for completeness.

While the vast majority of NPF's emissions are Financed Emissions from the GAT's investments, NPF also generates some corporate emissions from sources such as air travel, electricity, waste and water usage. For FY26, gross emissions were 18.34 tCO₂e. 1.58 tCO₂e of corporate emissions was from electricity in scope 2. The balance was scope 3, with air travel being the dominant driver. There were no scope 1 corporate emissions in FY26.

The Board has committed to offsetting all corporate emissions for FY26 onwards, using carbon credits.

Notes on Methodology and Classification

The Crown RI Framework sets out the Crown's enduring expectations for responsible investment specifically in the context of investment portfolios. All emissions from investment are scope 3, category 15 under the Greenhouse Gas Protocol. References to scopes 1, 2, and 3 in this report are in relation to the classification of emissions within the companies that the GAT makes investments in. NPF has no direct scope 1 emissions. Direct scope 2 emissions are a small proportion of the corporate emissions only.

Portfolio scope 3 (fossil fuel reserves) emissions are those from companies categorised in four Global Industry Classification Standard (GICS) sectors. Those sectors are: coal and consumable fuels; diversified metals and mining; integrated oil and gas; and oil and gas exploration and production.

NPF had previously set an emissions reduction target of a 50% reduction in the carbon intensity (emissions per million dollars of sales) of the listed equity portfolio by FY25. For FY30, the Board has set a target of 65% reduction in the carbon footprint (emissions per million dollars invested) of the listed equity and credit portfolio. Both targets are shown on the graphs for comparability across time. Note that scope 1 and 2 emissions were only measured annually until 2021. Scopes 1, 2, and 3 (fossil fuel reserve) emissions were not measured between the baseline date (June 2019) and March 2021.