



AUSTRALIA REGIONAL OVERVIEW

The Australian Labor Government, elected in 2022, has made significant progress in improving the policy and regulatory landscape in support of sustainable finance. The Government released a Sustainable Finance Roadmap and commenced initiatives to finance the energy transition. Consumer demand for responsible, ethical and sustainable investment continued to strengthen in Australia, with increasing sophistication and higher expectations driving market evolution.

Australian Market Drivers

Regulatory & Policy Drivers

The election of the Labor Government in May 2022 changed the landscape of sustainable finance in Australia, with the new Government prioritising action on climate change and committing to develop a sustainable finance strategy with a number of funded initiatives - the most significant financial commitment to sustainable finance to date.

Australia joined the [International Platform on Sustainable Finance](#) in December 2022.

In 2023, the Government committed AUD4.3 million to Australia's corporate regulator, the Australian Securities and Investments Commission (ASIC) to investigate greenwashing in the finance [sector](#), and ASIC elevated greenwashing to an organisational enforcement priority, commencing its first civil greenwashing proceeding in 2023 ([ASIC, 2023](#)). Anti-greenwashing enforcement therefore escalated dramatically over 2023-2024, with increased corrective disclosure outcomes, marking a shift from guidance to active enforcement.

The Government partially funded the development of an Australian sustainable finance taxonomy by the Australian Sustainable Finance Institute (ASFI). The initial taxonomy was delivered for voluntary use in June 2025 ([ASFI, 2025](#)).

The Australian Prudential Regulation Authority (APRA) released updated prudential guidance for superannuation (retirement fund) trustees in July 2023, explicitly requiring systematic consideration of ESG risk factors ([APRA, 2023](#)). APRA advanced climate stress testing for banks and insurers, embedding transition risk management into prudential oversight.

Specifically on climate change, the Government launched the [Future Made in Australia Act](#) in 2023, a flagship policy to align decarbonisation with industrial competitiveness. The initiative focuses on clean energy, green hydrogen, battery production, and critical minerals. To coordinate investment and support regional communities, the government established the [Net Zero Economy Authority](#) in 2023, tasked with managing the transition of energy-dependent regions and directing public and private capital into strategic sectors.

The [2023 federal budget](#) allocated A\$8.3 million over four years to establish Australia's first sovereign green bond. The reformed Safeguard Mechanism (a sector-specific cap and trade system for carbon emissions) commenced operations in July 2023, requiring Australia's largest emitters to reduce emissions in line with Australia's national climate targets. The Government introduced mandatory climate-related financial disclosure obligations, coming into effect from January 2025.

The Australian Accounting Standards Board released the [Australian Sustainability Reporting Standards](#), which are aligned with the ISSB Standards in September 2024.

AUSTRALIA

In 2024, the Government committed to reforming its “Your Future, Your Super” performance test to remove potential barriers to sustainable investing; and commenced design of a new sustainable financial product labelling regime. In December 2024, the Australian Competition & Consumer Commission (ACCC) released its [guide](#) on sustainability collaborations, designed to increase businesses’ understanding of where competition law risks are not likely to arise when collaborating to improve sustainability outcomes. ACCC acknowledged that there may be instances where businesses seek to work together to address sustainability issues more effectively and rapidly.

Australia and New Zealand enhanced regulatory coordination through the first [Australia-New Zealand 2+2 climate finance dialogue](#) in 2023, bringing together Climate Change Ministers and Finance Ministers to coordinate climate action approaches and share regulatory leading practice.

Nature-related issues rose significantly in prominence in Australia, with RIAA appointed Consultation Group Convenor for the [TNFD Consultation Group for Australia and Aotearoa New Zealand](#) in 2022.

Customer & Market Drivers

Australia’s investment market demonstrated exceptional growth and maturation during 2022-2023, driven by regulatory momentum, institutional adoption, and performance validation.

Australia’s responsible investment market expanded from approximately A\$1.3 trillion to A\$1.6 trillion during 2023, representing 24% growth ([RIAA, 2024, p. 8](#)). Market penetration deepened significantly, with responsible investment’s proportion of total managed funds increasing from 36% to 41% ([RIAA, 2024, p. 8](#)).

Professional capacity strengthened considerably, with investment managers actively practicing responsible investment increasing from 272 in 2022 to 291 in 2023. Practice quality improved substantially, with organizations meeting RIAA’s Responsible Investor threshold growing from 77 to 90 entities ([RIAA, 2024, p. 19](#)). Responsible Investment Leaders increased from 55 to 61, while the number of Responsible Investors expanded from 23 to 29 ([RIAA, 2024, p. 8](#)).

Product certification experienced robust expansion during 2023. These certified products managed A\$167.7 billion in assets by year-end, representing 24% growth. Performance outcomes supported market confidence, with certified Australian share funds delivering 13.20% returns over 10 years compared to 9.19% for the broader market.

Consumer demand for responsible, ethical and sustainable investment continued to strengthen in Australia, with increasing sophistication and higher expectations driving market evolution.

[RIAA’s 2024 consumer research](#) revealed that 83% of Australians expected their bank accounts and superannuation to be invested responsibly and ethically. However, significant gaps emerged between consumer preferences and investment practices. Research showed 66% of Australians wanted to avoid animal cruelty, while 60% sought to exclude human rights abuses, yet investment managers focused predominantly on controversial weapons (86%) and tobacco production (88%).

Performance confidence strengthened as a driver, with expectations of improved long-term performance motivating 33% of managers in 2023. Performance concerns as a deterrent decreased from 52% to 45%, indicating growing confidence in responsible investment returns.

Institutional investor demand emerged as the primary market growth catalyst in Australia, with 53% of survey respondents identifying this factor in 2023, increasing from 48% in 2022. Retail investor values alignment gained prominence, with 32% of investment managers citing growing underlying investor interest in aligning investments with personal values.

In Australia, 52% of respondents identified mistrust about sustainability claims (i.e. greenwashing) as a deterrent in 2023, increasing from 45% in 2022.

These concerns drove demand for third-party verification. RIAA’s certification program expanded to cover 339 products across Australia and New Zealand by 2023 ([RIAA, 2024, p. 22](#)), while independent assurance of sustainability claims became increasingly important for investor confidence.

Risk management integration gained importance as customers recognized ESG materiality. Integration of ESG factors in risk management processes rose from 15% to 24% in Australia ([RIAA, 2024, p. 39](#)), indicating some customer understanding that ESG represents material financial risk.

Institutional investor demand emerged as the primary market growth catalyst in Australia, with 53% of survey respondents identifying this factor in 2023, increasing from 48% in 2022 ([RIAA, 2024, p. 22](#)). This reflects the key role that Australia’s superannuation system, with over AUD \$3.5 trillion in assets as of 2024 (APRA), plays. Superannuation funds increasingly committed to net zero strategies, commissioning bespoke transition mandates and allocating to renewable infrastructure, green real estate, and private equity.

The Australian market demonstrated strong performance outcomes that reinforced investor confidence. Australian RIAA-certified products outperformed broader market benchmarks across multiple timeframes throughout 2022-2023.

Industry Collaboration

RIAA's thematic Working Groups on Nature, First Nations Peoples' Rights and Human Rights brought institutional and impact investors together to discuss sustainability issues, showcase leading practice and produce industry toolkits, including:

- 1. [Investor Toolkit on Human Rights and Armed Conflict](#) (2023)
- 2. [Artificial Intelligence and Human Rights Investor Toolkit](#) (2024)
- 3. [Nature Investor Toolkit](#) (2024)
- 4. [Investor toolkit: Human rights in global value chains](#)
- 5. RIAA established an [Aotearoa Collaborative Working Group](#) of investors in 2024, in response to industry demand for cross industry connection and engagement through an NZ-lens.

The [Dhawura Ngilan Business and Investor Initiative](#) brings together First Nations, business and investor communities, and is focused on strengthening Australia's First People's heritage laws and standards for the private sector to uphold the human rights of First Peoples.

Led by the First Nations Heritage Protection Alliance in partnership with the Global Compact Network Australia (GCNA) and RIAA, the initiative launched comprehensive guides for investors and corporates on the protection of First Nations cultural heritage.

Regional Research Insights

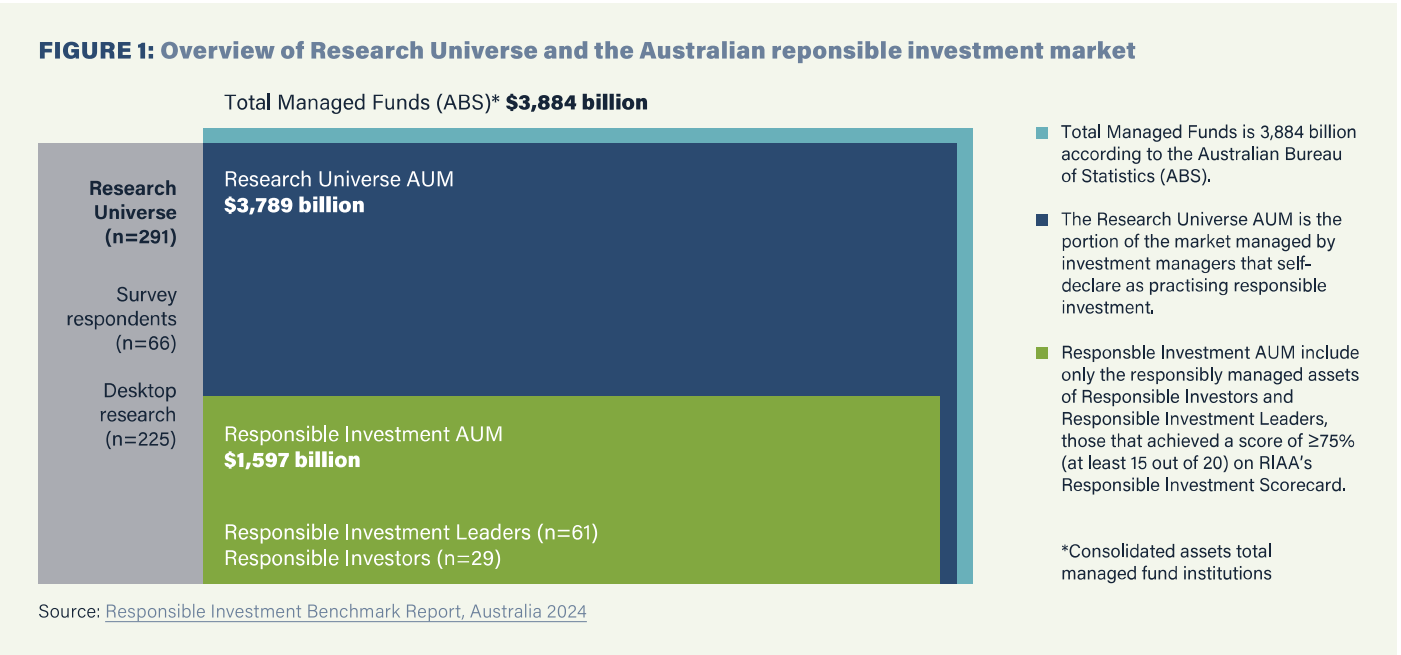
Market Overview

Despite a general slowdown in global economic growth, the Australian economy demonstrated resilience, achieving a GDP growth rate of approximately 3.6% in the 2022-2023 financial year ([Australian Bureau of Statistics, 2025](#)). In 2023, the RI market experienced significant growth, largely driven by strengthened regulatory frameworks, increased investor demand, and the expectation of improved long-term performance of RI among investors. Australia's total managed funds reached AUD3.9 trillion, with RI assets under management (AUM) growing to AUD1.6 trillion, a 24% increase from 2022 ([RIAA, 2024, p. 8](#)). The proportion of RI AUM in total managed funds rose from 36% to 41% in 2023 ([RIAA, 2024, p. 8](#)). This growth reflects both an increase in the number of investment managers implementing RI strategies and a rise in the average AUM allocated to responsible investments.

Regulatory advancements are helping to drive greater adoption of RI practices among investment managers.

One of the most significant developments in the RI market in Australia has been an increase in transparency. More investment managers are now fully disclosing their holdings and reporting the outcome of their stewardship activities.

Greenwashing concerns have escalated to become the top barrier to growth in the RI market, with more than half of respondents citing it as a major deterrent at the end of 2023 ([RIAA, 2024, p. 9](#)). On the other hand, performance concerns, which were the top barrier in the previous year, decreased to 45% in 2023 from 52% in 2022, suggesting a growing confidence among investors in the potential for RI strategies to deliver competitive returns. According to the survey, more than half of the respondents consider demand from institutional investors to be a key driver of market growth ([RIAA, 2024, p. 9](#)).



Use of Strategies from Report

As at end 2023, ESG integration and Stewardship continue to be the most widely adopted RI approaches, followed by negative screening. When looking at the popularity if the RI approaches, it was clear that there is a move from negative screening to more active screening. Proportions of positively screened and norms-based screened AUM also increased, reaching 18% and 40%, respectively (RIAA, 2024, p. 25).

In 2023, 99% of survey respondents implemented ESG integration within their investment strategies (RIAA, 2024, p. 25). Of these, 85% incorporated ESG integration across their entire organisation and 14% apply it at product level (RIAA, 2024, p. 26).

Data on stewardship indicates that investors are becoming increasingly active in engaging with investee companies on a range of environmental and social issues. Climate change (86%), diversity (80%), and human rights (74%) remained the top priorities, with the highest numbers of investors focused on these areas (RIAA, 2024, p. 9). It is expected that nature has increased in prominence since this data was collected.

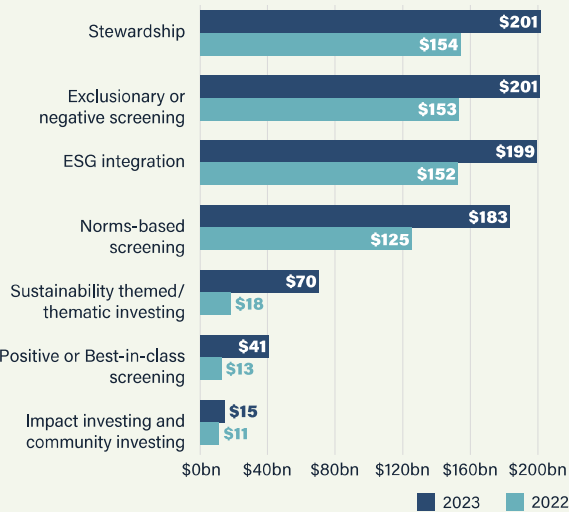
Australia’s investment sector is rising to the challenge of navigating ever-changing expectations and increasing scrutiny and providing consumers and retail investors with options that align with their values.

About Us

With 500+ members representing A\$76 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.

RIAA’s 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.

FIGURE 2: AUM covered by the seven RI approaches of survey respondents (\$ billions)



Note: All data includes internally managed AUM of asset owners that completed the survey and AUM of IFM Investors which was assessed by desktop research in 2023. *Impact investing data includes green, climate, social impact and sustainability bonds sourced from KangaNews

Source: Responsible Investment Benchmark Report, Australia 2024

CAPABILITIES	RIAA
Member Communications	Yes
Member Events	Yes
Policy Influencing	Yes
Research	Yes
Education	Yes
Accreditation	Yes





NEW ZEALAND REGIONAL OVERVIEW

New Zealand's responsible investment market reached NZD\$207 billion in assets under management during 2023, representing 13% growth from 2022 and approximately 56% of the total managed funds market. Mandatory climate-related disclosures commenced against a backdrop of expanded climate risk supervision. Consumer awareness of the option to invest responsibly or ethically continues to increase.

New Zealand Market Drivers

Regulatory & Policy Drivers

New Zealand was the first country in the world to introduce mandatory climate disclosures, requiring large financial institutions to report on governance, strategy, risk management, and metrics in line with the [Task Force on Climate-related Financial Disclosures \(TCFD\)](#). The Financial Markets Authority began supervision in 2024, emphasising decision-useful reporting for investors and regulators focused on refining its existing mandatory climate disclosure framework during 2025. The NZ Financial Markets Authority (FMA) intensified supervision of climate disclosure compliance, conducting detailed reviews of first-year reporting under the framework that became mandatory in October 2021. The FMA issued guidance updates in 2023 addressing common implementation challenges and improving disclosure quality standards.

The Reserve Bank of New Zealand (RBNZ) expanded climate risk supervision during 2022-2023, requiring banks to conduct climate scenario analysis and integrate climate considerations into risk management frameworks. This represented a significant evolution from earlier guidance-based approaches to mandatory supervisory expectations.

KiwiSaver scheme supervision intensified following December 2021 default provider reforms, which mandated ESG considerations. The FMA conducted compliance reviews during 2022-2023 to ensure default providers met their sustainability obligations and fossil fuel exclusion requirements.

New Zealand and Australia enhanced regulatory coordination through the first [Australia-New Zealand 2+2 climate finance dialogue](#) in June 2023, bringing together Climate Change Ministers and Finance Ministers to coordinate climate action approaches and share regulatory best practices.

In June 2025, the FMA released its [Financial Conduct Report](#), which highlighted that a priority for the 2025/2026 financial year was to publish refreshed guidance in relation to ethical investment disclosures and advertising.

In November 2023, the Commerce Commission published [Collaboration and Sustainability Guidelines](#) which aimed to explain how the Commission approaches business collaborations that have sustainability objectives, encouraging lawful collaboration between businesses to help them achieve these objectives. These Guidelines were subsequently tested in a complaint alleging anti-competitive activity relating to the Net Zero Banking Alliance. This complaint was [finalised by the Commission](#) in July 2025, finding no evidence to support the complaints.

The number of investment managers in New Zealand demonstrating leading responsible investment practices increased by 15% during 2022-2023, with particular growth in ESG integration and stewardship capabilities ([RIAA, 2024](#)). Professional development accelerated, with 65% of managers employing dedicated sustainable investment expertise by end-2023.

NEW ZEALAND

New Zealand’s sustainable bond market expanded significantly, with NZD \$4.2 billion in green and sustainability bonds issued during 2022-2023, including the government’s inaugural sustainability bond program that commenced in 2022. New Zealanders demonstrated strong consumer engagement with responsible investment, with 76% of investors indicating it was important their investments make a positive difference. Consumer awareness improved significantly, with lack of awareness of responsible investment options dropping from 43% in 2022 to 30% in 2023 (RIAA, 2024).

KiwiSaver members increasingly engaged with sustainability options, with 45% of members actively seeking information about their scheme’s responsible investment approach during 2022-2023. This represented a 38% increase from the previous period, driven by increased media attention and provider communications.

Younger demographics in New Zealand showed particularly strong engagement, with 68% of investors under 40 prioritizing sustainable investment options compared to 52% of older cohorts (RIAA, 2024). This generational shift influenced product development and marketing strategies across the market.

New Zealand’s market remained smaller but strategically significant. KiwiSaver providers expanded sustainable product offerings in response to regulatory disclosure, while green and sustainability-linked bond issuance by government agencies and corporates deepened local capital markets.

RIAA established an [Aotearoa Collaborative Working Group](#) of investors in 2024, in response to industry demand for cross-industry connection and engagement through an NZ-lens.

Regional Research Insights

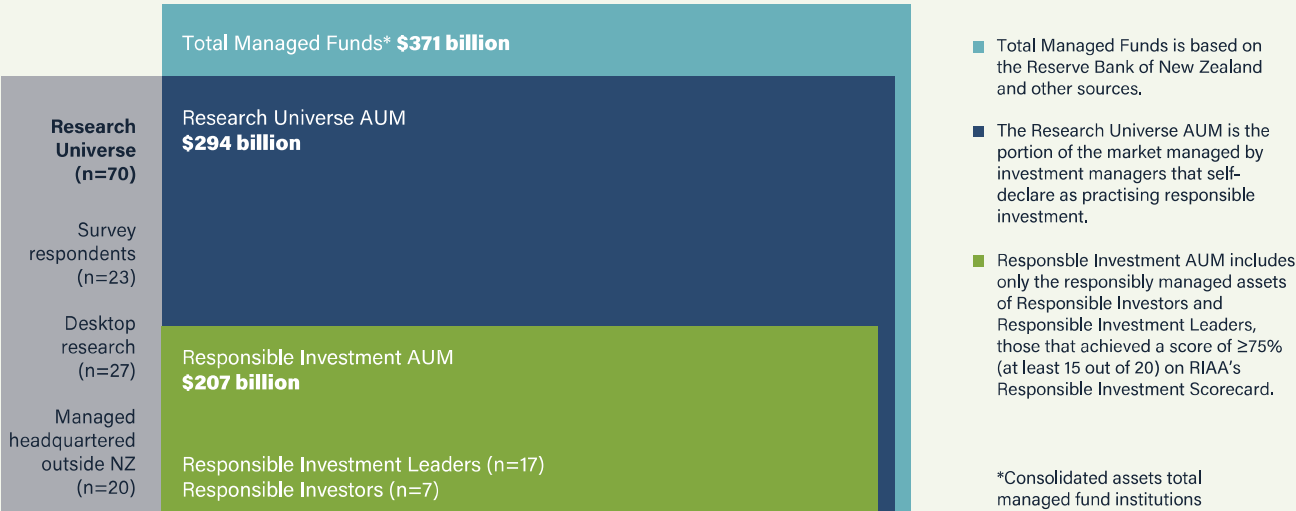
Market Overview

The responsible investment (RI) market in New Zealand grew significantly in 2023, primarily driven by strengthened regulatory frameworks and growing recognition of the financial importance of ESG factors. In this research period, total assets under management reached NZD \$371 billion, with RI AUM climbing to NZD \$207 billion (an increase of 13% in AUM) – this represents RI comprising 56% of the total New Zealand funds market (up from 52% in 2022). With the Research Universe remaining constant, this growth is driven by overall increased allocations to responsible investments by investors. RIAA benchmark survey data confirms this shift, with survey respondents (primarily consisting of Responsible Investors and RI Leaders) reporting an average of 97% of their AUM being classified as RI, up from 92% in 2022 (RIAA, 2024).

One of the most significant developments in New Zealand’s RI market in 2023 was the notable increase in transparency among investment managers, coinciding with the first anniversary of the [Stewardship Code Aotearoa New Zealand](#). A growing number of managers are now fully disclosing their portfolio holdings and reporting on the outcomes of their stewardship activities

Concerns over greenwashing have rapidly risen to become the largest deterrent, by some distance, to RI in the market, increasing from 35% in 2022 to 61% in 2023 (RIAA, 2024, p.10). Conversely, there was a positive shift in the lack of awareness of RI, with fewer investors considering this to be a market deterrent, decreasing from 43% in 2022 to 30% in 2023 (RIAA, 2024). This shift suggests a growing public understanding of RI principles, demonstrating improved awareness and acceptance of these investment strategies. Consistent with the above trend, more investors indicated that the key driver of the market is the growing acceptance that ESG factors impact the financial performance of investments. ESG considerations are no longer optional but essential for the ordinary investment process of responsible investors.

FIGURE 1: Overview of the Research Universe and the New Zealand responsible investment market



Source: [Responsible Investment Benchmark Report, Aotearoa New Zealand 2024](#)

Use of Strategies

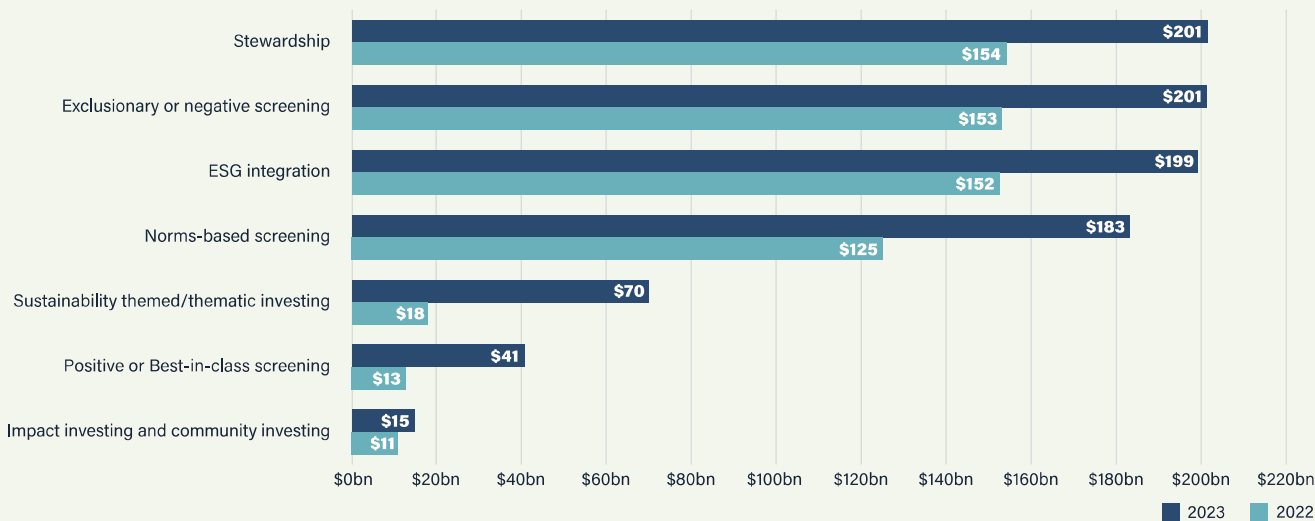
AUM allocated to each RI approach increased significantly in 2023. Stewardship, negative/ exclusionary screening and ESG integration are all used to an almost identical degree, similar to findings in 2022.

ESG integration has expanded significantly across New Zealand’s RI market, with more managers applying ESG considerations across a broader range of asset classes, including equities and fixed income portfolios. In 2023, 87% of managers incorporated ESG integration into a diverse range of asset classes, a 6% increase from 2022 (RIAA, 2024, p. 9).

This growth demonstrates the industry’s deepening commitment to embedding ESG factors into investment decision making processes. Stewardship and corporate engagement practice has seen significant progress towards greater transparency between 2021, 2022 and 2023. In 2023, more than half of asset managers reported both activities and outcomes of their engagement efforts, a significant increase from 40% in 2022. This trend indicates a positive shift toward more comprehensive and transparent disclosure, reflecting the growing importance of accountability and clarity in stewardship practices.

In 2023, thematic investment increased substantially to NZD \$70 billion from NZD \$18 billion, primarily driven by the larger asset managers integrating sustainability-themed investments into their strategies, moving away from passive investments (RIAA, 2024, p. 9). The proportion of AUM allocated to various sustainable themes, both environmental and social, also increased.

FIGURE 2: AUM covered by the seven RI approaches of survey respondents (\$ billions)



Note: Data includes green, climate, social impact, sustainability bonds, and Kauri bonds, and has been sourced from KangaNews. Some of the 2022 data is underrepresented due to some organisations being assessed by desktop in 2022 and survey in 2023.

Source: [Responsible Investment Benchmark Report, Aotearoa New Zealand 2024](#)

