



Net Zero Readiness Index: Ready, steady, go?

KPMG's Net Zero Readiness Index ranks New Zealand as ninth out of 32 countries for our ability to achieve net zero carbon emissions. It considers 103 indicators split between national preparedness and sector readiness and draws on experts from across the globe.

It is exciting to see New Zealand rank highly and it's a tribute to the hard work of some of our core sectors. I believe it reflects our unique sense of kaitiakitanga, our pride in the country's whenua, biodiversity and culture. This has been coupled with world-first legislation, like mandating the use of Taskforce on Climate-Related Financial Disclosures recommendations for certain companies, and the Carbon Neutral Government Programme. This global KPMG report follows the release in May this year of the Climate Change Commission's report: *Ināia tonu nei: a low emissions future for Aotearoa*, which concluded that there are technically achievable, economically affordable and socially acceptable pathways for Aotearoa to take to achieve a climate-resilient and low emissions future. There is certainly cause to celebrate this progress and our efforts so far, but there is a balance to be struck. A balance that allows us to feel the achievements of the last decade,

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but does not encourage us to take our foot off the gas (metaphorically). Our Global Head of Agribusiness, Ian Proudfoot, calls the journey to net zero "a marathon," with this report marking "the timing split at the end of the first kilometre." He also points out that net zero still falls short of creating positive impact. There is nuance to the findings that must be taken into account. We are one of only nine countries in the Index which have made net zero commitments binding under national law.



Political will is a critical factor; however, this commitment does not correlate with our relative delivery capability across the five highest-emitting sectors. Here we come fourteenth, behind Australia which has no official net zero target. Our overall Index ranking (ninth) is driven primarily by our agricultural sector's readiness, with comparatively a high number of clean tech companies and low levels of food loss. Initiatives like He Waka Eka Noa are positioning New Zealand to be a global leader in this space, but even in this sector there is considerable work to be done to counter the methane emissions of the dairy industry. In the other four high-emissions sectors evaluated, we do not rank in the top five. Net zero is both ambitious and essential. It requires transformational change across every industry, sector and business. Setting the target is the first step and needs to be followed by detailed plans and support mechanisms from government. Mandatory business reporting, the power of the financial markets, public support for climate action and collaboration at all levels are other key ingredients that we must harness to reach the finish line. The Government's delayed Emissions Reduction Plan, now due next year, must outline targets alongside the pathways to reach them. In the last few months alone, we have seen floods across the country. Record temperatures are almost the norm. There is no doubt that this is an emergency; and 76% of New Zealanders don't feel that business is doing enough to reduce its environmental impact. Our role now is to hold each other accountable but, more importantly, to support each other in this transformation. I'm personally optimistic that businesses, and particularly our agricultural sector, are

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committed, innovative and likely to succeed in transitioning us to a net zero future. What they need is capital, energy and other infrastructure, sensible policy, and strategic support from every facet of the New Zealand economy. In our business, KPMG IMPACT is our platform to have the honest, meaningful conversations with organisations that want to join the journey to net zero. We're drawing on our expertise from across the firm to measure new metrics, develop new reports that look beyond pure financials, architect roadmaps to carbon neutral operations, undertake reforms that put New Zealand's environment and communities at the centre. Globally, KPMG announced in early October that it will be investing over US\$1.5 billion in ESG strategy over the next three years to support organisations worldwide. Fuelling New Zealand's prosperity for all New Zealanders means protecting our future and creating a world that we can thrive in. We're ready. Will you join us?



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