

NZ CEOs drop focus on climate change

August 2020

Prior to Covid-19, over half of New Zealand CEOs surveyed stated that their growth will be determined by the ability to transition to a low-carbon and clean technology economy. Several months later, KPMG's global Outlook pulse-check survey shows the number of New Zealand CEOs that perceive environmental and climate risk as the greatest threat to growth has halved. It is, however, still considered a key organisational and individual material risk.

Climate change may not be the greatest threat to short-term growth right now, but global challenges like climate change are still considered the predominant threat to long-term growth and company value. The fact that climate change still features so prominently in KPMG's pulse-check as a significant factor for global and local CEOs is remarkable given our current context of Covid-19. This combined perspective on short and long-term risk provides an opportunity for organisations to plot their course with a more comprehensive perspective on risk, opportunity and resilience.

Pre-Covid, New Zealand CEOs generally agreed that business growth would significantly depend on ethical conduct, and that long-term sustainable success requires more than financial growth. However, it appears to be easier said than done, with 52% of CEOs surveyed feeling they lack support from board and investors to do this, and 54% struggling to link societal purpose to their organisation's growth strategy.

Managing environmental, social and corporate governance (ESG) risks and opportunities is critical for long-term growth, and our CEOs are feeling the pressure to act from both employees and customers. KPMG's CEO Outlook pulse-check shows New Zealand CEOs are feeling three times as much pressure for greater ESG transparency and reporting from employees than their global counterparts, and our consumers expect higher standards of sustainability from corporations.

NZ Super Fund CEO Matt Whineray says, "The pressure to be more sustainable now comes from all sides. Customers, whether they're citizens or businesses, increasingly demand real action on climate change from the producers of the products and services they consume. At the same time, talent is increasingly attracted to businesses that are focused on improving the environment. If you're not thinking about your impact on climate change, then you're losing access to customers and staff, and are being left behind by your competitors."

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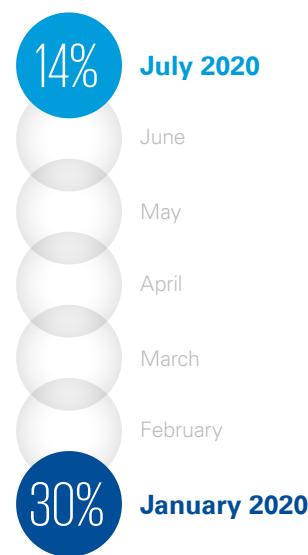
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Unsurprisingly, the urgent trumps the important in a crisis. However, once we get on top of Covid-19, the multi-generational climate change crisis will still be there, and requires serious attention. ”

Matt Whineray
CEO, NZ Super Fund

Percentage of CEOs that say **climate change risk** as great threat to growth:



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