

Annual Report 2023

AgriZero^{NZ}
Powering zero emissions agriculture



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Foreword

From the Board Chair and
Executive Director



Guiding whakataukī

Ehara tāku toa i te
toa takitahi, engari
he toa takitini.

*My strength is not
as an individual, but
as a collective.*

It is our pleasure to present the first Annual Report from AgriZero^{NZ}. We began operations on 1 February this year and are proud of the achievements of our small team since formation. Our Annual Report is part of our commitment to transparency, showing our progress and future plans.

Almost half of Aotearoa's greenhouse gas emissions come from agriculture, which makes up 75% of our goods exports. Since agriculture is the backbone of our economy, the importance of reducing methane emissions in agriculture cannot be understated. Our global customers are setting ambitious greenhouse gas reduction targets, and if we can't meet these targets, the export revenue that has underpinned our living standards will be under threat.

International customers and consumers are seeking reductions in the emissions profile of New Zealand dairy and meat products. However, those customers, and discerning international consumers, value New Zealand's predominantly grass-fed dairy and meat products and pay a premium for those products.

To continue to ensure that our farmers maintain their competitive edge, AgriZero^{NZ} was formed as a joint venture (JV) by leading companies in the New Zealand primary sector and the Government to pool resources and deliver a step change in investment.

Together, with our investment and advocacy for ground-breaking agritech, we will help New Zealand achieve its agricultural emissions targets and lead the worldwide advancement of near-zero methane and nitrous oxide emissions pasture-based farming.



Foreword

Our ambition is to reduce agricultural emissions by 30% by 2030 and to be 'near zero' by 2040.

Our focus is on identifying and investing in technologies that will reduce methane and nitrous oxide emissions from livestock in our grass-fed farming systems, whilst maintaining profitability and productivity.

Our target is to get two to three tools, that are both effective and affordable, into the hands of Kiwi farmers by the end of 2030.

We are scanning the world for companies developing new technologies and we are investing in them to support their success, with a focus on driving development towards a solution that will work for New Zealand. We will also help them with New Zealand's regulatory approvals and support a pathway for uptake on-farm.

The shareholders contemplate a 10-year investment and have committed to invest \$165m through to the first review point at four years.

Thank you to our shareholders for your support – ANZCO Foods, Fonterra, Rabobank, Ravensdown, Silver Fern Farms, Synlait and the Crown through the Ministry for Primary Industries.

We continue to welcome new shareholders and partners to help increase the size of the fund and further support our ambition.

We do not underestimate the size of the challenge ahead of us, but we are excited and optimistic about our ability to work with others in New Zealand and around the world to meet that challenge.



Sir Brian Roche KNZM
Board Chair

Wayne McNee
Executive Director



Our ambition is to reduce methane and nitrous oxide emissions by 30% by 2030 and to be 'near zero' by 2040.



Board Chair Sir Brian Roche KNZM



Executive Director Wayne McNee



About

AgriZero^{NZ} is the trading name for the Centre for Climate Action Joint Venture (JV).

Ministry for Primary Industries
Manatū Ahu Matua



ANZCO
FOODS

Fonterra
Dairy for life

Rabobank



ravensdown



SILVER
FERN
FARMS

Synlait

AgriZero^{NZ} is a world-first public-private partnership between the New Zealand Government and major agribusiness companies.

The JV was established in February 2023 to help farmers reduce emissions while maintaining productivity and profitability – supporting them to meet increasing demands from global customers and New Zealand's climate goals.

The founding shareholders are ANZCO Foods, Fonterra, Rabobank, Ravensdown, Silver Fern Farms and Synlait, owning a combined 50%. The other 50% is owned by the Government through the Ministry for Primary Industries. These shareholders represent over 70% of New Zealand's farms.

Ambition

AgriZero^{NZ}'s ambition is to ensure all farmers in Aotearoa have equitable access to affordable, effective solutions to reduce biogenic methane and nitrous oxides emissions, with a goal of supporting a 30% reduction by 2030 and enabling development and adoption of solutions to drive towards 'near zero' by 2040.

Through this it will enhance the value and competitiveness of the agriculture industry in NZ on the global stage, while recognising the importance of intergenerational stewardship, kaitiakitanga, of the land.

Purpose

The purpose of the company is to undertake targeted investments and actions to accelerate the development, commercialisation and deployment of effective and affordable solutions that will be used by New Zealand farmers and others to significantly reduce biogenic methane and nitrous oxide emissions.

AgriZero^{NZ} is committed to delivering its Te Tiriti o Waitangi obligations by incorporating mātauranga Māori (knowledge) to support the enduring connection between tāngata (people) and taiao (the environment).

Funding

Shareholders have committed to invest a combined \$165m through to the first review point at four years. Funds from agribusiness shareholders are matched by the Government dollar-for-dollar.

The JV continues to welcome additional shareholders to come onboard to help amplify its reach and grow the fund.

AgriZero^{NZ} is one of two key components of the Centre for Climate Action on Agricultural Emissions, alongside the New Zealand Agricultural Greenhouse Gas Research Centre.



About

About this report

This is the first Annual Report for the Centre for Climate Action Joint Venture, trading as AgriZero^{NZ}. It provides an overview of key operating activities from its inception on 1 February 2023 to 30 June 2023. AgriZero^{NZ} may be referred to as “the joint venture” or “the JV” interchangeably throughout this report. The AgriZero^{NZ} Board of Directors approved this report. All data is in New Zealand dollars unless otherwise stated. For more information, see agrzero.nz.

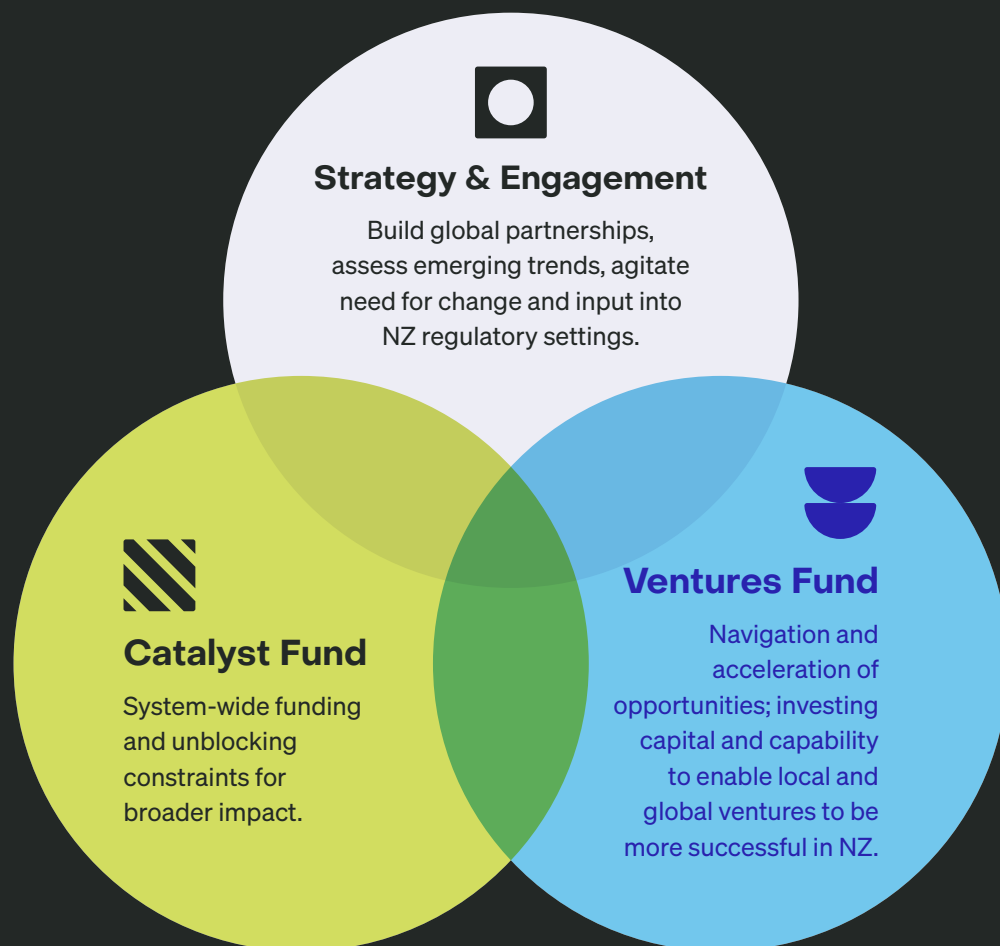
This report contains forward-looking metrics which are not, and should not be considered to be, guarantees, predictions or forecasts of future outcomes or performance. The statements are subject to known and unknown risks, uncertainties, and other factors, many of which are beyond control of AgriZero^{NZ}.



AgriZero^{NZ} is committed to delivering its Te Tiriti o Waitangi obligations by incorporating mātauranga Māori (knowledge) to support the enduring connection between tāngata (people) and taiao (the environment).



To achieve its ambition of 30% reduction in agricultural emissions by 2030, AgriZero^{NZ} employs guiding principles of kaitiakitanga, whanaungatanga and hautūtanga.



Guiding principles



Kaitiakitanga Guardianship

Do the right thing for our land, climate, economy and people.



Whanaungatanga Relationships

Work collaboratively, with a global lens, to help farmers in New Zealand.



Hautūtanga Leadership

Strive for significant impact to lead progress in pasture-based emissions reduction internationally.

Making Progress

In the 2023 financial year, the joint venture appointed a Board of Directors and allocated more than \$8 million across three high-impact opportunities to bring emissions-reduction technologies to the market.



Board of Directors: Fraser Whineray, Jessie Chan, Sir Brian Roche KNZM (Chair), Sir Neville Jordan KNZM CNZM and Greg Murison

Investments to 30 June 2023

1. Ruminant Biotech (\$1.8 million)

Supporting a New Zealand-based start-up developing a slow-release, biodegradable methane-inhibiting bolus for livestock.

2. Methane Vaccine & Inhibitor NZ Research (up to \$2.5 million)

Supporting research developing a methane vaccine and inhibitor for use in livestock.

3. New Greenhouse Gas Research Facility (\$4 million)

Supporting construction of a new methane measurement facility at Massey University in Palmerston North with co-funding from Government and AgResearch.

New Trading Name

In June 2023, the JV was proud to introduce its new trading name and AgriZero^{NZ} brand at the National Fieldays event in Hamilton. The new name reflects its bold ambition to take the pressure off Kiwi farmers, whilst positioning the JV as a partner of choice for potential investees in New Zealand and around the world.



National Fieldays, 2023



Reporting framework

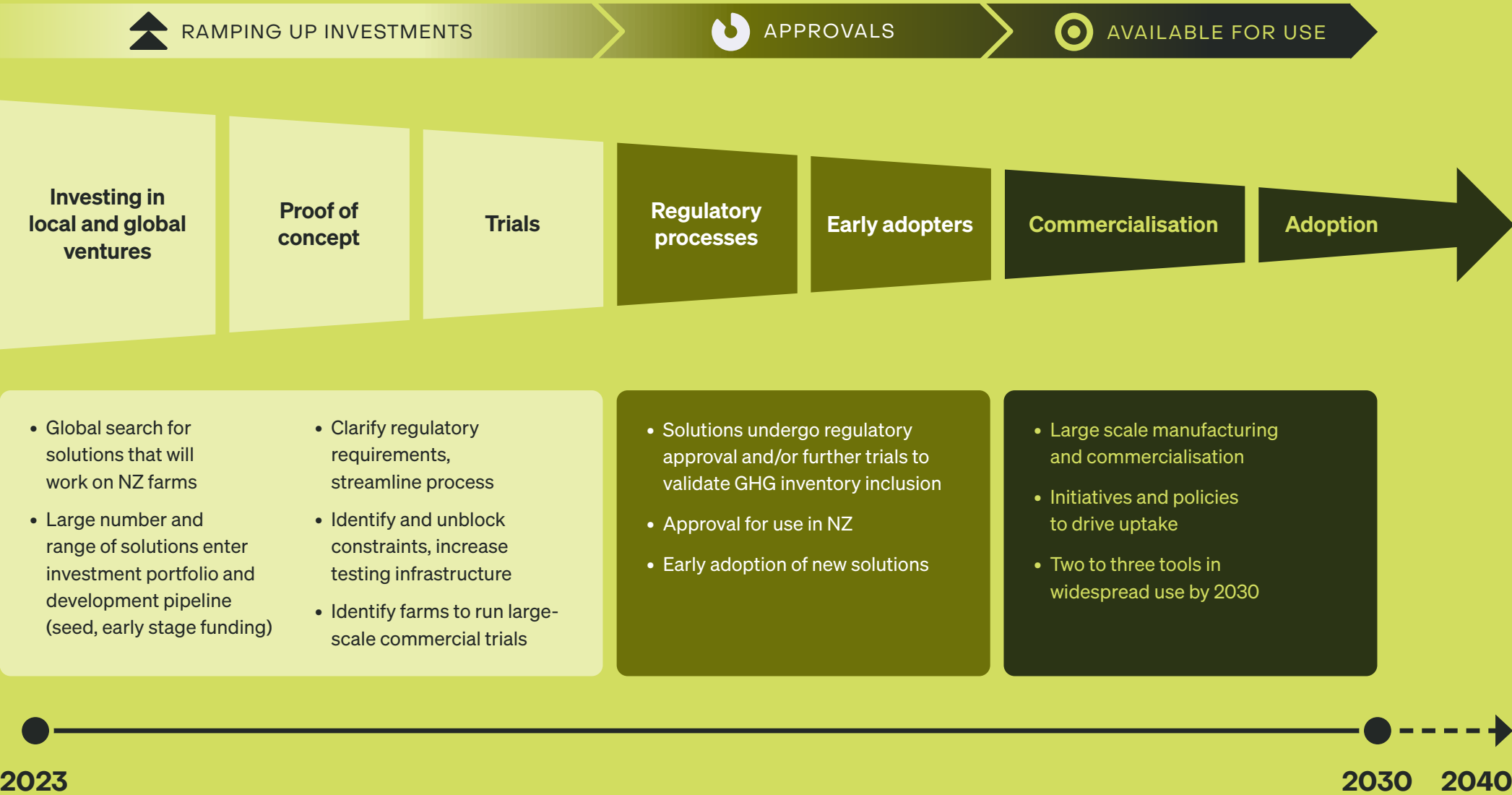
A regular reporting framework has been established as part of AgriZero^{NZ}'s commitment to transparency and accountability – helping stakeholders and the public to keep track of progress.

The JV introduced its first Scorecard for Q4, FY23, as a simple, visual representation of key metrics, new investments and a roadmap for delivery. The Scorecard is updated at the end of each quarter and circulated widely, in addition to supporting communications around key progress updates and milestones as they are achieved.



Look Ahead

Getting tools into farmers' hands



Summary of Financials



Funds from agribusiness shareholders are matched by the Government dollar-for-dollar.

\$8m

More than \$8 million was allocated across three investments. One of these investments was paid during the reporting period, the others will be paid in the next two financial years.

Financial Summary: 1 February – 30 June 2023

	\$M
Shareholder Contributions	
Private sector	\$8.25
Public sector	\$8.25
	\$16.50
Investment Allocations	
Ruminant Biotech	\$1.80
Methane Vaccine & Inhibitor NZ Research (to be paid in FY24)	\$2.50
New Greenhouse Gas Testing Facility (to be paid in FY24 & 25)	\$4.00
Total	\$8.30
Revenue & Expenses	
Interest income	\$0.21
Operating expenses	\$2.08
Net Profit (Loss)	(\$1.87)
Cash or equivalent at 30 June 2023	\$13.00





Powering Zero Emissions Agriculture

AgriZero^{NZ}
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 **AgriZero^{NZ}**