

*The following are excerpts from three online articles in recent weeks, one from the Irish Times (July 5th), promoting sustainability as a core business strategy and two others from RTE with a local interest (August 7th & 12th), with the latest data on wind energy generation and a significant investment in solar power generation in Ireland. All content is referenced in detail below.*

**This week we take a look at a commentary from Deloitte emphasizing the importance of sustainability for business success and competitive advantage. In related news, Wind Energy Ireland has reported the third-best July on record for wind energy generation in Ireland. Additionally, RTE highlights an investment in a solar farm in County Meath, reinforcing the vital role of renewable energy companies have in powering the technology sector.**



## **When it comes to sustainability, smart companies will not take the foot off the pedal.**

**Irish Times (2024) reports that experts in Deloitte believe that sustainability is now a mainstream consideration for 'smart' businesses. For example, with the EU regulatory spotlight somewhat off the ESG space for the moment, there is a misguided belief that business can reduce its commitment to sustainability and simply continue to role out its CSR responsibilities.**

Taking action on the subject is imperative to business success. Organisations taking the lead will enjoy a competitive advantage, says Glenn Gillard, sustainability market lead at Deloitte. Sustainability is becoming mainstream. For businesses, that's good news according to Glenn Gillard, partner and sustainability market lead at Deloitte Ireland. A chartered accountant and auditor, Gillard has spent 25 years working on the audit, regulatory and advisory side of the firm, working in many sectors from financial services to energy. It's a background that has prepared him well to understand the boardroom perspective when trying to appreciate the impact of sustainability throughout a business. He has experience across critical areas, from implementing regulation to looking at profitability and growth through to business viability from a risk and reputation standpoint. Regardless of geography, sector or market, the companies that are most vulnerable to climate change right now are those that have succumbed to "sustainability fatigue", he warns.

With talk of a regulatory pause in environmental, social and governance (ESG) within the EU, and having seen the debate in the US become more polarised, some business leaders are wondering if perhaps they can afford to take their foot off the sustainability pedal within their own organisations. The answer is no.

## **Moving centre stage.**

For a start, there is simply too much awareness of its importance. "It isn't that long ago that most companies saw sustainability as part of corporate and social responsibility. It was a sense of 'we need to be good corporate citizens and do something nice, like plant a tree,'" says Gillard. Sustainability is now central to business operations. "There has been a shift away from the idea that it is about doing the right thing, sometimes, to something that is much more fundamental to business operations," he explains. "Sustainability is a series of challenges and opportunities that are impacting business. Organisations need to think of it as core to their strategy to either address that risk or take that opportunity."

It is why chief sustainability officers are increasingly taking a seat at the top table and securing the budget and resources they need to support this key business lever, he explains. "Boards recognise that it has become embedded in organisations and is now shared across a number of functions," he adds. This was the driving force behind the launch of Chapter Zero Ireland – of which our chief executive Harry Goddard is a founding member – to empower non-executive directors to lead on the impacts of climate change." This has been borne out by Deloitte's most recent chief financial officer survey, which shows how chief financial officers have seen their roles change in the last five years as a result, with 66 per cent reporting increased responsibility for ESG. While some of this is down to the increased cost of reporting and regulatory requirements, more is down to the realisation that sustainability impacts across all aspects of a business.

**Irish Times (2024) emphasizes how central sustainability is to business today, from profitability to customer satisfaction. The concept of a 'greenium', sustainable price premium, and the impact of global conflict on supply chains has been evident in recent years, as have the increased regulatory demands on companies :**

### **Sustainable supply.**

All boards consider four key points, he says: "Are we growing; are we making money; are our customers happy; and how are we in relation to risk and compliance?" Sustainability reaches into all of them, he explains. From a growth perspective, this presents opportunities. "There is an appetite from both consumers and businesses for products with sustainable credentials and they are willing to pay a greenium, a premium of sorts, of up to 25 per cent in some sectors for it – if you have the right product," he explains.

From Brexit to the pandemic, the energy crisis to Russia's invasion of Ukraine, the last few years have provided stark lessons in sustainably sourcing raw materials. The climate crisis is a factor too. "We are already seeing the impact of record temperatures on water availability. According to the World Economic Forum, 75 per cent of the global population will be impacted by drought in the next 15 to 20 years. You need a strategy to manage that risk. Through our work in the food sector, we're looking at the impact of increased drought on raw materials, their availability and their costs both today and into the future," he says.

On the business-to-business side, multinational companies expect suppliers to meet minimum standards on sustainability. "They have obligations that impact how they choose suppliers. Increasingly companies here need to have products and services produced and delivered in a sustainable way. The challenge for SMEs is to build a credible sustainability story, one they can both articulate and provide the evidence to support," says Gillard.

Irish Times (2024)

It means looking at all your decisions through a sustainability lens. "If you plan to invest in a plant on the coast, will it be more susceptible to weather events? If you source cocoa from Brazil, should you look for an alternative supplier somewhere else? Or at changing your recipe and not using cocoa at all? Will you need to adapt your manufacturing facility to use an alternative to gas? It's about embedding climate risk into every decision you make in relation to your business," he explains.

"Sustainability is about clearly assessing what are the real threats to your business, from where you source your raw materials to how you transport them. It's about adapting to threats, which is just good business sense."

Irish Times (2024)

**From a European perspective, Irish Times (2024) highlights the need for companies to outline a clear, actionable roadmap to translate ambitions into actions regarding climate change initiatives. Reporting cultivates responsibility and transparency, and this is where regulation is key. Regardless of the political climate, now is not the time to bury your head in the sand- it's time to build a sustainability focus into your everyday business.**

#### **Embrace reporting requirements.**

In Europe, companies are getting to grips with the implementation of new environmental reporting requirements. These are both onerous and worthwhile, Gillard says. "People sometimes grumble that we spend all our time having to report stuff instead of actually making change, but with the EU it's all about transparency and as an auditor I support that because I know that what doesn't get measured doesn't get done," says Gillard. "Yes, there is concern in Europe about all that time spent figuring out reporting requirements, but this presents a huge opportunity. Embracing these conditions will give clarity in relation to the right levers to pull. The better companies are already adopting and incorporating the reporting requirements to really drive their business."

They are not being distracted by a change in the political narrative in a year of widespread elections. "Are our political masters going to row back on this? It doesn't matter," says Gillard. "If we don't have the green transition, we will have an even more severe climate impact anyway, and all the events and issues that come with it. So, saying you don't need to build sustainability into your business is not really an option." We are already experiencing extreme weather events in our own lives and see daily the impact of such events on others via our phones. It should not be ignored. "Climate risk is a bit like the frog in the boiling pot. We're getting a little hotter every year. Before you know it, you've no raw materials, or the cost of producing your product is so high your customers won't pay it, or you've no business. You can't afford to stick your head in the sand."

Sustainability isn't a catchall term, he reiterates. "It's about understanding the individual impacts of climate change on your business and using that understanding to make the informed decisions that will drive the right actions and responses to future-proof your business." Right now, we are at an inflection point, he explains. Some of the easy things have been done. Now we're into more challenging, complex decisions," he says. "Now it is about turning those good intentions into actions and get climate action moving at more pace.

Irish Times (2024)



## **Third best July on record for wind generation in Ireland.**

**Meanwhile, at a local level, RTE (2024) has published the latest positive data on wind energy generation in Ireland from July this year. Last month was the third highest recorded output and reinforces the importance of an affordable, accessible and reliable source of clean energy in Ireland's quest to achieve a zero-carbon society:**

Last month was the third best July on record for wind generation in Ireland, a new report shows. The data from Wind Energy Ireland shows that power generation in July reached 656 gigawatt-hours. Wind farms in Cork produced the most energy with 80 GWh, followed closely by Kerry at 66 GWh and Galway at 55 GWh. Together, the top three counties provided almost a third of Ireland's wind power last month.

However, the report shows that the 22% share of demand met by wind energy last month was down 11% compared to record-breaking results in the same month last year. Solar power and other renewables accounted for 7% of Ireland's electricity. The average wholesale price of electricity in Ireland per megawatt-hour during July was €110.94, up slightly from €107.74 the previous month.

Prices on days with the most wind power saw the average cost of a megawatt-hour of electricity decrease by 36 per cent, to €70.30 per megawatt hour and rise to €129.95 on days when we relied almost entirely on fossil fuels. According to Justin Moran, Director of External Affairs at Wind Energy Ireland: "Electricity generated from Irish wind farms replaces imported fossil fuels and pushes the wholesale price of electricity downwards. "The more wind we can get on the system, the less we have to rely on expensive imported gas and the more we can do to help Irish households struggling with high energy costs," he added.

In the first seven months of 2024, the report confirms that wind farms provided 32% of Ireland's electricity.

RTE (2024)



## **Greencoat Renewables completes South Meath solar farm deal**

**Continuing in an Irish context, RTE (2024) reports on the latest solar farm investment in Ireland , with renewable energy investor, Greencoat Renewables completing a deal to buy a 50% stake in the 80.5MWp solar farm in Co Meath from Statkraft. :**

The purchase has been completed in partnership with funds managed by investment manager Schrodgers Greencoat LLP, who have bought the remaining 50% stake. The company said a "leading technology company" has entered into a long-term power purchase agreement (PPA) for 100% of production of the solar farm, which will provide it with secure, long term cashflow.

"Having entered into a forward sale agreement in July 2022, we are pleased to further diversify our portfolio through the completion of the acquisition of the South Meath solar farm from Statkraft, a key strategic partner,". Paul O'Donnell, Partner at Schrodgers Greencoat LLP, the Investment Manager, said. "As the largest operator of wind assets in Ireland, we remain focused on delivering PPAs with large, highly reputable counterparties," he added.

RTE (2024)

### **References:**

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