

The Business of The Business Has Transformed To Do Green Business

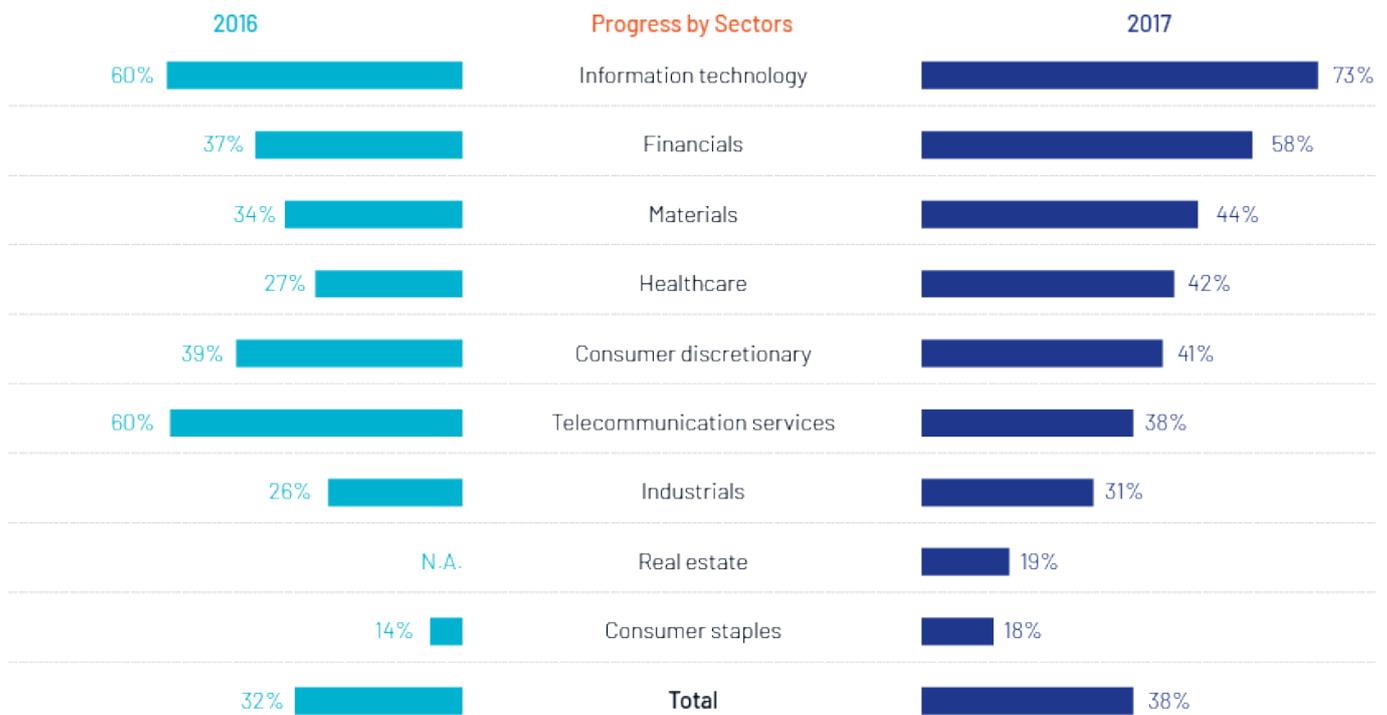
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There was a time when it was said “The business of the business is only to do business”. But the increasing awareness for [climate change](#) has forced businesses to adopt doing green business. Sustainability has transformed from a concept to a business strategy. We have multiple examples where companies have shown that sustainability can reap profits. Today, every nation is actively working to promote green energy as well as encouraging players from various sectors to decarbonize their operations. Subsidies, favorable regulatory mechanism and renewable energy adoption policies have accelerated the green economy growth.

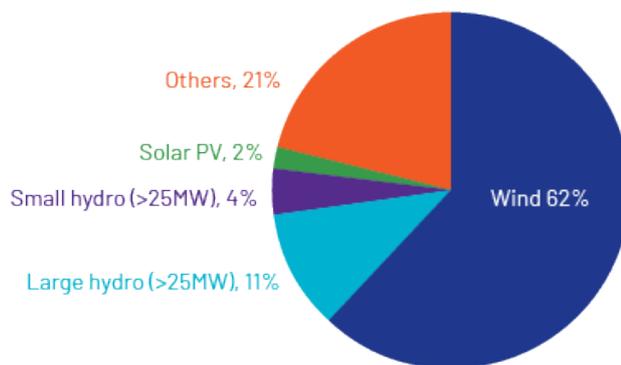
2018 will be remembered as the year was 1.5 degrees Fahrenheit warmer than the 1951 to 1980 mean and also the year ranked the 4th warmest since 1880. But the better part of the year is that, the corporate movement for renewable electricity started its pace and businesses have started transforming their traditional approach for revenue generation to sustainable approach. The falling renewable energy cost and stronger CSR concerns have encouraged companies to consider renewable energy as an asset which can provide real competitive advantage. World’s two third of the electricity is consumed by the companies and it is their responsibility to bring in clean energy systems for tomorrow.

In 2014, the Climate Group in association with the CDP Global launched RE100 mechanism in Climate Week NYC 2014, to bring in all the global players together to comitt for 100% renewable energy utilisation for their operation across the globe. More than 155 companies joined the movement and created opportunity of more than 188 TWh of renewable power annually.

MARKET INSIGHTS



Source: RE100



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» In 2018, majority of the companies participating in the RE100 mechanism are based in US, having a share of 33%, followed by UK and Rest of Europe having 29 companies and 25 companies respectively

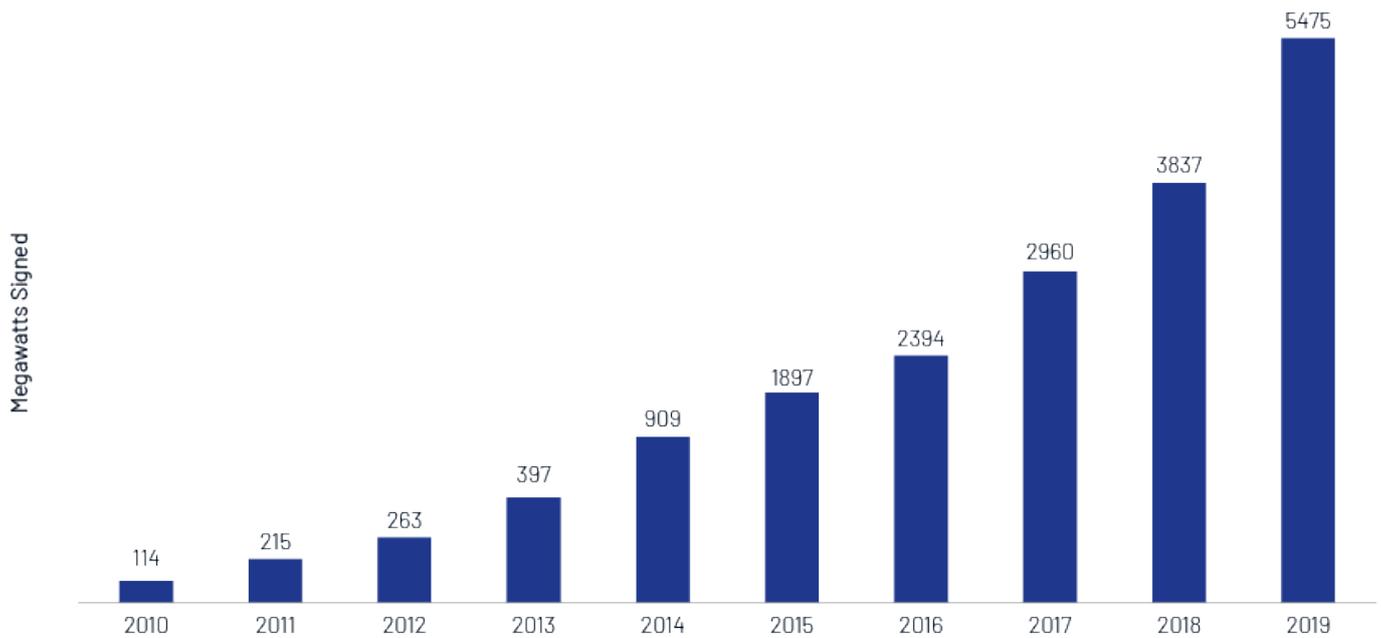
» In Japan, the number of companies participated in the RE100 movement has witnessed highest y-o-y (333.3%) in 2018 and the organizations are taking active initiative to promote and influence other Japanese companies to adopt [renewable energy](#)

CASE STUDIES ON KEY CORPORATE INFLUENCERS

Google - Among the World's largest corporate buyer of renewable energy

In 2017, Google achieved its 100% renewable power consumption target and has become the largest corporate buyer of green energy. All its data centres across the globe are powered by renewable power. Recently, company made 18 new energy deals that will together result in 1.6 MW of power generation from renewable sources. The added capacity has increased company's renewable energy portfolio by 40% (to 5.5GW)

Cumulative capacity of google's renewable energy portfolio



Source: Secondary research

H&M - Target to become Climate positive across its value chain	H&M, leading fashion retailers, having 4,800 stores in 69 markets has sourced around 96% of its electricity from renewables. It has also aimed to reduce more amount of greenhouse gas than it actually emits across its value chain, making a climate positive company by 2040. Company has also set targets for its Tier 1 & 2 suppliers to improve their energy efficiency and become climate neutral by 2030.
IKEA - Targets to produce renewable energy equivalent to its consumption by 2020	IKEA, global furnishing retailer, having around 350 stores across 29 countries, emphasizes on generating green energy from its own infrastructure. In Sep, 2019 through its holding company Ingka Group, it has invested around \$2.76 billion in solar and wind energy systems. In 2017, company produced nearly 2.4 TWh (nearly 73% of energy consumption of the company globally) and further targets to achieve 100% by 2020. Company demonstrates the impact that organizations can play in decarbonizing the power sector and accelerating to a low carbon economy.
AEON - Created its image of organization committed to the environment	AEON, one of the leading Japanese retailer, having 21,000 stores, sharing around 1% of the country's electricity consumption announced its ambitious task of switching to renewables. The action has also influenced its customers and have helped the organization to create its identity as an organization committed to the environment.
TATA Motors - Commitment for 100% renewable energy consumption in its energy intensive manufacturing segment	TATA Motors has become one of the first few automobile manufacturers to commit to utilise 100% renewable energy. The automotive sector comes under the energy intensive industrial segment, hence the implementation of 100% renewable energy utilisation becomes difficult for automotive players. Thus it clearly indicates TATA Motor's high level of corporate ambition to become the renewable energy dependent organization. Long hours of sunshine in the country comes with the opportunity for the market, but on the other side it has to face problems such as high up-front cost, charges and levies imposed by utilities, high transmission cost and banking regulations as well as different policies and regulations of each states. The companies has actively worked out in solving these problems and also motivated other players by sharing its learning through webinars and spoken at events.

Companies are actively participating in the RE100 mechanism across the globe to transform their existing business to renewable energy dependent business. But renewable markets vary significantly around the world, hence business leaders are taking multi-dimensional approach to meet their ambitious targets. Here at Acuity Knowledge Partners, the [Energy & Utilities team](#) has been actively supporting its clients to adopt the transformation happening around different geographies. The team has supported its partners in various areas such as market and competitive intelligence, strategy research, [financial modelling](#), [M&A support](#), valuations, and supplier management research support. The team has already executed projects on trending themes such as smart grid, renewable energy, EV and charging infrastructure, small-scale LNG, process automation, home generation, and connected homes.

Source:

<https://qz.com/1712654/ikeas-retail-arm-is-investing-2-8-billion-in-renewable-energy/>

<https://www.blog.google/outreach-initiatives/sustainability/our-biggest-renewable-energy-purchase-ever/>

<http://media.virbcdn.com/files/1d/169b80963ba27ad0-Annex2-RE100ProgressandInsightsAnnualReportNovember2018.pdf>

About Acuity Knowledge Partners

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We empower our clients to drive revenues higher. We innovate using our proprietary technology and automation solutions. We enable our clients to transform their operating model and cost base.