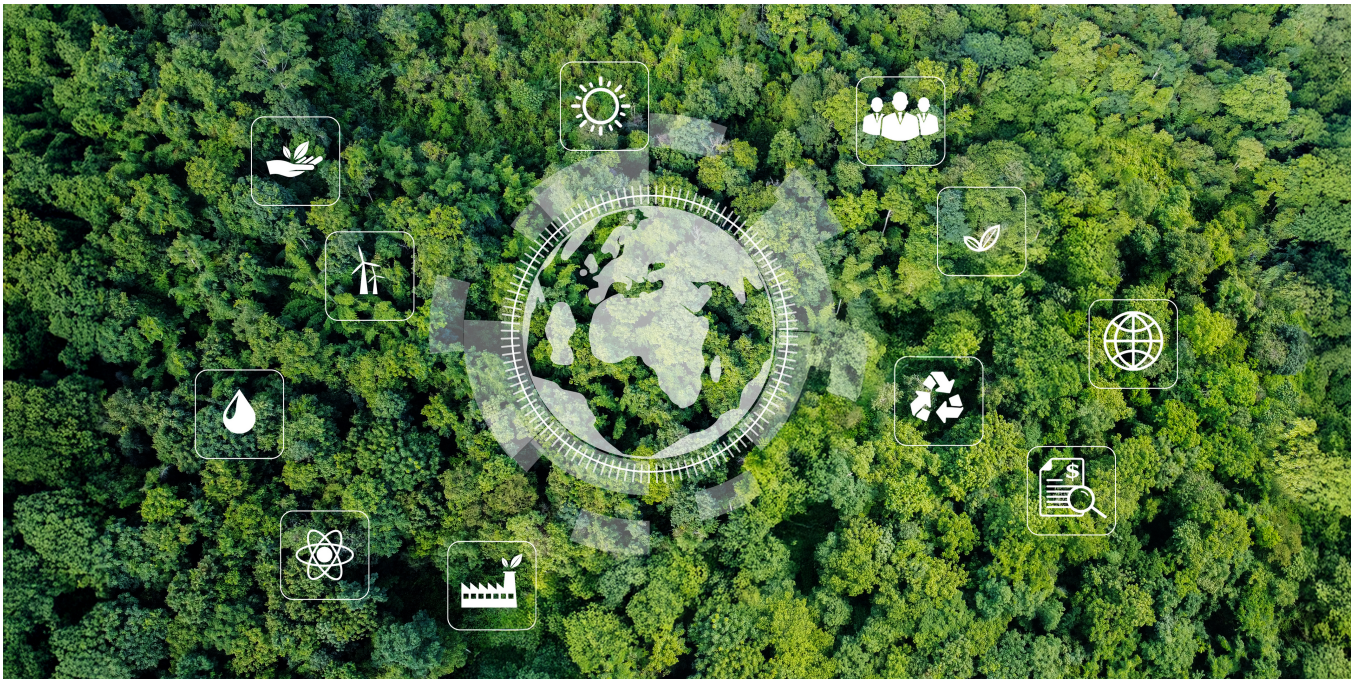
APRIL 2025

How Leading Businesses Are Accelerating Renewable Energy

Slayton Search Partners



Leading manufacturers and CPG companies are transforming energy strategy from cost center to competitive advantage, proving that renewable energy transitions deliver both environmental benefits and business value.

As we celebrate Earth Day 2025, we're reflecting on this year's theme, "Our Power, Our Planet," which rallies companies, institutions, and individuals to focus on renewable energy. In the business world, energy strategy has transformed from a back-office concern to a C-suite priority. For companies in sectors like industrial manufacturing or consumer packaged goods, the transition to renewable energy represents not just an environmental imperative but a significant business opportunity. As energy costs fluctuate and stakeholder expectations become more demanding, forward-thinking leaders are discovering that renewable energy adoption can drive competitive advantage, operational resilience, and long-term profitability.

Beyond Cost Management: The Strategic Value of Energy Transformation

Energy is no longer merely a cost to be managed. It has become a strategic lever for business success. According to Harvard Business Review, executive leaders create advantage either by keeping costs low or through differentiation—and energy choices can profoundly influence both aspects.

"Energy has become a C-suite issue," says Rob Bernard, Microsoft's top environmental and sustainability executive. "The CFO and president are now actively involved in our energy roadmap."

This sentiment is increasingly echoed across industrial manufacturing and CPG sectors, where companies are finding that renewable energy investments deliver multiple business benefits:

- **Cost savings and predictability**: Renewable energy contracts provide long-term price stability, protecting against volatile energy markets
- **Enhanced business resilience**: Distributed energy resources reduce dependency on centralized grids
- **Supply chain optimization**: Extending clean energy commitments to suppliers strengthens relationships and reduces Scope 3 emissions
- **Brand differentiation**: Clear renewable energy commitments resonate with environmentally conscious customers and employees

Leading Manufacturers Transforming Energy Strategy

In the manufacturing sector, renewable energy adoption is accelerating. Leaders are implementing diverse approaches to increase renewable electricity while driving business performance.

Many manufacturers have turned to renewable energy in the form of methane capture for power generation. This is just one example of companies choosing alternative fuel sources and represents an innovative approach to energy transformation. General Motors and Diageo are examples of companies that have implemented this strategy in their larger efforts to reduce emissions.

Givaudan, the Swiss flavor and fragrance manufacturer, has set ambitious renewable energy goals as part of its broader climate strategy. According to their sustainability communications, the company is on track to meet its target of converting their entire electricity supply to renewable sources by 2025 as part of their RE100 commitment. They've already made significant progress, achieving 90% renewable electricity in 2022. Their approach includes exploring innovative energy technologies.

CPG Companies Leading Through Energy Innovation

Consumer goods companies face unique challenges in energy transition, given complex manufacturing processes and extensive supply chains. However, several are pioneering approaches that create strategic advantage.

PepsiCo has emerged as a renewable energy leader, working to achieve 100% renewable electricity in company-owned operations by 2030. In 2023, approximately 80% of PepsiCo's direct global electricity needs were met with renewable sources. The company reached this milestone through a diversified portfolio of solutions including power purchase agreements, on-site generation, and energy attribute certificates.

PepsiCo's documentation also notes that their Cork, Ireland facility has made significant progress in reducing emissions by transitioning away from fossil fuels. The company has also launched innovative pilot programs exploring alternative fuels for their transportation fleet.

Many food retailers are also adopting renewable energy strategies across their operations. Ahold Delhaize, the global food retailer, has made renewable electricity central to its climate action plan. According to their Climate Plan, the company has set science-based targets to reduce absolute scope 1 and 2 emissions by 50% by 2030 (from a 2018 baseline) and reach

net-zero in operations by 2040. A significant focus of their strategy is transitioning to renewable energy, which they identify as one of their key levers for decarbonization.

Five Key Strategies for Energy Transition Success

Based on the practices of leading manufacturers and CPG companies, five approaches stand out for C-suite executives seeking to accelerate their company's energy transition:

1. Secure C-Suite Commitment

Successful energy transformation requires executive-level sponsorship. At General Motors, for example, energy and climate initiatives receive board-level oversight, with the CEO directly involved in energy roadmap development. According to their most recent Sustainability Report, GM's Senior Leadership Team establishes and executes the company's sustainability strategy, with the Vice President of Sustainable Workplaces and Chief Sustainability Officer serving as the enterprise-wide leader for sustainability initiatives, reporting to the executive vice president of global manufacturing and sustainability. This executive-level commitment cascades through organizations.

2. Implement Comprehensive Monitoring

You can't manage what you don't measure. Comprehensive energy monitoring is essential for identifying efficiency opportunities. Cisco exemplifies this approach through their Global Energy Management and Sustainability team, which installs meters and uses artificial intelligence to track energy usage across their global facilities.

This data-driven approach has enabled Cisco to implement over 150 energy efficiency projects since 2020, avoiding approximately 46.6 GWh of energy consumption and 22,200 metric tons of CO2e. By monitoring energy by source type and specific subsystems, companies can gain granular insights that drive targeted improvements in operations and validate renewable energy investments.

3. Diversify Renewable Energy Approaches

Leading companies employ multiple strategies to increase renewable energy adoption:

- **Self-generation**: On-site solar, wind, and bioenergy installations
- **Power Purchase Agreements (PPAs)**: Long-term contracts that provide price stability and support new renewable energy projects
- **Green tariffs**: Working with utilities to source renewable electricity
- **Energy Attribute Certificates**: Supporting renewable generation while pursuing more direct procurement methods

4. Consider the Full Spectrum of Renewable Energy

While most renewable energy discussions focus on electricity, thermal energy and transportation fuels represent significant opportunities. Food manufacturers like Blommer Chocolate recognize this reality and are taking a comprehensive approach to carbon management that includes analyzing energy requirements for production processes like cocoa bean roasting, while also addressing emissions across their entire value chain.

According to their sustainability commitments, Blommer has aligned with the Science Based Targets Initiative and is working to reduce both operational emissions and supply chain (Scope 3) emissions. Their strategy includes not only increasing renewable electricity purchases but also enhancing energy efficiency throughout facilities and finding more environmentally friendly alternatives to harmful substances.

5. Engage the Supply Chain

For many manufacturers and CPG companies, the majority of energy consumption occurs in the supply chain. Top performers are implementing supplier education programs and collaborative purchasing initiatives. PepsiCo launched pep+ REnew, an educational program designed to help suppliers understand renewable electricity choices and accelerate their transition through aggregate power purchase agreements.

The Business Case for Action in 2025

As we continue to navigate 2025, the business case for renewable energy adoption continues to strengthen. Companies prioritizing energy transition are positioning themselves to:

- **Navigate regulatory evolution**: As carbon regulations expand globally, renewable energy adoption provides a hedge against compliance costs
- **Attract investment**: Investors increasingly factor energy strategy into valuation models
- **Enhance resilience**: Distributed energy resources provide business continuity during grid disruptions
- **Drive innovation**: Energy transitions often catalyze broader process improvements and efficiency gains

For industrial manufacturers and CPG leaders, renewable energy is becoming less about "if" and more about "how fast." By following the lead of pioneering companies like PepsiCo, Diageo, Givaudan, and Ahold Delhaize, organizations can transform energy from a cost center into a strategic advantage—creating business value while contributing to global sustainability goals.

As sustainability expert Andrew Winston and his co-authors note in their Harvard Business Review report, energy management is evolving in importance: "What was once hidden deep in procurement is rising to take its place among the key levers of business success." For forward-thinking manufacturing and CPG executives, energy strategy deserves careful consideration.