Irish businesses are largely underprepared for a net zero transition

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A new sustainability report launched today (Nov. 10) at Microsoft Envision has revealed that Irish businesses are significantly underprepared when it comes to making the transformative changes

required to transition to a net zero future.

The new UCC Sustainable Futures report entitled "The Sustainability Transformation: Assessing the Readiness of Irish Businesses" was commissioned by Microsoft Ireland to understand the level of business preparedness for a sustainable, net zero future and includes a national survey of 380 SMEs and larger enterprises across a range of sectors.

The report found that one in five (19%) businesses are yet to start their sustainability journey, while less than one in ten (9%) consider themselves to be well-advanced or truly sustainable. Concerningly, even for those who are in the early stages of their sustainability journey, three in five businesses are yet to formulate a dedicated sustainability strategy or policy. 20% of businesses surveyed said they had no set commitments or targets relating to any critical sustainability issues.

The research also points to a concerning lack of sustainability leadership and suitable skills among Irish businesses when it comes to driving sustainable transformation. Approximately seven in ten (69%) do not have someone tasked with developing and implementing a sustainability strategy. A similar proportion (69%) do not have someone tasked with identifying environmental sustainability priorities. When it comes to sustainability skills, approximately two-thirds of Irish businesses said they were either yet to develop the required skills or had basic competencies in this area.

There is strong evidence to suggest that Irish businesses underestimate the scale of ambition and action that are required to build a path to net zero emissions by 2050 with just 22% of Irish businesses having committed to a net zero target.

This is despite Government setting out to reduce emissions nationally by 51% by 2030 and to become carbon neutral by 2050. Moreover, larger

Irish businesses will be required to publicly disclose information on how they engage with environmental, social, and governance issues as part of the Corporate Sustainability Reporting Directive from 1st January 2024.

While many businesses are yet to start addressing the sustainability crisis, it's clear that Irish businesses see digital technologies as an enabler of their journey to a net zero future. Four in five (81%) businesses stated that digital technology was "important," "fairly important" or "very important" to their organization's sustainability transition.

However, almost two thirds (64%) of Irish businesses said they had not adopted digital technologies to support their sustainability efforts or were in the early stages of adopting technology for this purpose. Only a very small proportion (6%) of businesses are either "well advanced and ahead of most others" or "an exemplar of best practice" in this area.

Commenting on the research results, Anne Sheehan, General Manager, Microsoft Ireland, said, "The ever-growing need to protect the planet is forcing companies of all sizes to transform how they operate, with 'business as usual' no longer a sustainable way forward. Whilst organizations globally are putting sustainability at the heart of their business, Microsoft included, many are yet to commence their sustainability journeys and that's why we commissioned UCC Sustainable Futures to assess the readiness of Irish businesses for this transformation.

"It's clear from UCC's report that Irish businesses underestimate the scale of ambition and action that is required to transition to a net zero future. The lack of progress is concerning given Government's overarching climate action commitments for 2030 and beyond. In order for national targets to be met, every organization must play its part and take action by making sustainability a business imperative and a leadership priority.

"Simplifying sustainability measurement and reporting is one area that will help SMEs who may not have the in-house expertise or skills. Developing a workforce with the sustainability skills Ireland needs will also require a concerted and coordinated effort from businesses, industry organizations, the education sector and Government. At Microsoft, we are committed to playing our part in this regard.

"Irish businesses of all sizes see digital technology as a critical enabler of their sustainable transitions, however, most are yet to leverage it for this purpose. From using data intelligence to monitor carbon emissions to harnessing AI to reduce energy consumption, technology can empower businesses on their journey whilst also opening up new business opportunities.

"It's clear that now really is the time for Irish businesses to move faster and go further in order to achieve a net zero future for all."

Marguerite Nyhan, Associate Professor in Future Sustainability & Environmental Engineering, University College Cork said, "Climate change is one of our world's most pressing challenges, and this decade will be extremely important in terms of setting us on a path to a sustainable and net zero future. This week at COP27, global leaders are gathering to build significant momentum for climate action. It is absolutely certain that businesses will play an extremely important role in the sustainability transformation and their actions will be vitally important in our global and national efforts to rapidly reduce emissions and mitigate climate change.

"Our research shows that although some businesses are embracing the sustainability transition, the majority are not and need to step up their sustainability and decarbonization efforts immediately.

"That begins by defining a sustainability strategy with firm net zero

commitments and targets that are measured and monitored. Organizations urgently need to be aware of the new sustainability reporting obligations and address the challenges associated with sustainability reporting. That will require enhanced sustainability expertise and skills at every level within business including at leadership level.

"To drive meaningful change, leaders must look to understand the economic case for sustainability within their organizations and the competitive advantages it can gain in the years ahead. As digital technologies offer potential to drive systems change and manage, monitor and track progress, businesses should maximize the opportunities of the digital revolution to achieve their sustainability and net zero ambitions. By taking the lead and harnessing the opportunities of the sustainability transition which is underway, Irish businesses can play a positive role in addressing this pressing challenge of our time."

The results of the report were unveiled to business and IT leaders at Microsoft Envision today. The event, which took place in Dublin's Convention Center, showcased how businesses can harness the power of technology to achieve more with less and incorporate sustainability into every business process and function, igniting infinite possibilities for the future.

To support Irish businesses to start their sustainability journey, Microsoft has made a number of resources available on the [Microsoft Sustainability Learning Center](link). There are also a number of tools that are available to help organizations to accelerate their sustainability journey wherever they are on their path to net zero, enabling them to amplify progress and transform their [business](link) through environmental, social, and governance (ESG) capabilities, available on the [Microsoft Cloud for Sustainability.](link)