



ESG Investors: Tech Superstar Shopify (TSX:SHOP) Goes Green

Description

The [technology sector](#) is underperforming thus far in 2022, as evidenced by its 25.84% losses. Its top draw, **Shopify** ([TSX:SHOP](#))([NYSE:SHOP](#)), is [free falling](#) and hasn't risen above \$1,000 since February 15, 2022. As of this writing, investors are down 56.7% year to date. At \$754.10, the tech giant trades at a [deep discount](#).

Shopify is the latest global company that temporarily suspended its operations in Russia and Belarus. The e-commerce platform also announced the non-collection of fees from its merchants and partners in Ukraine for the foreseeable future. Meanwhile, the latest buzz about Shopify's foray into renewable energy could ignite interest, especially from ESG investors.

Wind farm project

News reports say that TSX's tech superstar, **Royal Bank of Canada**, and Bullfrog Power will buy the wind project of **Berkshire Hathaway** Energy Canada. The Rattlesnake Ridge Wind Power Project has 26 wind turbines with a total generating capacity of 130-megawatts.

According to the announcement, the project in southeast Alberta will be operational in May 2022. For Canada's largest bank, it's an opportunity to advance its plan to source all of its energy from renewable and non-emitting sources by 2025. The project should be viable, because it commits to purchase a fixed amount of power from the project.

Julia-Maria Becker, RBC's senior manager for sustainable enterprise operations, said, "With signing a power purchase agreement (PPA), we take on some of the risk of the renewable-energy project. Therefore, we make the project more attractive in the market."

Critical for e-commerce and entrepreneurs

On the part of Shopify, the company believes that a global transition to clean energy is critical for powering commerce and entrepreneurs. According to Stacy Kauk, director of Shopify's sustainability

fund, the collaboration with RBC and Bullfrog Power was essential for providing enough demand for the wind project.

Berkshire Hathaway has been expanding into renewable energy in recent years. Warren Buffett desires to be a “leading force” in wind and solar power. The GOAT of investing considers his company’s energy business as one of its four giants. Apart from the employment opportunities (150 construction workers), the project expects to contribute \$56 million to the economy in addition to producing electricity for 78,000 homes.

The stock plunge

Shopify began to sputter after reporting its Q4 and full-year 2021 earnings results. The share price fell below \$1,000 on February 16, 2022, followed by a downward trend. In 2021, total revenue climbed 22.7%, while net loss reduced by 94.1% versus 2020.

In Q4 2021, monthly active users (MAU) grew 18% compared to Q4 2020. All regions reported double-digit growth, with India, Indonesia, and Latin America exceeding expectations. However, Shopify’s business outlook for 2022 turned off investors. Management said the e-commerce boom during the pandemic has dissipated.

Grim forecast

Because retailers’ focus will shift back to brick and mortars, Shopify forecast revenue growth to slow down. The company statement read, “We believe that the COVID-triggered acceleration of e-commerce that spilled into the first half of 2021 in the form of lockdowns and government stimulus will be absent from 2022.”

The \$88.16 billion commerce company expects caution around inflation and consumer spending in the near term. Shopify’s grim forecast for 2022 hurt the tech superstar. Its investment in renewable energy is good, but the core business needs to show growth again for the stock to recover.

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