

# FRENCH FLAIR

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## GROWING SUSTAINABLY à la française

**T**he COP 21 Paris Climate conference and the historic Paris Agreement made in December 2015 shone a spotlight on France and gave its firms a chance to showcase their progress towards creating a truly green economy. French companies have made great strides in recent years, helped by a stringent regulatory environment – France was one of the first countries to set a long-term commitment to cut greenhouse gases – combined with cutting-edge technology in everything from clean energy to zero-emission vehicles, as well as initiatives such as innovation clusters, designed to promote research, skills and competitiveness in strategic sectors. Strong consumer interest in sustainability and the sharing economy has also been helping drive companies to go green. France accounted for only 0.9% of global emissions in 2013-14, despite generating 2.4% of global GDP. And it is ahead on its greenhouse gas emissions target under the Kyoto Protocol, reducing emissions by more than 10% since 1990.



**FRANCE IS AHEAD – CUTTING  
EMISSIONS BY MORE THAN**

**10%**

**SINCE 1990**

But the businesses holding the keys to future progress know there is much still to be done – and that growing sustainably is the only way to grow. From energy efficiency, smart data applications and innovative renewable technologies, French companies are finding new ways to be sustainable. Jeremy Fain, Co-founder and Chief Executive Officer of Paris-based software company Verteego, which specializes in helping companies

analyze non-financial environmental, energy and social data to help boost their sustainability, says: *“The challenge of sustainable development is integral to future business: in today’s world, a company that would increase its non-recyclable rubbish, or its carbon footprint, accident rate or absenteeism for an extra euro of turnover could not be considered sustainable. In our fast-changing world, a company that found itself in that situation would be forced to change its growth strategy.”* Jérôme Michaud-Larivière, Founder and Chief Executive Officer of NewWind (see Portfolio), pioneer of the Arbre à Vent wind turbine, believes hosting the COP 21 conference may have helped convince politicians to look more closely at small-scale solutions that, once added together, can make a big difference.



**VIEWPOINT**

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## SUSTAINABLE GROWTH MEANS WE HAVE TO THINK BIG

**Can we improve quality of life, generate renewable energy for all, feed the world and have a cleaner planet?**

Yes we can, but only if firms, investors and citizens invest heavily in science, research and development with ambitious goals, rather than indulge in PR campaigns; and only if ecosystems take shape between academic research, creative start-ups and big business.

These vital ecosystems are not yet up and running in energy, food, or waste. The healthcare industry has paved the way, generating mind-blowing drugs, devices and vaccines that help prolong life. Initially expensive, they become cheaper through generic competition. Pharmaceutical companies invest aggressively in R&D. Biotechs attract investors and partnerships. Sanofi’s R&D budget is 13% of revenues; 350 listed biotechs have raised US\$30 billion since 2010.

By contrast, Total, Engie, EDF and Veolia’s R&D budgets of 0.2 to 1% of revenues are minuscule! Both they and their foreign competitors tend to focus on short-term, marginal innovations because they enjoy growing revenue with little competitive pressure, so start-ups and investors shy away. How can we generate breakthrough energies, feed 9 billion people in 2030 and clean up the planet without investing in science and technology? We cannot.

Once energy and utility firms realize that R&D drives revenue-boosting and highly profitable breakthrough innovation, and governments put effective pressure and introduce tax incentives in these critical areas, we might then enjoy renewable energy and adequate food supplies on a clean planet, as well as improved healthcare.

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