

BUSINESS AND PLANETARY BOUNDARIES: WHICH MODELS FOR TOMORROW?

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Fabrice Bonnifet is Director of Sustainable Development and QSE at the Bouygues Group. He helps to develop operational units' business models and runs cross-disciplinary projects in support of Group strategy, focusing on energy and carbon, sustainable cities, the circular economy, and the economy of functionality. President of the College of Sustainable Development Directors (C3D), he is also co-author, with Céline Puff Ardichvili, of *L'Entreprise contributive. Concilier monde des affaires et limites planétaires* [The Contributive Business: Reconciling the Corporate World and Planetary Boundaries], 2021. Fabrice Bonnifet is a graduate engineer from the Conservatoire des Arts et Métiers. He teaches at Université de Paris Dauphine in the Master in sustainable development and organizations, and at ENSAM and ESTP in the Master in habitat and construction.

Faced with the climate emergency, businesses have no choice other than to fundamentally reinvent their economic models. An imperative that Fabrice Bonnifet makes evident in this interview, and that lies at the origin of his thinking about the model of the contributive company. According to this idea, the myth of simply greening our linear economy is a sham. We must instead promote an economy of functionality, so that businesses can make their activities compatible with planetary boundaries. A range of levers are suggested in order to meet this goal: encouraging adaptation to the climate emergency, adopting a statement of purpose, and a new accounting model to protect natural capital. Fabrice Bonnifet believes that younger generations also have a key role to play in companies, helping to kick-start change and alter mindsets and business models.





The contributive company model that you advocate implies that businesses must stop simply cutting or offsetting their negative externalities, working instead to make a positive contribution to society and their environment. What is the current state of thinking among companies, and are we truly at a turning point?

Fabrice Bonnifet: There's no doubt that awareness is growing: sustainability is pretty much at the top of the list. But that hasn't led, as yet, to the transformation of business models. Only a handful of businesses have begun to alter their economic models. And these initiatives remain very much in the minority. By and large, businesses that thrived in yesterday's world, as part of an economy that blithely ignored physical constraints, have not altered their production-centered approaches. As president of C3D, I can see quite clearly that the conditions needed for ecological transition have not yet been met. There have been plenty of commitments in favor of carbon neutrality or the energy mix, to name just two issues, but there's a lack of the ambitious delivery on the ground that would demonstrate that we've met our targets.

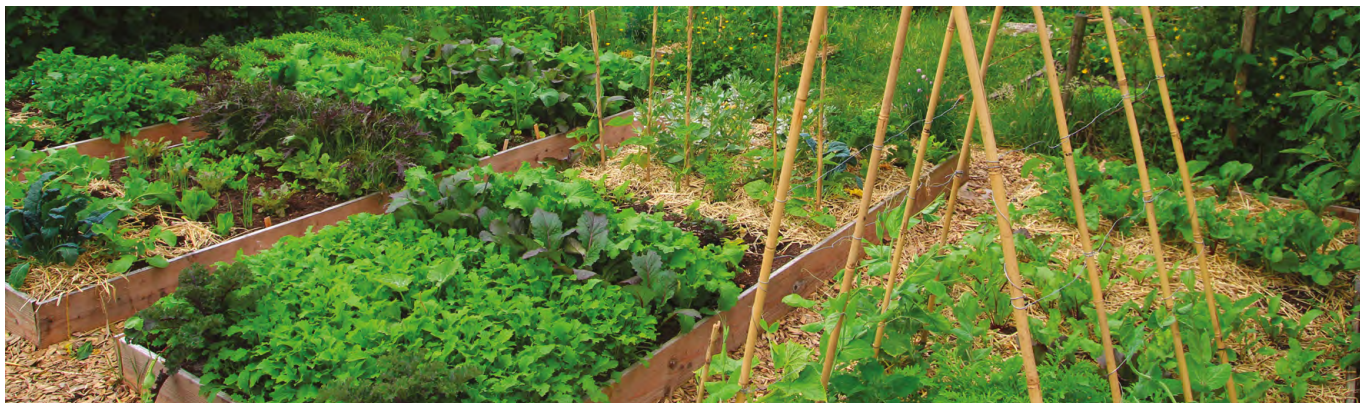
Green growth is a myth. Believing that it's enough to simply greenwash a business and earn more money is clearly not something that can be applied to every business sector

We must face the reality that the climate emergency we've heard about for so long is happening today: the IPCC, which provides the science, has been warning us for the past 40 years. Looking forward to 2100, we can only emit a maximum of 400 metric gigatons of CO₂ if we are going to stay under the 1.5°C target. At current emission rates we will hit this carbon ceiling within the next 10 years. We are going to fail to reach the Paris Agreement targets. We will exceed the average 2°C increase in global temperatures in 2035, not in 2100. At current emission rates we're looking at a temperature rise in the 2.7°C to 3.5°C range by the end of the century; humanity is facing a crisis.

Green growth is a myth. Believing that it's enough to simply greenwash a business and earn more money is clearly not something that can be applied to every business sector. At C3D, we think that certain sectors of the economy need to be slowed down whereas others should be accelerated, that we need to promote sufficiency and re-examine our lifestyles. We have to cut emissions by 5% a year for 60 years. There are certain hard realities we need to bear in mind. No, renewables will not replace fossil fuels, neither will nuclear. Hydrogen will never totally replace oil. Sure, we need to promote these new techniques, but we have to

stop kidding ourselves that we can carry on as usual simply by changing our mix; it's not true. The key lever lies in accepting that we have to make the complete lifecycle of commercial solutions less energy-intensive.





At C3D we advocate for a more just division of resources between those in the North who often waste them, and those in the South who need to rise above their material poverty, primarily by making sure they can access safe water, sanitation services and electricity, and so on. It is a fallacy to imagine that one day these countries will achieve the same level of development seen in the West: we're already living beyond planetary boundaries. If we are to live in a world at peace, we also very much need to improve how technologies as well as natural resources are shared.

Concretely, how can we get the ball rolling?

F.B.: In our book *L'entreprise Contributive. Concilier monde des affaires et limites planétaires*, we cite a number of inspirational examples of businesses that have set up business models based on planetary boundaries. Which shows it can be done! Companies have to think of their products and/or services in terms of what ecosystems can produce and how they can assimilate the negative externalities associated with human activities, rather than purely in terms of the market, with its mistaken view that resources are unlimited.

The first thing to do is to explain the situation: ignorance is the number one stumbling block to taking action. It is imperative that we clearly explain the relationship between energy and the economy, between GDP and greenhouse gas emissions. Once these basic concepts are clear to everyone, we then have to accept that companies will need to redefine their purpose. Businesses must serve their customers while also respecting the common good, working to establish business models that are more inclusive. Creating value cannot be based on manufacturing products with planned obsolescence, nor on condoning a desire for excessive consumption of the superfluous in place of what is essential. Businesses need to shift to eco-design approaches for bio-inspired solutions that are ultra-frugal. The underlying idea is to produce less and, therefore, increase the intensity of usage. It also involves ensuring reparability with recycling as the solution of last resort. This is the approach that characterizes the economy of functionality, and is something every business needs to adopt.

Businesses will not make meaningful progress toward transformation if we do not shift to a multi-capital accounting model

There are many examples of companies that can rightly claim to be contributive. Some have been from the outset, such as Phenix and Too Good to Go, which offers the chance to donate, or sell at a discount, surplus unsold food. Another example is Fairphone, offering repairable smartphones with a focus on ethics. Other businesses have radically altered their model. Interface, for example, opted for a complete overhaul to become carbon neutral.

At Bouygues, we've invented a concept called the Positive Economy Hybrid Building, designed to combine exemplary environmental performance with positive financial performance. The aim is to promote the reuse of construction materials after their first use in a building, ensure their reversibility so they can have several uses during their lifecycle (from housing to offices and vice-versa) and, lastly, increase their intensity of usage. We achieve this via a community management process to allow spaces to be occupied by secondary occupants whenever the primary occupant does not need it. This makes buildings more cost-effective and avoids the unwanted construction that contributes to soil sealing. What we no longer earn via construction we will earn instead through renovation and operation.

We need to accelerate the rollout of new models such as these. But businesses will only make meaningful progress toward transformation if we decide to shift to a multi-capital accounting model. And since every business uses natural capital, it needs to be protected.

What we remove and what we have to reconstitute or preserve have to be perfectly balanced to prevent the environmental deficit from getting any worse. Every business's economic model must be reviewed with the aim of maintaining material living conditions at levels that are acceptable to all while ensuring that sufficiency and responsibility are prioritized. This is what sustainable development means, everything else is just greenwashing. Younger generations are increasingly engaged with these issues, providing the drive for change, and that is definitely a positive point.



THE CONTRIBUTIVE COMPANY IN ACTION

Interface: a pioneering company that became carbon neutral several years ago while remaining profitable, its next target is to become carbon negative.

At a time when the company generated close to a billion dollars in revenue and was perfectly profitable, Ray Anderson decided to question every aspect of the business: from procurement to design and manufacture, everything was re-examined in terms of its carbon impact. He created a method that looks at seven different factors: zero waste, reducing emission of greenhouse gases and other pollutants to a minimum, use of renewables, closed loop recycling, offsetting for any residual emissions, working to build ties with the local community, suppliers, clients and, within the company, changing the commercial model itself.

Phenix: a smartphone app that helps people donate, recycle or sell at a discount their unsold food stocks. The French company with ESUS and B Corp certification was founded in 2014 by Jean Moreau. Its goal is to cut food waste by proving to its trade clients (supermarkets, manufacturers, and events companies) that recovering what might otherwise be waste will help them first and foremost. Since it was first set up, the company has saved 120 million meals from the trash can and created 200 jobs in France. Revenue is up from 4.6 million euros in 2017 to 15 million in 2019, and the company is making a healthy profit.

Mud Jeans: a Dutch fashion brand that designs and makes denim wear in a closed loop using a circular economy model. Its jeans are designed to be worn, collected, rented, returned and recycled, but never thrown away. The business model is based on monthly rental payments for its garments. Consumers choose a style and rent it before becoming the owner after a year or swapping it for another style. The company founder is determined that its jeans must be made only from organic or recycled cotton, and that all dyes are nontoxic. He has also tried as far as possible to ensure that all jeans are designed in his home country, the Netherlands.

Fairphone: a Dutch brand that takes a 360° approach and has been offering more ethical smartphones since 2013. Since the beginning, the company's founder has constantly been obliged to demonstrate to mass-market electronics manufacturers that it is possible to source raw materials in a different way, and to design products that are modular, repairable and long-lasting. Fairphone also encourages consumers to consider their own impacts, including by vowing not to change their smartphone so often and embracing reparability.

How much time have we got left to act?

F.B.: We're already 50 years late! We must act immediately. But everything depends on leadership. Too few company CEOs understand the gravity of the situation. A change of governance is required to explain to shareholders that cash is not an end in itself but the means for ensuring a company will last. It takes courage to speak the truth, that we are now in the era of the finite.

Sadly, there is nothing we can do to stop the climate emergency, we can only lessen the severity of future crises, adapting as much as possible. We need everybody to pull together to make this happen: strong regulations (bans, directives backed by fiscal policy and legislation), generalized awareness by all members of society, and a change of business model by companies. Businesses do of course have a key role to play.

You've mentioned young people, and the short amount of time available to act.

Students at AgroParisTech recently called on the younger generation to turn their backs on large corporations and build alternative models. What advice can you give young graduates eager to make a difference?

F.B.: I would call on young people who are aware of what is happening to act from the inside, challenging their bosses and asking questions about how genuine the CSR strategy in place really is. A tipping point will be reached if young people as a whole start to challenge current models. Businesses have every incentive to change their sustainability messaging and strategies, otherwise they risk losing young talents who will decide to quit companies that fail to act responsibly. Although far from democracies, businesses do have forums for people to state their views, such as internal social media and annual general assemblies. These are forms of pressure that may encourage company leaders to embrace a paradigm shift. Young people must appropriate them.

