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ESME LOW CARBON

MAIN FINDINGS AND ACTIVITY REPORT

MARCH 2021-2022

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SUMMARY

From March 5, 2021, to March 31, 2022, Quebec Net Positive and CCG joined forces to co-initiate Low Carbon SME. The goal was to stimulate curiosity, interest and action to help Quebec SMEs contribute to the fight against climate change and capitalize on business opportunities in the accelerating transition to a low-carbon economy. To achieve this goal, the initiative had two components: raising awareness and building capacity.

Preparing for a low-carbon future

The activities of the first component, awareness and mobilization, were intended for officers, managers and employees of SMEs as well as leaders who guide them within the business ecosystem. A wide range of stakeholders was targeted to help inform various supporting organizations who play a role in influencing the choices and actions of Quebec SMEs on a daily basis.

With COVID-19 pandemic persisting throughout the year, the program was offered in virtual mode. The team enlisted the help of experts to create dynamic interactive virtual workshops. The content was designed specifically for SMEs and the concepts illustrated with examples of Quebec companies. Useful information was provided to enable participants to:

- understand the context of the transition;
- equip themselves to prosper in a world in transition;
- stay abreast of best practices to implement cost-effective, sustainable climate actions, including the ACT– Assessing low Carbon Transition® methodology;
- learn from examples of inspiring entrepreneurs whose companies have begun the transition toward a low-carbon future;
- capitalize on new business opportunities; and
- keep up with the rapidly changing sustainable finance sector.

At the time of writing, the 14 virtual meetings that took place during the year, combined with replays, garnered more than **937** participations in total. The feedback collected after the webinars and workshops show that the program achieved its awareness and engagement goals:

- **100%** said the information was useful; 55% deemed it very useful and 23% extremely useful;

- **96%** agreed with the following statement: “The workshop has increased my level of curiosity and interest in Quebec SMEs’ transition to a low-carbon future”; 51% strongly agreed and 45% agreed; and

- **93%** agreed with the following statement: “As a result of this workshop, I feel better equipped to explain how important and relevant it is for my business or an SME to reduce its greenhouse gas (GHG) emissions”; 40% strongly agreed and 53% agreed.

The deployment of the awareness and mobilization component will continue under the leadership of Quebec Net Positive in the future.

Thriving in a world in transition

The activities of the second component, capacity building, are designed to help SMEs increase their maturity and coherence as they integrate climate action into their operations. For this component, the team collaborated with two international partners, ADEME and CDP, which developed the ACT – Assessing low Carbon Transition® initiative.

Following the ACT training, the Low Carbon SME team is fully convinced of the relevance of deploying this structured approach to SMEs and large companies in Quebec and elsewhere in Canada.

Sectorial methodologies are used to assess a company's maturity and coherence in terms of nine essential aspects (namely the ACT modules) that place a company on a transition pathway aligned with limiting global warming to no more than 1.5°C.

This operational methodology is a useful complement to disclosure and reporting, as it allows the adoption of a common language and will lead to a shared understanding of the challenges and business opportunities of the transition.

Having demonstrated the relevance of the methodology, the team turned its efforts to mobilizing companies to carry out ACT assessments. Despite considerable effort, with more than a hundred SMEs participating in our workshops and webinars, very few have shown an interest in conducting an ACT assessment at this time. One of the main roadblocks to the deployment of the ACT initiative in Quebec is the low level of commitment to climate action by SMEs. At this time, the vast majority of SMEs have not completed the basic elements required for an ACT assessment, such as conducting at least one GHG emissions inventory, setting reduction targets and implementing climate actions. Lack of in-house knowledge and skills is also a significant impediment to action.

In this context, derived from the ACT Step by Step Progress Grid tool, the team created a Strategic Climate Action Diagnostic, a simple, qualitative tool adapted to the reality of Quebec SMEs. This tool allows a management team to become familiar with key transition issues and obtain a useful initial diagnostic, as well as recommendations for priority actions to place their companies on a likely transition pathway. It was successfully deployed with one company. This diagnosis is a first step, enabling a company to put in place the prerequisites for an ACT assessment.

Deployment of the Strategic Climate Action Diagnostic will continue in the coming years under CCG's leadership.

Key takeaways

Our main takeaway from this year of activity is that the vast majority of Quebec SMEs are not yet on a transition pathway. In addition to a low level of commitment to climate action, the main roadblocks cited by SMEs are lack of time and labour shortages, which have been exacerbated by the pandemic. Awareness, mobilization and capacity-building efforts must continue in order to equip ever-larger numbers of Quebec SMEs for the accelerating transition to a low-carbon economy.

A number of promising initiatives are being rolled out within the business ecosystem, such as "Accelerating Quebec's Transition to the Circular Economy", a roadshow offered to businesses in nine regions of Quebec. It would be useful to coordinate the efforts of various stakeholders in order to help SMEs engaged in the circular economy and sustainable development in general to better understand the more global context of the transition to a low-carbon economy. The time is right to enhance the awareness of industrial symbiosis participants of the importance of carrying out a GHG emissions inventory for all their activities, so that they can gain an understanding of their sources of significant emissions and invest their efforts more effectively to ensure a successful transition.

Clearly, leaders who are informed, aware of the urgent need for action and ready to do things differently are the main drivers of Quebec SME transition. Thus, it is essential to continue equipping companies on an individual basis while raising awareness of stakeholders who support SMEs on a daily basis.

Many leaders within companies and the business ecosystem will need to be better informed and help one another rise to the challenges and capitalize on business opportunities that go hand in hand with the transition.

We also noted that companies would be more interested in measuring their GHG emissions if a common climate governance framework and open data were available to facilitate comparisons of their performance with those of their competitors. Finally, in addition to individual efforts, collective mobilization within a cohort, a value chain, a sector of activity or a region seems to offer fertile ground to foster mobilization of a growing number of SMEs and to ensure their successful transition. Accordingly, a project involving a cohort of companies was initiated in February 2022 to create synergy by offering comprehensive support, including not only Strategic Climate Action Diagnostics but also a GHG emissions inventory and an initial action plan. In these conditions, we are convinced that Quebec SMEs will be better able to capitalize on business opportunities of a low-carbon economy and to navigate through the deep transformations that the fight against climate change will give rise to.