

## Summary Report

# BRIDGING THE GAP

SUMMARY REPORT OF CONSULTATIONS:  
Exploring the needs of Quebec SMEs and  
the relevance of establishing Green Economy  
Hubs in Quebec

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December 7, 2021

# Preface

## Bridging the gap

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**We have a bold vision. By 2050, Quebec will be the first “net positive” jurisdiction in America. In other words, Quebec will provide more services to the planet than its population and businesses need to live and operate, thereby having a net positive environmental impact.**

To achieve this bold vision, we are committed to creating new alliances, sometimes temporary and complex, which can break down old models and allow a low-carbon and “net positive” economy to take hold and thrive. Therefore, we partnered with Green Economy Canada to conduct the consultations that are the subject of this report.

The current transition requires both individual and collective commitment. In Canada, many players are joining hands to accelerate the economy’s transition to a low-carbon future. Quebec is key to the success of this transition on a national scale and is well positioned to benefit from it. Among other things, Quebec is one of the only jurisdictions in the world that already produces close to 100% renewable electricity. This exceptional asset can be used to stimulate local businesses to assert both economic and environmental leadership. It is also a unique characteristic that influences the most likely transition pathways for Quebec’s economic sectors and regions, on which businesses can align.

**“Each new discussion is an opportunity to gain a better understanding of diverse perspectives and together, take one more step toward transition.”**

No single company can change the paradigms of an industry, let alone an entire economy. The success of this important transition under way relies on recognizing the interdependence of public and private actors, pooling resources, and optimizing synergies in a spirit of collaboration and “co-opetition” – co-operation between competitors – for the common good. More than ever, local leaders and entrepreneurs have everything to gain by integrating climate action into their business strategy and being on the lookout for the potential benefits of taking part in collective actions, both in Quebec and beyond our borders.

Faced with the challenges of equity and climate change, the jurisdictions that will fare best will be those where large companies and all players in the business ecosystem create a climate conducive to the transition of SMEs. In such jurisdictions, a mosaic of stakeholders with diverse backgrounds will join forces in an inclusive atmosphere where all differences are welcome.

Many innovative SMEs are already acting as vectors for accelerating the transition, but no one should be left behind. Given the scale of the acceleration towards a low-carbon economy, it is of the utmost importance that more and more SMEs are made aware, mobilized and equipped to succeed in their transition.

These consultations have highlighted the vital role that can be played by dedicated intermediaries, “transition champions” that will act as bridges to help businesses across all economic sectors thrive in a world in transition and build a low-carbon economy, more just, resilient, prosperous, and sustainable.

Anne-Josée Laquerre,  
Executive Director

# Preface

## Bridging the gap

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**Now is the time for a better business-as-usual. From the climate crisis to vast social inequalities, we know the status quo isn't working. Together, we can change this.**

It takes all of us — every business and organization across Canada — to seize this moment. It's a matter of rethinking what we do, how we do it, and working together to make it a reality.

Green Economy Canada sees what's possible; our mission is to accelerate the business transition to a vibrant and inclusive net-zero future. We support communities across Canada to develop 'Green Economy Hubs' - a local, collaborative, and results-driven approach to engaging businesses of all sectors and sizes in climate action. We amplify business success stories to inspire others to follow-suit and engage with policymakers to inform green policies and investments for greater collective impact.

Our partnerships across the country have revealed that while every region and community is unique, we share many commonalities and are heavily interdependent. Policies at all levels of government significantly impact business sustainability progress, and policymakers want and need to better understand business realities to design more effective policies and programs. Business sustainability supports are typically not well coordinated, and consistently target large enterprises or heavy industry while overlooking SMEs who remain underserved in climate action. Large organizations are impacted by the efforts of their supply chain and require more integrated sustainability strategies. There also remains an untapped opportunity to promote greater learning and collaboration across different sectors and sizes of businesses to maximize collective action and ensure no one gets left behind.

Without a doubt, the ability for us to address climate change decisively and holistically and reap the full benefits of the low-carbon transition is a shared challenge, opportunity, and responsibility. It is complex and requires a cohesive ecosystem approach. Accordingly, we engaged with Quebec Net Positive to convene key stakeholders across the province to surface what is still needed to accelerate Quebec's low-carbon transition. We also wanted to explore if approaches like the Green Economy Hub model used in other parts of Canada could mobilize further action locally.

The journey to a sustainable future starts with listening and understanding what can be done differently. It involves providing the guidance, tools, and connections to help

businesses succeed. And it accelerates when businesses, nonprofits and governments join forces to do more together than we could alone. Canada will not meet its net-zero commitments without Quebec, and Quebec's ability to meet its own climate goals and realize the full economic benefits of the clean energy transition will be impacted by the policies and actions taken by the rest of the country.

This report contains insights that can strengthen links between green initiatives already underway in Quebec, and with those in the rest of Canada. We hope it serves as a launchpad to catalyse further innovation and action towards a vibrant and inclusive net-zero future.

Priyanka Lloyd,  
Executive Director

**“Our partnerships across the country have revealed that while every region and community is unique, we share many commonalities and are heavily interdependent.”**

# Executive Summary

At the start of this new decade focused on accelerating global action on climate change, Quebec Net Positive and Green Economy Canada joined forces to better understand the needs of Quebec businesses - particularly small and medium-sized enterprises (SMEs) - in preparing for, contributing to, and benefiting from this low-carbon transition. Quebec has close to 250,000 SMEs which employ more than 2 million people. Effectively engaging this demographic is critical to ensuring that both Quebec and Canada's economies can successfully transform to rapidly address climate change, seize new market opportunities, and ensure no-one gets left behind.

We conducted consultations with more than 140 stakeholders across five virtual roundtables and 20 individual discussions to understand what supports and gaps currently exist to engage businesses in the low-carbon transition. We explored what new supports could be useful, including the potential value of bringing Green Economy Canada's Hub model to Quebec. One roundtable was provincial and the other four focused respectively on the regions of: Montérégie, Montreal, Outaouais and Saguenay-Lac-Saint-Jean. The roundtables gave stakeholders in the business and sustainability ecosystem an opportunity to share their perspectives on the needs of Quebec SMEs today, as well as their vision to accelerate the low-carbon transition. This report presents a summary of the key findings from these consultations, supported by recent research where available, and recommendations to better engage and mobilize Quebec SMEs towards a green economy.

## Key findings

- **SMEs are not actively preparing for the accelerating transition to a low-carbon economy** – Stakeholders shared that very few SMEs have completed a greenhouse gas (GHG) inventory or know their major emission sources. In addition, they felt that the overwhelming majority of SMEs are not currently equipped to address their climate risks and seize emerging business opportunities.
- **A number of barriers exist for SMEs to take action on climate change including a lack of knowledge, a general shortage of labour and a lack of regulatory pressure** – These factors create an operating environment that makes it difficult for SMEs to prioritize climate action, to know what steps to take to reduce their emissions, and to integrate a climate lens into their business strategy and operating decisions.
- **Government GHG reduction targets set over a long-term horizon (2030-2050) are difficult to translate into short-term goals for an SME** – The majority of SMEs are not currently setting their own GHG reduction targets and do not know what actions to take to align with meeting long-term community, provincial or national goals. They also do not know whether their broader value chain is aligned with supporting a well below 2°C level of global warming.

- **There are many opportunities to strengthen the cohesion and availability of support across the business ecosystem to better meet the needs of SMEs** – Many sustainability service offerings from experts, consultants, and funding bodies are aimed primarily at large companies and are offered more or less independently of one another, each with their own vocabulary and criteria. While, in theory, businesses have no shortage of doors to knock on, it is difficult for SMEs to access resources tailored to their needs.

## Needs to fulfill

In its recent report, *Sink or Swim: Transforming Canada's economy for a global low-carbon future*, the Canadian Institute for Climate Choices points out that “preparation for a global low-carbon transition will determine whether companies sink or swim.”<sup>1</sup> In this context, and in light of the above-mentioned findings, the consultations enabled us to identify cross-cutting needs for businesses across all economic sectors including tourism, agri-business, manufacturing, wholesale and retail, and finance.

In particular, more resources should be deployed to play an important bridging role at three levels:

- **Bridge the business knowledge and financing gap between the “current” economic model and the “new low-carbon economy”** – The level of knowledge around the urgency to act, climate-related risks and potential business opportunities in a green economy remains limited in the overall business ecosystem. It is essential to address this information gap to allow leaders to understand the risks and pressures their company will face, and begin adapting their business model and operations to thrive in the changing landscape. It is also important to increase funding for start-ups that create new business models, products and processes aligned with a low-carbon future. Additional support must be provided to identify eco-friendly products, processes and services that have a low-carbon advantage over their competitors and to promote their distribution in local, national and international markets.
- **Bridge the resource gap for SMEs to support their transition** – Increasing the availability of experts and resources, like Ecoleader Fund Agents, to focus on the needs and realities of SMEs would help to accelerate business climate action. SMEs tend to face greater knowledge, capacity and financial constraints than their larger counterparts, and need support that is designed with their specific characteristics in mind.
- **Bridge the low-carbon transition knowledge gap for actors supporting economic development** – New knowledge of the most likely transition pathways for the global, Canadian, and Quebecois economies, as well as best practices for a successful low-carbon transition, are constantly evolving. Stakeholders like lending institutions and associations that regularly interact

<sup>1</sup> Samson, Rachel, Jonathan Arnold, Weseem Ahmed, and Dale Beugin. 2021.

*Sink or Swim: Transforming Canada's economy for a global low-carbon future. Canadian Institute for Climate Choices.*

with SMEs are important change agents to help accelerate the low-carbon transition and need to be trained to help connect the dots for businesses. Providing them with appropriate tools and building their on-going knowledge, including what is needed to support different sectors of our economy to successfully transition, can help these stakeholders better prepare and equip SMEs to adapt and seize new business opportunities in the low-carbon economy.

## Recommendations

- **Educate, mobilize and equip SMEs and their advisors** – Efforts to raise awareness on the urgency for climate action and to mobilize SME leaders and their advisors should continue.
- **Pool resources to make expertise accessible to SMEs** – Given the labour shortages and limited capacity within each business, finding mechanisms to bundle SME needs and resources could provide a cost-effective way to allow a large number of SMEs to work on climate action. This includes creating and updating their GHG inventories, establishing action plans and implementing projects.
- **Provide access to data and tools that are tailored and useful to SMEs** – Access to comparative GHG emissions data by sector and region would be an asset to help SMEs along the transition. Identifying and sharing best practices and easy-to-use tools to support climate action can provide significant benefits for SMEs, their value chain and their stakeholders.
- **Bring together service offerings in a more simplified and unified approach for businesses** – With the time and capacity challenges SMEs face, and the lack of coordination among sustainability initiatives, it can be difficult for businesses to keep track of and use available climate action supports. Efforts to identify the suite of available sustainability services and connect businesses to these opportunities at the appropriate time should be accelerated.
- **Establish intermediate targets and the most likely transition pathways** – Creating and communicating short- and medium-term GHG reduction targets by sector, region, and provincially could stimulate corporate climate action on an individual and collective basis. Mobilizing stakeholders to identify and communicate relevant GHG reduction actions for different types of SMEs to transition would help businesses improve their understanding of the emerging risks and opportunities in the sectors and regions they operate in.
- **Support sustainable innovation, start-ups and the scale-up of products with a low-carbon advantage in local, national and international markets** – Start-ups and initiatives to support sustainability innovation should receive increased support to bring forth new solutions suited to the economy of the future. Products and processes that have a low-carbon advantage must be prioritized in Quebec markets and supported for export nationally and internationally. Each new customer for Quebec's "green" products provides validation and helps attract other buyers, investors and even talent to come and take advantage of Quebec's unique green economy expertise.

- **Increase funding to support the sustainability mission of associations and non-profit organizations** – Instead of limiting these organizations to accessing short-term, project-oriented funding, it would be useful to provide general funding that could be put towards advancing their broader sustainability purpose and mission. Increasing the capacity of organizations to promote healthy "*co-opetition*" (cooperation between competitors) has the long-term potential to generate mutual and collective benefits.

- **Redo the IsQ survey on eco-responsible business practices on a regular basis throughout the next decade of transition** – The information from the survey published in September 2021 allows an initial benchmarking of businesses who have, or are working on, eco-responsible business practices. Rather than administering it on an "ad hoc" basis, it would be useful to repeat this survey regularly, adding more specific questions to assess the proportion of Quebec companies that are on a transition pathway compatible with keeping global warming well below 2°C.

- **Explore the relevance of establishing Green Economy Hubs based on local and regional interest and needs** – In other communities across Canada, where Green Economy Hubs have been established, the local Hubs are hosted and operated by a local organization already active and rooted in the community. The best candidates for a Hub will be regions where there is a demonstrated business and community interest in the transition to a low-carbon economy, cross-sectoral support and limited access to experts to facilitate this work.

Stakeholders in our roundtables and 1:1 follow-up interviews identified the following aspects of a Hub as being most beneficial in Quebec to complement what is already taking place:

- **Dedicated/shared access to climate action guidance and expertise** – Support to help businesses create and update GHG inventories, set science-based reduction targets, and implement action plans to reduce GHGs was valued. Having an intermediary to pool business needs in the same region was also seen as valuable to enable access to affordable technical expertise and promote collaboration.

- **Encouraging public disclosure** – Supporting public disclosure on GHG emissions and progress towards reduction goals, particularly for SMEs, was seen as something that could fill an existing gap. Having a mechanism to encourage this kind of local tracking and reporting could help provide transparency, accountability and friendly peer pressure to encourage further reductions by businesses and foster new collaborations for collective impact.

- **Celebrations, recognition and sharing of success stories** – Stakeholders had strong interest in additional mechanisms to recognize businesses for the progress they are making and share success stories to inspire others to follow-suit.

# About us

## QUÉBEC NET POSITIF

### About Quebec Net Positive

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Initiated in 2016, Quebec Net Positive is an independent think tank whose purpose is to accelerate the transition of the Quebec economy towards a low carbon and “net positive” future. Its mission is to raise awareness, equip and mobilize Quebec businesses to help them take advantage of the low carbon economy, go beyond mitigating risks and activate their full potential to create positive impact on society and the environment.

[www.quebecnetpositif.ca](http://www.quebecnetpositif.ca)



### About Green Economy Canada

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Green Economy Canada is a national non-profit accelerating Canada’s transition to a vibrant and inclusive net-zero future. With the power of a national network bringing together more than 300 companies within nine Green Economy Hub, Green Economy Canada is working to improve business together !

[www.greeneconomy.ca](http://www.greeneconomy.ca)

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Partners



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Please report any errors or omissions to: [info@quebecnetpositif.ca](mailto:info@quebecnetpositif.ca).

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