



**Study**  
April 2021

# A Transformation in Progress

How Canadian Entrepreneurs Are  
Taking on the Environmental Challenge



# Table of contents

Message from the Chief Economist.....	3
Highlights.....	4
Where do Canadian entrepreneurs stand?.....	5
The challenges of adopting green practices .....	16
Toward a green recovery.....	23
A green recovery roadmap.....	24
Data and methodology .....	33

## Author

Sylvie Ratté,  
Senior Economist,  
sylvie.ratte@bdc.ca

## Acknowledgements

This study was conducted with the valuable collaboration of the following people: Marcellina Daniel, Alexandra Fioriello, Emmanuelle Houle, Geneviève Michaud, Isabelle Simard and Samuel St-Pierre Thériault.



### On the cover

Anie Rouleau, founder and owner,  
The Unscented Company

**This study is based on survey data analyzed and interpreted by BDC. Any error or omission is BDC's sole responsibility. Reliance on and use of the information herein is the reader's responsibility.**

© 2021 Business Development Bank of Canada



**“The transition to a greener economy is well underway, with many Canadian entrepreneurs taking the lead in this field.”**

# Message from the Chief Economist

This study demonstrates that Canadian entrepreneurs are highly motivated to reduce the environmental impact of their business activities. It also shows that the transition to a greener economy is well underway, with many Canadian entrepreneurs taking the lead. For example, half of Canada’s small and medium-sized enterprises (SMEs) include environmental protection in their corporate mission statement.

However, the report notes barriers to adopting a greater number of green practices. At the top of the list: the need to get through the pandemic and the recession it has caused. As well, businesses have shelved some green projects due to a lack of financial resources. Lastly, many entrepreneurs are choosing to absorb the cost of their green investments rather than transferring it to customers who have limited spending power. Indeed, our survey

of Canadian consumers has shown that, for most of them, price remains the most important purchasing criterion.

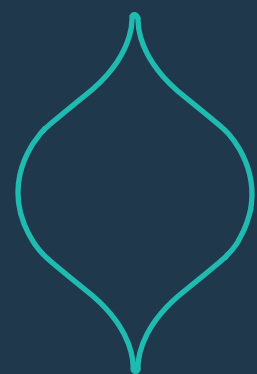
This study aims to help entrepreneurs overcome these obstacles. It suggests courses of action that are both profitable and environmentally beneficial. Its goal is to help speed up the recovery of an economy that we hope will grow greener. With this in mind, the last part of this study provides entrepreneurs with a roadmap. They can use it to choose the practices that are best suited to their situation and to the progress they have made so far. Lastly, we hope that entrepreneur testimonials will inspire businesses to make even greater environmental strides.

**Pierre Clérout**  
Vice President Research  
and Chief Economist

# Highlights

More than eight out of 10 entrepreneurs (82%) are currently taking concrete actions to reduce the environmental impact of their activities.

The survey results produced three distinct entrepreneurial profiles:



**Beginners  
(26%)**

They are still timid in their actions.



**In transition  
(54%)**

They have adopted some more accessible measures.



**Leaders  
(20%)**

They have implemented several advanced measures.

**84%**

of entrepreneurs consider it their responsibility to take concrete action to protect the environment.

→ Half of them even include this responsibility in their company mission (or purpose).

**63%**

of entrepreneurs, having implemented environmentally friendly practices, act on the basis of their personal convictions.

→ More than half are also motivated by reducing operating costs and close to one-third are motivated by improving brand image.

**60%**

of Canadian consumers state that price remains the most important purchasing criterion.

→ Still, one-third of Canadian consumers consider the environmental impact of their purchasing decisions.

**3** main obstacles to the adoption of greener practices:

① the impact of the COVID-19 pandemic

② limited internal funds for green investments

③ the inability to provide green products, services or processes that customers can afford while maintaining profitability



# Where do Canadian entrepreneurs stand?

## More than eight out of 10 entrepreneurs have taken action to reduce the environmental impact of their company

Entrepreneurs with growing businesses (87%) and women entrepreneurs (86%) are more likely to have taken action.

Two-thirds of those who have not yet done anything intend to act when it will be possible.

**Figure 1: Percentage of entrepreneurs who have implemented concrete measures to reduce their environmental impact**

■ Canadian entrepreneurs



Source: BDC, Survey on Green Projects and Investments, October 2020, 1,515 respondents.

## Entrepreneurs believe they must act to protect the environment

Most Canadian entrepreneurs (84%) consider it their responsibility to take concrete action to protect the environment.

Those working in the manufacturing sector (92%), women entrepreneurs (89%) and those whose activities are mainly carried out in Quebec (88%) particularly agree with this statement.

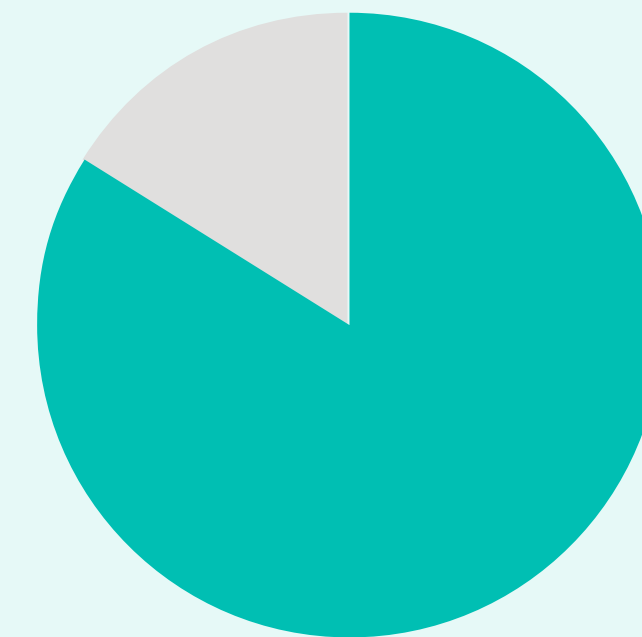
Half of Canadian entrepreneurs even include environmentally responsible action in their company mission statement. This is especially true for those who work in the manufacturing sector (68%), are age 45 or younger (61%), or are exporters (58%).

Figure 2: How entrepreneurs perceive their environmental responsibilities

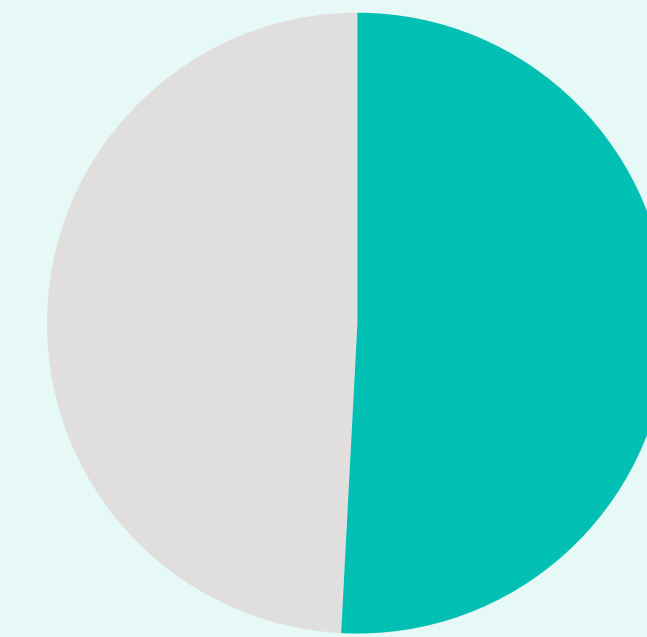
■ Canadian entrepreneurs

### Environmentally responsible actions...

**84%**  
are part of entrepreneurs'  
responsibilities



**51%**  
are part of our company's  
mission statement



Source: BDC, Survey on Green Projects and Investments, October 2020, 1,515 respondents.

## Entrepreneurs act first and foremost on the basis of their personal convictions

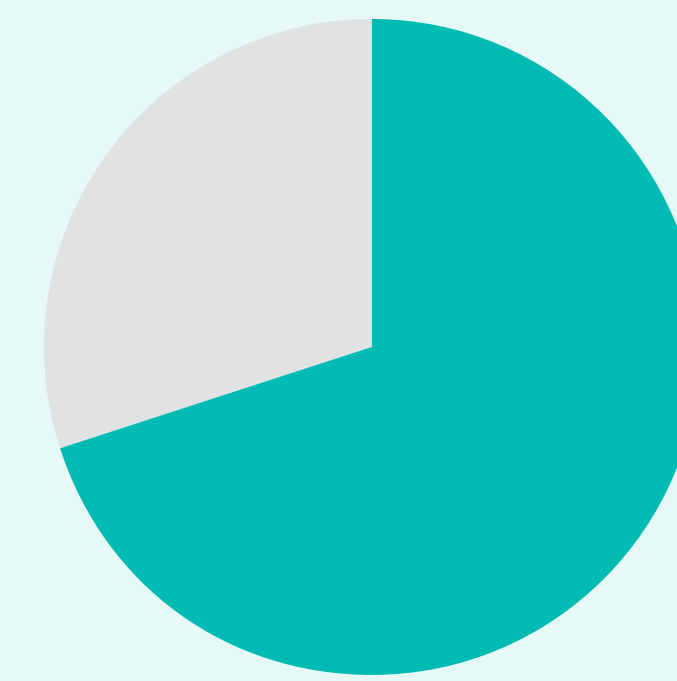
Women entrepreneurs across Canada (74%), Quebec-based entrepreneurs in any line of business (74%), and entrepreneurs working in the professional, scientific, technical and financial services sector (72%) are even more likely to act on the basis of their personal convictions.

Entrepreneurs working in real estate and commercial leasing (69%), entrepreneurs with zero or negative profitability (59%), and Ontario-based entrepreneurs (56%) are more motivated by the possibility of reducing their operating costs.

The potential to improve their brand image is more appealing to entrepreneurs running businesses with 50 to 99 employees (57%) in all lines of business, and to owners of manufacturing (45%) and retail (41%) businesses.

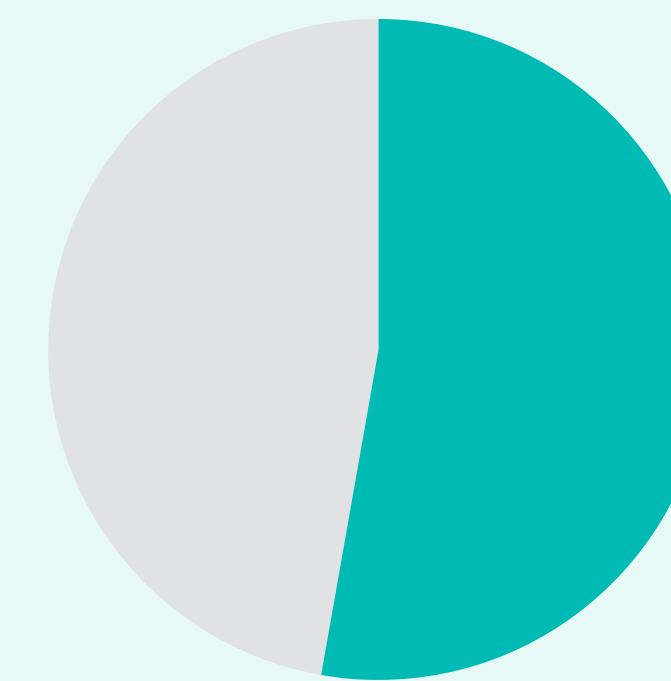
Figure 3: Main factors encouraging entrepreneurs to reduce their environmental impact

Canadian entrepreneurs



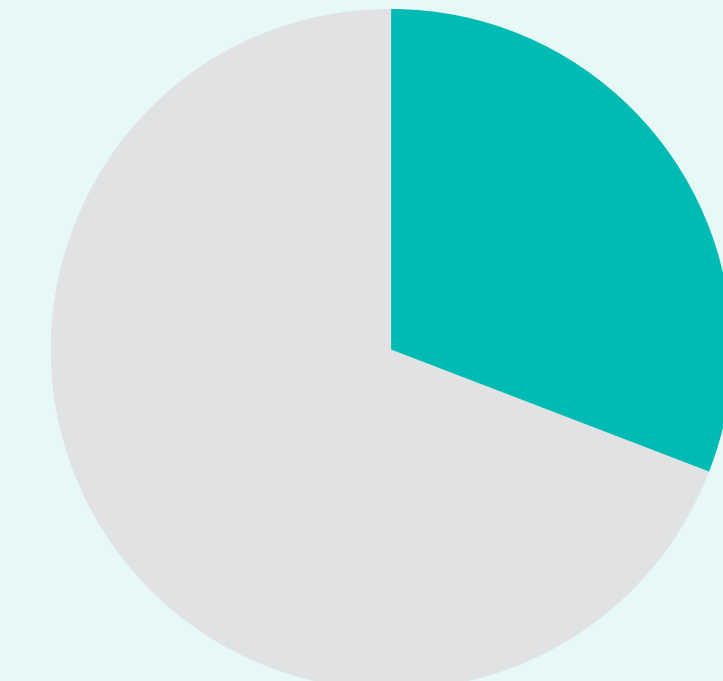
63%

Their personal convictions



53%

The desire to reduce their operating costs



31%




The potential to improve their brand image

Source: BDC, Survey on Green Projects and Investments, October 2020, 1,515 respondents.



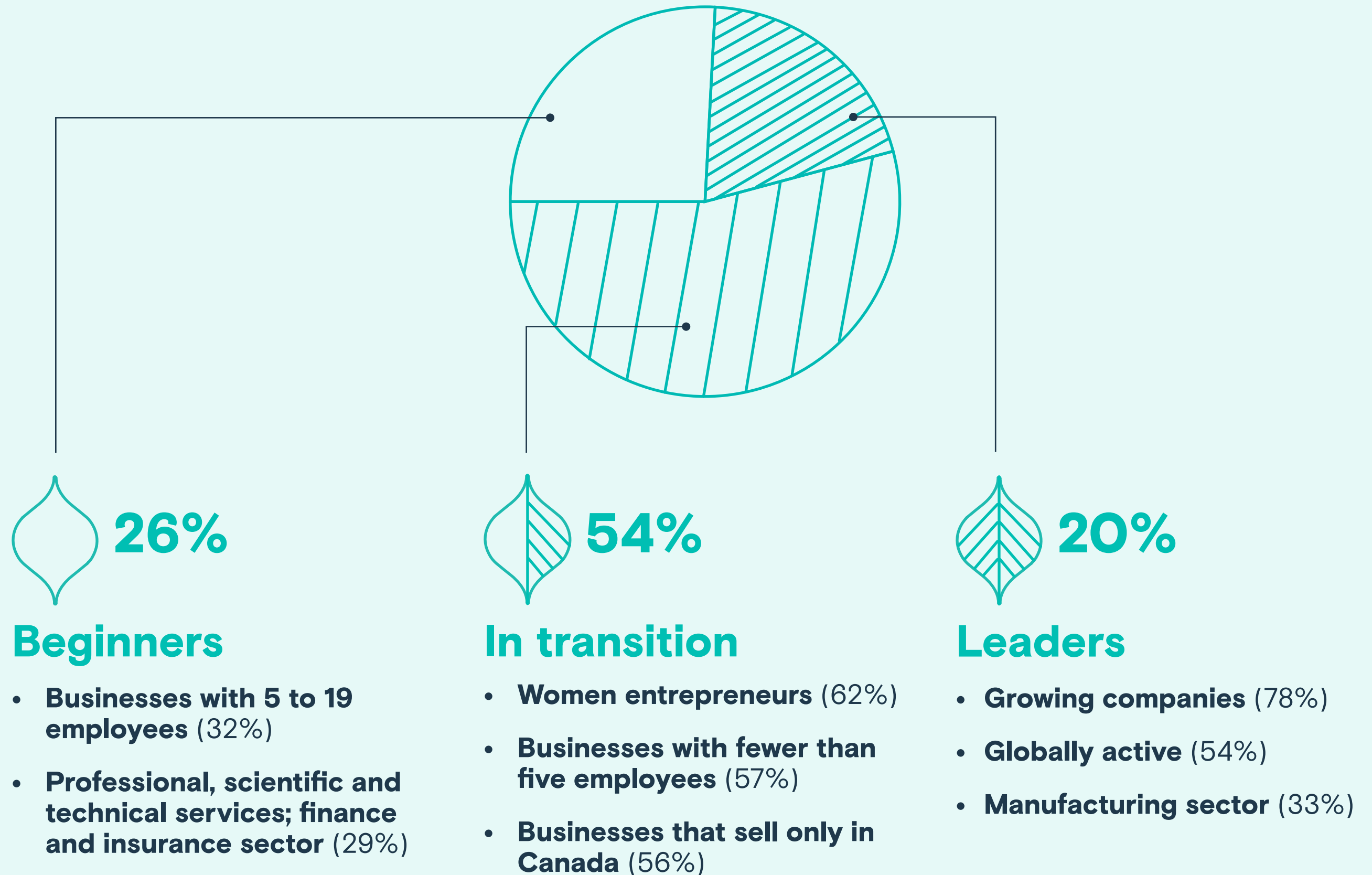
## Most Canadian companies are still in transition

To better understand the level of environmental maturity of Canadian entrepreneurs, we divided them into three profiles:

-  **Beginners** – are still reluctant to take action
-  **In transition** – have adopted some more accessible measures
-  **Leaders** – have implemented several advanced measures

These profiles are based on the number and complexity of implemented measures. For more information on the methodology, please see page 33.

Figure 4: Green profiles of Canadian entrepreneurs






Source: BDC, Survey on Green Projects and Investments, October 2020, 1,515 respondents.

# What distinguishes leaders?

Leader entrepreneurs have adopted more numerous and complex measures than other entrepreneurs. For example, three-quarters of Leaders design goods or services that have a minimal impact on the environment. In this sense, they are engaged in what is called a “circular economy.” Moreover, these entrepreneurs do not limit themselves to measuring the impact of their activities on the environment (61%). Most of them (56%) hire external auditors to evaluate their performance against these measures so they can continue to improve.

**Table 1: Main measures entrepreneurs take to reduce their environmental impact, by entrepreneurial profile**

 <b>Beginners</b>	 <b>In transition</b>	 <b>Leaders</b>
<ul style="list-style-type: none"><li>• 45% are reducing their production of waste or packaging</li><li>• 29% are reducing their energy consumption</li><li>• 22% are reducing their water consumption</li></ul>	<ul style="list-style-type: none"><li>• 78% are reducing their energy consumption</li><li>• 70% are encouraging their employees to adopt environmentally responsible practices</li><li>• 63% are using recycled or waste materials as inputs</li></ul>	<ul style="list-style-type: none"><li>• 76% design products or services that have a minimal impact on the environment (eco-design)</li><li>• 56% have external auditors evaluate their company's environmental practices</li><li>• 49% say they have a zero-waste company</li></ul>

Source: BDC, Survey on Green Projects and Investments, October 2020, 1,515 respondents.

# Environmental concerns

When they guide growth

**Anie Rouleau finds perfumes intolerable because they give her dreadful migraines.**

Trying to find fragrance-free laundry detergent, body lotions and shampoo used to be a search that took her all over Montreal. It was so difficult that she started making her own products.

Coming from a family of entrepreneurs, Rouleau always envisioned launching her own company. She knew she could create a line of fragrance-free, natural, effective products with a sought-after visual identity. However, while she was thinking about her business, something else kept her awake at night.

"With a continent of plastic in the Pacific Ocean, I couldn't believe I would be getting into one of the industries that contributed to the great scourge of the plastic bottle," she says. "It was clear from the outset that I was going to do everything I could to eliminate or minimize their use."

### **Certifications for company structure**

It's these kinds of fundamental environmental principles that Rouleau had in mind when she created Unscented in 2016. Her company holds the B Corp certification, awarded to companies that believe that their purpose is not just profits, but also social and environmental good.

"B Corp helped me structure my company and grow it based on my values," Rouleau says. "My vision for the organization is much clearer thanks to their rigorous certification process."

Holding clear values has not hindered the company at all, but instead guided its growth. In one year, Unscented's sales increased from \$2.7 million to \$7 million.

### **Innovating to eliminate plastic**

Rouleau's desire to free her company from plastic draws her into a never-ending race for innovation.

Unscented offers bulk-buying at several points of sale. But not every customer shops that way. Rouleau has found other solutions. For example, she sells her laundry detergent in a 2-litre plastic container, with the option of buying 4-litre or 10-litre refills in a cardboard box that includes a plastic bag.

**"We have also just launched laundry soap tabs sold in cardboard boxes," Rouleau says. "We won't be able to get rid of plastic overnight because we have to change people's consumption habits. It's a process that takes time, but it will come."**

- Anie Rouleau, founder and owner, The Unscented Company



## Businesses that are more advanced in adopting green practices have better financial performance

Clearly, there is no contradiction between a company's financial performance and its adoption of green practices. These practices can be implemented in all types of firms, regardless of their size or line of business. It all begins with entrepreneurs' drive.

Our survey also seems to show that companies led by entrepreneurs with the Leaders profile are more likely to have strong sales growth and high profit margins.

Figure 5: Financial performance, by entrepreneurial profile



Source: BDC, Survey on Green Projects and Investments, October 2020, 1,515 respondents.

**91% of Leaders state that it is entirely possible for a company to be profitable while reducing its environmental impact.**

## Entrepreneurs are feeling the effects of climate change

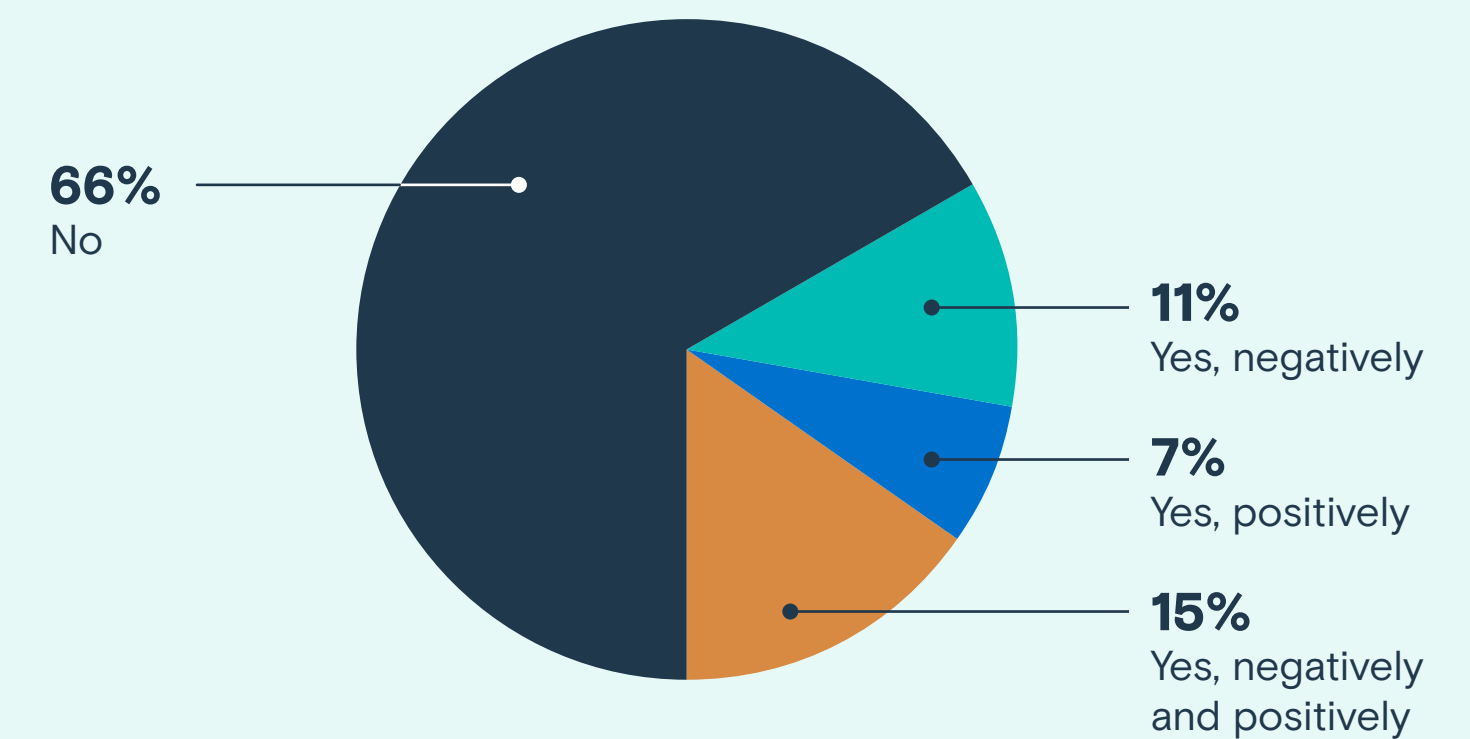
Canadian entrepreneurs are concerned about climate change, with 43% of them fearing that it will negatively affect them over the next 10 years. Moreover, 28% of Canadian entrepreneurs who have already experienced these negative impacts have developed a plan or taken concrete actions to prepare. Meanwhile, 8% of all Canadian entrepreneurs are already measuring or intend to measure their carbon footprint.

Entrepreneurs in Atlantic Canada (24%) in all sectors, and those in the natural resources sector (21%), have experienced more negative impacts from climate change.

Businesses that have been negatively affected are more likely (28%) to have experienced a decline in sales over the past 12 months. Flooding and loss of income are the main negative effects entrepreneurs encounter due to climate events.

**Figure 6: Percentage of businesses affected by extreme weather events**

In the past five years, has your company been affected by extreme weather events related to climate change?



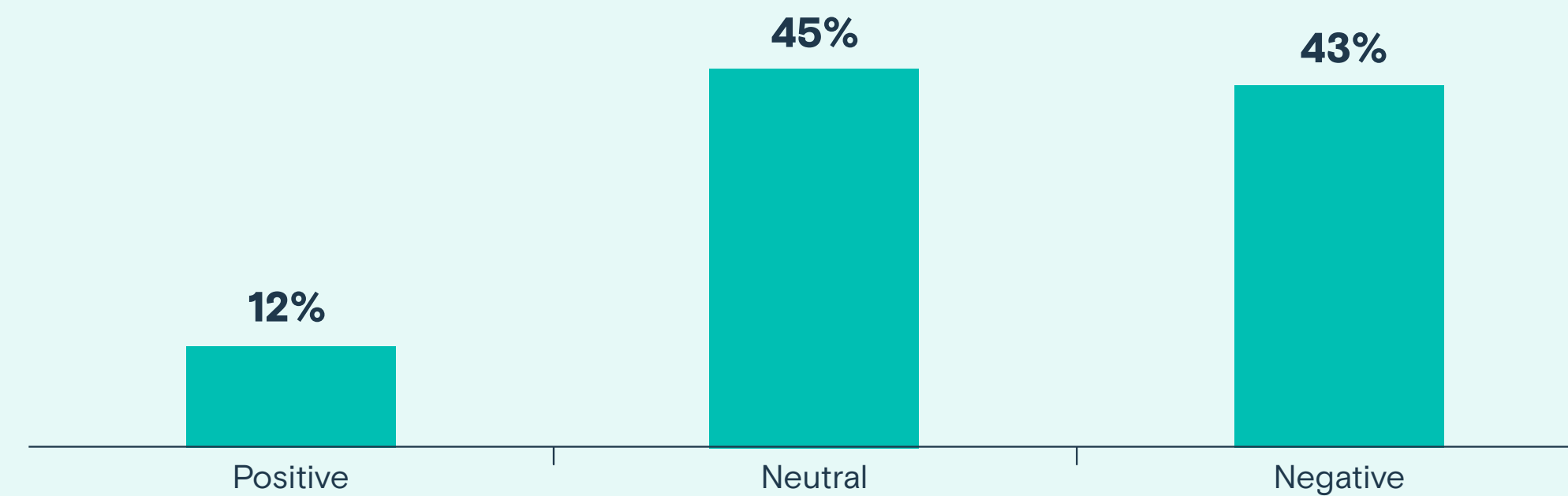
Source: BDC, Survey on Green Projects and Investments, October 2020, 1,515 respondents.

## Close to half of entrepreneurs expect to be negatively impacted by climate change

Entrepreneurs under age 35 (18%) in all sectors, those in manufacturing (15%) and construction (13%), and those classified as Leaders (13%), are more likely to have—in a sense—benefitted from climate change. These benefits mostly manifested themselves as increased sales and a reduction of heating costs because of higher average temperatures.

**Figure 7: Projected impact of climate change over the next 10 years**

How do you think climate change will affect your line of business the next 10 years?



Source: BDC, Survey on Green Projects and Investments, October 2020, 1,515 respondents.



# The challenges of adopting green practices



## The pandemic and consumers' limited spending power are limiting the ambitions of many entrepreneurs

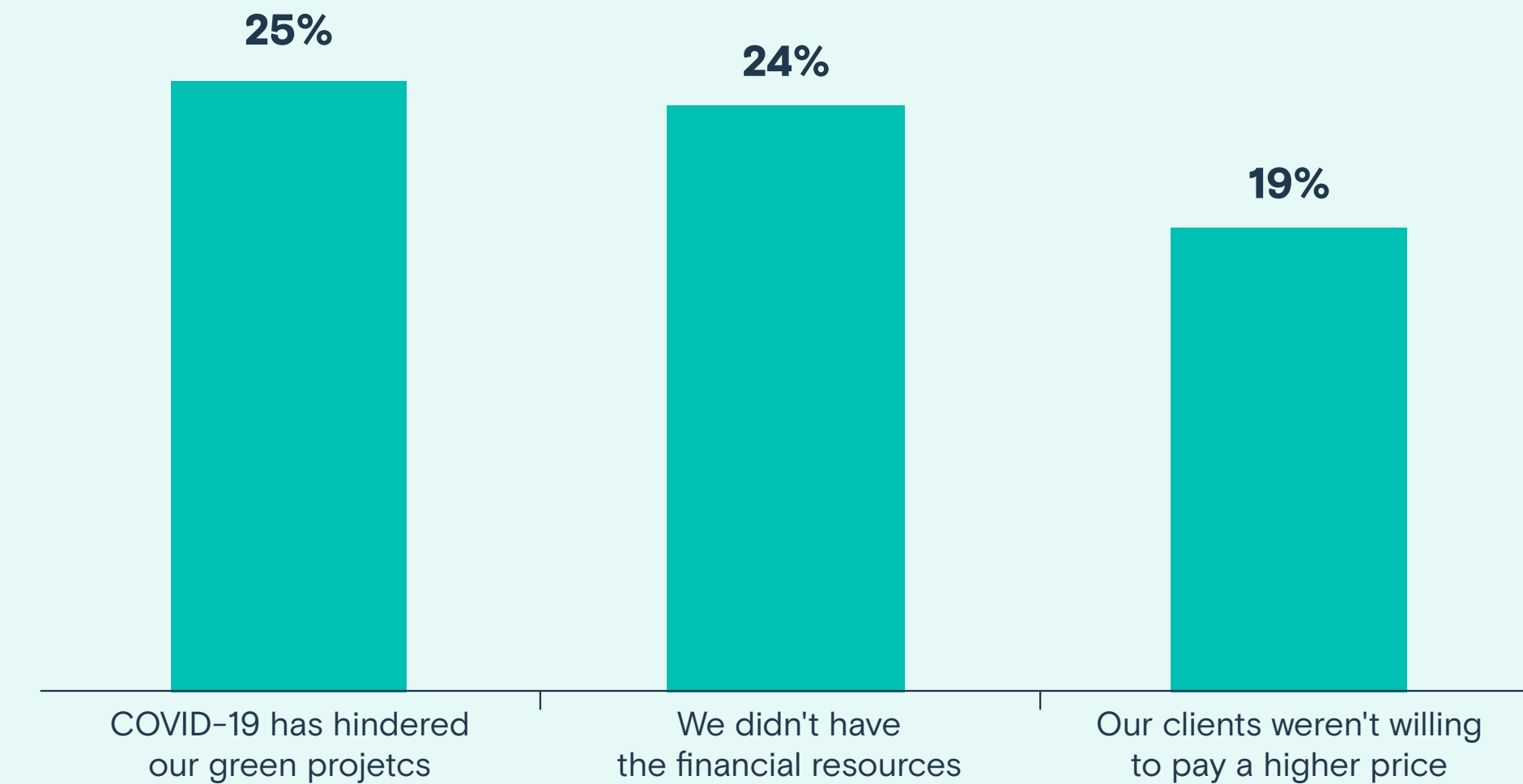
As motivated as entrepreneurs are to reduce the environmental impact of their business activities, certain pitfalls are curbing their ambitions.

First, the need to deal with the pandemic has risen to the top of entrepreneurs' priorities, as evidenced by a BDC [study](#) on the impact of COVID, published in October 2020. This is especially true for Leaders and for entrepreneurs In Transition.

The ability to finance environmental investments through internal and external resources, and low or long-term returns on investment, also limit entrepreneurial momentum. This is especially true for Beginners.

The ability to offer greener products, services or processes that are profitable for businesses and affordable for their customers sometimes limits the ambitions of entrepreneurs. This is especially true for entrepreneurs who are Leaders or In Transition.

Figure 8: Main challenges in adopting green practices



Source: BDC, Survey on Green Projects and Investments, October 2020, 1,515 respondents.

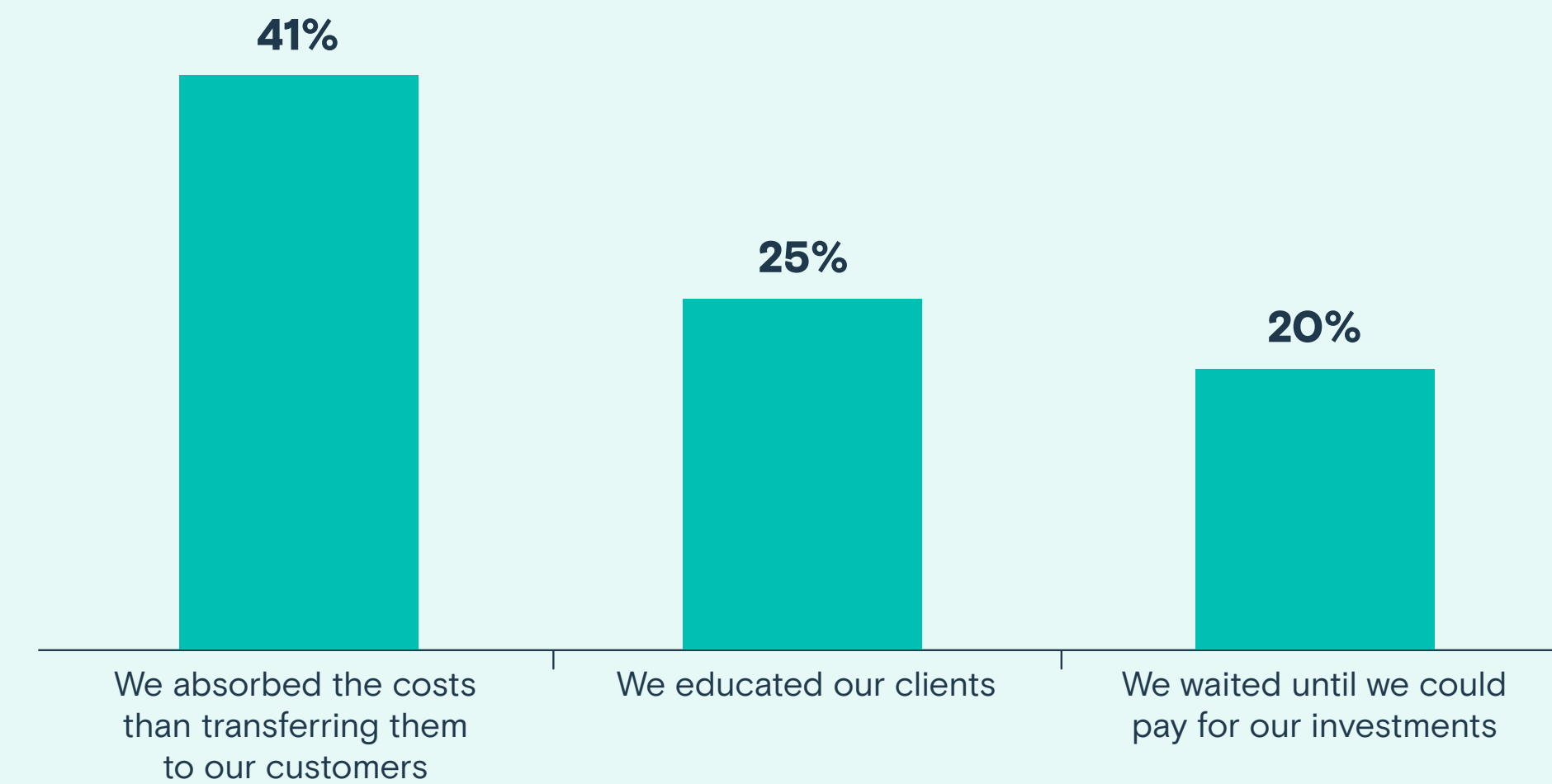
## Many entrepreneurs do not transfer the cost of their green investments to consumers

Our survey shows that no entrepreneurial group is systemically transferring the costs of their green transition to customers.

One-quarter of entrepreneurs are resourceful in educating their customers or sharing best practices within a network of like-minded entrepreneurs.

Many entrepreneurs, particularly those who are In Transition or Beginners, have decided to delay their green investments until they can afford them. This shows the difficulty of using internal or external resources to finance some of the more expensive investments, which may require hiring additional employees or purchasing more expensive equipment.

Figure 9: Strategies adopted to overcome challenges



Source: BDC, Survey on Green Projects and Investments, October 2020, 1,515 respondents.

Entrepreneur story  
Foghorn Brewing Company

# Solar-powered beer

How green energy can pay off for local businesses

Inside a grey industrial park in Quispamsis, New Brunswick, machines whir as they shoot streams of beer into aluminum cans and snap lids over the foaming white tops.

It could be any microbrewery in Canada—except for the tall rack of solar panels outside.

“We have a really strong commitment to our community, and one of those commitments is environmental stewardship,” says Steve Russell, co-owner, with Andrew “Esty” Estabrooks, of Foghorn Brewing Company.

As they were expanding to a second brewery in 2019, Russell and Estabrooks asked themselves an important question: How can we do our part for the environment?

Working with other local New Brunswick businesses, the partners took advantage of their expansion project to include a host of environmentally friendly upgrades to their building, which included investing in a set of solar panels.

“It’s a cost-benefit analysis,” Russell says. “But in this case, the benefits don’t just mean money to us.”

### **Concrete steps towards a greener future**

From the beginning, the partners took care to be as green as possible. All their used cardboard is carefully recycled. The leftover grain from the beer brewing process goes to local farmers to feed cattle, pigs and chickens.

“These are just the small things that everyone probably can do, that they don’t necessarily do,” says Russell.

By 2019, when Foghorn was ready to expand to a bigger brewing facility with a BDC loan, Russell and Estabrooks wanted to do more.

As renters of their first brewery, they had been limited in what changes they could make. Now, they retrofitted the lighting from

fluorescent to LED, installed three heat pumps to regulate the temperature and added a heat exchanger to improve the efficiency of their cold liquor tank, which minimizes the energy it takes to operate. They also put in their own septic system to handle wastewater from the beer brewing process.

The biggest investment they made was in a solar panel system that covers the energy of canning their beers. Made by a local green energy company, the solar panels are specially designed for New Brunswick’s ferocious weather.

“We just wanted to do our part for the environment,” Russell says.

**“This is something that meshes with our values and something that we particularly care about.”**

- Steve Russell, co-owner, Foghorn Brewing Company



# Price remains the main buying criterion for Canadian consumers

# 34%

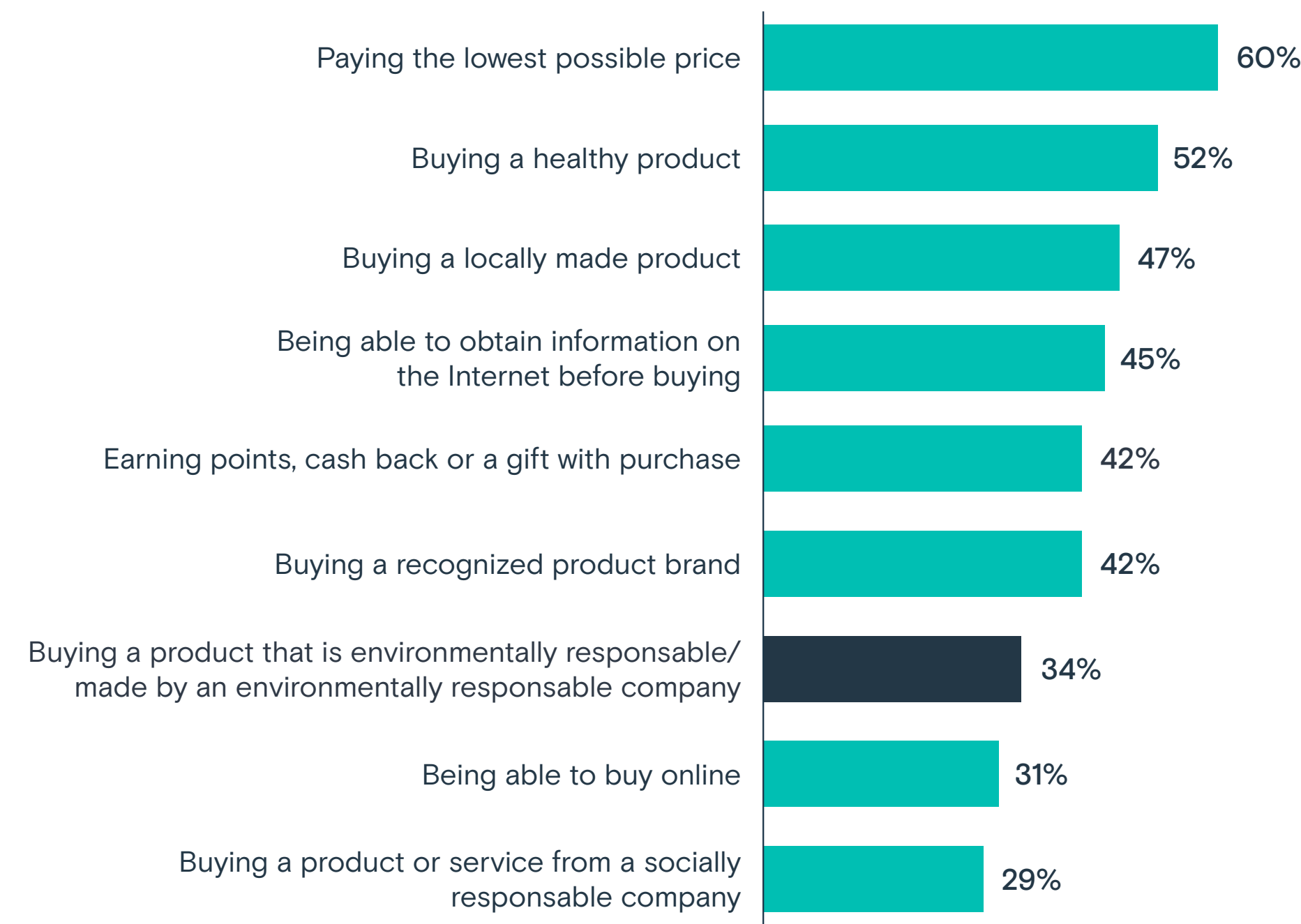
of consumers consider the environmental impact of their purchasing decisions

Paying as little as possible remains the most important purchasing criterion for Canadian consumers, as was the case before the pandemic.

However, the importance of green purchases has not waned since the start of the pandemic. Our previous surveys on this subject showed consumers had a similar level of interest.

Consumers aged 18 to 34 attribute greater importance to green purchases, at 45%.

**Figure 10: Determining factors for Canadian consumers purchasing a product or service**



Source: BDC, Consumer Practices Survey, October 2020, 1,014 respondents.

# 80%

## of consumers are willing to pay more to reduce their environmental impact

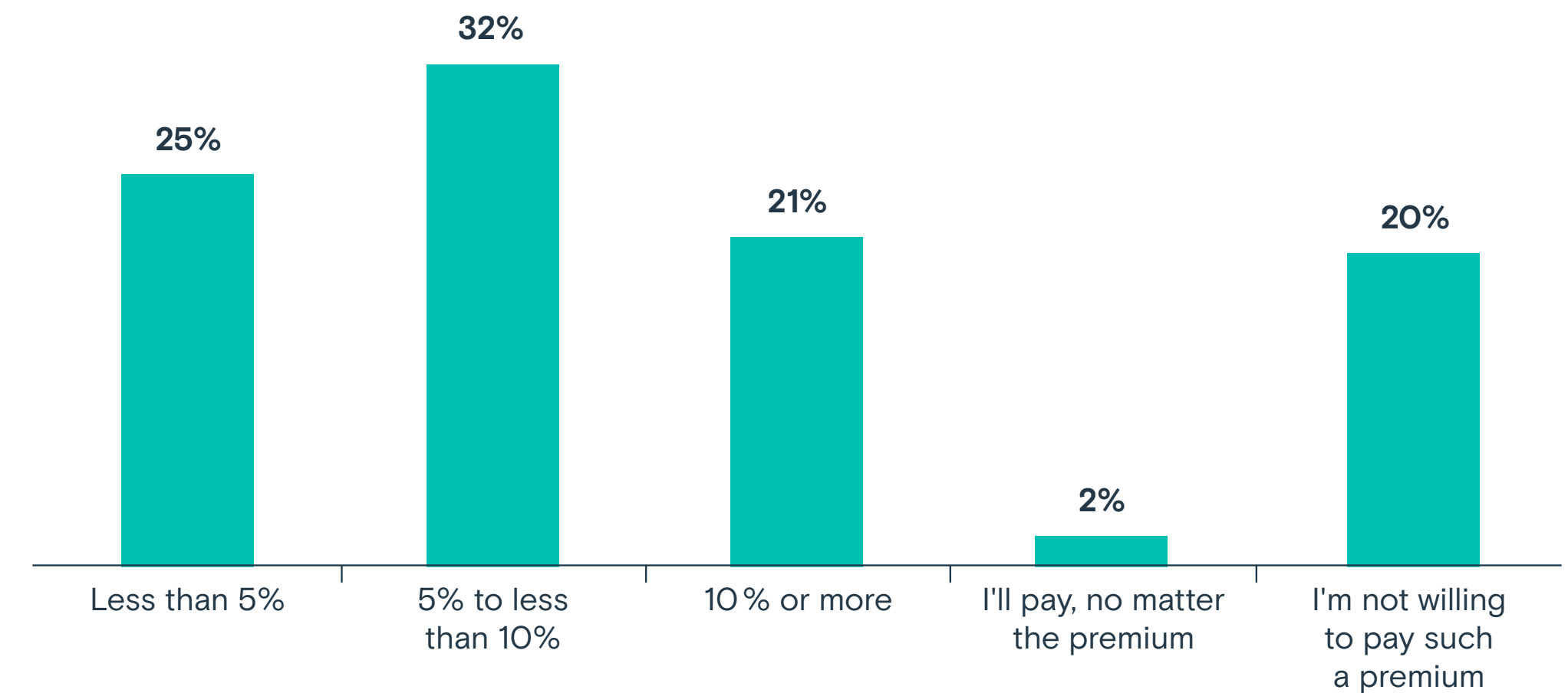
To varying degrees, eight out of 10 consumers are willing to pay more to reduce their environmental impact. It should be noted, however, that green products are becoming increasingly numerous and, therefore, increasingly competitive.

Specifically, 68% of consumers aged 18 to 34 are willing to pay at least 5% more for eco-friendly products. Fewer than half (46%) of older consumers are willing to pay this premium.

Consumers are more likely to be willing to pay more for greener appliances (31%), food (30%) and vehicles (29%). It is worth noting that buying some of these products typically reduces electricity or fuel costs in the long run.

It is also important to note that three-quarters of consumers have a positive view of businesses that care about the environment. This shows the importance of promoting environmental practices to enhance brand image.

**Figure 11: Premium that Canadian consumers are willing to pay to reduce their environmental impact**



Source: BDC, Consumer Practices Survey, October 2020, 1,014 respondents.

# Toward a green recovery



This study highlights entrepreneurs who are motivated to reduce the environmental impact of their activities. Most are actively committed to doing so and have implemented various measures. Above all, this study depicts a shifting economy that all Canadian businesses will need to participate in.

Several factors could hasten the adoption of environmental practices. For instance, the trend in regulations is moving toward holding companies more accountable for the lifecycles of their products and services, and for their impact on the environment, specifically in terms of greenhouse gas emissions. Major customers and investors are also increasingly insisting on eco-responsible suppliers and investments. It is worth underlining that these

governance practices are a draw for many prospective employees and make the employer's brand more attractive.

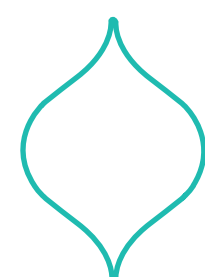
**It's important that entrepreneurs across the country embrace change now.**

With this objective in mind, we invite you to take the questionnaire on the next page to discover your environmental profile. We hope that our experts' recommendations will inspire you to continue greening your operations.

## What is your environmental profile?

Have you already positioned yourself as a Leader? Or are you In Transition or a Beginner?

On the questionnaire at right, check off the measures you have already implemented. Add up your points to obtain a score from 0 to 115 and discover your profile:



### Beginners

Score of 0 to 15

1<sup>st</sup> quartile



### In transition

Score of 20 to 55

2<sup>nd</sup> and 3<sup>rd</sup> quartile,  
median = 35



### Leaders

Score of 60 to 115

4<sup>th</sup> quartile

A green recovery roadmap	Points
<b>Environmental practices implemented by at least half of Canadian SMEs</b>	
Reducing waste production	/ 5
Reducing energy consumption	/ 5
Reducing water consumption	/ 5
Encouraging employees to adopt environmentally friendly practices (teleworking, using public transit, recycling, etc.)	/ 5
Using recycled or waste materials as inputs	/ 5
<b>Measures implemented by fewer than half of Canadian SMEs</b>	
Using one or more clean energy sources	/ 10
Choosing suppliers based on their environmentally responsible practices or products	/ 10
Designing products or services to have a minimal impact on the environment (eco-design that considers the product's lifecycle)	/ 10
Performing carbon sequestration activities: planting trees, purchasing carbon credits	/ 10
Measuring the company's environmental footprint	/ 10
Obtaining or maintaining one or more eco-responsible certifications	/ 10
Being zero waste	/ 10
Having an environmental policy	/ 10
Hiring an external auditor to evaluate the company's environmental practices	/ 10
<b>TOTAL</b>	<b>/ 115</b>



# How to take the next step



## Beginners

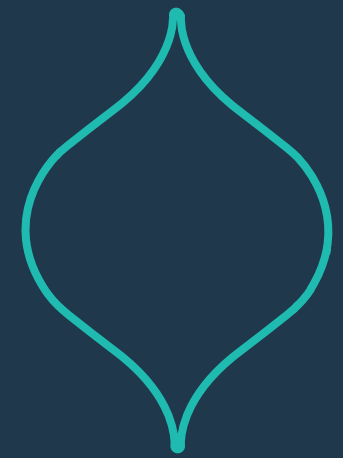
- Prepare an overview of your situation
- Monitor and reduce your energy and water consumption
- Use a renewable energy source

## In transition

- Eco-design some products or services
- Implement an environmental management system
- Measure and reduce your carbon footprint

## Leaders

- Obtain an environmental certification
- Conduct environmental intelligence
- Share your expertise



# You are a beginner

## Prepare an overview of your situation

**It is vital to know your company's starting point and its most relevant initiatives. Start by answering the following questions in as much detail as possible:**

- How much waste does your company produce annually?
- Do you have a recycling or composting program?
- Are your facilities built to high environmental standards?
- Do you know the volume and main source of energy that your company uses annually?

- Do you monitor your water consumption?
- Do you know your suppliers?
- Do you have a procurement policy?
- Do you prioritize local suppliers?
- Do you have a policy to reduce employee travel?
- Do your products or services have an impact on the environment? For example, are your products single use?

Once you have prepared your overview, you will be able to identify possible courses of action for your company. Since you can't do everything at once, you will have to prioritize. Set a reasonable implementation timeline and develop your approach. This is not about striving for perfection but, rather, taking a first step toward greener practices.

### How do you do this?

The B Impact Assessment is a strategic planning tool that can help you prepare an overview of your situation and evaluate the impacts of the measures most relevant to you. It also provides examples of measures you can implement.

# How to build a sustainable business with the B Corp assessment

## The assessment can be used as a strategic planning tool

It can be hard to know where to start to improve your company's environmental performance. A great place to start is with B Corp.

B Corps (certified Beneficial corporations) are built by entrepreneurs who believe that the purpose of a company goes beyond making profits to creating social and environmental good.

The B Corp assessment is a free, confidential online questionnaire that allows you to examine your company's environment, social and governance (ESG) performance, and the impact of its products or services. The assessment is part of the B Corp certification process.

Your answers to the questionnaire lead to a report in which your company is scored on various aspects of governance, social responsibility and environmental sustainability.

“When you do the assessment, you sharpen your thinking about which goals to pursue and how to achieve them,” says Carla Heim, Senior Advisor, Sustainability and ESG, BDC

The assessment is rigorous. It delves deep into your company's policies, practices and activities. That is daunting but worth the effort, even if you have no intention of pursuing B Corp certification, Heim says.

Heim says the B Corp assessment can be thought of as a gap

analysis—a way to better understand where your company is doing well and where it could improve.

The assessment is also a treasure trove of responsible practices that entrepreneurs can copy or try. Peers in over 70 countries have described their innovative, responsible practices in their answers, which are made available to others.

Besides using the assessment to identify where and how to start, you can also monitor your progress by retaking it periodically. There are more than 90 variations of the assessment, each tailored to the size, industry and location of different businesses.

**“Change is not coming. It's already here. The sooner you start this journey, the more resilient your company will be.”**

- Carla Heim, Senior Advisor, Sustainability and ESG, BDC

## Monitor and reduce your energy and water consumption

- You can take many steps to achieve this goal.
- Consider insulating your walls and windows more effectively to limit heat loss. Gradually changing your bulbs to LEDs is another good option.
- Assess your energy and water consumption during peak periods and change some of your operations to reduce your consumption.
- Limit employee travel by encouraging teleworking and organizing meetings by conference call.
- Assess production processes to reduce your water consumption.

### How do you do this?

Your energy suppliers or municipality can give you sound advice on best practices, free of charge. Don't hesitate to contact them!

Operational efficiency experts can also help you identify the main sources of energy or water waste and optimize your production processes.

## Use a renewable energy source

Several innovations are making renewable energy an increasingly attractive option for entrepreneurs. Greener construction practices, such as those required for Leadership in Energy and Environmental Design (LEED) certification, capitalize on passive solar energy through optimal building and window positioning. They also focus on geothermal energy, which heats or cools by drawing hot water from deep underground sources.

### How do you do this?

The Government of Canada provides a wide range of renewable energy resources for people who want to start or expand their use of solar or wind energy.

Substantial information on LEED standards is also available on the Canada Green Building Council website.



# You are in transition

## Eco-design some products or services

Eco-designing consists of analyzing the lifecycle of the products or services you provide to reduce their environmental impact. It supports a circular business model aimed at eliminating waste and reusing resources.

Specifically, this involves taking into account:

- **the nature of the raw materials used**—recycled materials, local suppliers, environmentally conscious suppliers
- **the manufacturing process**—type of energy used, water consumption

- **shipping and distribution**—method of transportation, packaging
- **consumer use**—single-use or reusable products
- **product end of life**—disposable vs. recyclable products

### How do you do this?

You can find a wealth of eco-design literature and initiatives on the Internet. The [Centre for Sustainable Design](#) is one of the most frequently cited resources in this field.

Some government agencies, including the [Institut de l'environnement, développement durable et économie circulaire \(EDDEC\)](#) (in French only), also provide a great deal of information and support SMEs.

## Implement an environmental management system

An integrated environmental management system enables you to outline your commitment to the environment. It typically includes five components:

1. a document describing your company's environmental commitment policy
2. an environmental impact assessment of your company's commercial activities
3. the environmental objectives and targets related to your company's operations
4. a description of the resources allocated to achieving these objectives

5. a periodic audit of your company's progress toward achieving the objectives

### How do you do this?

You can be inspired by other businesses' environmental management policies. Some organizations also offer information on best practices and support services.

For information, visit [GreenBiz Group](#).

For support, visit [Centre québécois de développement durable](#) (in French only).

## Measure and reduce your carbon footprint

The Greenhouse Gas Protocol divides greenhouse gas emissions into three categories. Once you know your ecological footprint, you can take action to offset it. Your company's operations, such as your level of energy consumption by source, can be converted into equivalent tonnes of greenhouse gas emissions. You simply need to record some key data and invest a little time.

### How do you do this?

Here are some online resources you can use to measure the carbon footprint of your activities.

→ [Greenhouse Gas Equivalencies Calculator](#)

You can also consult organizations specializing in this area. The cost of their services is typically offset by the energy and resources you save by implementing their recommendations.

Among those striving for a near-zero carbon footprint, purchasing carbon credits is an increasingly widespread practice. [VERRA's](#) Verified Carbon Standard Program can support you in this process.



# You are a leader

## Obtain an environmental certification

As in many other fields, you can obtain international certification confirming your position as an environmental leader. Certification will certainly boost your image. More than that, though, it will make your processes more thorough by helping you set clear objectives and implement a continuous improvement process.

### How do you do this?

ISO 14001 is one of the most widely recognized environmental certifications. Visit [bdc.ca](http://bdc.ca) for more information.

## Conduct environmental intelligence

Stay abreast of best practices, innovations and changes to environmental laws across the country. Identify the information

most relevant to your line of business and guarantee yourself a head start...for a long time to come.

## Share your expertise

To many entrepreneurs, adopting green practices while maintaining profitability seems like an impossible task. Your experience proves otherwise.

Share your story and inspire other entrepreneurs, including your business partners, to become leaders themselves!

## How can I finance my projects or green investments?

Financing green initiatives is a challenge. Isabelle Landry, Senior Advisor, Financing Products and Strategy at BDC, believes it is possible to get it right—but you need to do your homework.

### ① Target a specific project

When a business goes green, a number of transformations are often required. Landry suggests that you break up your project into phases rather than seeking financing for the entire project.

“For example, there are several financing products on the market for replacing production equipment. Others help you make changes to existing buildings. Taken individually, these products may very well support a company’s desire to reduce its waste production with new equipment or improve its energy efficiency with geothermal energy.”

### ② A new take on gains

The payoffs of green investment may initially appear less tangible. That’s why, Landry says, “it’s important to clearly demonstrate its scope.” Reorganizing your production line to better control waste, for example, can increase profitability by shrinking the waste management budget. You have to know how to explain your project and back it up with numbers.

### ③ Prioritize patient lenders

The banking market operates according to its own logic, which prioritizes a fast return on investment. Fortunately, there are banking institutions willing to look at things from a different perspective.

Says Landry, “We are here to support entrepreneurs, and that changes how we approach financing applications. For us, even if the return on investment is low or may take longer to materialize, that’s not reason enough to refuse to finance a project. We will look at the company’s ability to pay and the vision behind the project.”



# Data and methodology

This study is based primarily on an October 2020 survey of 1,515 owners or decision-makers of Canadian businesses with one to 499 employees. The statistical results were weighted by region and by number of employees so as to be representative of the Canadian SME population. The maximum margin of error for a probability sample of 1,515 respondents is  $\pm 2.5$  percentage points, 19 times out of 20. As this survey is based on a non-probability sample, these figures should be carefully interpreted.

To determine the environmental profile of Canadian SMEs, an environmental score was established for each company according to the following methodology.

1. We assigned the following weights to each environmental practice:

**0** = Not implemented

**5** = Easier to implement and adopted by at least half of the respondents (e.g., waste reduction)

**10** = More complex to implement and adopted by fewer than half of the respondents (e.g., measuring environmental impact)

2. We then added up the points to calculate an environmental score, ranging from 0 (minimum) to 115 (maximum), for each respondent, based on the number of measures implemented and the weight of each measure, as set out above.

3. Lastly, we grouped the businesses according to their deviation from the median to create three green profiles, as follows

**Beginners:** Score of 0 to 15 (1<sup>st</sup> quartile)

**In transition:** Score of 20 to 55 (2<sup>nd</sup> and 3<sup>rd</sup> quartiles, median = 35)

**Leaders:** Score of 60 to 115 (4<sup>th</sup> quartile)

The second survey cited in this study covered the buying habits of Canadians and was conducted among 1,014 respondents across the country in October 2020. The results were weighted by region, gender and age so as to be representative of the active Canadian population. The maximum margin of error for a probability sample of 1,014 respondents is  $\pm 3.1$  percentage points, 19 times out of 20. As this survey is based on a non-probability sample, these figures should be carefully interpreted.



To learn more about ways to improve your company's environmental performance, consult the B Corp assessment on the BDC website at [BDC.ca](https://www.bdc.ca).

**bdc**   
financing.  
advising.  
smarts.

**For more information, contact us**

1-888-INFO-BDC (1-888-463-6232)  
[info@bdc.ca](mailto:info@bdc.ca)  
[bdc.ca](https://www.bdc.ca)

Ce document est aussi disponible en version française.

ISBN: 978-1-989306-72-7  
ST-ENVIROCHALLENGE-E2021