



Study – November 2024

# Fires, Floods and Heatwaves. Are Canada's Small Businesses Ready?



# Table of contents

Message from the Head, Sustainability, Diversity and Social Impact and the Chief Economist .....	3
Highlights.....	4
The physical risks of climate change for Canada’s SMEs .....	5
The economic impacts of climate change.....	8
Extreme weather events are already affecting Canada's SMEs .....	12
How climate events are affecting small businesses .....	14
Climate adaptation delivers tangible benefits .....	16
How prepared are SMEs and how can they adapt? .....	17
Tips to help you prepare for and respond to physical climate risks.....	19
Conclusion: A call to action.....	26
Methodology .....	26

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# Message from the → Head, Sustainability, Diversity and Social Impact and the Chief Economist

Climate change is reflected in more frequent and severe weather events, posing significant risks to the environment, people and the economy.

In Canada, where warming is occurring at twice the global average, the threat is even more pronounced, potentially costing the economy up to \$100 billion annually by 2050.

While countries around the world continue efforts to reduce greenhouse gas emissions and slow the rate of climate change, the emissions already in the atmosphere will drive unpredictable and intense weather events for many years to come. All businesses are increasingly vulnerable to the impacts of extreme climate events such as floods, wildfires or intense heat.

By adopting both climate change mitigation and adaptation strategies, small businesses can reduce their environmental

impact while building climate resilience into their business planning by taking action to protect critical assets.

This report finds that few owners of small and medium-sized enterprises (SMEs) in Canada have implemented adaptation measures to minimize climate-related costs. Even those who have been affected and expect to be affected by severe weather events in the future have not acted.

To address their needs, this report includes practical information on what SMEs can expect regarding weather-related climate risks and what to prioritize to protect their businesses. It offers a range of resources, guidelines and actionable recommendations.

By integrating sustainability into their core strategies, SMEs not only help drive Canada's transition to a low-carbon economy, but they can also safeguard their future.

We hope you find this report useful.

# Highlights

Canada's climate is warming at twice the global average

Entrepreneurs must take concrete steps to adapt to worsening climate conditions and the physical risks they pose to their business and employees.

## Physical climate risks in Canada

- Flooding
- Wildfires
- Coastal erosion
- Thawing permafrost

## Climate-related insured commercial property losses in 2023 and 2024\*

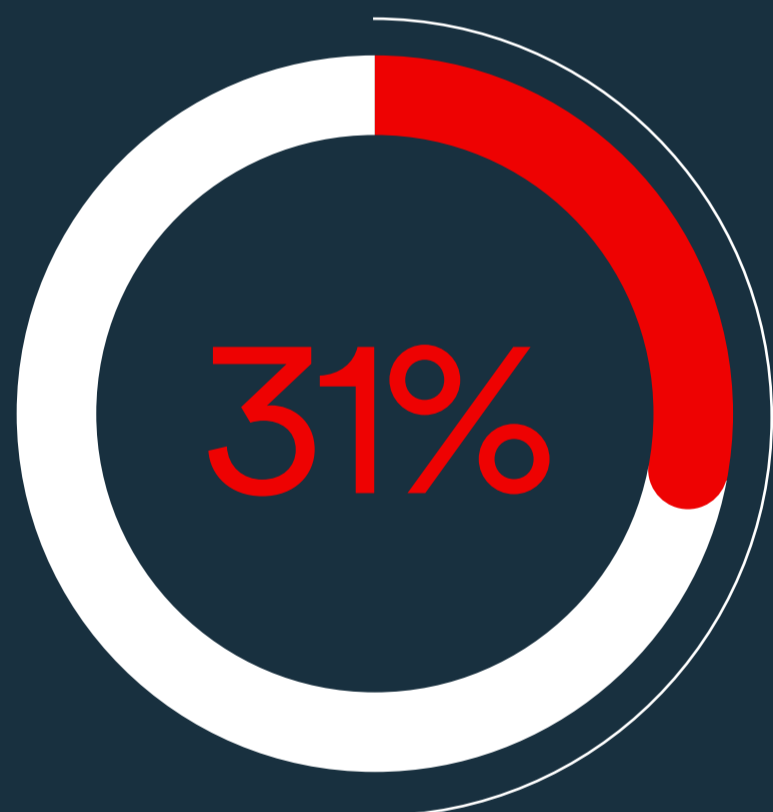
- \$2.0 billion in costs\*\*
- 21,316 businesses affected

\* Combined data for all of 2023 and the first three quarters of 2024.

\*\* Uninsured losses could be as much as three to four times that amount.

2024 is the worst year on record, at \$7.7 billion in losses

Businesses are increasingly vulnerable



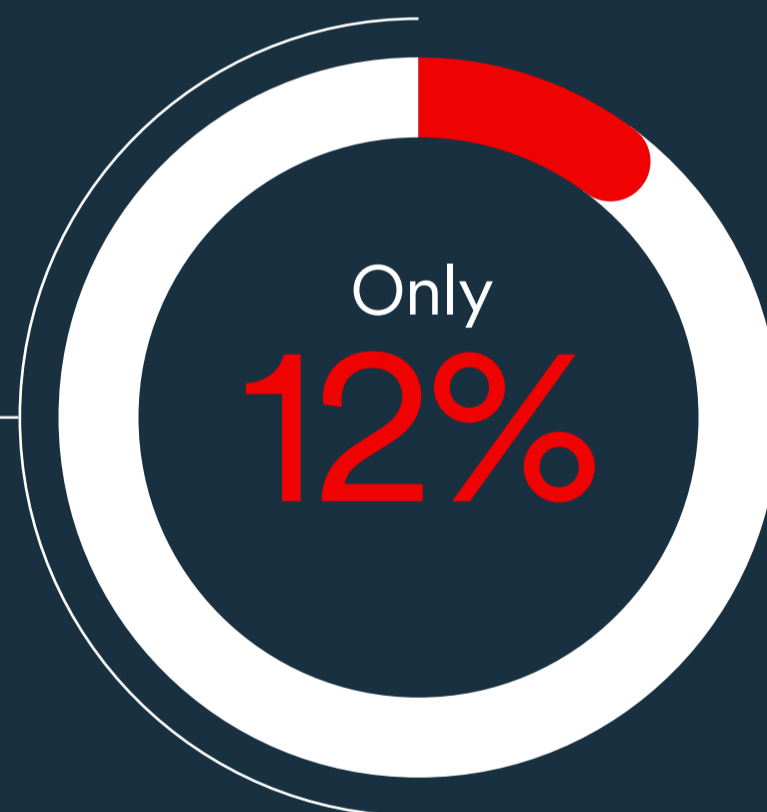
31% of Canada's SMEs have been affected by extreme weather events

74%  
lost revenue

37%  
had insurance issues

50%  
paid higher operating costs

31%  
faced supply-chain or water-access disruptions



Only 12% of SMEs have made climate adaptation a priority

SMEs want the following support so they can act

46%  
data on climate impacts

31%  
expert guidance

34%  
financial support

22%  
sector-specific guidelines

# The physical risks of climate change for Canada's SMEs

Human-induced climate change has caused widespread, irreversible damage to both nature and people. As climate extremes lead to more frequent and destructive weather events, our natural and human systems are being pushed beyond their ability to adapt. Businesses that want to survive the physical risks of our increasingly unpredictable environment must take concrete steps now to establish a climate adaptation plan.

## When mitigation is too slow, adaptation is key

### Climate mitigation

Climate mitigation aims to reduce or prevent greenhouse-gas (GHG) emissions to avert the most severe climate scenarios.

While mitigation is key to minimizing the long-term impacts of climate change, we are already experiencing the effects of extreme weather events and rising sea levels.

As a result, we must adapt to this new reality.

### Climate adaptation

Climate adaptation focuses on adjusting our behaviours, systems and practices to minimize the damage caused by climate impacts.

Adaptation helps us manage immediate threats while building long-term resilience against future ones.

Climate adaptation measures could include the following:

- building flood defences
- developing drought-resistant crops
- improving water management
- redesigning infrastructure to withstand extreme weather events

Integrating both strategies is essential to addressing the multifaceted challenges of climate change.

# Understanding physical climate risks

Physical risks result from the direct impacts of climate change on the environment and infrastructure. They can be divided into two categories.

## Acute physical risks

These are a result of extreme weather events, such as wildfires and floods.

## Chronic physical risks

These relate to long-term changes in climate, such as rising sea levels and increasing temperatures.

We are already experiencing a combination of both acute and chronic effects.

## Businesses in northern Canada and coastal communities are more vulnerable.

Canada's climate is warming at twice the global average, and even more quickly in the northern regions.<sup>1</sup> This puts the population, economy and environment at greater risk of natural hazards that can lead to disasters.<sup>2</sup>

In northern Canada, the faster rate of warming is causing significant changes, including

- more frequent and severe wildfires
- thawing permafrost
- shifts in ecosystems

Businesses in coastal areas also face heightened risks due to climate change, such as

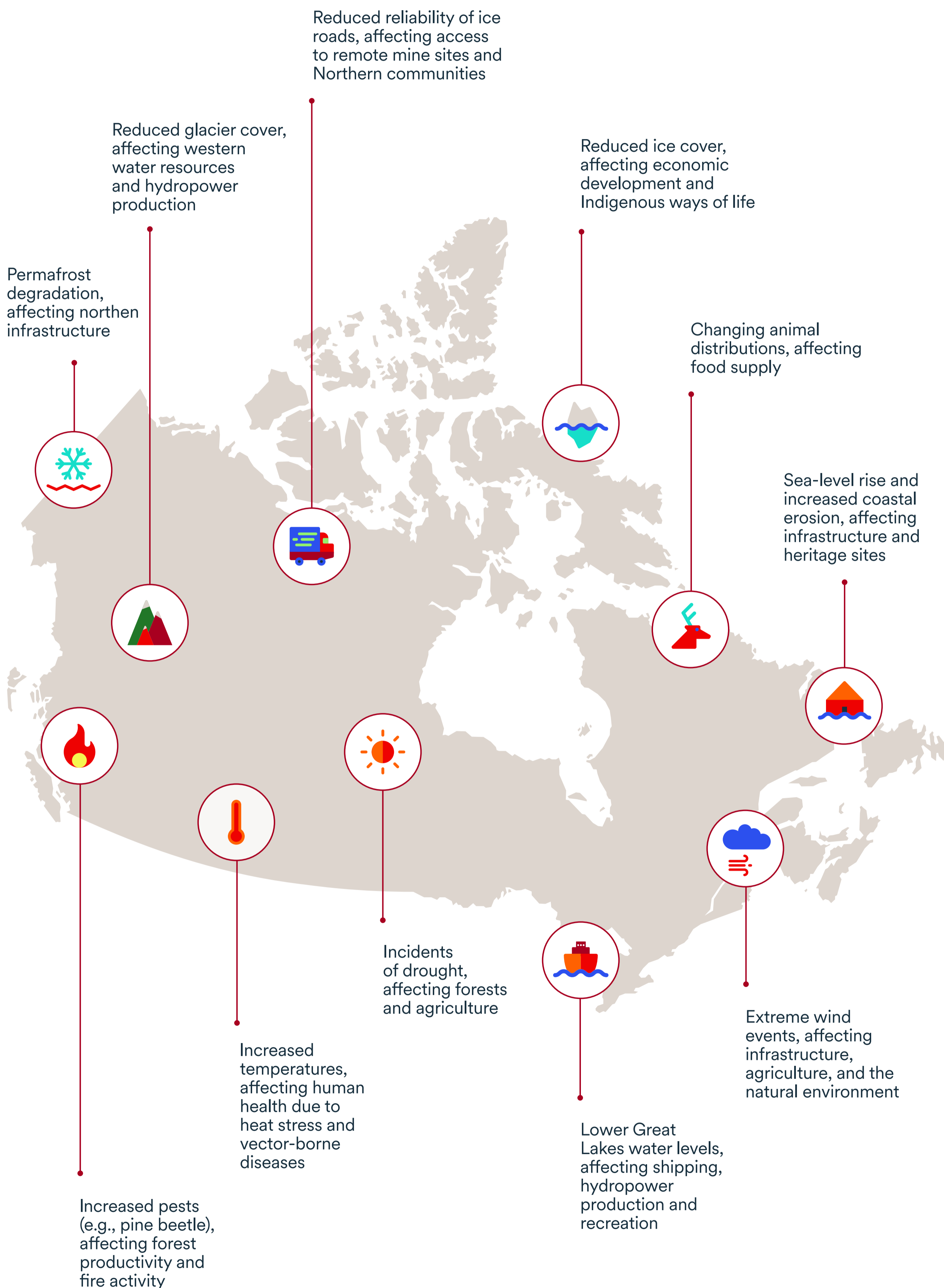
- rising sea levels
- coastal erosion
- more frequent flooding

<sup>1</sup> Public Safety Canada, *The First Public Report of the National Risk Profile* (Ottawa: Public Safety Canada, 2024).

<sup>2</sup> Government of Canada, [Canada's National Adaptation Strategy](#) (Ottawa: Government of Canada, January 2024).



**Figure 1:** Climate change impacts in different regions across Canada



# The economic impacts of climate change

## Climate-related disruptions affect the whole country

While some businesses operate in industries that appear to be more exposed to climate events—such as agriculture, forestry, fisheries and tourism—all are at risk of experiencing climate-related disruptions. In fact, climate events can be very disruptive to the entire country, leading to impacts such as the following:

### → Food insecurity

Changing weather patterns and extreme weather events affect crop yields and change growing seasons, affecting food security.

### → Pandemics

Warming at higher latitudes is allowing some viruses to survive winter, aggravating outbreaks of infectious diseases and increasing the risk of pandemics.

### → Health issues

Extreme weather events—such as wildfires, storms, heatwaves, floods and droughts—increase the incidence of respiratory and cardiovascular diseases, mental health challenges, injuries, and deaths.<sup>3</sup>

### → Infrastructure damage

Extreme heat and rainfall accelerate infrastructure deterioration across the country, reducing the service life of these assets.

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## According to Infrastructure Canada:

- A 1% increase in the annual number of days above 30°C results in a 1.5% reduction in the useful service life of road assets.
- Extreme heat and rainfall can add \$16 billion annually to operational and maintenance costs nationwide.<sup>4</sup>

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## Flooding is Canada’s most common and costly disaster

Many of Canada’s highly populated metropolitan areas—including Vancouver, Calgary, Edmonton, Toronto, Montreal, Ottawa-Gatineau, and Fredericton—are in high-risk flood zones. Coastal communities and infrastructure are particularly at risk of damage from flooding.

- A study by the former National Round Table on the Environment and the Economy estimated the annual cost of coastal flooding in Canada to be between \$4 billion and \$17 billion.<sup>5</sup>

<sup>3</sup> Berry, P., Schnitter, R., & Noor, J. (2022). Climate Change and Health Linkages. In P. Berry & R. Schnitter (Eds.), *Health of Canadians in a Changing Climate: Advancing our Knowledge for Action*. (Ottawa: Government of Canada, 2022).

<sup>4</sup> Infrastructure Canada, Infrastructure Outlook: Infrastructure for an Uncertain Future, November 2023.

<sup>5</sup> “Paying the Price—Coastal Areas,” Friends of the Former National Round Table on the Environment and the Economy.

# Climate impacts affect Canada's productivity and growth

The Canadian Climate Institute projected that in 2025, Canada will experience \$25 billion in losses relative to a stable-climate scenario—equal to 50% of projected 2025 GDP growth.<sup>6</sup>

These effects on the labour force could reduce productivity, ultimately undermining Canada's mission to provide its people with an affordable and secure future.<sup>7</sup>

In addition to slowing GDP growth, climate impacts could lead to

- exacerbated health conditions
- productivity losses
- premature worker deaths

## Climate-related events are increasing insurance costs and claims

In Canada, a catastrophic insurable loss (also known as a “cat loss”) is any natural event that triggers \$30 million or more in insurable losses. As climate extremes have intensified and led to more acute events, cat losses have increased at an unprecedented rate.

### Total payouts by Canadian insurance companies due to extreme weather events

Between 1983 and 2008, losses averaged **\$400M per year.**



It's important to note that these figures only cover insured losses. Non-insurable losses could be three to four times higher.

Our analysis of Catastrophe Indices and Quantification Inc. (CatIQ) data on damages related to recent climate events<sup>10</sup> reveals that in 2023 and the first three quarters of 2024,

- 21,316 companies experienced losses due to climate events;
- commercial property claims amounted to \$2.0 billion;

- nearly 50% of that amount went to businesses in British Columbia, the territories and the Prairies; and
- \$92,000 was the average event claim in Canada.

The Insurance Institute of Canada's 2020 [Climate Risks report](#) projects the annual average of severe weather claims paid by insurers in Canada will more than double over the next 10 years, increasing from \$2.1 billion to \$5 billion annually.<sup>11</sup>

6 Canadian Climate Institute, [Damage Control: Reducing the costs of climate impacts in Canada](#), (Ottawa: Canadian Climate Institute, September 2022).

7 Ibid.

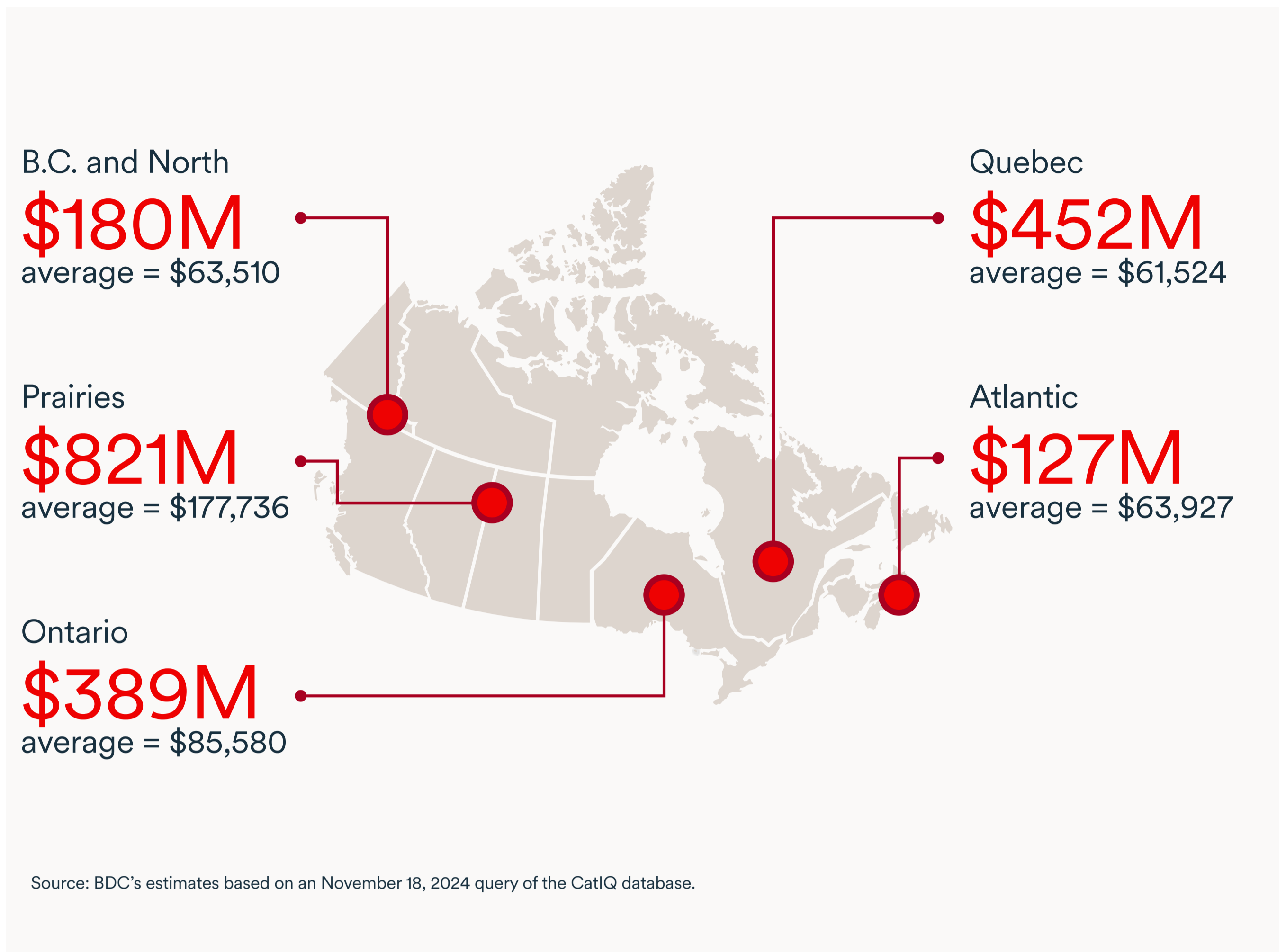
8 M. McGillivray, "[Insights into the impact of extreme weather trends in Canada on homeowners insurance profitability and consumers.](#)" (Ottawa: Statistics Canada, May 2024).

9 Insurance Bureau of Canada, [Summer 2024 shatters records for severe weather damage.](#)" (Toronto: Insurance Bureau of Canada, September 2024).

10 These are losses caused by fires, floods, hail, water and windstorms.

11 Insurance Institute of Canada, "[Climate Risks: Implications for the Insurance Industry in Canada.](#)"

**Figure 2:** Commercial property claims in 2023 and the first three quarters of 2024



## 2024 has been the costliest year on record for insurance payouts

In 2024, wildfires forced the evacuation of thousands of people in British Columbia and Alberta, including Jasper. Preliminary estimates of commercial property damage exceed \$270 million.<sup>12</sup>

A heat dome over Atlantic Canada, Ontario and Quebec set record highs in more than 100 locations.

Flash flooding killed people in Nova Scotia, while extreme rainfall in Toronto and across Quebec caused widespread flooding and power outages, affecting homes, major transportation hubs and roads.

# Vulnerable populations are more adversely affected by extreme climate events

## Vulnerable populations in Canada may include

- elderly people
- Indigenous communities
- low-income individuals and families
- people experiencing homelessness
- people with low literacy skills
- people with disabilities
- children and youth
- women
- new immigrants

Together, these vulnerable populations make up a significant proportion of Canada's total population, underscoring the need to mitigate the effects of climate change for these vulnerable groups.<sup>13</sup>

Indigenous communities are disproportionately affected by climate change, which can impact their livelihoods, cultures, social relations, food security, health, well-being and ways of life.

Households affected by severe weather events are exposed to the following financial risks:

- loss of asset value, when homes that are not fully insured are destroyed;
- loss of the value of the home itself;
- loss of income, when employees cannot reach their jobs; and
- loss of revenue, when business activities are disrupted.

Natural disasters can cause financial hardship for severely affected households. According to an analysis by the Bank of Canada, households with high debt levels and exposure to natural disasters hold 39% of Canadian household debt and are concentrated in British Columbia and Ontario. These households are more vulnerable than others.<sup>14</sup>

# Investing in climate adaptation saves money

Based on a macroeconomic analysis done by the Climate Institute of Canada, every dollar spent on adaptation measures yields \$13 to \$15 in total benefits. This includes \$5 to \$6 on every dollar spent to avoid expenses related to direct damage, such as premature infrastructure repair and replacement costs, and \$6 to \$10 in ripple benefits that work their way through the economy.<sup>15</sup>

Some examples of this return on investment include the following.<sup>16</sup>

- Updating flooding and wildfire guidelines and standards for new construction could save Canada an estimated \$4.7 billion a year—a savings of nearly \$12 per dollar invested.
- Implementing climate-resilient building codes could have an estimated cost-to-benefit ratio of 1:12—equivalent to a 1,100% return on investment.
- Planting urban forests in Toronto has generated \$3.20 for every dollar invested by lowering cooling costs, improving air quality and reducing strain on stormwater infrastructure.

In addition, companies that take steps to manage the physical risks associated with climate change may find unexpected business opportunities, such as new products or services they could offer.

<sup>13</sup> Statistics Canada, *The impact of climate change on vulnerable populations*, (Ottawa: Statistics Canada, June 2024).

<sup>14</sup> Bank of Canada, *Household financial vulnerabilities and physical climate risks*, (Ottawa: Bank of Canada, 2021).

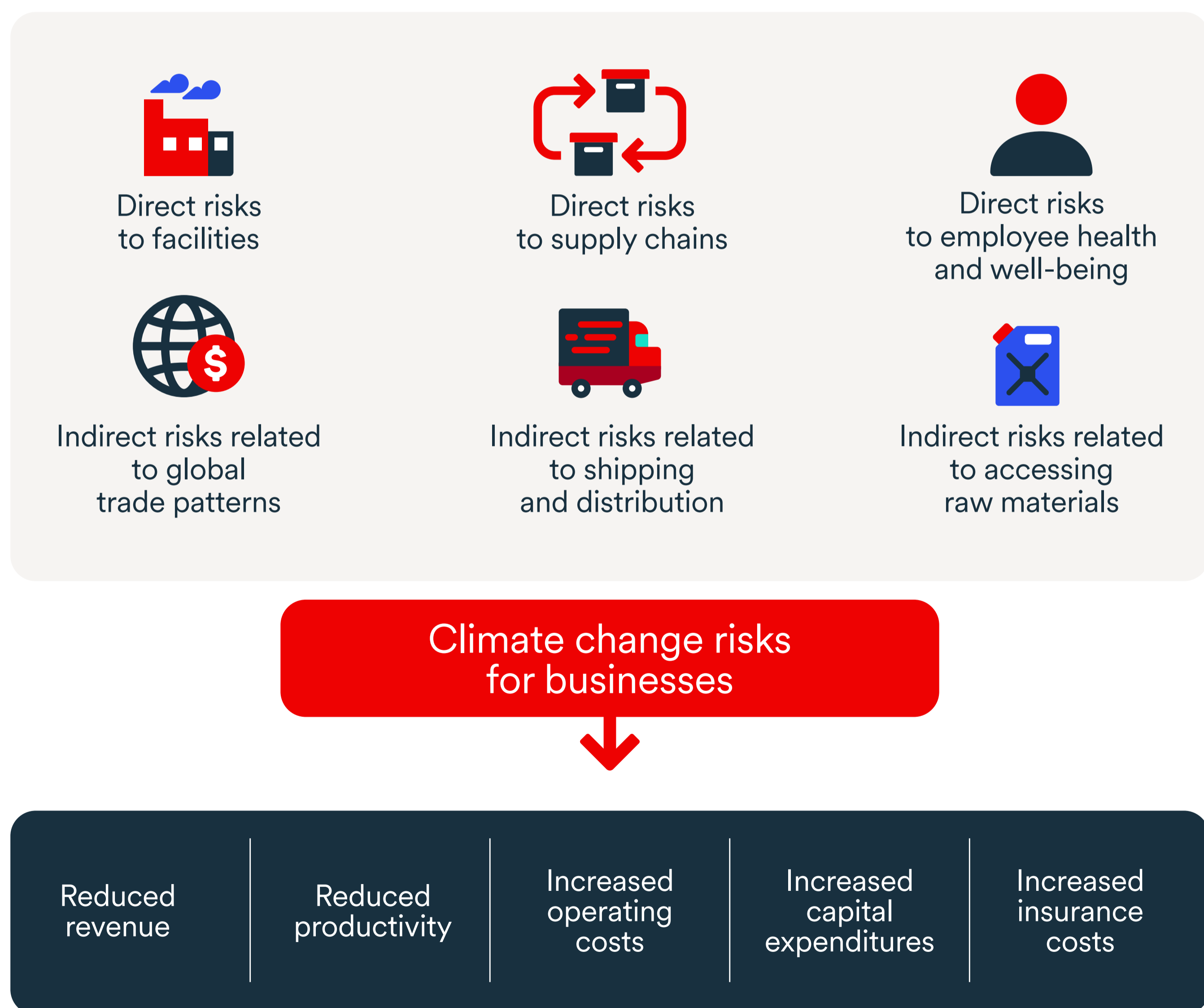
<sup>15</sup> Canadian Climate Institute, *Damage Control*.

<sup>16</sup> Environment and Climate Change Canada, "Funding Climate Change Adaptation," background paper (Ottawa: Environment and Climate Change Canada, June 27, 2023)

# Extreme weather events are already affecting Canada's SMEs

One of the key risks companies in Canada must consider in their business planning is the physical impact of climate change on their operations. This means they need to be better informed about how to prevent certain impacts of more frequent and severe climate events, recover from them, and prepare for the unexpected. This will help limit the cost of these events and get their businesses back up and running.

Figure 3: Climate-change risks for businesses



# Climate events add financial stress in a challenging economy

According to a recent report from Equifax Canada, natural disasters put additional financial pressure on businesses. For example, delinquencies on asset-based loans in the wake of the recent wildfires in western Canada are among the highest ever seen, particularly in Alberta and British Columbia. Delinquency rates in these provinces are higher than the national average, and businesses may struggle to recover from the combined impact of natural disasters and ongoing economic pressures.<sup>17</sup> This certainly adds to the challenges small businesses currently face.

Besides their own ability to bounce back, it is also important for businesses to think about how strong the communities around them are. For instance, a business may be well prepared for floods, but what if the surrounding community is not? Flooded roads, bridges and railways could hinder employees and customers from accessing the business, ultimately affecting operations.

<sup>17</sup> Equifax Canada, "[Financial Stress Continues to Rise for Businesses Across Key Industries](#)," press release (Toronto: Equifax Canada, September 2024).



# How climate events are affecting small businesses

In March and April 2024, BDC surveyed 1,250 small business owners from all regions and industries across Canada. The results of this online survey reveal the following.

## 31%

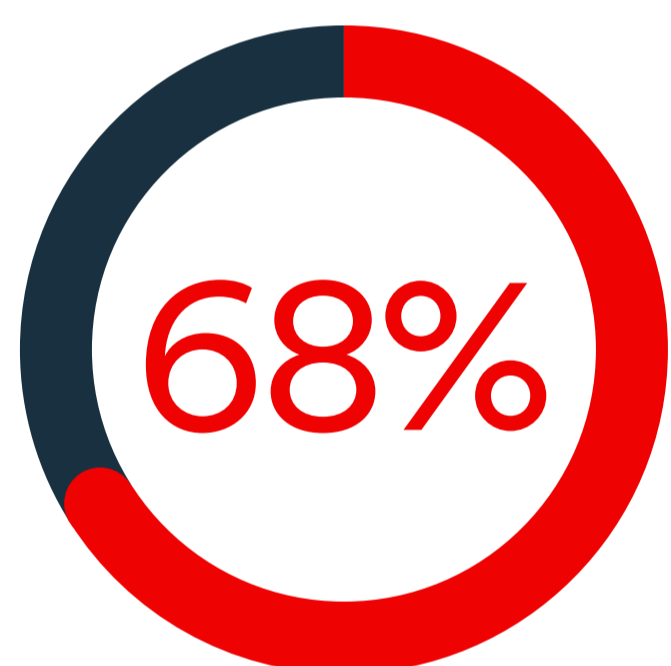
of Canada's SMEs have already been impacted by extreme weather events

## 48%

of Canada's SMEs expect to be impacted by climate events in the future

## A closer look at impacted businesses

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are led by Indigenous entrepreneurs

### Sectors

## 49%

Primary sectors (agriculture, fishing and hunting, mining, oil and gas)

## 49%

Accommodations and food services

## 43%

Construction

### Locations

## 50%

Near a large overflow water culvert

## 47%

In a flood zone

## 43%

In a coastal zone

## 40%

In B.C. and the North

# Business sales take the hardest hit following a climate event

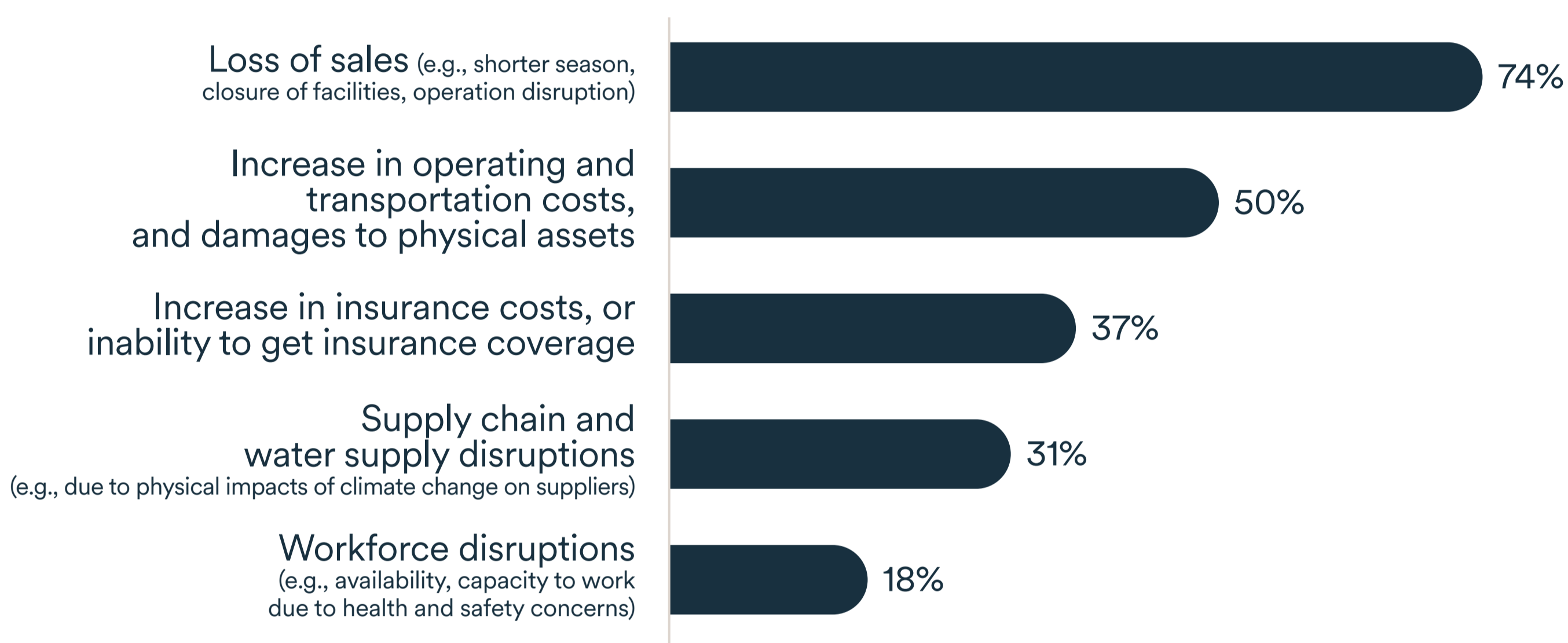
Among small businesses already impacted by the physical effects of climate change, these were the major negative impacts.

- sales losses
- higher operating costs
- increases in insurance costs
- inability to get insurance coverage
- supply chain and water supply disruptions

Growing firms and those located in Ontario were more likely to have suffered sales losses. Businesses located in the Prairies or near a coastal zone were more likely to have suffered supply chain disruptions.

Respondents impacted by workforce disruptions were more likely to have taken measures to mitigate the impact of climate change. Those firms were more likely to have 50 employees or more or to be located within 50 kilometres of a forested area.

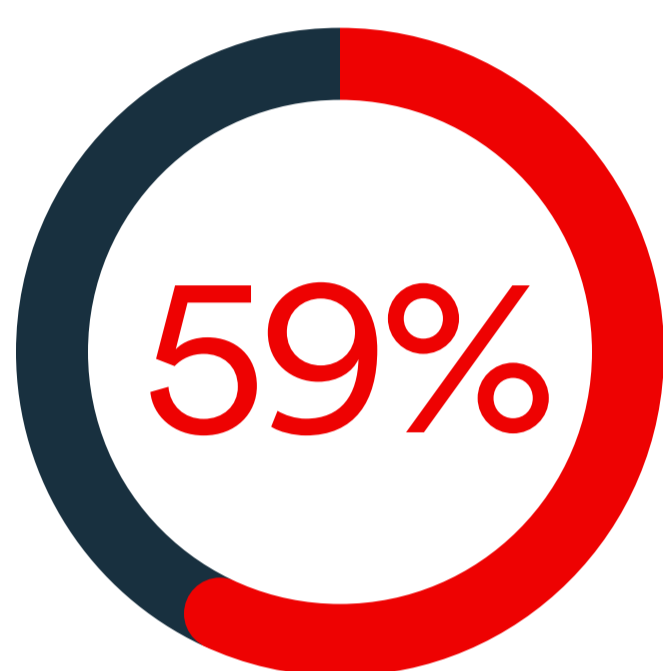
**Figure 4:** Most common consequences caused by the physical impacts of climate change



Source: BDC, Survey on Climate Adaptation, March–April 2024.

# Climate adaptation delivers tangible benefits

If Canadian businesses proactively evaluate the impacts of climate change and regularly assess changes in their operating environments, they can innovate and stay competitive despite the pressures of climate change.



59% of businesses see potential opportunities in climate adaptation

- Lower energy costs due to warmer winters (26%)
- An extended operating season (15%)
- Increased sales from new business opportunities (14%)

Businesses also identified growth opportunities related to developing products or services to respond to climate change.

**Table 1:** Climate adaptation solutions that SMEs could adopt to address climate change

Examples of solutions that support climate risk-related decision-making and/or enhance preparedness

- Climate/weather data services for modelling future climate change and impacts
- Software and hardware that help generate and process climate/weather data
- Digital tools for modelling climate data and assessing climate risks, vulnerabilities and the effectiveness of adaptation interventions
- Early warning systems (EWS) that help communities prepare for extreme weather events

Examples of solutions that reduce sectoral and geographic vulnerabilities

- Water: smart metering, water conservation structures
- Agriculture: new and improved seed varieties, pest and nutrient management
- Infrastructure: coastal protection and flood management structures, insulation systems, cool roofs
- Energy: battery storage, upgraded energy infrastructure solutions
- Disaster: recovery, restoration, and crisis management services and related products
- Forestry and biodiversity: drones, non-timber paper or packaging products

Source: World Economic Forum, [Accelerating Business Action on Climate Change Adaptation](#) (Geneva, Switzerland: World Economic Forum, 2023).

Businesses that take steps to adapt to climate change will reap benefits such as the following:

- fewer business disruptions;
- reduced insurance costs;
- new revenue streams;
- increased attractiveness to investors; and
- supply chain resilience.

# How prepared are SMEs and how can they adapt?

## Most small business owners in Canada are not prepared for climate events

Based on responses to our 2024 survey, we can conclude that Canada's SMEs underestimate the impact climate events could have on their business.

Among those who expect to be impacted by climate change in the future (48% of respondents),

- nearly half (47%) have not acted to reduce their vulnerability and protect their assets; and
- only 34% account for these expected impacts in their business strategy.

Among those who have already been impacted by climate change (31% of all businesses surveyed),

- only 31% have acted to reduce their vulnerability in the future.

Among all businesses surveyed,

- only 12% are making climate change adaptation a priority; and
- nearly one-quarter (23%) do not consider climate adaptation as important as other priorities.

# Business owners need support to invest in climate adaptation

Canada's SMEs are not paying much attention to climate change because they need more information and expertise to assess the physical risks to their business and implement adaptation measures.

The prohibitive cost of adaptation investments appears to be an obstacle as well. According to one-third (34%) of survey respondents, funding to implement adaptation measures would be welcome.

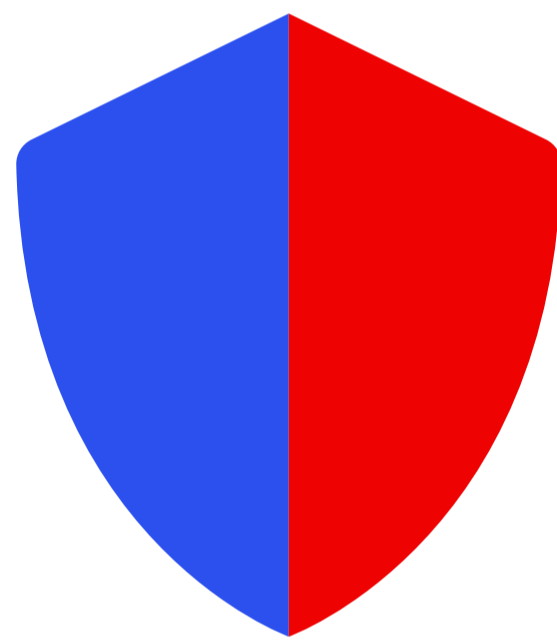
**Figure 5:** Supports that would help businesses implement climate adaptation measures



Source: BDC, Survey on Climate Adaptation, March–April 2024.

# Tips to help you prepare for and respond to physical climate risks

An overwhelming climate event like a flood or forest fire can strike quickly and unpredictably. However, with proper planning, you can protect your business from potential disasters. The key is to gather important information and prepare for worst-case scenarios systematically.



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## 1. Learn what to expect in your geographic region

Looking ahead is key to climate preparedness.

The [Climate Atlas](#) created by the [Prairie Climate Centre](#) summarizes projected climate changes for [17 major Canadian cities](#). It also includes ideas and technologies to help you protect your business.

The [Intact Centre on Climate Adaptation](#) has completed a series of reports assessing how prepared 16 major Canadian cities (and all provinces and territories) are to minimize the negative impacts of floods. These reports summarize how provincial and territorial governments have evaluated their flood readiness efforts across the four pillars of emergency management: mitigation, preparedness, response and recovery.

## 2. Protect your business assets

Look closely at what you have and what you will need to prepare for climate-related events. Below is a checklist to help you.

### How a climate-related event can damage your business

- Sales losses
- Higher operating costs

### How your business can prepare for and prevent damages

- Identify potential climate risks for your business, such as flooding, fire and extreme heat.
- Conduct an inventory of your critical equipment. Then, evaluate the vulnerability of your operations and infrastructure if a climate-related event affected it.
- Assess the financial impact these climate events could have on your business and customers.
- Protect your building’s structural elements, and the utility systems that support its operation, so that they can withstand extreme weather events.
- Put together, and regularly review and update, your [business continuity plan](#).

- Increases in insurance costs

- Contact your insurer to make sure your business is covered for climate-related events.
- Contact at least three potential insurers if you’re shopping for insurance coverage.

- Supply chain disruptions

- Identify parts of your supply chain that may be vulnerable to climate-related events.
- Contact these key partners and suppliers to see whether they have a business continuity plan.
- Diversify your suppliers, if needed.
- Ensure you have a real-time view of your supply chain, so you can identify issues when they arise.

- Workforce disruptions

- Train staff on climate risks and emergency procedures.
- Determine whether your employees are exposed to health hazards associated with climate-related events, such as heat stress.
- Assess the potential financial impact climate-related events could have on your employees.
- Where applicable, allocate resources to protect your employees.

# 3. Be prepared to face various types of climate risks

If you own or operate infrastructure, you might want to evaluate your business's ability to respond to climate-related events.

As part of its report, [\*Transitioning from Rhetoric to Action: Integrating Physical Climate Change and Extreme Weather Risk into Institutional Investing\*](#), the University of Waterloo's [\*Intact Centre on Climate Adaptation\*](#) lays out risk-reduction measures you can adopt for six categories of climate-related events.

## Floods

- Develop an emergency management plan, including flood procedures. Test it annually with operations staff and tenants.
- Equip elevators with water sensors so that they automatically return to higher floors if water is in the basement or underground parking areas.
- Elevate critical equipment—such as heating, ventilation and air conditioning (HVAC) systems, electrical and communication systems, and server rooms—above expected flood levels.
- If it is not feasible to elevate these systems, ensure they are flood proofed.

## Wildfires

- Establish a 10-metre perimeter around your property as a fire buffer.
- Keep roofs and gutters free of combustible materials, and equip openings and vents with non-combustible screen mesh.
- Install high-efficiency particulate air (HEPA) filters on your HVAC system to cleanse wildfire smoke from air.
- For new construction, use fire-resilient materials.

## Windstorms

- Reinforce your roof with additional fasteners applied at the perimeter and corners.
- Install impact-resistant glass to prevent debris from shattering your windows.

## Extreme heat

- Check that your HVAC system is designed to cool air effectively under extreme heat conditions.
- Test your emergency management plan annually, including extreme heat procedures, with operations staff and tenants.
- Install an emergency backup system for power outages.

## Ice, hail, snow loading

- Pre-emptively remove snow and ice from roofs.
- Ensure that snow removal items, such as heating cables and chemical de-icers, are available and that contracts with snow and ice removal companies have been secured.
- Install thermal imaging cameras to detect leaks and prevent mould.
- Insulate outdoor pipes, including those in unheated areas, or drain and turn off their water supply during winter months.

## Thawing permafrost

- Strengthen building foundations with coarse-grained soil.

# Resources

As you adapt your business to the new normal of more frequent climate-related events, you can consult many online resources, including the following:

## BDC

- [Integrate climate into your business strategy](#)
- [Climate-related federal and provincial funding programs](#)
- [Greenhouse gas calculator toolkit](#)

## Other

- U.S. Department of Homeland Security, [Ready Business Tool](#)
- National Climate Change Adaptation Research Facility, [Climate Change Risk Management Tool for Small Businesses in Queensland](#)
- [Ouranos](#)



## Scotch Creek Market

# An essential service during devastating B.C. fire

For 30 years, Brooke and Linda Kynoch have owned and operated the successful grocery store Safety Mart Foods near their home in Chase, B.C. Five years ago, the married couple purchased another store in nearby Scotch Creek.

**“Scotch Creek Market is a real, old-time general store with a gas station and pumps, a post office, a private liquor store and full bakery, deli, meat and produce departments,” Brooke says.**

Located near Shuswap Lake and its 1,000 kilometres of picturesque shoreline, both stores get a boost during the summer when vacationers descend on the area. Scotch Creek expands from 15,000 people during the winter to 50,000 in the summer.

That kind of fluctuation requires good planning. “Being rural, you can’t go to a hardware store 24/7 to get supplies,” Brook says. “I make sure I’ve got a fair number of spare parts around.”

This habit came in handy in August 2023, when one of the fastest-growing fires ever recorded in B.C. ripped through the Shuswap region.

## Foresight and planning helped curb damage

Forest fires had been burning in the distance for weeks, but on August 18, 2023, a wall of fire was creeping over the mountain just over a kilometre from the Scotch Creek store.

Brooke and Linda ensured their staff got out safely and grabbed important store items before fleeing to their home in Chase. Within hours, they’d be forced to evacuate again to Kamloops.

The next morning, the Kynochs learned that the fire hall across the street and a strip mall beside the store had been burned to the ground, but the Scotch Creek Market had survived. “We had sprinklers on our rooftop there, which we think made a big difference,” Brooke says.

He was anxious to return to the store as soon as possible.

“My generators were going to need diesel to keep running. The roads were blocked, but I have a pontoon boat, so that’s how 10 of us went over with jerry cans of diesel.”

The crew moved as much meat, dairy and frozen foods as they could into a refrigerated trailer Brooke had had the foresight to order a few days before.

## Serving the community during cleanup

Knowing the generators would need to be refueled again, Brooke began negotiating with the RCMP to declare the store an essential service. Since the fire department needed to be fed and Brooke had food, he was given clearance to return to the store during the 18 days of road closures.

As the days passed, Brooke and a few employees tackled the cleanup of the 14,000 sq. ft. grocery store. “I drove to Kelowna to pick up filters and blowers so we could start remediating all the smoke damage,” he says.

Though they couldn’t sell food, Brooke decided to serve residents in the area who didn’t have other options. He left some stock at the back of the yard for people to take. And for others who were feeding larger groups, he took orders to be paid later.

In the weeks that followed, the Kynochs continued doing what they could as members of the Scotch Creek community, including paying employees for their normal hours when the store was closed. The couple also bought 50 freezers to donate to residents via the Lions Club. A supplier heard what they were doing and bought 50 more freezers to donate.

## Good relationships key to business recovery

When Brooke returned to Scotch Creek Market, a full foot of ash on the tin rooftop masked the damage underneath. Embers had burned through the rubber membrane and melted thousands of washers and screws.

An insurance claim covered the replacement of the roof and a timber outbuilding, cameras and wiring, the food damage and other repairs. Loss of income was a big part of the claim since the fire occurred during one of the busiest weeks of the year for the store.

“We know how to sell groceries and run these stores, but the positive relationships with people at BDC, our bank and insurance company made a big difference as we worked through the recovery details,” Linda says.

## Investing to protect their business from future fires

Since the fire, the Kynochs have purchased additional sprinklers and other fire suppression equipment. A few of their staff members have taken a firefighting course that allows them to stay in case of a fire.

“As an entrepreneur, you need to rely on yourself the most. You have to look ahead and take the necessary precautions to protect your property.”

Linda Kynoch, Co-owner,  
Scotch Creek Market



# Conclusion:

## A call to action

This report highlights the importance of considering physical climate-related risks in business strategy. While some small businesses are more vulnerable than others, all Canadian companies are susceptible to the consequences of extreme climate-related events, such as floods, wildfires or extreme heat, either through the direct impact on their assets or the inability of their employees to come to work.

A survey of 1,250 small businesses in Canada revealed that very few have implemented adaptation measures to minimize climate-related costs. Even many of those that have been affected and expect to be affected in the future have not acted.

We also learned that small businesses need practical information on what to expect and prioritize. To this end, several resources, guidelines and actionable recommendations are included in this report.

Climate risks are too significant to ignore, and small businesses need to factor them into their planning. Companies prioritizing climate-risk management will be better positioned to withstand the physical impacts to their business and enhance their resilience.

## Methodology

### Survey

The data in this report are from an online survey conducted between March 18 and April 3, 2024 of 1,250 business owners and business decision-makers on the Sago online panel. Data processing and analysis were performed by BDC's Economics team and Research and Market Intelligence team.

### Margin of error

For a probabilistic sample of 1,250 respondents, the maximum margin of error is  $\pm 2.8$  percentage points, 19 times out of 20. However, as this survey is based on a non-probabilistic sample, this information is provided for reference only.



## Protect your commercial property from climate-related events

- Talk to our specialists about obtaining an environmental management certification for your business.
- Explore our flexible financing solutions to invest in property improvements.

### For more information

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