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Promoting ESG Awareness + Risk Literacy in SMEs

PEARL Case Study Template

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Case Study Identification

Case Study Title: Company M

Partner Institution: ATU Letterkenny

Country: Ireland

Sector /Industry: Manufacturing.

SME Profile:

Small firm employing 20 staff and T/O of circa €2.5M. Company size (micro / small / medium)

Ownership structure : Third generation family owned company with limited company stricture and five directors.

Market scope (local / regional / international):
Company sells in Ireland(20%) and to 12 export countries. Main export market is the UK which accounts for 60% of its sales.

2. Relevant PEARL Curriculum Module(s)

*(**Select one primary module and, if relevant, secondary modules:** Module 1 – Introduction to ESG, Module 2 – ESG Onboarding, Vision and Responsibility, Module 3 – ESG Risk Analysis and Materiality Assessment, Module 4 – ESG Strategy and Implementation, Module 5 – Reporting, Communication and Branding, Module 6 – Sustainable Financing and Funding Options for SMEs)*

Primary Module: Module 02 – ESG Onboarding, Vision and Responsibility

Secondary Modules:
Module 03 – ESG Risk & Materiality (supply chain + timber sourcing)
Module 04 – ESG Strategy & Implementation (developing formal plan)

3. Learning Purpose of the Case

What ESG challenge, decision, or dilemma does this case illustrate?
The case illustrates the impact of regulatory requirements and customer expectations on driving ESG adoption, particularly in relation to supply chain transparency and sustainable sourcing.

Why is this case relevant for SMEs?
It demonstrates how external pressures such as regulations and customer demands can significantly influence SME operations, requiring adaptation in processes, culture, and compliance systems.

Which competence gaps (knowledge, skills, attitudes) does it address?
Knowledge: Understanding ESG regulations and compliance requirements (e.g., timber and deforestation regulations)
Skills: Implementing due diligence systems, supply chain traceability, and continuous improvement practices
Attitudes: Developing a proactive approach to sustainability, compliance, and long-term planning

4. Case Context and Background

Provide a concise but concrete description of the SME's situation:

(Business model and core activities, ESG maturity level at the start of the case, Regulatory, market, or stakeholder pressure (if any), Key internal constraints (resources, knowledge, resistance, finance)

Company M is a small manufacturing business producing high-quality wooden veneers for doors, furniture, and joinery applications. The company imports most of its raw materials and exports the majority of its finished products, with a strong presence in international markets. At the start of the case, the company had a moderate level of ESG maturity, with a long-standing focus on efficiency through Lean practices but no fully formalised ESG strategy. The business faces significant external pressures, particularly from customers and regulatory requirements related to sustainable sourcing of timber. Key internal constraints include the need for continuous training, managing complex compliance requirements, and developing formal ESG systems such as ISO 14000, while maintaining operational efficiency.

5. ESG Challenge / Problem Statement

Clearly describe the central ESG-related issue, for example:

(Lack of ESG awareness or strategy, Need for ESG onboarding and internal alignment, ESG risks in the value chain, Materiality prioritisation challenges, ESG reporting and communication difficulties, Financing ESG investments)

How to ensure full compliance with evolving timber regulations and customer sustainability expectations while maintaining efficient operations and progressing towards a formal ESG strategy.

Key issues include:

- Managing ESG risks within the supply chain, particularly legal sourcing of raw materials
- Implementing due diligence and traceability systems
- Responding to increasing regulatory requirements (e.g., timber and deforestation regulations)
- Aligning long-term sustainability goals with current operational practices
- Developing a formal sustainability strategy and targets

6. Data, Evidence, and Inputs

(Use realistic but simplified data where needed)

(ESG-related qualitative information, Basic quantitative indicators (where applicable), Stakeholder inputs or assumptions, Regulatory or market references (e.g. CSRD, VSME, customer demands))

Qualitative Information:

•Company M follows Lean manufacturing with continuous improvement targets
•Strong customer focus with sustainability requirements
•Working towards ISO 14000 environmental management system

Quantitative / Operational Indicators:

•Imports ~90% of raw materials
•Exports ~80% of finished products
•Ongoing target of 1% efficiency improvement

Regulatory / Market Context:

•Compliance with UK Timber Regulations and EU Deforestation Regulation
•Requirement for due diligence, traceability, and supplier records
•Strong customer demand for sustainable sourcing

7. Suggested Tools from the PEARL Toolbox

Indicate which PEARL tools can be applied in this case and how?

ESG Risk-Opportunity Matrix (M3):Identifies risks related to supply chain and regulatory compliance

Supply Chain Risk Check (M3):Assesses sourcing risks and traceability of raw materials

ESG Materiality Analysis (M3):Prioritises key ESG issues such as sustainable sourcing

PDCA Template for ESG Governance (M4):Supports continuous improvement and compliance monitoring

Supplier Mapping with Matrix (M4):Enhances transparency and control over suppliers

Template for ESG Report (M5):Supports communication of sustainability performance to customers

Sustainable Finance Options for SMEs (M6):Identifies funding for ESG and certification initiatives

9. Expected Learning Outcomes

After working on this case, which KSAs will learners be able to develop?

(Aligned with Related competences (ref.PEARL framework)

Knowledge:
•Understanding ESG regulations and supply chain compliance requirements
•Awareness of sustainability challenges in manufacturing and sourcing

Skills:
•Ability to assess ESG risks within supply chains
•Implementing due diligence and traceability systems
•Applying continuous improvement to ESG performance

Attitudes:
•Developing a proactive approach to regulatory compliance
•Recognising ESG as essential for competitiveness and customer relationships
•Commitment to long-term sustainability and continuous improvement

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