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Promoting ESG Awareness
+ Risk Literacy in SMEs

PEARL
Case Study 5

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Case Study Identification

Case Study Title: Green Loan or Grant? – Financing ESG Transformation in a Small Food Company

Partner Institution: Northern Chamber of Commerce in Szczecin

Country: Poland

Sector /Industry: Food & Beverage / small-scale bakery

SME Profile:

A small bakery from Bydgoszcz, specializing in traditional bread, aims to reduce its energy and water consumption and introduce eco-friendly packaging. The company has no experience in securing ESG financing and is uncertain whether to choose a green loan, a grant, or green leasing.

Company size (micro / small / medium):

Small (30 employees)

Ownership structure (family-owned, partnership, etc.):

Family-owned

Market scope (local / regional / international):

Regional / national (Poland)

•Skills: Limited ability to assess costs, benefits, and risks of differen
•Attitudes: Uncertainty and apprehension about taking on debt, deali

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 6 – Sustainable Financing and Funding Options for SMEs)

Secondary / Supporting Modules (if any):

3. Learning Purpose of the Case

What ESG challenge, decision, or dilemma does this case illustrate?

This case illustrates the ESG challenge of financing sustainability initiatives in SMEs. Specifically, it highlights the dilemma faced by a small family-owned bakery in Bydgoszcz:

Challenge: The company wants to implement ESG measures—energy-efficient ovens, eco-friendly packaging, and solar panels—but has no experience with ESG financing.

Decision: The bakery must choose between several financing options—green loans, EU grants, green leasing, or crowdfunding—without clear knowledge of costs, benefits, and risks associated with each.

Underlying ESG issue: Many SMEs want to improve environmental performance and sustainability but lack guidance on practical funding solutions, which can delay or prevent meaningful ESG action.

In short, the case illustrates the practical barrier of ESG funding uncertainty that prevents small businesses from taking sustainability actions.

Why is this case relevant for SMEs?

This case is relevant because many small and medium-sized enterprises want to adopt ESG practices—such as energy efficiency, waste reduction, or eco-friendly packaging—but lack knowledge of available financing options. SMEs often face limited capital and resources, and uncertainty about loans, grants, or leasing can prevent them from implementing sustainability initiatives. By exploring this case, SMEs can learn how to assess costs, evaluate funding sources, and make informed decisions that support both their environmental impact and financial sustainability.

Which competence gaps (knowledge, skills, attitudes) does it address?

Knowledge: Lack of understanding of ESG financing instruments such as green loans, grants, green leasing, and crowdfunding.

Skills: Limited ability to assess costs, benefits, and risks of different financing options and to create a realistic financing plan for sustainability initiatives.

Attitudes: Uncertainty and apprehension about taking on debt, dealing with bureaucratic procedures, and managing financial risk related to ESG investments.

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)

A small, family-owned bakery in Bydgoszcz with 30 employees specializes in traditional bread. The company aims to reduce energy and water consumption, switch to eco-friendly packaging, and install solar panels. Revenues are stable but capital for investment is limited, and the bakery has no prior experience with ESG financing, making it uncertain whether to pursue a green loan, EU grant, or green leasing.

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)

The central ESG-related issue in this case is financing ESG investments. The bakery wants to implement energy efficiency measures, eco-friendly packaging, and renewable energy solutions but lacks knowledge of available financing options, faces uncertainty about costs and risks, and is unsure which instruments—green loans, EU grants, or green leasing—best fit its needs. This illustrates a common SME challenge: having the intent and strategy for sustainability but lacking practical access to funding to make it happen.

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)

The bakery wants to reduce energy and water use, switch to eco-friendly packaging, and install solar panels. It has 30 employees and stable revenue, but limited capital for investments. The owners have no experience with ESG financing and are unsure whether to use a green loan, EU grant, or leasing. Local banks offer green loans, and EU programs support energy efficiency for SMEs. Customers increasingly expect sustainable products, and ESG reporting standards like CSRD are becoming more relevant.

7. Suggested Tools from the PEARL

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

- *Industry & Competitor Check (M1)*
- *ESG Materiality Analysis (M3)*
- *PDCA Template for ESG Governance (M4)*
- *Supplier Mapping with Matrix (M4)*
- *ESG Communication Guide for SMEs (M5)*
- *Onboarding Tool for Internal Decision-Makers(M2)*
- *ESG Gap Analysis (M3)*
- *Sustainable Finance Options for SMEs (M6)*

8. Suggested Solution

Imagine you are a small bakery from Bydgoszcz looking to finance ESG initiatives like reducing energy and water use or introducing eco-friendly packaging. Even without prior experience, you can approach this in a simple and practical way.

Start by understanding your needs. List the planned ESG investments and estimate their costs. At the same time, identify which actions will bring savings — for example, lower energy bills. This gives you a clear picture of both costs and benefits.

Explore your financing options. You can consider:

green loans from banks,

EU grants for SMEs,

leasing of energy-efficient equipment,

or even ESG crowdfunding.

Compare the options carefully. Each comes with trade-offs: loans are fast but increase debt, grants are attractive but require time and paperwork, leasing lowers upfront costs but may cost more overall, while crowdfunding can support your image but is less predictable.

Choose a smart combination. Instead of relying on one source, combine them if possible — for example, use a grant for modernization, leasing for equipment, and your own funds for smaller changes like packaging.

Prepare a simple plan and take action. Outline what you want to do, what impact it will have, and what savings you expect. This will help you apply for funding and stay organized.

Track your results and communicate them. Monitor energy and water savings and share the outcomes with banks, institutions, or partners. This builds credibility and makes future financing easier.

Key takeaway: you don't need a perfect financing strategy — start small, combine different options, and focus on practical results that support both sustainability and your business.

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9. Expected Learning Outcomes

After working on this case, which KSAs will learners be able to develop?
(Aligned with Related competences (ref.PEARL framework)

Working on this case learners will be able to develop entrepreneurial competences, particularly knowledge of ESG resources (financial, human informational, planning, planning and managing ESG resources effectively, understanding ESG finance mechanisms and economic sustainability, evaluating and managing financial resources for ESG actions, Enhancing SMEs' capacity to access and utilize ESG-related funding and investments. This will also naturally enhance their digital competences in digitl content creation, safery, or problem solving.

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