

## PRACTITIONER ARTICLE

Management Practice

# Smart roots, deep impact: a low-cost CSR roadmap for Novelteak in the era of the EUDR and the CSRD

*Raíces inteligentes, impacto profundo: una hoja de ruta de RSC de bajo coste para Novelteak en la era del EUDR y la CSRD*

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## RESUMEN

Novelteak, empresa forestal de capital suizo que gestiona más de 7.000 hectáreas de plantaciones de teca en Costa Rica y Nicaragua y exporta a Europa y Asia, cuenta ya con la certificación FSC® y, según el plan, está en proceso de certificación B Corp™. Sin embargo, la certificación ya no basta: los clientes europeos, los inversores y los reguladores exigen transparencia, impacto medible y compromiso interno. Este artículo presenta la primera etapa de un plan de responsabilidad social corporativa (RSC) diseñado para la empresa. El plan combina un análisis regulatorio —el Reglamento europeo de productos libres de deforestación (EUDR) y la Directiva de información corporativa sobre sostenibilidad (CSRD)—, un mapa de grupos de interés, una comparación con cinco empresas de referencia del sector de la teca y un análisis DAFO. A partir de ello propone diez prioridades para la dirección con una inversión estimada, seis «victorias rápidas» de bajo coste en los ámbitos ambiental, social y de gobernanza, un plan interno de despliegue en cinco semanas y cuatro indicadores alineados con GRI. Los resultados son proyecciones: el plan estima una puntuación ESG global de 75 en 2024, con objetivos de 80 en 2025 y 90 en 2028, y prevé resultados visibles en doce meses. El caso ofrece a los directivos de empresas de recursos naturales medianas una lección práctica: empezar por la gobernanza y los datos, convertir la obligación regulatoria en ventaja de mercado y escalar a partir de pilotos pequeños y medibles.

**Palabras clave:** responsabilidad social corporativa; Reglamento europeo de deforestación; CSRD; silvicultura de teca; relación con grupos de interés; información ESG

**Keywords:** corporate social responsibility; EU Deforestation Regulation; CSRD; teak forestry; stakeholder engagement; ESG reporting

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## LICENCE

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## Executive summary

Novelteak is a Swiss-owned forestry company that has operated in Costa Rica and Nicaragua for more than 30 years, managing over 7,000 hectares of teak plantations and controlling its value chain from forest management to export. It already holds FSC® certification and, according to the plan, is undergoing B Corp™ certification. Yet certification alone is no longer enough: European clients, investors and regulators increasingly expect transparency, measurable impact and genuine internal commitment.

This article distills the first stage of a corporate social responsibility (CSR) plan prepared for the company. The plan combines a regulatory review of the EU Deforestation Regulation (EUDR) and the Corporate Sustainability Reporting Directive (CSRD), a stakeholder map, a benchmark against five teak and forestry peers, and a SWOT analysis. On that basis it proposes ten CEO priorities with estimated budgets, six low-cost "quick wins" across environmental, social and governance dimensions, a five-week internal rollout plan and four GRI-aligned key performance indicators (KPIs).

All outcomes are projections. The plan estimates an overall ESG score of about 75 for 2024, with targets of 80 for 2025 and 90 for 2028, and anticipates visible results within twelve months if quick wins are combined with governance enablers. For managers of mid-sized natural-resource companies, the case offers a practical lesson: start with governance and data, treat regulation as a route to market advantage, and scale from small, measurable pilots.

## Frases clave para citar / Key Quotes for Citation

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### Key Quotes / Frases clave:

- **Regulation as a design brief / La regulación como guía de diseño:**

"For Novelteak, a teak exporter operating in Costa Rica (low risk) and Nicaragua (standard risk), the EUDR means two compliance regimes within one supply chain; plot geolocation, batch traceability and documented due diligence define the data architecture its strategy needs." — Malliaroudaki & Villagrán Melo (2026), *Conscious Management Journal*, 4(1).

«Para Novelteak, exportadora de teca en Costa Rica (riesgo bajo) y Nicaragua (riesgo estándar), el EUDR supone dos regímenes de cumplimiento en una misma cadena; geolocalización, trazabilidad por lote y diligencia debida definen la arquitectura de datos de su estrategia.»

- **Indirect CSRD pressure / Presión indirecta de la CSRD:**

"Without claiming that Novelteak is directly subject to the CSRD, the plan argues that aligning with its reporting logic is critical, because EU clients bound by the directive will require such data from their suppliers." — Malliaroudaki & Villagrán Melo (2026), *Conscious Management Journal*, 4(1).

«Aunque no sostiene que Novelteak esté obligada directamente por la CSRD, el plan argumenta que alinearse con su lógica de información es crítico, porque los clientes europeos sujetos a la directiva exigirán esos datos a sus proveedores.»

- **Governance first, scale later / Gobernanza primero, escala después:**

"Novelteak's CSR plan models a sequence that mid-sized natural-resource companies can replicate: governance first, through an almost cost-free CSR committee; data second; quick wins third; and scaling only once evidence exists." — Malliaroudaki & Villagrán Melo (2026), *Conscious Management Journal*, 4(1).

«El plan de RSC de Novelteak propone una secuencia replicable para empresas medianas de recursos naturales: primero la gobernanza, con un comité de RSC de coste casi nulo; después los datos; luego victorias rápidas, y escalar solo cuando haya evidencia.»

• **Quick wins with metrics and risks / Victorias rápidas con métrica y riesgo:**

"The plan projects that six quick wins requiring limited resources, each with an indicative effort level, deadline, KPI and named risk, combined with governance enablers, could enable Novelteak to achieve visible results within twelve months." — Malliaroudaki & Villagrán Melo (2026), *Conscious Management Journal*, 4(1).

«El plan estima que seis victorias rápidas que requieren pocos recursos, cada una con un nivel de esfuerzo orientativo, plazo, indicador y un riesgo identificado, combinadas con mecanismos de gobernanza, permitirían a Novelteak obtener resultados visibles en doce meses.»

## Context and organisation

### A mid-sized player in a global commodity

Novelteak serves premium teak markets in Europe and Asia from its plantations in Costa Rica and Nicaragua. Its business model is vertically integrated: the company manages the forest, harvests, processes and exports. Its investor base is foreign, as the company was founded by Swiss entrepreneurs, and the plan describes its growth strategy as stable and long term, with solid capital backing. The workforce is estimated at roughly 200 to 400 employees, operating largely in rural areas.

The company's sustainability credentials are already significant. It holds FSC® certification, maintains a balance between productive teak estate and protected natural reserves on its land (Novelteak, 2023), a practice also seen at peers such as the Kilombero Valley Teak Company (KVTC, 2023). It also benefits from Costa Rica's positive environmental reputation and is expanding its carbon credit strategies. The plan's authors assess Novelteak as being at an "improving CSR maturity" stage: it has recently started its ESG reporting journey, with a strong and deliberate emphasis on reforestation.

### Positioning against peers

To understand where Novelteak stands, the plan benchmarks it against companies in the leading teak-exporting regions that publish verifiable sustainability data. Table 1 summarises the peer set.

**Table 1. Benchmark companies used in the plan**

| Company                              | Country                    | Profile highlighted in the plan                                                                                                                                                        |
|--------------------------------------|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| TRC – Teak Resources Company         | Brazil                     | One of Latin America's largest teak producers; exports reported at over 250,000 m <sup>3</sup> ; advanced silviculture, traceability and ESG leadership; FSC, PEFC and VCS credentials |
| TFC – The Forest Company             | Sweden / Colombia / Brazil | Forestry investment platform (eucalyptus and pine) managed by Timber Capital Limited; strong ESG reporting and carbon credit programme                                                 |
| KVTC – Kilombero Valley Teak Company | Tanzania                   | Africa's largest teak firm (about 8,000 ha of plantations); strong social forestry and community impact; FSC and ISO 14001                                                             |
| Apical Reforestadora S.A.            | Panama                     | FSC-certified, vertically integrated; over 4,400 ha and harvests of up to 38,000 m <sup>3</sup> per year                                                                               |
| Grupo Siembra                        | Ecuador                    | Largest public teak group: over 3,000 ha across 17 publicly traded plantation companies; fully georeferenced plantations                                                               |

Source: adapted from the CSR plan (Teak Resources Company [TRC], 2022; The Forest Company, 2023; Kilombero Valley Teak Company [KVTC], n.d.; Panama Teakwood, n.d.).

Against this group, Novelteak is described as well positioned in land assets and sustainability ambition, but still developing its sustainability pathway and technological capabilities. The SWOT analysis in the plan lists its strengths as an established presence in two countries with roughly 7,000 hectares of good-quality planted teak, Swiss-based investor backing, a focus on biodiversity, carbon credits and environmental audits aligned with EUDR requirements, and growing customer relationships in EU markets. Its weaknesses are an early stage of digital transformation and traceability, a recently started CSR reporting and ESG integration process, a medium scale compared with TRC's vast plantations, and a relatively small workforce and level of mechanisation that limit operational scalability.

## Challenge or opportunity

### Why CSR, and why now

The plan defines CSR as the strategic mindset and voluntary actions through which companies operate ethically and contribute positively to society and the environment, and positions ESG as its measurable counterpart. In the authors' formulation, CSR defines the "why" and the "how", while ESG provides the "what" and the "how much". For a teak exporter selling into Europe, this distinction is far from academic. Strong CSR alignment supports market eligibility in the EU, builds investor trust, enhances reputation across the value chain and builds resilience against environmental and operational risks. Conversely, failing to embed or communicate sustainability efforts can jeopardise certifications, market access and brand credibility (Associated Press, 2024; European Commission, 2024a).

The plan illustrates the cost of neglecting CSR with cases from the forestry and agro-industrial sectors, where poor practices have led to the loss of certification, reputational damage across entire supply chains and low scores in deforestation-related indices. The message for Novelteak is that the forestry sector faces heightened scrutiny, and that reputation, once lost, is costly to rebuild.

### Six challenges, six matching opportunities

The plan frames Novelteak's situation as a set of paired challenges and opportunities (Table 2). Each challenge has a corresponding managerial response, which later shapes the intervention.

**Table 2. Novelteak's key challenges and corresponding opportunities**

| Challenge                                                   | Opportunity                                                                                                  |
|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Balancing economic growth with environmental protection     | Implement sustainable forest management and carbon credit programmes                                         |
| Ensuring social inclusion and fair labour practices         | Promote local community engagement, fair wages and capacity building                                         |
| Navigating complex regulatory environments (e.g. Nicaragua) | Establish early-warning systems and partnerships with local regulators                                       |
| Supply chain transparency and traceability (IT investment)  | Use digital tools to track timber and automate monitoring and reporting                                      |
| Communicating CSR impact effectively to stakeholders        | Publish clear ESG reports and engage stakeholders through multimedia channels                                |
| Reputational risk from CSR failures                         | Strengthen brand equity and investor confidence through consistent CSR performance and transparent reporting |

*Source: adapted from the CSR plan.*

### The regulatory squeeze: EUDR and CSRD

Two European frameworks dominate the plan's analysis.

**The EU Deforestation Regulation (EUDR).** Adopted in 2023, the EUDR (European Commission, 2024b) replaces the EU Timber Regulation (EUTR), which covered timber legality but not deforestation or forest degradation. It applies to seven commodities (cattle, cocoa, coffee, oil palm, rubber, soy and timber) and their derived products, including furniture. To be placed on the EU market, products must be deforestation-free (no deforestation or degradation after the cut-off date of 31 December 2020), comply with the laws of the country of production, including on human and Indigenous rights, and be covered by a due diligence statement proving traceability and legal sourcing (World Resources Institute, 2023). Companies must provide geolocation data for the plots of origin, assess risks and mitigate them where they exist. The European Commission classifies countries as low, standard or high risk, which determines the intensity of due diligence and the share of operators checked: 1% for low-risk, 3% for medium-risk and 9% for high-risk countries (Tanso, 2024; European Green Forum, 2024). According to the sources consulted in the plan, Costa Rica is classified as low risk and Nicaragua as standard risk (EMMA4EU, n.d.; Preferred by Nature, 2024). For a company operating in both countries, this means two different compliance regimes within a single supply chain. Under the timeline in force in 2026, the rules apply from 30 December 2025 for large enterprises and from 30 June 2026 for small and medium-sized enterprises.

**The Corporate Sustainability Reporting Directive (CSRD).** The CSRD replaces the Non-Financial Reporting Directive and treats sustainability reporting with a rigour comparable to that of financial reporting. Reports must apply double materiality (both financial materiality and impact materiality), follow the European Sustainability Reporting Standards (ESRS), include auditable and digitally tagged data, and be published alongside the financial statements (European Commission, 2024a). The April 2025 "Stop-the-Clock" Directive, part of the Omnibus Package I, postponed the second wave of reporting companies from 2026 to 2028 and listed SMEs to 2029 (Foretica, 2025; Manifest Climate, 2024). Non-EU companies fall within scope if they generate more than €150 million of turnover in the EU and have a qualifying EU subsidiary or branch. The plan does not claim that Novelteak is directly obliged to report under the CSRD; rather, it argues that aligning with CSRD logic through KPI reporting and transparent disclosures is critical, because EU clients who are themselves subject to the directive will require such data from their suppliers. The plan also recommends that management monitor the Corporate Sustainability Due Diligence Directive (CSDDD), which does not directly affect Novelteak at this stage.

The plan's benchmark shows that peers are already moving. TRC is described as having advanced GIS mapping, due diligence platforms with satellite monitoring and traceability systems exceeding EU standards; Apical uses GIS and barcode log tracking; and Grupo Siembra operates fully georeferenced plantations with an ERP-style digital system. Novelteak, in the authors' assessment, is enhancing its mapping and batch-level traceability and developing an integrated digital platform, but has yet to reach full EUDR compliance.

### Who matters most

The plan maps nine stakeholder groups on a four-point scale of power and interest (Table 3). Two groups, CEO and leadership and EU clients, score the maximum on both dimensions and must be "managed closely". EU clients are pivotal: they often demand FSC-certified wood, are themselves under pressure from EU law, and can easily switch suppliers if environmental standards are not met. Investors, environmental bodies and national governments have high power and must be "kept satisfied". Farm workers and local communities have limited formal power but are directly affected by the company's decisions; the plan recommends keeping them informed and creating two-way feedback channels. Local government and logistics suppliers are to be monitored.

**Table 3. Stakeholder power and interest scores (1 = lowest, 4 = highest)**

| Stakeholder group  | Power | Interest | Engagement strategy |
|--------------------|-------|----------|---------------------|
| CEO and leadership | 4     | 4        | Manage closely      |
| EU clients         | 4     | 4        | Manage closely      |

| Stakeholder group                  | Power | Interest | Engagement strategy |
|------------------------------------|-------|----------|---------------------|
| Investors / financial institutions | 4     | 3        | Keep satisfied      |
| Environmental bodies               | 4     | 3        | Keep satisfied      |
| National governments               | 4     | 3        | Keep satisfied      |
| Farm workers                       | 1     | 4        | Keep informed       |
| Local communities                  | 2     | 4        | Keep informed       |
| Local government                   | 2     | 3        | Monitor             |
| Suppliers (shipping and logistics) | 2     | 3        | Monitor             |

Source: adapted from the CSR plan.

## Proposal and intervention

The plan is explicitly a first stage. It does not attempt a full transformation; instead, it sequences low-to-mid-cost actions designed to build credibility, meet EU requirements and create the internal foundations for later, more ambitious initiatives. The intervention has five components.

### 1. Ten CEO priorities for 2025–2026

The backbone of the plan is a list of ten priorities, each with an action, an estimated investment and a timeline (Table 4). Most require little capital; the largest single item is the initial EUDR compliance work.

**Table 4. CEO priorities, estimated investment and timeline**

| Priority                                   | Action and goal                                                                                               | Estimated investment (USD) | Timeline   |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------|----------------------------|------------|
| 1. Create a CSR committee and assign roles | Internal team, led by a CSR leader, to plan and coordinate ESG efforts                                        | 0–5,000                    | 0–2 months |
| 2. Stakeholder mapping and engagement      | Identify key stakeholders and build trust through active engagement                                           | 10,000–20,000              | 0–3 months |
| 3. Benchmark peer CSR practices            | Sales team reviews competitors' CSR to identify norms and best practices                                      | 1,000–5,000                | 2–4 months |
| 4. Quick-win CSR projects                  | Implement, or measure if already in place, small visible actions (reforestation, local hiring, worker safety) | 0                          | 3–6 months |
| 5. Environmental and social baseline       | Assess deforestation risk, emissions, community impacts and labour conditions                                 | 0–10,000                   | 3–6 months |
| 6. Initial steps for EUDR compliance       | Geolocation mapping (GPS polygons), supplier lists, risk screening, due diligence and documentation systems   | 30,000–50,000              | 3–6 months |
| 7. Improve documentation and reporting     | Compile internal data aligned with future GRI, EUDR and PRI expectations                                      | 0–10,000                   | 3–6 months |
| 8. Allocate an annual CSR and ESG budget   | Define and secure yearly funding for sustainability initiatives                                               | From 10,000                | Annual     |

| Priority                           | Action and goal                                                                      | Estimated investment (USD) | Timeline    |
|------------------------------------|--------------------------------------------------------------------------------------|----------------------------|-------------|
| 9. One social impact pilot project | A quick community project (education, clean water, reforestation) to be scaled later | 10,000–20,000              | 4–8 months  |
| 10. Capacity-building partnerships | Workshops with local NGOs or certification bodies (e.g. FSC, GRI, CDP training)      | 5,000–10,000               | 6–12 months |

Source: adapted from the CSR plan.

## 2. An EUDR compliance roadmap

For the regulatory core, the plan proposes a five-step roadmap drawing on industry guidance (Koltiva, 2024; Seedtrace, 2024):

- **Geolocation and traceability:** map every plantation plot with precise polygon or point data and link harvest batches to plot coordinates.
- **Due diligence system:** build a documented workflow for each harvest that verifies legality, forest risk and plot authenticity.
- **Third-party certifications beyond FSC:** pursue recognised legality and traceability certifications, such as TLTV or PEFC, or access the carbon offset market through VCS-certified projects.
- **Documentation and reporting:** record harvests, plots, volumes, dates, species, due diligence proofs and certifications electronically, then upload them to the EU's TRACES system.
- **Risk assessment and mitigation:** screen plots for deforestation, land tenure and protected-area risks, and mitigate through audits, legal checks and supplier guidance.

## 3. Things to "steal and start" from peers

The benchmark yields three practices that the plan recommends Novelteak adopt:

- **Annual ESG reporting.** TRC and KVTC publish annual ESG reports to build transparency and trust; adopting international standards would help position Novelteak as a sustainability leader.
- **A teak outgrower programme.** KVTC supplies local farmers with seedlings and training and commits to buying the trees after 15 to 20 years. The plan suggests a pilot with five to ten farmers, tracking results before expanding. The programme would create livelihoods for farmers and trusted supply for the company.
- **A carbon credit programme.** The Forest Company measures the CO<sub>2</sub> absorbed by its plantations, has it certified and sells the resulting credits; according to the plan, it has sold around 220,000 tonnes of CO<sub>2</sub> credits so far (The Forest Company, 2023). Novelteak could follow a similar path, signalling climate commitment while generating additional income.

## 4. Six quick wins

The plan translates the CEO priorities into six "quick wins": projects requiring limited resources, designed to show measurable progress within six to twelve months and to fit within existing team structures (Table 5).

**Table 5. Quick wins, metrics and expected impact**

| Quick win               | Design                                                     | Indicative effort level | Metric                                                    | Expected impact                                      |
|-------------------------|------------------------------------------------------------|-------------------------|-----------------------------------------------------------|------------------------------------------------------|
| Mini-reforestation plot | Plant 1–2 ha of teak and native trees on degraded land     | Controlled investment   | tCO <sub>2</sub> sequestered in year 1; survival rate     | Visible carbon sink; PR story; future carbon credits |
| Footprint audit         | Quick life-cycle scan of GHG, deforestation risk and water | Low cost                | Baseline ready; top three hotspots presented to the board | Data-based targets; EUDR evidence                    |

| Quick win                          | Design                                                                                                                            | Indicative effort level      | Metric                                                                 | Expected impact                                                 |
|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------|
| Starter offsets                    | Buy a small batch of verified forestry credits (Gold Standard or VCS only)                                                        | Low cost                     | Not specified                                                          | "Net zero in progress" signal to buyers                         |
| Local hire and upskill             | Target 70% of new hires from nearby communities; two-day safety and skills boot camp                                              | Internal resources / no cost | Share of local hires; trainee pass rate; decline in accident frequency | Lower turnover; higher community income; stronger local trust   |
| Community pilot project            | Co-design a school repair or clean-water project with a trusted NGO, completed within 12 months                                   | Controlled investment        | Community satisfaction survey; tone of media and NGO coverage          | Trust for larger CSR investment; positive media and NGO support |
| CSR committee and ESG data tracker | Cross-functional committee with a monthly 30-minute meeting; simple spreadsheet tracking energy, incidents and community spending | Internal resources / no cost | Share of quick wins delivered on time; ESG line in board minutes       | Continuous oversight; a two-page Sustainability Update 2026     |

Source: adapted from the CSR plan (Safdie, 2024; Grow Billion Trees, n.d.; Jobs for Sustainability, 2023; Alteri Consultants, 2021; Truax, 2022; CRIF Synergy, 2025).

Each quick win comes with an explicit risk. Reforestation survival rates below 80% would wipe out the public-relations gains, so the plan recommends a mix of native species and a watering plan. The footprint audit faces data gaps in Scope 3 emissions from outsourced transport, so it should start with in-house data and extend the following year. Offsets carry greenwashing risk unless they are restricted to recognised standards, and they are framed as temporary: the exit plan is to replace them with Novelteak's own carbon project by 2027. Local hiring will lose goodwill if wages lag regional rates. The community pilot risks over-promising, which is why it is capped at a budget under USD 15,000 with one clear deliverable. The committee risks becoming a "talking shop" unless it is held to three KPIs per quarter, and the data tracker should start with five core metrics to avoid overload.

## 5. Governance enablers and internal rollout

The plan insists that quick wins will not stick without governance. It recommends strengthening internal foundations through clear policies on behaviour, internal communication and engagement with rural and plantation-based workers; communicating progress upwards to the board and downwards through the supply chain; and ensuring that recruitment, onboarding and workforce management processes are clearly defined, documented and professionally implemented. It then adds a set of risk-management mechanisms:

- a **CSR risk register** covering, for example, community disputes, illegal logging, labour disputes and environmental degradation, each with likelihood and impact ratings and mitigation and contingency plans;
- a **community early-warning system** with reporting channels (anonymous if needed) and rapid-response protocols;
- **stakeholder capacity building** for local leaders, farm managers and field staff, and the appointment of community representatives as CSR champions;
- an **inclusive grievance mechanism** for employees, contractors and communities, with defined resolution timelines and feedback to complainants;
- periodic **external CSR audits** by third parties;
- **collaboration with local institutions**, including universities, NGOs and government agencies, to co-design and co-monitor projects in education, biodiversity conservation and social development.

For natural-risk management, the plan points to KVTC's model of daily patrols by trained village game scouts under local security agreements, coordinated with district authorities, which has helped prevent illegal logging, poaching and encroachment and has strengthened community respect. It suggests adapting this approach to Costa Rica and Nicaragua.

Internally, the plan proposes a four-step change sequence: communicate the "why" by linking sustainability goals to the business and daily work; empower key people as CSR ambassadors or committee members; start with visible, simple actions; and strengthen communication by training field operations, HR, finance and supply chain teams on ESG priorities and EUDR basics. This is operationalised in a five-week rollout plan (Table 6), most of which relies on existing tools.

**Table 6. Five-week internal CSR rollout plan**

| Who                | What                                                                                                                                                                                             | When      | Budget                                                            |
|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-------------------------------------------------------------------|
| CSR committee      | Launch the CSR vision and its benefits (posters, emails)                                                                                                                                         | Week 1    | No cost (existing tools)                                          |
| HR and CSR team    | Employee survey on sustainability perceptions and ideas; "Green Ideas" promoted by staff                                                                                                         | Week 2    | No cost                                                           |
| Operations and CSR | Brainstorm pilots: recycling stations at offices and farms, rainwater harvesting for irrigation, rooftop solar, a wind-energy feasibility study for off-grid sites, trial of organic fertilisers | Weeks 3–4 | No cost at this stage; future costs depend on the projects chosen |
| Finance and IT     | Internal KPI dashboard in Power BI tracking energy use, emissions and waste reduction                                                                                                            | Weeks 4–5 | No cost (existing tools)                                          |
| CEO and CSR team   | Company-wide internal CSR kick-off meeting                                                                                                                                                       | Week 5    | No cost                                                           |

*Source: adapted from the CSR plan.*

## Expected results and impact

All results below are expected or projected. Many of the underlying figures are, as the plan itself states, estimates built on stated assumptions for illustrative purposes rather than audited company data.

### Measurement framework

The plan selects four GRI-aligned KPIs that support EUDR compliance, are consistent with the EU Taxonomy and allow benchmarking against peers: carbon intensity (GRI 305-4), water intensity (GRI 303-5), waste recycling rate (GRI 306-2) and renewable energy use (GRI 302-1) (Global Reporting Initiative, n.d.). It complements them with an MSCI-style ESG rating and with social and governance metrics. Table 7 summarises the estimated baseline and targets.

**Table 7. Estimated GRI-aligned KPIs and targets**

| Metric                                                           | 2024 (estimated) | 2025 target | 2028 target | Industry reference used in the plan |
|------------------------------------------------------------------|------------------|-------------|-------------|-------------------------------------|
| Carbon intensity (tCO <sub>2</sub> e per USD million of revenue) | 3.0              | 2.8         | 2.6         | ≤ 50                                |

| Metric                                                      | 2024 (estimated) | 2025 target | 2028 target | Industry reference used in the plan |
|-------------------------------------------------------------|------------------|-------------|-------------|-------------------------------------|
| Water intensity (m <sup>3</sup> per USD million of revenue) | 6,703            | 6,263       | 5,862       | ≤ 10,000                            |
| Waste recycling rate                                        | 50%              | 65%         | 85%         | ≥ 75%                               |
| Renewable energy use                                        | 2%               | 3%          | 5%          | ≥ 60%                               |
| MSCI ESG rating                                             | BB               | BBB         | A           | —                                   |
| Overall ESG score                                           | ≈ 75             | 80          | 90          | —                                   |

Source: adapted from the CSR plan (Table 7 and Appendix 11). Figures are the authors' estimates.

### Environmental impact

Environmentally, the plan expects the mini-reforestation plot to create a visible carbon sink, with year-one sequestration and survival rates as metrics, and to lay the groundwork for future carbon credits. The footprint audit is expected to produce the company's first emissions, deforestation-risk and water baseline and to identify the top three hotspots for board attention. The EUDR roadmap is expected to deliver plot-level geolocation, batch traceability and a documented due diligence system, which are the preconditions for continued access to the EU market. Projected improvements include a rise in the waste recycling rate from 50% to 85% by 2028 and in renewable energy use from 2% to 5%, while carbon and water intensity are expected to fall modestly. The plan acknowledges that Novelteak remains far from the industry reference on renewable energy and recycling and should seek solutions to close the gap gradually. Rooftop solar, rainwater harvesting and organic fertilisers are identified as candidate pilots.

### Social impact

Socially, the plan expects the local hiring target of 70% of new hires, together with safety and skills training, to reduce staff turnover, raise community income and lower accident frequency. The community pilot is intended to deliver one tangible benefit, such as a repaired school or a clean-water facility, and to build the trust needed for larger CSR investment. A potential outgrower pilot with five to ten farmers would extend livelihoods beyond direct employment. The plan's social and governance metrics include targets to increase women in the workforce from 30% to 45% and women in leadership from 20% to 35% by 2028, training hours per employee from 20 to 35, the worker safety rate from 85% to 95% and the community investment ratio from 3% to 8%.

### Economic and governance impact

Economically, the plan's case rests on market access, reputation and financing rather than on direct cost savings. Compliance with the EUDR is presented as a condition for selling into the EU; CSRD-aligned reporting is expected to meet the data demands of EU clients and investors; and a carbon credit programme is seen as a potential new income stream. The plan's illustrative financial projections, built on assumptions that include 5% annual revenue growth and USD 500,000 per year of sustainability-driven capital expenditure, show net sales rising from USD 12.1 million in 2024 to USD 15.7 million in 2028. Most first-stage actions, however, are designed to cost little: the CEO priorities range from zero to USD 50,000 per item, and the internal rollout relies on existing tools. In governance, the plan targets an increase in board independence from 50% to 75% and a reduction in the CEO-to-median-worker pay ratio from 25x to 15x by 2028, alongside the committee, risk register, grievance mechanism and external audits.

## Compliance outlook

On compliance, the expected outcomes are readiness for EUDR due diligence across two jurisdictions with different risk classifications (Costa Rica low and Nicaragua standard), and progressive alignment with CSRD-style reporting through ESRS-compatible, auditable data. The plan concludes that, by combining quick wins with governance enablers, Novelteak could achieve visible results within twelve months.

## Lessons and recommendations for managers

The Novelteak plan is specific to a teak exporter, but its logic applies to any mid-sized company in a natural-resource value chain facing European sustainability regulation. Six recommendations emerge.

- **Build the governance engine before launching projects.** The plan's first priority is a CSR committee with a named leader, at almost no cost. A cross-functional group that meets monthly for 30 minutes, is accountable for three KPIs per quarter and reports to the board turns isolated initiatives into a managed programme. Without it, quick wins tend to remain one-off events.
- **Treat regulation as a design brief, not a threat.** For exporters to the EU, the EUDR's requirements (plot geolocation, batch traceability, documented due diligence) define the data architecture a credible sustainability strategy needs anyway. Managers should map each regulatory obligation to a concrete system and budget line, and plan explicitly for differences in risk classification between sourcing countries.
- **Measure before you claim.** A quick footprint audit and a small set of GRI-aligned indicators should come before ambitious public commitments. Starting with five core metrics in a simple tracker and presenting the top three hotspots to the board creates a defensible baseline. Where offsets are used, managers should choose recognised standards and set an exit date in favour of their own projects to avoid accusations of greenwashing.
- **Prioritise stakeholders by power and interest, and give voice to those without power.** Mapping stakeholders shows where to concentrate effort: EU clients and leadership must be managed closely. However, workers and local communities, who are highly affected but have little formal power, are where reputational risk originates. Feedback channels, a grievance mechanism with defined response times and a community early-warning system are inexpensive ways to detect problems before they escalate.
- **Start small, make it visible and attach a metric and a risk to every action.** Quick wins succeed when each has a modest budget, a deadline, a KPI and a named risk with mitigation, such as reforestation survival rates or wage levels for local hires. Capping the community pilot budget and limiting it to one clear deliverable protects credibility; one visible success earns the trust needed for larger investments.
- **Borrow proven practices from peers and pilot them before scaling.** Benchmarking is a low-cost source of tested ideas. Annual ESG reporting, outgrower schemes, carbon credit programmes and community-based land patrols have all been demonstrated by peers in the plan's benchmark. Piloting with five to ten farmers, or on one or two hectares, limits downside while generating evidence.
- **Communicate in both directions, all the time.** The plan stresses that every step, however small, should be communicated upwards to the board and downwards through the supply chain. Internal campaigns, employee surveys and a kick-off meeting cost little but build the shared ownership that sustains change once the novelty wears off.

The plan's own closing caution is worth repeating: it is a practical guide, not a rigid blueprint. Its value for managers lies less in the specific numbers, many of which are estimates to be replaced by real data, than in the sequence it models: governance first, data second, quick wins third, and scale only once evidence exists.

## Note on this version

This article was adapted by the CMI Journal editorial team from the authors' master's thesis and approved by both authors. All data, assumptions and operational context correspond to the period in which the research was conducted (mid-2025) and do not necessarily reflect Novelteak's situation in 2026: for example, the company has since achieved B Corp certification and no longer maintains significant operations in Nicaragua. The milestones of the EU Deforestation Regulation were updated by the editorial team to the 2026 regulatory timeline; the original thesis was based on the regulations in force in 2025. The ESG scores and financial figures are illustrative projections from a conceptual academic estimation model built on reasonable assumptions for the case study, not audited company data, and the effort levels in Table 5 are qualitative.

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