OBSERVATÓRIO ODS
NAS EMPRESAS PORTUGUESAS

2022 Annual Report

THE OBSERVATORY OF THE SDGs IN PORTUGUESE COMPANIES

An initiative of the Center for Responsible Business and Leadership at CATÓLICA-LISBON with the support of BPI - Fundação "la Caixa" and the Fundação Francisco Manuel dos Santos

The purpose of the Observatory of the Sustainable Development Goals (SDGs) Portuguese companies is to monitor the implementation of the UN's 2030 Agenda through a group of Large, and Small and Medium-sized Portuguese companies and develop an Annual Report with its respective results. It will also be a forum of debate and disclosure of the SDGs, sharing good corporate practices and inspiring more sustainable strategies, thus fostering the vital role of companies in creating a better world.

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Acknowledgments

The first year of the SDGs' Observatory in Portuguese companies was based on a strong collaboration with people from diverse areas of knowledge with whom we had important conversations. Throughout the process, these partners supported the path of inquiry that the team started to tread while questioning relevant points and, above all, giving key inputs, which led us to boost our knowledge. We want to thank this whole network of experts and each and every one of these people individually.

Firstly, our Advisory Board, made up of Ana Feijó of BPI – Fundação "la Caixa," António Pires de Lima of BCSD Portugal, Clara Bento of the Fundação Francisco Manuel dos Santos, Gabriel Bernardino of the CMVM – Portuguese Securities Market Commission, Gabriela Figueiredo Dias, of the IESBA – International Ethics Standards Board for Accountants, Gonçalo Matias, of the Fundação Francisco Manuel dos Santos, Isabel Ucha, of Euronext, José Pena do Amaral, of BPI – Fundação "la Caixa," Margarida Couto, of GRACE – Empresas Responsáveis, Mário Parra da Silva, of the UN Global Compact Network Portugal, and Nuno Gonçalves of IAPMEI (Agency for Competitiveness and Innovation), for their pertinent contributions to the advancement, accuracy, and relevance of this study.

To Professor Rob van Tulder, Professor of International Business at the Rotterdam School of Management, Erasmus University (RSM) and Head of the Resource Partnership Center, our guest academic advisor, for his shared expertise concerning the SDGs and his fundamental inputs while drafting the questionnaires and interviews conducted with the Large and Small and Medium-sized companies, object of this study.
To David Xavier, Secretary General of the General Secretariat of the Presidency of the Council of Ministers (PCM), who, during an informative conversation, gave us a macro and micro perspective of the various ministries, implementing the SDGs, as well as the short and long-term objectives of the Portuguese

Government clear. We also thank his team, including Sérgio Gomes da Silva, Head of the Department of Public Relations and Communication of the PCM, with whom we also had the chance to share relevant knowledge.

To Nuno Santos, at the time of the meeting, the Executive President of the Development and Cohesion Agency, now Partner Development Director of Microsoft, who helped us open many doors with crucial elements of the Portuguese Government and with the Cohesion Agency so that we were able to obtain the knowledge of Portuguese needs concerning the SDGs.
To Hugo Melo de Paiva and Glória Sousa, of the Services Management of the International Economic Organizations of the Ministry of Foreign Affairs, who, with their vast experience, shared the context and evolution of the activities of the Portuguese Government and its alignment with the 2030 Agenda. We thank them for sharing that "the Portuguese commitment is international and fully aligned with the UN" and has been getting stronger and more solid, "although some political challenges remain in its strategic implementation." (Interview realized on November 23rd, 2021).

To Cristina Ramos, Head of Unit for Satellite Accounts and Quality Assessment of the National Accounts at Statistics Portugal (INE), and Ana Simão, Economist of INE, who brought a seamless vision of Portugal in the world, examples of data recovery and various interesting statistics, specific report examples of other countries, as well as the challenges that Portugal faces according to specific data.

Executive Summary

Executive Summary

The Sustainable Development Goals (SDGs) are the only universal Agenda that calls on a dynamic cooperation between the public and private sectors and civil society, to promote humanity's sustainable and prosperous development, compatible with nature. They are, in this regard, an indispensable agenda for this Decade of Action, thus proclaimed in 2019 by the Secretary-General of the UN, António Guterres.

Data shows that, despite having progressed since 2015, with the rise of challenges associated with the pandemic, war, and economic crisis, and the worsening of environmental degradation, many of the 17 objectives in the 2030 Agenda suffered stagnation or even a reversal. Thus, it is more than never necessary a joint action and the development of partnerships and strategic actions from all agents of society so that the 2030 Agenda can progress, and, with it, humanity can hope for true development, fully integrated with the planet.

It is in this sense that Católica Lisbon School of Business and Economics, in partnership with BPI – Fundação "la Caixa" and the Fundação Francisco Manuel dos Santos, are launching the first and ambitious study of the implementation of the SDGs in Portuguese companies. This comprehensive study aims at consolidating efforts, diagnosing actions, and promoting progress in this Agenda, in the Portuguese private sector. The private sector, especially the business sector, merges many varied resources, without which the Agenda of Sustainable Development will not be fulfilled. Its action is, therefore, pressing and urgent so that the ambitions for 2030 and 2050 start to be fulfilled today, and the companies may be strong support for the actions of the public sector and civil society.

It is CATÓLICA-LISBON's responsibility, as an Impact School, to contribute now to this Agenda in an ambitious way and in cooperation with all partners and participants of this study, as well as all who want to contribute to this project. To that end, the current project proposes to carry out a series of studies and actions that, over the next years, may promote the development of the 2030 Agenda together with the Portuguese private sector, in close cooperation and with positive spillovers to the Government and Portuguese society.

Therefore, The Observatory of the SDGs in Portuguese companies proposes to:
• promote a thorough knowledge of the implementation of the SDGs in the private sector;
• collect good practices that push forward this Agenda from Portugal to the rest of the world;
• speed up the implementation of the SDGs in Portuguese companies and in Portugal.

This first Report by The Observatory of the SDGs in Portuguese companies presents the bases of knowledge so that all aspirations are fulfilled. It is the first in a series of actions that CATÓLICA-LISBON proposes to carry out. It follows from an initial diagnostic work carried out through the years 2021 and 2022 in which, besides the study of the context of the implementation of the SDGs in the country, 60 of the largest companies participating in the Portuguese economy and 103 Small and Medium-Sized Companies were heard. It is divided into eight chapters, throughout which are presented the 2030 Agenda (Chapter 1), the Observatory of the SDGs in Portuguese companies' ambitions (Chapter 2), the importance of the SDGs in the business sector (Chapter 3), the context of the progress of the SDGs in the world, in Portugal, and the Portuguese private sector (Chapters 4 and 5). The methodology and theoretical background of the project are presented in Chapter 6. Following this is the presentation of the data collected and analyzed throughout this first year, resulting from the analysis of questionnaires, interviews, and Non-Financial Reports of the companies being studied

(Chapter 7). In Chapter 8, a series of good practices collected within the companies being studied are presented to make these cases known so that they may inspire other companies to pursue their sustainability agenda.

From the data analysis, it was concluded that:

• Portugal is a relatively advanced country concerning the progress of the 2030 Agenda, but it still has many challenges in fulfilling some of the goals considered strategic for our economy and society.

• Portuguese companies have diverse conducts in their ambition and actions on the 2030 Agenda. Large companies show greater progress with the SDGs than SME companies due to legal and market requirements, although some challenges still cut across the whole private sector.

• Portuguese companies have a great awareness of the importance of the Sustainable Development Agenda and, through their actions, show a commitment to its fulfillment. As a result, countless good practices can promote joint action.

The Observatory of the SDGs' in Portuguese companies is a work in progress, wherefore we expect that this first Report will be the basis for an extended contribution to companies, science, and Portuguese society. We hope this work prompts all readers to a closer view and more effective action on behalf of the 17 Sustainable Development Goals.

1

Sustainable Development Goals

What are they?

The Sustainable Development Goals (SDGs) are the only global Agenda for sustainable development that has been agreed upon by the public, private, and social sectors. They were agreed upon in September 2015 by the 193 signatory states at the United Nations General Assembly. They are, therefore, the first Agenda of world governance organized and built with a legitimate and multistakeholder process. The SDGs have, in this regard, the capacity to act on the most challenging issues of humanity, driving a joint effort in developing global prosperity. Unlike its predecessors (the Millennium Development Goals), the SDGs' Agenda is directed at the developed and developing world, is more comprehensive in terms of goals, covering numerous economic, social, and environmental areas, and appeals to the participation of all agents of society.

The SDGs came into effect on January 1st, 2016, through the UN's motion, **"Transforming our world: the 2030 Agenda for Sustainable Development".**

This global agenda comprises **17 goals that unfold into 169 targets and 232 indicators.** It aims at promoting sustainable development through goals of eradicating poverty and hunger (SDG#1 and #2), promoting good health and education (SDG#3 and #4), gender equality (SDG#5), access to clean water and sanitation (SDG#6), access to affordable and clean energy (SDG#7), promoting economic growth, economic prosperity, and industrial and technological development (SDG#8 and #9), equal opportunities and equity (SDG#10), sustainable cities (SDG#11), sustainable consumption and production (SDG#12), climate action (SDG#13), protecting the oceans and sea life (SDG#14), protecting life on land (SDG#15), peace, safety, and strong institutions (SDG#16), and solid partnerships for prosperity (SDG#17).

What is so special about this Agenda?

The 2030 Agenda is about the most challenging problems of society. It is, therefore, an agenda that touches on "wicked problems." In this regard, the problems addressed by this Agenda are systemic, have no concrete resolution, have multiple origins and connections, and can be navigated through but never solved in their entirety. They demand partnerships for their solving (for example, SDG#1 – Eradicating poverty) which can never come about without the joint efforts of various participants. In this way, the 2030 Agenda is a path to be laid out with the participation and partnerships between everyone and can only be met with the active role of all economic and social agents. It is a set of particular goals with specific and achievable targets and offers a roadmap for action and a common destination. However, the way to be charted and its governance are mixed and the result of a free dialogue between agents of society. By being a voluntary agenda, it has no force of law, which has made its implementation more challenging.

Being an agenda that acts on systemic problems, its goals are intrinsically connected and cannot be pursued individually, which can generate positive spillovers or negative tradeoffs between the different goals. Accordingly, the companies (and any organization) should (while addressing a goal) consider the positive and negative effects of that goal on the remaining 17 they might impact on. This exercise, called nexus approach, can boost the transformative and systemic power of the 2030 Agenda.

The 2030 Agenda represents a change towards the concepts of sustainable development that precede it. The concept of sustainable development was first defined as one that seeks to fulfill the needs and aspirations of the current generation without compromising the future generations' capacity to fulfill their own needs and aspirations, under the terms of the Brundtland Report, called "Our Common Future," and published in 1987 by the UN's World Commission on Environment and Development. Elkington later linked it to the triple "P" (Elkington, 1999), which covers the economic, social, and environmental components (Planet, People, and Profit). With the universal agreement that the SDGs represent, we pass an agenda with 5 priorities and five "P's," adding Peace and Partnerships to the previous ones. These characterize not only the UN (promoting organization) but also the way these goals are achieved, which can only be met through Peace and solid institutions and Partnerships, an essential implementation mechanism due to the complex and universal nature of the 2030 Agenda.

In addition to these five principles, the SDGs' great motto and main tenet is centered on the mission of "leave no one behind," a commitment that, in the aftermath of COVID-19 on the 2030 goals, can work as a veritable plan of global development. As referred to in the preamble to "**Transforming our world: the 2030 Agenda for Sustainable Development**": "We are resolved to free the human race from the tyranny of poverty and want and to heal and secure our planet. We are determined to take the bold and transformative steps urgently needed to shift the world onto a sustainable and resilient path. As we embark on this collective journey [the SDGs], we pledge that no one will be left behind." (2015)

The SDGs and the efforts outlined around them are a unique opportunity to build a new society, finally, change the course of history, and mark the end of some of humanity's systemic issues.

We have the resources, the technology, and the motivated agents for this change to occur. In this regard, the only thing necessary is more understanding of the challenge at hand, coordinated action, and transforming intentions into action. For this, the goals and targets of the SDGs must be known and incorporated into all the activities of the various agents involved.

As seen in chapter 4.1 of this Report, there is still a long way to go in this decade to move the 2030 Agenda forward. The COVID-19 pandemic and the political instability around the world have contributed to delays and setbacks in achieving the SDGs. This conclusion reiterates the need and urgency of this study, which, as seen in Chapter 3, is an answer to the need to further involve the private sector in fulfilling this global Agenda.

Reference:

Elkington, J. (1999). Cannibals with Forks: The Triple Bottom Line of 21st Century Business | Wiley.

Why an Observatory of the SDGs in Portuguese companies?

2.1 # The origin of this project and its purpose

An initiative of the Center for Responsible Business and Leadership at CATÓLICA-LISBON, in collaboration with BPI - Fundação "la Caixa" and the Fundação Francisco Manuel dos Santos

Establishing an Observatory of the SDGs in Portuguese companies comes at a crucial time for implementing the 2030 Agenda in the country and the world. We are in the so-called "Decade of Action," thus named by the UN Secretary-General António Guterres – a decade of action to speed up the fulfillment of the SDGs and reach its targets in 2030. In this regard, and considering the vital role of the private sector in fulfilling the Sustainable Development Agenda, it becomes urgent to understand if and in what way Portuguese companies are effectively adopting the SDGs so that potential obstacles to action and opportunities for improvement can be identified.

Therefore, and following this commitment, CATÓLICA-LISBON partnered with BPI- Fundação "la Caixa" to launch this project in September 2021, to which the Fundação Francisco Manuel dos Santos later joined.

Being a completely innovative project, the SDGs' Observatory in Portuguese companies promises to be a landmark in the study of this topic in Portugal and the world. This project is inspired by the "Observatorio de Los ODS," an initiative of the Center for Leadership and Sustainability of the Esade Business School, in collaboration with the Fundação "la Caixa." The aforementioned project was launched in 2018 to accompany the implementation of the 2030 Agenda of the United Nations by a group of Spanish companies. In this case, the SDGs' Observatory in Portuguese companies pursues a similar goal to the "Observatorio de Los ODS." However, it presents a different approach and methodology, namely:

- It proposes a study of **a group of Large and Small and Medium-Sized Portuguese companies** in order to ascertain the current situation of these companies in the face of the SDGs' implementation, considering the different dimensions they present and the particular challenges they face;
- It has an **Annual Report** as output, backed by a longitudinal analysis of data and with a solid and constant theoretical background of analysis based on proposals by economic and corporate science. These will allow for a consistent follow-up and evolving analysis of the gathered information.

- It develops a deep analysis of how Portuguese companies are adopting the SDGs' Agenda and identifies opportunities for improvement.

The Observatory of the SDGs in Portuguese companies foresees an in-depth analysis never made before in Portugal to assess how and in what way the SDGs are being implemented in Portuguese companies. Consequently, it makes the current situation clear and allows for a dynamic study of how the contribution of the national corporate sector will evolve in the future.

The relevance and added value this study brings to the development and integration of the SDGs in corporate practices should be emphasized, demonstrating that this integration brings transversal advantages to all players involved, starting with the companies and society in general. This is believed to be an innovative project on an international level, which in the future may be emulated in other countries, as well as in various institutional frameworks.

The fulfillment of the Sustainable Development Agenda in Portugal has progressed but is still below what is necessary to fulfill the established goals in the 2030 Agenda. In this regard, it is central to:

- **Promote the involvement of the private sector** in fulfilling this Agenda, with a clear understanding of the benefits for all parties (companies, State, citizens).
- **Understand the Portuguese context in the progress of the fulfillment of the SDGs in the deepest way** and the specific role that companies can play.
- **Understand and measure how these Portuguese companies incorporate the SDGs** in their activities, from the most peripheral to the core of the business.
- **Identify and disseminate good practices** and show the path to follow in alignment with the priority objectives of Portugal and the United Nations in the Universal Agenda.

With this background, this study has three core goals:

1. Promote a clear understanding of the involvement of Portuguese companies with the Sustainable Development Goals.
2. Promote and disseminate good practices in the implementation of the SDGs at the core of the corporate strategy;
3. Stimulate knowledge about the SDGs among the business community, and promote their implementation in the private sector. Sharing good business practices and inspiring more sustainable strategies, thus enhancing the key role that companies have in creating a better world.

As CATÓLICA-LISBON is a business school with a deep alignment with the principles of sustainability, cooperation, and responsibility proposed by this Agenda, our motivation is to contribute so that Portuguese companies recognize the unique opportunity that the Sustainable Development Goals offer as an agenda of action towards the markets of the future and a desired society that is more just and balanced.

Accordingly, this study allows the understanding, monitoring, and enhancement of the adoption of the SDGs by Portuguese companies to boost its strength, efficiency, and potential contribution to the 2030 Agenda.

The involvement and contribution of companies are crucial for fulfilling the Sustainable Development Agenda, as it is unavoidable that said companies assume themselves as active agents in solving global societal problems, in a perspective that goes far beyond corporate social responsibility. On the other hand, companies are also more aware that this is the active and responsible attitude that allows them to operate and have a competitive advantage in increasingly demanding markets, serving customers who are increasingly conscious of the importance of sustainability.

In the face of this context, the Observatory also intends to be a forum for debate and promotion of the SDGs.

At CATÓLICA-LISBON, we have a strong driving force for this purpose: the Center for Responsible Business and Leadership. This center aims to bring the fulfillment of the Global Agenda to the world of business in a way that positively impacts society.

We believe this project's work should be done with a solid collaboration that generates scientific knowledge, closely connected with the reality of corporate fabric. It should be focused on the most urgent needs of Portuguese society and should be developed with partners aligned with the constituent values of our Faculty and University. Consequently, this project was carried out by the team of the CRB at CATÓLICA-LISBON, partnered with the BPI – Fundação "la Caixa" – a non-profit organization that has as its main goal to act against inequality and to promote general well-being in society, particularly disadvantaged communities. Completely aligned with these values and mission, the Fundação Francisco Manuel dos Santos joined this project in June 2022. The partners are in line with the goals of this project and with CATÓLICA-LISBON's mission of contributing, through education and knowledge, to a positive impact on society.

CATÓLICA-LISBON, through the CRB, is responsible for the scientific quality of this project and the running of the necessary studies and reports to fulfill the project's goals.

BPI – Fundação "la Caixa" is a founding partner of the Observatory, which is also joined by the Fundação Francisco Manuel dos Santos as a strategic partner of this project.

2.2 Project partners

The Observatory of the SDGs in Portuguese companies is a project led by the Center for Responsible Business and Leadership (CRB) – a research center of the Católica Lisbon School of Business and Economics.

The Center for Responsible Business and Leadership (CRB) is a strategic initiative that comes from CATÓLICA-LISBON's ambition to be a catalyst for the creation of an impact through the development of knowledge and innovation in order to place the concept of Responsible Business at the heart of business strategy.

2.3 Team and Advisory Board

So that the fulfillment of this project is attained with the most beneficial result for the companies and Portuguese society, the executive team has deemed as essential the involvement of strategic partners capable of conferring accuracy, quality, and a connection to the particular reality of these companies to the project. With this in mind, an Advisory Board was created, made up of national and international experts capable of counseling and guiding the executive team in achieving this work.

The **Advisory Board** is, thus, constituted of partners who bring strategic worth to this project, representing various entities considered to be central to the study:

António Pires de Lima – President of BCSD Portugal and President of the Executive Commission of Brisa.

Ana Feijó – Head of BPI - Fundação "la Caixa" in Portugal BPI - Fundação "la Caixa".

Filipa Pires de Almeida – Deputy Director, Center for Responsible Business and Leadership – CATÓLICA-LISBON.

Filipe Santos – Dean of CATÓLICA-LISBON

Gabriela Figueiredo Dias - Executive Chair of IESBA - International Ethics Standards Board for Accountants.

Gabriel Bernardino – President of CMVM.

Isabel Ucha – CEO of Euronext Lisbon and Administrador at the Euronext N.V. Administration

José Pena do Amaral – Executive Commission consultor and member of the BPI – Fundação "la Caixa" Social Responsibility Commission.

Margarida Couto – President of GRACE representing Vieira de Almeida and founding Partner of the Vieira de Almeida Society.

Mário Parra da Silva – Network Representative at UN Global Compact Network Portugal.

Nuno Gonçalves – Member of IAPMEI's Director's Council.

Nuno Moreira da Cruz – Executive Director, Center for Responsible Business and Leadership - CATÓLICA-LISBON

The research team has Filipe Santos as Scientific Coordinator, Nuno Moreira da Cruz as Executive Coordinator, and Filipa Pires de Almeida as Project Manager and Main Researcher. Natália Cantarino, Mafalda Sarmento, Marta Sanches and Angela Lucas are part of the team as researchers.

Filipe Santos is a Professor of Social Innovation and Dean of CATÓLICA-LISBON. He has a degree in Economics, a Masters in Management & Strategy, and a Ph.D. in Management Science and Engineering from Stanford University. He is co-founder and president of IES-Social Business School and the Laboratory for Social Investment (Maze-Decoding Impact). He is also the founder of the public initiative Portugal Social Innovation.

Nuno Moreira da Cruz is the Executive Director and co-founder of the CRB and teaches different classes focused on responsible businesses in the Masters and Undergraduate Programs of the UCP. He has a Law Degree, a post-graduate in European Studies, and an MBA from IE Business School. He is co-founder of the NGO "BUS – Bens de Utilidade Social" and Chairman of CADin.

Filipa Pires de Almeida is Deputy Director of CRB at CATÓLICA-LISBON, a Professor of executive training, and is currently developing her Ph.D. at the Rotterdam School of Management in Strategy and Sustainability. She has a degree in Economics and a Master's in Management and completed the Shared Value executive course at Harvard Business School.

Natália Cantarino is a Researcher of the CRB team. She has a Master's in Management with a specialization in Strategy, Sustainability, Social Innovation, and Impact Ventures. She has experience as

an entrepreneur with a focus on product development, design, and strategic management consulting.

Mafalda Sarmento is a Researcher of the CRB team. She is a co-founder and partner at Positive Benefits. She has a Postgraduate Degree in Development Studies from ISCTE-IUL and a Designer degree from ESAD. Previously, she coordinated the development of the IES-SBS mentor program, coordinated the Social Innovation Lab IES-SBS, and the Portuguese and Mozambican Social Innovation Map.

Marta Sanches is a Researcher on the CRB team. She has a Degree in Management and Business Administration from CATÓLICA-LISBON. She has experience in the area of Corporate Finance.

Angela Lucas is a Researcher and Advisor of the CRB team. She has a Law Degree by the Universidade Católica Portuguese – Escola de Lisboa. She completed the Executive Course "Sustainable Capitalism & ESG" at Berkeley School of Law. She has experience as a lawyer in Environmental Law and Climate Change, was a trainee at the DG Environment of the European Commission, and worked as an advisor for the Cabinet of the Minister for the Environment and Climate Action.

3

The companies' role as facilitating agents of the Sustainable Development Goals

As Chapter 1 of this Report mentions, the active involvement of the different agents and sectors in fulfilling the 2030 Agenda is crucial. However, due to the power of the companies, their dimension in the global economy, their investment capacity, and significant role in generating wealth have a privileged role in contributing to the Sustainable Development Goals. We know that of the 100 largest world economies, 69 are companies (Oxfam, 2016) and that companies represent more than half of the world's GDP. The great power of financial investment also comes from the **private sector**. In turn, multinational companies have a global reach, the technology, and the capacity to generate solutions on a large scale, as no other economic agent (Sachs & Sachs, 2021). In this respect, we can easily conclude that without the active role of companies, it will be impossible to fulfill the 2030 Goals (Van Tulder et al., 2021).

Therefore, the administrator's and the strategic and operational agendas' roles over the next 7 to 8 years can determine the success or failure of this Agenda. This success or failure may result in a new decade of progress and prosperity or the destruction of the planet and social equity. For this reason, it is crucial that business agendas align themselves with the SDGs so that the private sector becomes a positive, and not negative, contribution to the main challenges of humanity.

Research in this area has shown a great alignment between the SDGs' Agenda and the companies' intention of contributing positively to its goals (Accenture & UNGC, 2019; PWC, 2019; WBSCD & DNV GL, 2018). However, these intentions do not always result in specific actions (Van Tulder et al., 2021) for various reasons (some of which will be identified in Chapter 7 of this Report, in reference to the Portuguese context). There is, therefore, a gap between the companies' intention of contributing positively toward the SDGs and the actions they indeed do take in this respect.

The Center for Responsible Business and Leadership's job on this topic seeks to answer this challenge. This SDGs' Observatory in Portuguese companies, particularly, has in one of its goals (mentioned in Chapter 2 of this Report) the ambition of helping the companies to speed up this Agenda in their strategies and operations. It is a job that we (CRB and companies) jointly do and that will follow the diagnosis presented in this Report.

In António Guterres's words, United Nations Secretary-General, the companies' role is **crucial for the SDGs to be fulfilled and to eradicate poverty in the world.** The problem is that we are not on the right path, and time is running out to fulfill these Goals. Besides some obstacles to the implementation, sometimes associated with the complex language of the SDGs, the companies' cherry-picking of these SDGs, their lack of implementation in the enterprise business' core, and the practice of greenwashing may be delaying the companies' involvement in the 2030 Agenda.

This cherry-picking happens when companies choose the SDGs without looking at strategic criteria or material and elect those that "look best for them" or "are easier to implement." This practice misaligns the SDGs worked on by the company from its strategy and operation. Thus, neither the business benefits from this action nor the company contributes with the maximum capability to the SDGs it proposes to. It is, therefore, not a very advantageous option for the business or the 2030 Agenda. The aforementioned practice of greenwashing, also called "SDGwashing" or "Bluewashing" in the SDGs' case, happens when the choice and commitment to the SDGs are announced but not practiced by the companies.

1 Bluewashing - blue comes from the color blue of the United Nations.

These practices and obstacles to action limit the potential of the private sector's contribution to the 2030 Agenda. However, unlocking these points and changing the current obstacles to action into opportunities for improvement could help to mobilize financing and the acting of companies in the definite fulfillment of the SDGs. In fact, the private sector, unlike the public sector, has the capacity to finance the annual financial gap of the SDGs, estimated at nearly 2,5 trillion American dollars (Unctad, 2014).

On the other hand, the SDGs represent a business opportunity for the companies estimated at a value higher than 12 trillion American dollars per year (BSDC, 2017). If faced as a business tool, fulfilling these Goals can become a true competitive advantage and source of value creation. Furthermore, they are the guarantee of a license to operate, especially at a time when, at a European Union level or other legal frameworks, there is a clear tendency to impose obligatory and transparent reports on companies in alignment with the 2030 Agenda and its demands, while there is a growing intransigence with the companies that do not comply with sustainability criteria.

This tendency is extended to all stakeholders, from consumers, investors, collaborators, suppliers, and surrounding communities, who demand more and more from companies that sustainability be a management standard.

Therefore, taking these tendencies into account is essential for companies, as well as adopting strategies and business models aligned with sustainability. These strategies guarantee the license to operate, access to financing at accessible prices, long-lasting profit, and potential competitive advantages aligned with creating value for society. Being the only Agenda common to all stakeholders, the SDGs guarantee a safe way for companies and remaining economic agents. They are also capable of reverting the development problems' logic, turning them into opportunities, and allowing companies to act on a micro a strategic level while having a macro and long-term impact (Rygh, 2019).

Working in partnership

The fulfillment of the SDGs and its ambitious Agenda can only be successfully concluded through the joint action of the various stakeholders, hence the importance for companies of the development of skills for working in multisectoral partnerships. Nonet et al. (2022), in a recent Special Issue Journal of Business Ethics, warn us about this, stating that due to their interconnectedness and high level of complexity, the SDGs are described as complex issues that require cross-sectoral partnerships, the inclusion of the perspectives of various stakeholders, and the involvement of different partners to create systemic changes.

In this respect, the companies' role as connecting agents between the various stakeholders is also central, considering that companies can place their power in the service of common and coordinated agendas. For the business world, this job can be facilitated by the fact that companies, especially multinational ones, aggregate a dispersed and comprehensive geographic position with value chains and stakeholders positioned in various regions of the globe. Concerning Small and Medium-Sized companies, their weight in the corporate fabric, their ability to act and influence locally, and being the origin

(positive or negative) of many value chains, also make their role crucial in the multistakeholder action necessary for the fulfillment of the SDGs.

In this way, and considering the undeniable role of the companies in the support for the success of the 2030 Agenda, a larger involvement of the business sector is absolutely necessary on this path for sustainable development. For this to happen, companies must reflect on the obstacles that prevent implementation, seeking to establish multisectoral alliances for the fulfillment of the sustainable development goals they propose themselves to and not forget that society's prosperity is always, and ultimately, their own prosperity.

In the following chapters, we will try to make the current situation of the implementation of the SDGs in the world and in Portugal clear (Chapter 4), specifically in the Portuguese corporate fabric (Chapters 5, 7, and 8), as well as tracing the beginning of what we hope will be a quick path to the implementation of the 2030 Agenda in our companies and in our country.

Contextual analysis

Global and European context 4.1

As 2022 draws to a close, almost three years have passed since the launch of the UN's "Decade of Action" initiative to speed up the fulfillment of the only existing universal roadmap for the world: the 2030 Agenda. The annual evaluation (SDG Index, 2022), disclosed in June 2022, concerning the evolution of the SDGs, shows there is still a long way to go in a time when the Decade of Action keeps moving forward, and we are only 8 years away from the deadline to achieve the 2030 Agenda.

To better understand the progress of the SDGs (which evolves favorably but not at the hoped-for speed), it is fundamental to understand the performance of these goals both on a global and local level. With this knowledge, it is possible to understand which evolutions were reached and how we need to map the future. For this purpose, different performance evaluation reports on the SDGs' performance in various parts of the world were studied.
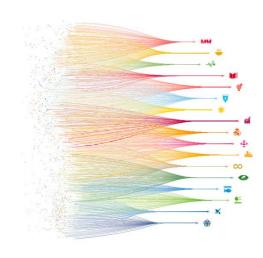
Besides the private sector and the countries (public sector), the roles of the various actors and agents of society in achieving the SDGs are undeniable. As analyzed in Chapter 3, the specific contribution of the corporate world to this Agenda is crucial, as companies are one of the main engines for the evolution, prosperity, and development of society.

However, to further contextualize the role of the private sector, this Chapter will explore the "state of the art" of the progress of the SDGs on a global, European and Portuguese level.

Hence, to get a wide knowledge of the implementation of the SDGs on a global level, several reports were considered at the global level, including reports referring to blocs of countries into which Portugal falls (European Union, OECD, and the group of countries with a higher income), and at a national level.

4.1.1

Contextual analysis

Global Context

SDG Index Report – 2022

The Sustainable Development Report (SDG Index, 2022) is published annually by the *Sustainable Development Solutions Network* (SDSN), partnered with Bertelsmann Stiftung. The SDSN is a network created under the auspices of the United Nations and aims to promote the implementation of the SDGs through sharing information. It is an alliance that brings together over 1600 institutions focused on generating knowledge in the field of sustainable development, including research centers and universities spread out over 137 countries. Bertelsmann Stiftung is a foundation that promotes a more sustainable society, identifies societal problems and challenges, develops models, and implements solutions with their resolution in view.

Todos os anos estas organizações, em parceria com a Universidade de Cambridge, publicam o Relatório do Desenvolvimento Sustentável (SDG Index, 2022), que avalia o desempenho e o progresso dos diferentes países na implementação da Agenda 2030. Este relatório, apesar de não ser uma estatística oficial da ONU, é reputado e utilizado por vários fóruns que estudam os ODS.

Every year these organizations, partnered with the University of Cambridge, publish a Sustainable Development Report (SDG Index, 2022), which evaluates the performance and progress of the different countries in the implementation of the 2030 Agenda. Although it is not an official UN statistic, this report is distinguished and used by various forums that study the SDGs.

The SDG Index aims to be a "snapshot" of the current situation of the 2030 Agenda from a global perspective, also assessing each country's performance and the bloc of countries. The report is based on data from international organizations, such as the World Bank, the World Health Organization, the International Labour Organization, UNICEF (United Nations International Children's Emergency Fund), the FAO (Food and Agriculture Organization of the United Nations), the OECD (Organisation for Economic Cooperation and Development), among others. The report also has other non-official sources of data, such

as research centers and civil society organizations (such as OXFAM or Reporters Without Borders)

Sustainable Development Report 2022 (SDG Index, 2022) identifies the SDGs that, for each country, represent greater challenges and those in which the countries are better placed, as well as the progress trends for each indicator. The trend indicator shows

that an SDG can, for example, still represent a significant challenge to a country but still show an improvement compared to the previous year.

Performance and trends in blocs fo countries

Figure 2.8
2022 SDG dashboards by region and income group (levels and trends)

Figure 4.1.1 – Source: SDG Index (2022)

Blocs: (i) Low-income Countries, (ii) Lower-middle-income Countries, (iii) Upper-middle-income Countries, and (iv) High-income Countries.

Notes:
The colored mark shows the current state of the SDG. Red means major challenges to be faced, Orange refers to the existence of significant challenges, Yellow identifies situations in which there are still challenges that remain, and Green refers to a goal that has been achieved.

The colored arrow refers to the verified trend in indicator analysis in which Red means a decreasing tendency, orange refers to a tendency towards stagnation, yellow reflects a moderately improving tendency, and green is a positive tendency on track or maintaining SDG achievement.

According to the SDG Index (2022), one can conclude that:

- Lower-income countries show the best performance and trend in SDG#12 and SDG#13, performing negatively in virtually all other SDGs;
- Countries with higher incomes have the best performance on SDG#1, SDG#4, and SDG#9, and the SDGs related to environmental issues are the ones where progress is still a long way away: SDG#13, SDG#14, and SDG#15.

According to the SDG Index (2022), one can conclude that in the year 2022, on a global level:

- For the second year in a row, the world is not making progress on the SDGs, while before the pandemic, that progress was evolving by 0,5% per year;

SDGs' Progress since 2010

Figure 4.1.2-SDGs' Progress since 2010 Source: SDG Index (2022)

SDG Index Score over time, world average (2010-2011)

- The stagnation the world has experienced since 2019 is mostly due to a decline in the progress of socioeconomic SDGs – SDG#1 (No Poverty) and SDG#8 (Decent Work and Economic Growth) – which were especially affected by multiple crises seen throughout this period. The number of people facing extreme poverty has significantly grown since 2010, namely in countries with lower incomes. Small developing islands are particularly vulnerable to international crises, partly due to
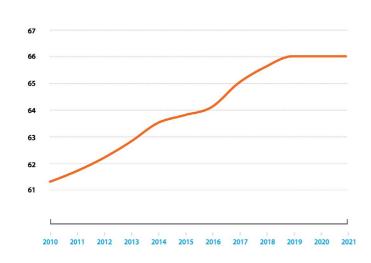
- The multiple and simultaneous current crises (war and geopolitical tensions, humanitarian tragedies, the pandemic) have diverted focus and priorities from medium and long-term goals, such as the SDGs and the Paris Agreement,– to short-term issues. This way, the establishment of ambitious national and international plans in this Agenda was delayed or prevented. These realities have also reduced the available financing addressed to promote sustainable development. So, there is a stagnation in the evolution of the SDGs starting from 2019, as seen in Figure 4.1.2.

their reliance on the international trade system and tourism.

- Other SDGs were also affected, including SDG#2 (Zero Hunger), SDG#3 (Good Health and Well-Being), and SDG#4 (Quality Education), while the improvements seen in environmental SDGs during the pandemic lockdown were quickly neutralized as soon as the restrictions were lifted (according to a report of the Intergovernmental Panel on Climate Change). The post-pandemic recovery

has been unequal and remains very uncertain, as richer countries have supported the costs of emergency and recovery measures through an increase in debt, which can imply a bigger bill for future generations.

- The impacts of the war in Ukraine on access and price of food are additionally amplified by global warming and the drought in southern Asia and other regions of the globe. The war is expected to significantly contribute to slowing economic growth in 2022 and subsequent years. The disruption in food supply chains and the rise in the energy price are already having a global impact, further weakening the populations already in a very fragile situation.
- Furthermore, due to the temporal hiatus in data reporting, the SDG Index (2022) does not yet reflect the impact of the pandemic and conflicts, such as the war in Ukraine, on the SDGs. Such circumstances may have long-term impacts on development, which can take years to be entirely reflected in international statistics, wherefore the following of the SDGs' progress in the years to come should take this into account.
- Despite the current context, the SDGs should remain humanity's roadmap to achieving sustainable development by 2030.
- A plan to finance the SDGs is needed, considering they translate into an agenda of infrastructure and human capital investment. This plan is especially relevant if we consider that there is no access to capital markets on acceptable terms in the poorest half of the world.
- The efforts and commitments of SDG promotion vary significantly between countries, including among G20 countries. So, adopting goals, strategies, and ambitious and consistent plans on a national level is crucial to turn the SDGs into an agenda of action..

Figure 4.1.3 allows us to understand the complete and relative positioning of the various countries, differentiating them according to whether they are part of the G20. The horizontal axis measures the governments' commitment to the SDGs, whereas the vertical axis shows the countries' SDG Index Score.

The figure shows great differences between G20 countries, some of which are quite committed to the SDGs but still show a relatively low level on the SDG Index Score – countries such as Mexico, Argentina, and Indonesia. In other cases, the commitment level is low, yet the countries show a relatively high SDG Index Score – countries such as the United States of America and Australia. Among the G20 countries, Germany is the country most committed to the SDGs and the best ranked on the SDG Index; India is, on the contrary, on the opposite extreme, being the G20 country with the lowest figures in both criteria, having had a low performance on the SDG Index Score as well as a low level in the SDG commitment.

Countries such as Finland, Denmark, and Sweden are more advanced, and some other countries - such as Benin and Nigeria –, despite their commitment to the SDGs, still show low results on the SDG Index Score.

Countries' contribution to the SDGs

Countries' ranking and score in 2021

SDG Index Score 2022 (0 worst–100 best)
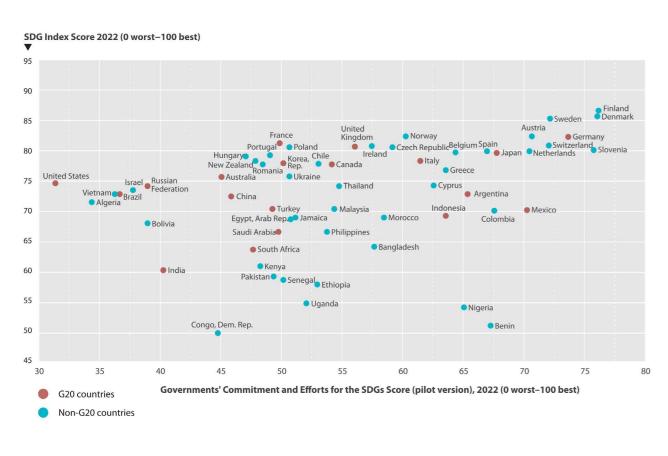
Figure 4.1.3 – Source: SDG Index (2022)

Figure 4.1.4 below shows the SDG ranking and score for the years 2021 and 2022, according to the SDG Index (2021) and the SDG Index (2022), allowing for an assessment of each country's performance.

Rank	Country	Score
1	Finland	85.9
2	Sweden	85.6
3	Denmark	84.9
4	Germany	82.5
5	Belgium	82.2
6	Austria	82.1
7	Norway	82.0
8	France	81.7
9	Slovenia	81.6
10	Estonia	81.6
11	Netherlands	81.6
12	Czech Republic	81.4
13	Ireland	81.0
14	Croatia	80.4
15	Poland	80.2
16	Switzerland	80.1
17	United Kingdom	80.0
18	Japan	79.8
19	Slovak Republic	79.6
20	Spain	79.5
21	Canada	79.2
22	Latvia	79.2
23	New Zealand	79.1
24	Belarus	78.8
25	Hungary	78.8
26	Italy	78.8
27	Portugal	78.6
28	Korea, Rep.	78.6
29	Iceland	78.2
30	Chile	77.1
31	Lithuania	76.7
32	United States	76.0
33	Malta	75.7
34	Serbia	75.6
35	Australia	75.6
36	Ukraine	75.5
37	Greece	75.4
38	Israel	75.0
39	Romania	75.0
40	Cyprus	74.9
41	Uruguay	74.5
42	Luxembourg	74.2

Rank	Country	Score
43	Thailand	74.2
44	Kyrgyz Republic	74.0
45	Bulgaria	73.8
46	Russian Federation	73.8
47	Bosnia and Herzegovina	73.7
48	Moldova	73.7
49	Cuba	73.7
50	Costa Rica	73.6
51	Vietnam	72.8
52	Argentina	72.8
53	Ecuador	72.5
54	North Macedonia	72.5
55	Azerbaijan	72.4
56	Georgia	72.2
57	China	72.1
58	Armenia	71.8
59	Kazakhstan	71.6
60	Tunisia	71.4
61	Brazil	71.3
62	Fiji	71.2
63	Peru	71.1
64	Albania	71.0
65	Malaysia	70.9
66	Algeria	70.9
67	Dominican Republic	70.8
68	Colombia	70.6
69	Morocco	70.5
70	Turkey	70.4
71	United Arab Emirates	70.2
72	Jordan	70.1
73	Oman	70.1
74	Iran, Islamic Rep.	70.0
75	Bhutan	70.0
76	Singapore	69.9
77	Uzbekistan	69.8
78	Tajikistan	69.8
79	Maldives	69.3
80	Mexico	69.1
81	Jamaica	69.0
82	Egypt, Arab Rep.	68.6
83	Barbados	68.4
84	Brunei Darussalam	68.3

Countries' ranking and score in 2022

Rank	Country	Score
85	Montenegro	68.2
86	Cabo Verde	68.1
87	Sri Lanka	68.1
88	Panama	68.0
89	El Salvador	67.9
90	Bolivia	67.6
91	Suriname	67.0
92	Paraguay	66.9
93	Lebanon	66.8
94	Qatar	66.7
95	Mauritius	66.7
96	Nepal	66.5
97	Indonesia	66.3
98	Saudi Arabia	66.3
99	Nicaragua	66.3
100	Bahrain	66.1
101	Myanmar	64.9
102	Cambodia	64.5
103	Philippines	64.5
104	Belize	64.4
105	Iraq	63.8
106	Mongolia	63.8
107	South Africa	63.7
108	Trinidad and Tobago	63.5
109	Bangladesh	63.5
110	Lao PDR	63.0
111	Gabon	62.8
112	Honduras	62.8
113	Kuwait	62.5
114	Ghana	62.5
115	Botswana	61.9
116	Namibia	61.8
117	Turkmenistan	61.1
118	Kenya	60.6
119	Vanuatu	60.5
120	India	60.1
121	Guatemala	59.9
122	Venezuela, RB	59.3
123	Gambia, The	59.3
124	Sao Tome and Principe	58.8
125	Zimbabwe	58.7

Rank	Country	Score
126	Senegal	58.4
127	Syrian Arab Republic	58.0
128	Guyana	57.9
129	Pakistan	57.7
130	Rwanda	57.6
131	Cote d'Ivoire	57.6
132	Tanzania	56.4
133	Mauritania	55.5
134	Cameroon	55.3
135	Lesotho	54.6
136	Ethiopia	54.5
137	Afghanistan	53.9
138	Djibouti	53.8
139	Burkina Faso	53.5
140	Uganda	53.5
141	Zambia	53.4
142	Eswatini	53.3
143	Togo	53.2
144	Congo, Rep.	52.9
145	Yemen, Rep.	52.9
146	Mali	52.2
147	Burundi	51.8
148	Sierra Leone	51.7
149	Malawi	51.4
150	Haiti	51.4
151	Papua New Guinea	51.3
152	Mozambique	51.1
153	Guinea	51.0
154	Angola	50.3
155	Benin	49.9
156	Niger	49.5
157	Sudan	49.5
158	Congo, Dem. Rep.	49.3
159	Madagascar	49.0
160	Nigeria	48.9
161	Liberia	48.6
162	Somalia	45.6
163	Chad	40.9
164	South Sudan	38.9
165	Central African Republic	38.3

Rank	Country	Score
1	Finland	86.5
2	Denmark	85.6
3	Sweden	85.2
4	Norway	82.3
5	Austria	82.3
6	Germany	82.2
7	France	81.2
8	Switzerland	80.8
9	Ireland	80.7
10	Estonia	80.6
11	United Kingdom	80.6
12	Poland	80.5
13	Czech Republic	80.5
14	Latvia	80.3
15	Slovenia	80.0
16	Spain	79.9
17	Netherlands	79.9
18	Belgium	79.7
19	Japan	79.6
20	Portugal	79.2
21	Hungary	79.0
22	Iceland	78.9
23	Croatia	78.8
24	Slovak Republic	78.7
25	Italy	78.3
26	New Zealand	78.3
27	Korea, Rep.	77.9
28	Chile	77.8
29	Canada	77.7
30	Romania	77.7
31	Uruguay	77.0
32	Greece	76.8
33	Malta	76.8
34	Belarus	76.0
35	Serbia	75.9
36	Luxembourg	75.7
37	Ukraine	75.7
38	Australia	75.6
39	Lithuania	75.4
40	Cuba	74.7
41	United States	74.6

Rank	Country	Score
42	Bulgaria	74.3
43	Cyprus	74.2
44	Thailand	74.1
45	Russian Federation	74.1
46	Moldova	73.9
47	Costa Rica	73.8
48	Kyrgyz Republic	73.7
49	Israel	73.5
50	Azerbaijan	73.5
51	Georgia	73.4
52	Fiji	72.9
53	Brazil	72.8
54	Argentina	72.8
55	Vietnam	72.8
56	China	72.4
57	North Macedonia	72.3
58	Peru	71.9
59	Bosnia and Herzegovina	71.7
60	Singapore	71.7
61	Albania	71.6
62	Suriname	71.6
63	Ecuador	71.5
64	Algeria	71.5
65	Kazakhstan	71.1
66	Armenia	71.1
67	Maldives	71.0
68	Dominican Republic	70.8
69	Tunisia	70.7
70	Bhutan	70.5
71	Turkey	70.4
72	Malaysia	70.4
73	Barbados	70.3
74	Mexico	70.2
75	Colombia	70.1
76	Sri Lanka	70.0
77	Uzbekistan	69.9
78	Tajikistan	69.7
79	El Salvador	69.6
80	Jordan	69.4
81	Oman	69.2
82	Indonesia	69.2

Rank	Country	Score
83	Jamaica	69.0
84	Morocco	69.0
85	United Arab Emirates	68.8
86	Montenegro	68.8
87	Egypt, Arab Rep.	68.7
88	Iran, Islamic Rep.	68.6
89	Mauritius	68.4
90	Bolivia	68.0
91	Paraguay	67.4
92	Nicaragua	67.1
93	Brunei Darussalam	67.1
94	Qatar	66.8
95	Philippines	66.6
96	Saudi Arabia	66.6
97	Lebanon	66.3
98	Nepal	66.2
99	Turkmenistan	66.1
100	Belize	65.7
101	Kuwait	64.5
102	Bahrain	64.3
103	Myanmar	64.3
104	Bangladesh	64.2
105	Panama	64.0
106	Guyana	63.9
107	Cambodia	63.8
108	South Africa	63.7
109	Mongolia	63.5
110	Ghana	63.4
111	Lao PDR	63.4
112	Honduras	63.1
113	Gabon	62.8
114	Namibia	62.7
115	Iraq	62.3
116	Botswana	61.4
117	Guatemala	61.0
118	Kenya	61.0
119	Trinidad and Tobago	60.4
120	Venezuela, RB	60.3
121	India	60.3
122	Gambia, The	60.2
123	Sao Tome and Principe	59.4

Rank	Country	Score
124	Rwanda	59.4
125	Pakistan	59.3
126	Senegal	58.7
127	Cote d'Ivoire	58.4
128	Ethiopia	58.0
129	Syrian Arab Republic	57.4
130	Tanzania	57.4
131	Zimbabwe	56.8
132	Mauritania	55.8
133	Togo	55.6
134	Cameroon	55.5
135	Lesotho	55.1
136	Uganda	54.9
137	Eswatini	54.6
138	Burkina Faso	54.5
139	Nigeria	54.2
140	Zambia	54.2
141	Burundi	54.1
142	Mali	54.1
143	Mozambique	53.6
144	Papua New Guinea	53.6
145	Malawi	53.3
146	Sierra Leone	53.0
147	Afghanistan	52.5
148	Congo, Rep.	52.3
149	Niger	52.2
150	Yemen, Rep.	52.1
151	Haiti	51.9
152	Guinea	51.3
153	Benin	51.2
154	Angola	50.9
155	Djibouti	50.3
156	Madagascar	50.1
157	Congo, Dem. Rep.	50.0
158	Liberia	49.9
159	Sudan	49.6
160	Somalia	45.6
161	Chad	41.3
162	Central African Republic	39.3
163	South Sudan	39.0

Figure 4.1.4 Source: SDG Index (2021) and SDG Index (2022)

Additional information to figure 4.1.4

- The SDG Index (2022) is led by 3 Nordic countries – Finland, Sweden, and Denmark – the 10 countries with the best performance in European, and 8 of them are Member States of the European Union. It should be noted that 30 countries were excluded from the SDG Index (2022) for insufficient data, such as Cape Verde and East Timor.

- Developed countries generate collateral effects, or negative (or positive) externalities (spillovers) in developing countries, at a socioeconomic and environmental level, namely through consumption, trade, and (un) sustainable supply chains

  - An example is the European Union, which called for a "zero tolerance" policy concerning child labor, proposing the use of trade as a means to export European values throughout the world while also adopting various instruments and legislation to address the issue of negative spillovers, namely in the context of the European Green Deal, which includes proposals with a more direct positive impact concerning food and sustainable agriculture (SDG#2) and income of primary sector producers (SDG#8), renewable energies (SDG#7), reducing food waste (SDG#12), climate change (SDG#13), and biodiversity (SDG#14 and SDG#15).

- 4 major priority areas in addressing international spillovers of rich countries are identified: (1) SDG financing: raise international funding for development and climate matters; (2) boost technical cooperation and SDG diplomacy; (3) establish national targets and instruments to face the impacts of other countries' consumption; (4) accountability, data and statistics: fortify monitorization and information systems on a national, international, industrial, and corporate level, covering the entire supply chain, making them an integral part of SDG reports.

- The pandemic has prompted innovative solutions concerning information, data, and technology systems, and in the building of new forms of partnership, namely between the public and private sectors, whose effects should be promoted and amplified for the promotion of the impact of the implementation of the SDGs.

After summing up the main conclusions of the SDG Index (2022), it is also important to consider the current situation presented in that same report concerning the OECD member countries as a whole (in which Portugal is included). Figure 4.1.5 illustrates the performance of OECD countries :

Figure 4.1.5 – Source: SDG Index (2022)

According to the SDG Index (2022), one can conclude that:

- The OECD shows a better performance in SDG#1, SDG#4, and SDG#9.
- The SDGs where there is a longer way to go is SDG#13, SDG#14, and SDG#15.
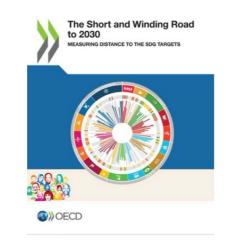
OECD countries are closer to achieving the SDG targets when compared to other groups of countries; however, none of them is on the way to achieving all 17 SDGs.

The performance of the OECD is more favorable in SDGs related to socioeconomic results and primary access to services and infrastructures: SDG#1, SDG#3, SDG#6, and SDG#7. However, there are still flaws in the quality of health and education in some population groups (SDG#3 and SDG#4), a bigger effort being equally necessary to reduce inequalities which are growing in some OECD member countries – particularly wage inequality has to be reduced (SDG#5)

Bigger efforts are needed in OECD countries to speed up the progress in the SDGs related to climate change and biodiversity – SDG#12, SDG#13, SDG#14, and SDG#15. The SDG Index (2022) underlines that, historically, the OECD countries (together with higher-income countries) are largely responsible for greenhouse gas emissions and bear a special responsibility to take up measures in this respect at a national and international level. On the other hand, the negative spillovers concerning socioeconomic and environmental matters provoked by OECD countries are significant.

The OECD's performance is moderate regarding SDG#16, partly due to the high rate of homicides in some of the biggest economics (such as the United States of America) but also due to persisting problems concerning access to legal services and justice at accessible fees.

Furthermore, reports made by the OECD in the context of their **Action Plan on SDGs**, whose first publication dates back to 2016, were also studied. In 2022, the

OECD published its fourth report, which evaluates the member countries' performance concerning the 2030 Agenda – **The Short and Winding Road to 2030 – Measuring Distance to the SDG Targets** – OECD 2022:

This report allows the following conclusions:

- It is necessary to intensify policies to meet the 2030 Agenda.

  _ Until now, the OECD as a whole has reached 10 of the 112 targets with respect to which it is possible to assess performance and is close to reaching another 18 (mostly targets related to the goal of assuring basic needs and the implementation of policies within SDG#1 to SDG#4, SDG#6, SDG#7 and SDG#17).

  _ As regards SDG#5, SDG#10, and SDG#13, none of the targets is close to being reached, and yet the trend shows that, in some SDGs, the average of OECD countries is making some progress in reaching them – this is the case with SDG#5, SDG#6, SDG#7, SDG#13, and SDG#14.

  There is, however, still a lot to be done. 21 targets still seem to be very far from being reached, and none show a tendency to improve.

Namely, there are many improvements to be made concerning equality targets related to the SDG motto of "Leave No One Behind" (SDG#10).

  _ As the 2030 Agenda is global, it is OECD countries' responsibility to commit to fulfilling the SDGs beyond their borders (SDG#17).

- OECD countries should further promote inclusion:
  _ 1 in every 8 inhabitants of the OECD is poor, and during the last few decades, progress has not been positive (SDG#1).
  _ The most vulnerable groups – such as women, young adults, and immigrants – face bigger challenges than the rest of the population (SDG#5 and SDG#10).
  _ Furthermore, a lot of harmful behavior, such as tobacco consumption and malnourishment, appear to be more frequent in more disadvantaged groups from a socioeconomic standpoint, given that disparities in education tend to exacerbate these inequalities (SDG#2, SDG#3, SDG#4, and SDG#5).

- Although the pandemic has underlined the importance of trust in democracies (SDG#16), trust in institutions has come to decrease throughout the years in developed countries, and one can see that OECD countries have not evolved enough in crucial matters to ensure this trust such as access, accountability, transparency, and diversity in public institutions.

- Despite some alleviation during the pandemic due to the decrease in economic activity, environmental pressures are rising, as OECD countries tend to relocate productive polluting activities from their territory and intensively consume resources. Economic growth depends strongly on the intense use of material resources, and many valuable materials continue to be disposed of as waste (SDG#6, SDG#11, and SDG#12)

- Concerning climate change (SDG#13), although there has been progress in the dissociation

between greenhouse gas emissions and population growth and the GDP, emissions continue to rise in some countries, despite the assumed commitment made by G20 countries of eliminating fossil fuel waste subsidies and the consumption of these sources of energy (SDG#7).

- Regarding biodiversity (SDG#14 and SDG#15), although some positive developments related to the protection of ecosystems are noted, threats to marine and terrestrial biodiversity keep on growing, as none of the Aichi targets have been reached by any of the OECD countries (targets that should have been reached in 2020).[1]

- Lastly, the OECD's report highlights the fact that there are many data gaps which, besides possibly leading to biased conclusions, could undermine the effective capacity to track progress toward fulfilling the 2030 Agenda.
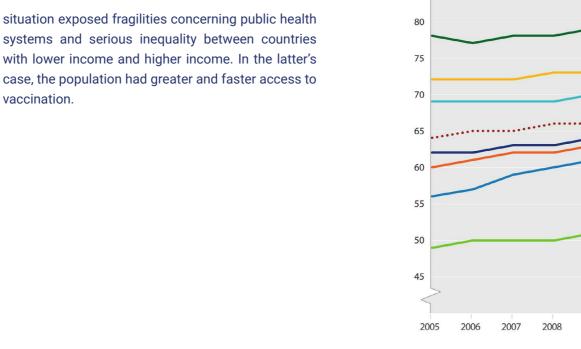
[1] The so-called "Aichi Biodiversity Targets" consists of 20 targets to be reached by 2020, which were approved in 2010 by the Biodiversity Strategy for the period between 2011 and 2020, reached at the 10th Conference of the Parties of the Convention of Biological Diversity (COP-10), in Nagoya, Aichi Province, Japan.

European Contex

As has been seen, according to the SDG Index (2022) ranking of countries, the 10 countries with the best performance are all European, and 8 of them are Member States of the European Union, with better performance in all three aspects – economic, social, and environmental aspects of sustainable development. Nevertheless, Europe still faces great challenges, mostly related to SDGs concerning sustainable production and consumption, climate, and biodiversity (SDG#12, SDG#13, SDG#14, and SDG#15) and concerning Europe's international negative spillovers.

situation exposed fragilities concerning public health systems and serious inequality between countries with lower income and higher income. In the latter's case, the population had greater and faster access to vaccination.
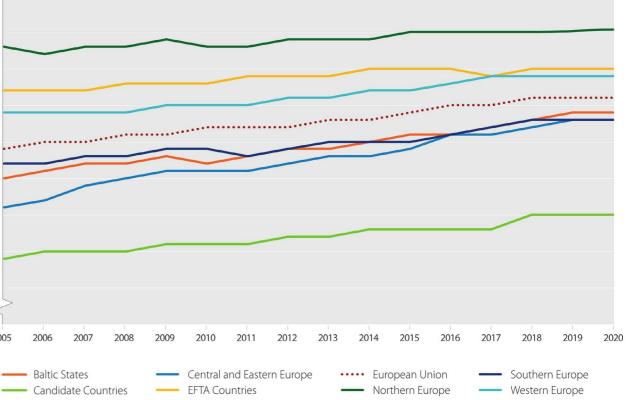
In December 2021, the **_Europe Sustainable Development Report 2021_** (ESDR, 2021) was published, which reports on the performance and progress of European countries[2] in implementing the 2030 Agenda. Similar to the SDG Index (2022) report, this one identifies the SDGs that represent greater challenges for each country and those in which the countries are better placed, as well as the progress trends for each indicator.

In Europe and the European Union, a stagnation in the progress of the 2030 Agenda has been seen, aligned with global circumstances (see Figures 4.1.6 and 4.1.7), the ESDR (2021) stressing the weight of the pandemic, which reduced life expectancy (SDG#3) and increased poverty (SDG#1). This

[2] The ESDR (2021) covers the 27 EU Member States, the 4 countries of the European Free Trade Association (Iceland, Liechtenstein, Norway, and Switzerland), the United Kingdom, Bosnia and Herzegovina, and also, for the first time, countries applying for EU membership (Albania, Montenegro, Republic of North Macedonia, Serbia, and Türkiye).

ESDR Index – progress in European countries between 2015 and 2020

Figure 4.1.6. Source: ESDR (2021)

ESDR Index – progress in the European Union between 2015 and 2020

SDG Index Score, EU27, 2015–2020

Source: Authors

Figure 4.1.7 Source: ESDR (2021)

It is also emphasized in the ESDR (2021) that, even in the context of the pandemic and geopolitical tensions, the 2030 Agenda remains the only acting framework at the economic, social, and environmental levels adopted by all members of the United Nations, and should continue to be the guide for Europe.

The report concludes that Europe is the global leader of the SDGs despite the negative spillovers it generates economically, socially, and environmentally in other parts of the globe. As has been seen in Figure 4.1.1

(above), according to the SDG Index (2022), excluding Japan (ranked in 19th place), the 20 countries with the best performance on a global level are European, and 16 of them are Member States of the EU.

The ranking of the European countries according to the ESDR (2021) is presented in Figure 4.1.8 below.

European countries' ranking on the ESDR (2021)

SDG Index Rank	Country	SDG Index Score					
1	Finland	80.8	18	Slovak Republic	70.0	**European Union**	**71.4**
2	Sweden	80.6	19	Latvia	69.3		
3	Denmark	79.3	20	Portugal	69.1	Northern Europe	80.6
4	Austria	78.0	21	Hungary	68.5	EFTA Countries	75.1
5	Norway	76.7	22	Spain	68.5	Western Europe	74.0
6	Germany	75.3	23	Italy	68.5	Baltic States	69.3
7	Switzerland	74.0	24	Croatia	68.0	Southern Europe	68.3
8	Estonia	73.7	25	Lithuania	66.1	Central and Eastern Europe	68.0
9	Slovenia	73.5	26	Luxembourg	65.8		
10	France	72.7	27	Greece	64.8	Candidate Countries	55.3
11	Czech Republic	72.6	28	Malta	63.6		
12	Belgium	72.5	29	Romania	61.6	Albania	NA
13	Netherlands	72.1	30	North Macedonia	59.9	Bosnia and Herzegovina	NA
14	Iceland	72.1	31	Serbia	59.3		
15	Poland	71.0	32	Cyprus	58.6	Liechtenstein	NA
16	Ireland	70.6	33	Bulgaria	57.6	Montenegro	NA
17	United Kingdom	70.2	34	Turkey	55.7		

Figure 4.1.8 – Source: ESDR (2021)

The ESDR (2021) presents the analysis concerning the various European countries, reporting on their performance and trends concerning the 17 SDGs, with reference to different groups of European countries (EU countries, Baltic countries, EU membership candidates[3], central and eastern Europe[4], EFTA countries[5], Northern Europe[6], Southern Europe[7], Western Europe[8] - according to Figure 4.1.9 (Portugal fitting in the EU group, as well as in the Southern Europe group).

Position and progress of European country groups in the 17 SDGs in 2021

Figure 4.1.9 – Source ESDR (2021)

Specifically, concerning the European Union, the ESDR (2021) concludes that it should remain in the lead for the implementation of the SDGs, at an internal as well as international level, on the path to and beyond the (UN High-level Political Forum on Sustainable Development – HLPF), which will take place in September 2023. With its plans for recovery and resilience and all its financial instruments at its disposal, the EU has the conditions to take on an important role in achieving the SDGs in this decade.

By analyzing Figure 4.1.9, and still specifically concerning the European Union, one can conclude that:

- In the EU, no SDGs have been reached (no green dot).
- SDG#6, SDG#9, and SDG#11 are the ones in which the European Union ranks best– the yellow marks signal that there are still challenges to face with these SDGs, but the trend seems to be of improvement (green arrows).

- SDG#2, SDG#13, and SDG#14 are the ones in which the EU's performance is at its worst (the red marks indicate there are still major challenges to face, and the orange arrow that the trend appears to be directing toward stagnation), followed by SDG#15 in which, even though there are great challenges (red mark), the trend is moderately positive (yellow arrow).

The biggest challenges identified for Europe concern areas such as sustainable food and agriculture (SDG#2), environmental sustainability and the use of resources (SDG#12), climate change (SDG#13), and biodiversity (SDG#14 and SDG#15). They also concern with the reduction of inequalities between population groups (SDG#10) and the reinforcement of the convergence of the standard of living between the various countries and European regions (SDG#17), in line with the "Leave No One Behind" principle.[9].

[4] Bulgaria, Czech Republic, Croatia, Hungary, Poland, Romania, Slovakia, Slovenia.
[5] Iceland, Liechtenstein, Norway, and Switzerland.
[6] Denmark, Finland, and Sweden.
[7] Cyprus, Greece, Italy, Malta, Portugal, and Spain.
[8] Austria, Belgium, France, Germany, Ireland, Luxembourg, and The Netherlands.

Specifically concerning SDG#13, as one can see in Figure 4.1.10, the European continent's performance is very aligned with the performance and trend displayed by other country blocs – if we compare the continent's performance with the performance of other groups in which European countries also fall into, as is the case of the OECD and the group of countries with the highest income:

Positioning and progress of regions and groups of countries in 2022 (SDG#13 highlighted)

Figure 4.1.10 – Source: SDG Index (2022)

However, it should be noted that Europe was the first continent to assume the commitment to achieving climate neutrality in 2050 and has adopted policies for achieving that goal, such as the European Green Deal of 2019, which included the European climate law (of 2021) and the Fit for 55 packages, in order to assure that Europe achieves the goal of reducing at least 55% of its net emissions of greenhouse gases by 2030 (concerning the 1990 emissions).

[9] This principle translates into the index ("Leave No One Behind", or LNOB), which has in mind capturing the average values, but also their distribution among the population, with enough particulars detail and breakdowns that would allow not only to identify who suffers multiple disadvantages in society, but also inform on policies that reflect their needs. The LNOB index thus focuses on existing inequalities amid the population of each country, basing itself on 31 indicators and anchoring on 4 aspects: (1) extreme poverty and material deprivation, (2) wage inequality and distribution of wealth among the various groups of the population, (3) gender inequality, and (4) unequal access to services (such as food, health, education, etc.) – ESDR, pp. vii, 8 and 9.

Therefore, Europe has become a leader in the international landscape in terms of climate change. However, not only are the challenges of the various Member States at this level huge, but also Europe has a long way to go regarding aligning its internal policies with its commitment to external relations and cooperation. CO2 emissions have, on average, been reduced in the EU since 2015, but emissions outside of the EU have grown in 2018 to please the European consumer market, according to the ESDR (2021). In this regard, it is relevant to mention that in 2022 Sweden (EU Member State and 3rd country with the best performance on the SDG Index 2022) was the first country to announce its intention of establishing a national target of reducing CO2 emissions resulting from their imports.

The ESDR (2021) also points to SDG#9 being the one whose performance range is wider among European countries, with many of them having a very positive performance but also many with very weak performance. For example, Austria, Belgium, Denmark, Finland, France, Germany, Iceland, The Netherlands, Norway, Sweden, Switzerland, and the United Kingdom show a very positive performance (with an indication that the SDG has been achieved in these countries, and that a positive trend being maintained). In contrast, countries such as Albania, Bosnia and Herzegovina, Bulgaria Bulgary, Cyprus, Latvia, Montenegro, Republic of North Macedonia, Romania, Serbia, and Türkiyeshow a negative performance and have a long way to fulfill SDG#9.

On the other hand, many of its challenges arise directly from the fact that Europe has important negative spillovers in other geographies in international trade. For example, in the case of deforestation, land-use change, and loss of biodiversity caused by international trade (associated with goods such as wood, palm oil, coffee, rubber, and soy, among others), or the number of fatal and non-fatal accidents linked to European importation of textile products.

Progress must be verified in the various SDGs accompanied by ambitious, solidary, and social policies, promoting convergence in Europe, among its various countries and regions (in which SDG#17 takes on a more central role) and "Leaving No One Behind," namely the more vulnerable groups – such as the poorest, women and migrants (SDG#10), reflecting in matters such as health and well-being (SDG#3), education (SDG#4) and gender equality (SDG#5). These have been particularly affected by the pandemic's socioeconomic impacts and health matters, in Europe and throughout the globe, which is not fully reflected in the European and global performance reports.

It should be noted that the Member States that stand out the most with the best performance on the ESDR (2021) (Finland, followed by Sweden and Denmark) are also the ones that stand out the most on the "Leave No One Behind" index (Figure 4.1.11), which could indicate that sustainable development and the decrease of inequalities are goals that strengthen each other mutually.

Positioning relative to European countries in 2021, crossing the ESDR (2021) Index and the countries' ranking on the "Leave No One Behind" index

Note: The 'leave no one behind' (LNOB) Index measures inequalities across population groups in each country. It focuses on four dimensions: (1) Extreme Poverty and Material Deprivation; (2) Income inequality; (3) Gender inequality; (4) Access to and Quality of Services for all. It is based on 31 indicators. The graph shows the rank correlation between the LNOB Index and SDG Index (r=0.88). See methodology section for more details.

Source: Authors

Figure 4.1.11 – Source: ESDR (2021)

A further conclusion from the ESDR (2021) is that it remains difficult to distinguish, among all the European policies and roadmaps, the European priorities in terms of the SDGs. For that to happen, it would be necessary for the European Union to develop an integrated and comprehensive approach to implementing the 2030 Agenda and clearly communicate it to all countries.

Concerning the partnerships for the implementation of the SDGs (SDG#17), the ESDR (2021) highlights that, even though the EU and its Member States are the world's largest funders of official development assistance and invest in conflict prevention and peacekeeping (SDG#16), many EU countries contribute negatively to other countries and regions' ability to reach the SDGs through negative spillovers

associated with international financial flows and unsustainable value chains (with impacts on the various SDGs, such as SDG#8 and SDG#12). There are also many negative externalities of the EU regarding the environmental SDGs (such as SDG#6, SDG#13, SDG#14, and SDG#15). It is, therefore, crucial that the EU measures and monitors the spillovers (both positive and negative) that it causes and promotes and implements improvements in this respect, assuring the coherence of its policy for development (still under the auspices of SDG#17).
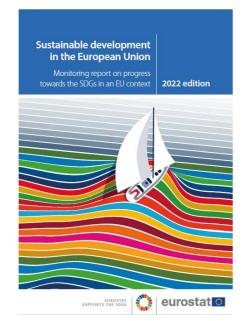
The ESDR (2021) suggests that the approach should focus on three big areas: (i) internal priorities, (ii) diplomacy and cooperation for development, and (iii) negative international externalities. In this way, it proposes four priority actions for the speeding up of the SDGs in the EU and internationally:

1. Issuing of a joint political declaration of the European Council, the European Parliament, and the European Commission, reasserting their strong commitment to the 2030 Agenda;
2. Preparing a Communication from the European Commission clarifying how the EU intends to reach the SDGs, with targets, a calendar, and a roadmap – a statement that should be regularly updated and show in what way current European policies have to be more ambitious or new policies be created, so that these goals can be achieved;
3. Renewal of the term of the platform of multi-stakeholders of the SDGs, or the creation of a new mechanism to the civil society and scientists in SDG policies and their monitoring (as is the case of this Observatory of the SDGs in Portuguese companies project);
4. Preparing a single Voluntary National Review for the European Union before the United Nations SDG Summit in September 2023. This report must include internal priorities, diplomatic actions, and international actions that address the subject of negative international externalities to the Union – which will be key to legitimating the EU internationally. In 2022, the EU communicated its intention to present a global Voluntary National Review to the UN in 2023.

The ESDR (2021) also highlights the following:

- The role the EU should take on as leader of a multilateral Ecological Deal and diplomacy for the SDGs in the international context;
- The necessity of the EU ascertaining the level of alignment of the Recovery and Resilience Plans of its Member States with the SDGs' challenges;
- The special role that the changing of the European systems in terms of food, agriculture, and land use has on the pursuit of the SDGs – with a direct impact on SDG#2, SDG#3, SDG#12, SDG#13 and SDG#15.

At the European level, it is also important to consider the EUROSTAT report, which has been annually published since 2017, and which monitors the European Union's progress in the fulfillment of the 2030 Agenda based on the specific set of officially selected indicators from a global list of United Nations indicators. The selected indicators are considered the most relevant and adequate in the European context and do not coincide exactly with the global indicators.

The *Sustainable Development in the European Union - Monitoring report on progress towards the SGDs in an EU context* (EUROSTAT, 2022) monitors the SDGs' progress in the European Union, considering particularly relevant phenomena in the European context, as well as taking the EU's long-term policies into account. In this EUROSTAT report, the SDGs corresponding to each one of the policies established by the European Union was grouped according to Figure 4.1.12.

European Commission priorities and their alignment with the SDGs

Figure 0.3: The European Commission Priorities

Figure 4.1.12 – Source: EUROSTAT (2022)
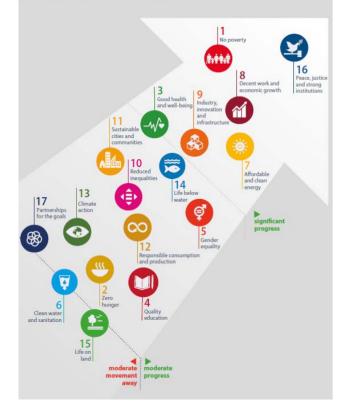
The EUROSTAT 2022 report is a key instrument to facilitate the coordination of EU policies related to the SDGs at the Union level and within its Member States. It works as an instrument that allows evidence of the transversal nature of the SDGs and the connections between them. It also has in mind the approach defined by the European Commission for the implementation of the SDGs – described in the working document of the Commission services intitled: *Delivering on the UN's Sustainable Development Goals — A comprehensive approach* (2020).

It is worth noting that the EUROSTAT reports aim to evaluate the EU's progress concerning the SDGs over

the last 15 years, being that the EUROSTAT 2022 Report focuses on the EU's progress in fulfilling the 2030 Agenda over the last 5 years. On the other hand, considering the temporal hiatus in data reporting, the available data and the object of analysis in this 2022 report refer to the 2015-2020 or 2016-2021. Therefore, the effects of the most recent situation, namely the ones (still) caused by the pandemic or the ones resulting from the war in Ukraine, will be, at most, only marginally reflected in the results of the EUROSTAT 2022 Report, as the report itself recognizes.

Figure 4.1.13, presented in the EUROSTAT 2022 report, shows the rhythm of the progress of the pursuit of the 17 SDGs by the European Union's Member States as a whole in the last five years.

EU progress with the SDGs in the last 5 years (2015-2020 or 2016-2021)

Figure 4.1.13 – Source: EUROSTAT (2022)

The greatest challenges are with SDG#15, SDG#16, and SDG#17, being that SDG#16, SDG#1, SDG#8, SDG#7, SDG#9, and SDG#3 (in that order) are the ones with which the European Union has made the most progress in the last 5 years. At the top of the list of SDGs that have been met with moderate progress are SDG#14, SDG#5, SDG#11, SDG#10 and SDG#12, SDG#4, SDG#13 and SDG#2 lower on that list (also according to decreasing order of positioning).

The detailed analysis the EUROSTAT makes concerning each one of the 17 SDGs (focusing on the indicators most suited to the EU's reality) makes it possible to conclude there is some alignment between many of the conclusions already put forth by

the SDG Index (2022) and the ESDR (2021).

However, the comparison between these reports and the EUROSTAT 2022 Report should be made with some caution considering that, as mentioned, the EUROSTAT 2022 Report does not focus on a particular calendar year but instead translates the EU's progress with the SDGs over 5 years, and having, as a reference, a selection of specific indicators (the most relevant and suited in the European context) and which do not, for that reason, coincide exactly with the global indicators.

The EUROSTAT 2022 Report's main conclusions concerning each one of the 17 SDGs (taking into account their aforementioned positioning) are the following:

(i) Concerning SDGs which progressed the most:

SDG#16 – all this SDG's indicators show a clearly positive trend, once again placing this SDG at the top of the ranking; however, despite the growing concern of the European Commission about the judicial system's independence in some Member States, most European citizens continue to perceive this independence as being intact.

SDG#1 – the EU has made considerable improvements with this SDG, although it is important to point out that the data analyzed does not yet entirely reflect the pandemic's impact.

SDG#8 – after the pandemic, clear signs of economic and labor market recovery were perceived (the percentage of employment rose to a peak of 73,1% in 2021). However, it must be noted that there has been a rise in uncertainty, especially since the start of the war in Ukraine.

SDG#7 – due to a sharp fall in energy consumption in the EU during 2020, the target for energy efficiency set for that year was achieved, and the EU seems to be on the right track to achieve the target set for 2030. There was also a rise in the percentage of renewables in energy consumption. It should be highlighted that the data do not yet reflect the rise in energy prices.

SDG#9 – this SDG shows a favorable trend in most of its indicators, namely a continual rise in research, development, and innovation matters, with improvements concerning the sustainable transition of the industrial sector, with a decrease in the intensity of the consequent air emissions.

SDG#3 – the pandemic's impact is not yet reflected in the data referring to this SDG, which still shows moderately positive trends, namely concerning access to health services, despite the reported shortcomings.

(i) Concerning SDGs with moderate progress:

SDG#14 – improvement in available data has allowed for consideration of this SDG by EUROSTAT concerning the respective targets, showing a generally favorable trend in sustainable fishing and marine conservation – and protected marine areas more than doubled in the EU since 2012. However, there is no data about the state of conservation of those same areas, nor the effective protection they provide for the species and habitats. On the other hand, the oceans' acidity keeps rising due to the absorption of CO_2 from the atmosphere, reaching unprecedented levels in 2020..

SDG#5 – there has been a positive development in this SDG in most monitored areas – for example, women's hourly rate is coming closer to men's, and the gender-based employability gap has decreased since 2016. There has also been a rise in women in positions of leadership. However, this situation is far from equal between men and women. In education, the gender gap appears inverted, as the number of women attending secondary school and the university is higher than men

SDG#11 – marked developments are noted in the indicators concerning the quality of life in cities and communities, as the situation is more complex regarding sustainable mobility and environmental impacts. There have also been improvements concerning air quality, but a great decrease in the use of collective public transport, exacerbated by the pandemic. Urban areas have risen at a greater speed than the population, and the growth of the rate of urban waste recycling has slowed down in recent years, moving the EU away from the necessary trajectory to be able to fulfill its targets set for 2030.

SDG#10 – the trajectory of this SDG is moderately favorable, although the gap between rich and poor is higher. There are also disparities between Members State in economic matters, while, in addition, an improvement in the integration of migrants coming from outside the EU and the reduction in wage inequality between European and non-European citizens has been verified.

SDG#12 – the EU's material footprint has decreased since 2014, and the consumption of dangerous chemicals has risen since 2015 (despite a slight break in 2020). The new passenger cars' efficiency in terms of CO_2 emissions rose considerably in 2020, but progress is necessary to be able to meet European targets. Waste production (excluding extractive residues) has risen since 2014, but, on the other hand, there have been improvements in the circularity of materials and a rise in recycling and valorization rates

SDG#4 – the parameters referring to this SDG show divergences according to whether the indicators respect participation in education (which shows a positive trend) or the monitoring of its quality and results in terms of effectively acquired capabilities – in which there has been a rise in the proportion of students with low levels in reading, math, and science. It has also been seen stagnation in the rate of adults with at least basic digital capabilities.

ODS#13 – here, the EU's performance is moderately positive. Although it is estimated that the EU has already reduced its greenhouse gas emissions by

about 31% since 1990, further efforts will be necessary to reach the new target of a 55% reduction by 2030. Furthermore, the forest use sector's contribution as CO2 sinkholes has decreased in recent years. In terms of impact and adaptation to climate change, the monetary losses caused by climate and meteorological disasters have continually risen in recent years. As positive aspects, the EUROSTAT highlights the continuous rise of the number of signatories of the Covenant of Mayors for Climate and Energy and, in addition, the EU's financial contribution to developing countries as regards climate has continually risen over the more recent years.

ODS#2 – in the EU context, this SDG focuses on themes such as malnutrition and sustainable agriculture and its environmental impacts. In terms of malnutrition, the rise in the obesity rate since 2014 in the EU has been clear. On the other hand, the trend has been positive regarding the feasibility and sustainability of agricultural production over the last 5 years. The productivity in the agricultural sector has improved, and there is an increase in public investment in agricultural research and development. There has also been an increase in organic agriculture, although a rise in this field is necessary to ensure the EU reaches its goal of organic agriculture being practiced in 25% of the total cultivated area by 2030. The negative environmental impacts of agriculture are visible in the EU, especially with the rise of nitrate in subterranean waters and the dramatic decline of birds. On a positive note, the area at risk of severe erosion has slightly decreased.

(i) Concerning SDGs, which show the biggest challenges:

SDG#6 – on a positive note, this SDG has shown a continuous reduction in the percentage of people with no sanitary infrastructure in their homes. The trend concerning the water quality for human consumption is less positive, with a fall in the water quality of rivers and subterranean bodies of water.

ODS#15 – although the indicators show slight improvements, the developments concerning this

SDG's targets are, on the whole, negative. While there was a slight rise in forest and protected land areas, the pressures on biodiversity due to the change in land use have risen with the consequent loss of habitats, fauna, and ecosystems. In addition, the negative impacts of the consumption patterns of the EU on the (global) loss of biodiversity are considerable.

SDG#17 – If imports from developing countries have continued to rise, the EU's global financial support to those same countries has decreased in recent years (although the official development assistance has consistently risen). The already low percentage of environmental rates and taxes in the total tax revenues has decreased even more.

SDG legislation that impacts Portuguese companies

Legal context `4.1.2`

Global, European, and national legislation

The 2030 Agenda has a global nature in its roots, transversal to countries, public and private institutions, the corporate world, and the whole of civil society. This global and transversal character of the 2030 Agenda summons all agents of society to contribute to its achievement, as the companies' role is undeniable on this path.

Although the United Nations has, since day one, called on the corporate sector to fulfill this agenda, the SDGs' language translates structural goals for humanity announced in the UN's context through a language typical of international conventions. It is, therefore, a language more familiar to countries and public institutions, not always easily understandable

for companies, which struggle to decipher how they can contribute to the achievement of this agenda.
The language challenges can be worsened in the SDGs whose relation with the corporate world is (because of the matters they address) less clear – as, for example, is the case of SDG#1 – No Poverty, SDG#14 –Life below water and SDG#15 –Life on land. In these SDGs, it is commonly difficult for companies to understand in what way they can contribute to their fulfillment. On the other hand, it is natural (but not always right) that companies prioritize SDGs in which they feel they can have a more direct impact, which would be the case, for example, of SDG#8 – Decent work and economic growth or SDG#9 – Industry, innovation, and infrastructure, where they will tend to

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[10] See Resolution adopted by the General Assembly on 25 September 2015 A/RES/70, Transforming our world: the 2030 Agenda for Sustainable Development, available at: **https://www.un.org/en/development/desa/population/migration/generalassembly/docs/globalcompact/A_RES_70_1_E.pdf** See, especially, paragraphs 28, 52, 62, and 67.

have a clearer and more immediate impact, starting with their employees and operations.

Therefore, implementing the SDGs is a challenge to companies, who also find obstacles in their operability, starting with the fact that they are unfamiliar with the SDGs' language, as mentioned. The evidence of companies' obstacles and motivations in their involvement with the SDGs is developed in Chapter 7 of this report.

Considering the difficulties concerning translating the SDGs into corporate reality, companies must improve their knowledge of this Agenda. Such a challenge involves deepening knowledge of the various matters, targets, and indicators into which each SDG unfolds itself and understanding how a company can act on its development. It may be useful for this understanding to also consider whether there is a legislative framework that establishes guidelines, or even obligations, applicable to companies – a framework that impacts and aims at fulfilling the SDGs in some way.

So, from the global and European context in which Portugal places itself concerning implementing the 2030 Agenda, it is important to introduce the legal framework applicable in Portugal with direct or indirect relevance to corporate activity. The legal framework establishes the foundation for the companies' activity, defining legal obligations for their activity and norms which, even when not yet mandatory, point the way for the corporate world to consider, there being much legislation which, in a more or less explicit way, drives the SDGs of the Sustainable Development Agenda.

In this sense, joint research was developed by CATÓLICA-LISBON and VdA, Vieira de Almeida, a law firm, in order to create a simple legal chart (see Chart 4.1.2), direct and practical, so that companies may map some of the legislation to which they are subject and which contributes to the fulfillment of the SDGs.

The legislative framework companies must consider was developed using the ESG (Environment, Social, Governance) language. The choice of this organization of information (E + S + G) is associated with the logic

commonly used by investors and subsequently used by companies in their non-financial annual reports. The intention is to cross both frameworks and their languages (SDG and ESG) and thus create a matrix of interpretation and a tool that aims at being operational and useful for companies that develop their activity in Portugal. This matrix translates some of the main legislation currently in force into the SDGs' language. It should be noted that, despite this crossing, both languages are different and have different ambitions.

Because it assumes tendentially transversal, instrumental, and leveraging concerns on various matters – especially environmental and social matters -it was decided to, alongside the three ESG factors, create a specific table for legislation associated with sustainable finance.

It is noteworthy that aspects of ESG and SDGs correspond to legal obligations and that companies must already approach that from a compliance standpoint (the legislation shown in Chart 4.1.1 foresees a wide set of specific obligations that companies must comply with). For example, in order to contribute towards the fulfillment of SDG#10, Portuguese law now establishes a system of employment quotas for disabled people, with a degree of disability equal or superior to 60%, aiming at their hiring by employers of both the private and the public sectors with sanction being applicable in case of non-compliance (under law No. 4/2019, of 10 January).

On the other hand, companies can take on more proactive stances and go beyond, in the sense of contributing towards the implementation of the SDGs and anticipating the regulation that is (and the one which will be) in the pipeline. Pro-active companies, which capacitate themselves in advance, will benefit from their front-runner position in terms of SDGs, with competitive advantages in the face of their competitors. In addition, the growing obligations for companies regarding transparency in terms of sustainability will, in the near future, make it difficult for those who have been "left behind" in implementing this Agenda for Sustainable Development to maintain their operation. So, the sooner and the more effectively

companies incorporate the SDGs into their culture, values, and attitude, the more qualified they will be to face the challenges of sustainability, which increasingly tend to be translated into legal obligations. they will be to face the challenges of sustainability, which increasingly tend to be translated into legal obligations.

It must be highlighted that, beyond a strict compliance logic, the selection of the SDGs to be prioritized by companies must be associated, to a great extent, with the sector and geography in which each company operates, as well as the activities – particularly core activities – it develops and how it can impact the 2030 Agenda in a greater and better way.

The reading of the following legislation chart (Chart 4.1.2) should take the following points into account:

- The legislation refers, at the date of conclusion of the present study, totally ou partially in force in Portugal and is outlined about the original diploma, which must always be read and interpreted in its most recent and in force version;

- i.e., the SDG (or SDGs) which the diploma in question impacts more directly, as it is certain that some diplomas may have an indirect relation with several SDGs – for example, as regards the Directive on environmental impact assessment to which some public and private projects susceptible to producing significant effects on the environment are subject, SDG#6 – Clean water and sanitation, SDG#13 – Climate action, and SDG#15 – Life on land are listed as the most directly impacted. However, the legislation is also related to SDG#14 – Life below water, and may indirectly impact SDG#12 – Responsible consumption and production or SDG#9 – Industry, innovation, and infrastructure.

- The legislation is organized into the four groups identified above, each with a color associated with it: 1. Environment (in green), 2. Social (in orange), 3. Governance (in blue), 4. Sustainable Finance (in yellow);

- In each of these 4 groups, one starts by listing the international legislation, followed by legislation enacted bu the European Union, and, finally, the legislation in force in the national legal framework – in each of these separators ("International," "European Union," and "Portugal"), the legislation is presented chronologically;

- Inside each of these four big groups, one starts in the first line of the separator by identifying all the SDGs often associated with the matters at stake (Environment, Social, Governance, and Sustainable Finance);

- A correlation with the respective SDG(s) is made concerning each legislation identified in the tables. To make the reading easier, for each diploma, a selection was made to only indicate "the" main related SDG(s)

- Much of the legislation indicated on the chart (especially concerning International and European Union legislation) is directed at States and not directly at companies. However, in as much as this legislation accommodates corporate activity, establishing the main guidelines which are consequently translated into national legislation, it was deemed important to also include said legislation on this list (this is the case with respect to all international conventions and European Union Directives mentioned in the chart).

- Lastly, it must be noted that the obligations each piece of legislation foresees may vary according to the size or nature of each company (whether it is, for example, a big company or a small and medium-sized company), which implies that a careful and professional analysis must necessarily be made to assess the applicability of each diploma and each of its obligations to any specific company.

SDG legislation that impacts Portuguese companies

Main Diplomas

The following compilation of international and national legislation concerning the SDGs and which impacts Portuguese companies is not, nor aims or pretends to be, exhaustive. The SDGs encompass many issues, and this chart aims to indicate the main legislative instruments of the environmental, social, and governance aspects that impact companies operating in Portugal. Therefore, this list only gathers a selection of some of the legislation currently in force, which may be particularly relevant to the 17 SDGs of the 2030 Agenda. Consequently, none of the entities that collaborated in producing the following chart is responsible for a personalized selection aiming at any particular entity or situation. This chart does not replace professional counseling.

ENVIRONMENT

The main legislative instruments concerning the environment are here presented in correlation to the SDGs relevant to:
- the "Planet" (in reference to the SDGs' 5 "Ps"), and
- the "Biosphere" (base of the SDGs wedding cake).
In particular, SDG#6, SDG#13, SDG#14, SDG#15, SDG#11, and SDG#12. The partnerships, SDG#17, being cross-sectional and promoting the implementation of the remaining SDGs, are also relevant in this environmental context.

⊕ International

The United Nations Framework Convention on Climate Change Signed in Rio de Janeiro in June 1992, it aims at stabilizing greenhouse gas concentrations in the atmosphere at a level that prevents dangerous anthropogenic (human-induced) interference with the climate system.

The UN's Convention on Biological Diversity. Signed in Rio de Janeiro in June 1992, the convention has three main goals: the conservation of biological diversity (that is to say, biodiversity, i.e., the variety of living beings on the planet); the sustainable use of its components; and the fair and equitable sharing of benefits arising from genetic resources.

The Kyoto Protocol. Signed in December 1997, it aims at limiting quantified greenhouse gas emissions from developed countries and, consequently, global warming.

Paris Agreement. Signed in April 2016, this agreement aims at giving a global answer to the challenges related to climate change, namely, the need to curb the rise of the average global temperature.

⠿ European Union

Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats, wild fauna, and flora. This directive aims at promoting the maintenance of biodiversity, taking existing economic, social, cultural, and regional requirements into account, "Habitats Directive." It protects over 1000 animals, vegetal species, and over 200 habitats. Jointly with the "Wild Birds Directive," it makes up the cornerstone of the European policy on nature conservation.

Directive 2003/87/EC of the European Parliament and the Council of 13 October 2003. Establishes a scheme for greenhouse gas emission allowance trading within the EU.

Directive 2009/147/EC of the European Parliament and the Council of 30 November 2009. Establishes a directive for the conservation of wild birds ("Wild Birds Directive").

Directive 2014/89/EU of the European Parliament and the Council of 23 July 2014. Establishes a framework for maritime spatial planning. The directive defines the EU's common approach concerning the planning of maritime regions. The framework seeks to promote: the sustainable growth of maritime economies, also termed the "EU blue economy,"; the sustainable development of maritime regions, and the sustainable use of marine resources.

European Green Deal - Communication from the Commission to the European Parliament, the European Council, the Council, European Economic and Social Committee, and the Committee of the Regions, COM/2019/640 final, of 11 December 2019. European Green Deal sets a package of measures to allow companies and citizens to benefit from a sustainable ecological transition. These measures are accompanied by an initial roadmap of the key policies that address issues from emission reductions to investment in advanced research to preserve Europe's natural environment.

Regulation (EU) 2021/1119 of the European Parliament and the Council of 30 June 2021. Establishes the framework for achieving climate neutrality and amends Regulations (EC) No 401/2009 and (EU) 2018/1999. It is also known as the "European Climate Law" and sets out a goal of, by 2030, reducing net emissions of greenhouse gases (after removal deduction) by at least 55% compared with the 1990 levels.

⊞ Portugal

Law No. 58/2005, of 29 December. Approves the Water Law, transposing Directive 2000/60/EC, of the European Parliament and of the Council, of 23 October, the "Water Framework Directive." This diploma establishes the legal framework applicable to water resources comprising, in addition to the waters, the respective riverbeds, and margins, as well as the adjacent areas, maximum infiltration areas, and protected areas.

Law No. 50/2006, of 29 August. Approves the Framework Law on Environmental Infractions, regulating the application of environmental infractions and establishing, among others, the number of fines and other sanctions according to the gravity of the infraction: minor, serious, or very serious.

Decree-Law No. 226-A/2007, of 31 May. Establishes a legal regime governing the use of water resources and respective use titles (authorization, license, or grant).

Decree-Law No. 147/2008, of 29 July. Establishes the legal regime on liability for environmental damage and transposes Directive 2004/35/EC of the European Parliament and of the Council of 21 April 2004, which approved, based on the polluter pays principle, the regime for the prevention and remediation of environmental damage.

Law-Decree No. 127/2013, of 30 August. Establishes the regime of industrial emissions applicable to integrated pollution prevention and control, as well as the rules aimed at avoiding or reducing emissions to air, water, soil, as well as waste production, to reach a high level of protection of the environment as a whole, transposing Directive 2010/75/EU, of the European Parliament and of the Council, of 24 November 2010, concerning industrial emissions (IPPC Directive – Integrated Pollution Prevention and Control).

Law-Decree No. 151-B/2013, of 31 October. Establishes the regime on assessing the effects of certain public and private projects on the environment, transposing Directive 2011/92/EU, of the European Parliament and of the Council, of 13 December, on the same subject.

Law No. 19/2014, of 14 April. Establishes the basis for environmental politics ("Base Law for the Environment"). The environmental policy aims at realizing environmental rights through the promotion of sustainable development, supported by the proper management of the environment, particularly of ecosystems and natural resources, contributing to the development of a low-carbon society and a green economy based on the rational and efficient use of natural resources, which assures the well-being and progressive improvement of citizens' quality of life.

Law No. 82-D/2014, of 31 December. Amends environmental fiscal regulations in energy and emissions, transportation, water, waste, territorial planning, forests, and biodiversity while also introducing a tax regime on plastic bags and an incentive scheme on end-of-life vehicle removal within the framework of an environment tax reform.

Law-Decree No. 102-D/2020, of 10 December. Approves the general regime on waste management and the legal regime of waste landfills and amends the regime on the management of specific waste streams, transposing a range of European directives concerning waste.

Law No. 98/2021, of 31 December. Approves the "Base Law for the Climate," acknowledging the existence of a climate emergency. On a national level, the targets set for the reduction of emissions (compared to the 2005 figures) are at least: (i) 55% by 2030; (ii) 65% to 75% by 2040; and (iii) 90% by 2050 – with a commitment to assess a possible advance in the climate neutrality target until, at the latest, 2045. A specific target was set for the land use and forest sectors which are expected to sink (through net removals) 13 megatons of greenhouse gases between 2045 and 2050.

SOCIAL

The main legislative instruments on social issues are here presented primarily in correlation to the SDGs relevant to::
– "People," "Prosperity," and "Peace" (in reference to the SDGs' 5 "P's"), and
– "Society," but also "Economy" (in reference to the SDGs "wedding cake").
Especially SDG#1, SDG#2, SDG#3, SDG#4, SDG#5, SDG#6, SDG#8, SDG#10, and SDG#16. As "Partnerships" are transversal and promote the implementation of the remaining SDGs, SDG#17 is also relevant in this social context.

Internacional

The International Bill of Human Rights. Set of three key instruments concerning Human Rights – the Universal Declaration of Human Rights (1949), The International Covenant on Economic, Social and Cultural Rights (1966), and the International Covenant on Civil and Political Rights (1966).

The International Convention on the Elimination of All Forms of Racial Discrimination. Concluded in New York on 21 December 1965, it aims to adopt policies to eliminate all forms of racial discrimination.

Convention on the Elimination of All Forms of Discrimination Against Women. Concluded in New York on 18 December 1979, it aims at adopting necessary measures to suppress this discrimination in all its forms and manifestations.

Convention on the Rights of the Child. Concluded in New York on 20 November 1989, it aims at protecting children's rights.

Declaration on Fundamental Principles and Rights at Work. Adopted in 1998 to establish the principles and rights at work. In this context, we note the eight conventions identified by the International Labour Organization (ILO) Administration Council as fundamental – **Convention No 182, concerning the Worst Forms of Child Labour, 1999; Convention No 138, concerning the Minimum Age for Admission to Employment, 1973; Convention No 111, concerning Discrimination in Respect of Employment and Occupation, 1958; Convention No 105, concerning the Abolition of Forced Labour, 1957; Convention No 100, concerning Equal Remuneration, 1951**; **Convention No 98, concerning the Right to Organise and Collective Bargaining, 1949; Convention No 87, concerning the Freedom of Association and Protection of the Right to Organise, 1948** and **Convention No 29, concerning Forced or Compulsory Labour, 1930.**

Convention on the Rights of Persons with Disabilities. Concluded in New York on 13 December 2006, it aims at promoting, protecting, and guaranteeing the full and equal enjoyment of all human rights and fundamental liberties by every person with disabilities and promoting respect for their inherent dignity.

United Nations Guiding Principles on Business and Human Rights (UNGPs). Resolution No A/HRC/RES/17/4 of the United Nations Human Rights Council of 6 July 2011 sets the guiding principles of the international regime of corporate responsibility concerning human rights, namely companies' due diligence.

⚙ União Europeia

Council Directive 2000/43/EC of 29 June 2000. Establishes the principle of equal treatment between persons irrespective of racial or ethnic origin.

Charter of Fundamental Rights of the European Union. Approved in December 2000, it gathered civil, political, economic, and social rights for European citizens.

Regulation (EU) 2016/679 of the European Parliament and the Council of 27 April 2016. Establishes the rules concerning the protection of natural persons concerning the processing of personal data and the free movement of such data, including potential reporting obligations. Generally known as the General Data Protection Regulation.

Directive (EU) 2019/1158 of the European Parliament and the Council of 20 June 2019. Establishes minimum requirements aimed at reaching equality between men and women with regard to labor market opportunities and treatment at work, facilitating the reconciliation of work and family life for such parents and carers, setting out individual rights related to paternity leave, parental leave, and carers' leave, and to flexible working arrangements for workers who are parents or carers.

⛨ Portugal

Law No 102/2009, of 10 September. Establishes the legal regime on the promotion of health and safety at work.

Law No 28/2016, of 23 August. Aims to combat modern forms of forced labor.

Law No 93/2017, of 23 August. Establishes the legal regime of prevention, prohibition, and combat against discrimination based on racial or ethnic origin, color, nationality, ancestry, and region of origin.

Law No 4/2019, of 10 January. Establishes the system of work quotas for people with disabilities, with a degree of incapacity equal or superior to 60%, aiming at their hiring by employers of both the private and public sectors.

Law No 26/2019, of 28 March. Establishes the regime of balanced representation between men and women in managerial positions and public administration bodies.

Law No 58/2019, of 8 August – Data Protection Law – assures the execution in Portugal of Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016, i.e., the General Data Protection Regulation.

Law No 27/2021, 17 May – Approves the Portuguese Charter of Human Rights in the Digital Era. The charter sets forth innovative norms regulating the digital environment from both horizontal and vertical perspectives (in the sense that it foresees rights and duties applicable to relations between the State and citizens, as well as to relations exclusively between private entities). The charter, regulating cyberspace security, deals with issues such as misinformation, digital will, user protection on online platforms, and child protection.

GOVERNANCE

The main legislative instruments on governance issues are here presented primarily in correlation to the SDGs relevant to:
- "Prosperity," "Peace," and "Partnerships" (in reference to the SDGs' 5 "P's"), and
- "Society" and "Economy" (in reference to the SDGs "wedding cake").
Especially SDG#5, SDG#8, SDG#10, SDG#12, and SDG#16. As "Partnerships" are transversal and promote the implementation of the remaining SDGs, SDG#17 is also relevant in this governance context.

International

The United Nations Convention Against Corruption – Concluded on 31 October 2003 in New York. Referring to the prevention of Corruption, criminalization and law enforcement, international cooperation, and asset recovery.

OECD Guidelines for Multinational Enterprises. Establishes a set of recommendations addressed by the OECD States to multinational companies. These recommendations (first adopted in 1976 and updated, for the 5th time, in 2011) offer guidelines and voluntary standards for responsible management conduct in a global context in accordance with adopted laws and internationally recognized standards.

European Union

Regulation (EU) No 995/2010 of the European Parliament and the Council of 20 October 2010. Lays down the obligations of operators who place timber and timber products on the market, namely concerning due diligence and prohibiting the placing on the market illegally harvested timber or timber products derived from such timber.

Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large companies and groups. It establishes the obligation for certain companies to disclose information related to how they operate and manage environmental issues, social and employee-related matters, respect for human rights, anti-corruption, and bribery matters.

Directive (EU) 2016/1148 of the European Parliament and of the Council of 6 July 2016: concerning measures for a high common level of security of network and information systems across the Union.

Regulation (EU) 2017/821 of the European Parliament and of the Council of 17 May 2017. Lays down supply chain due diligence obligations for Union importers of tin, tantalum, and tungsten, their ores, and gold originating from conflict-affected and high-risk areas.

Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018. Amends Directive (EU) 2015/849 on preventing the use of the financial system for money laundering or terrorist financing.

Council Regulation (EU) 2019/796 of 17 May 2019. Setting restrictive measures against cyber-attacks threatening the Union or its Member States. This applies to cyber-attacks with a significant effect, including cyber-attack attempts with a potentially significant effect, representing an external threat to the Union or its Member States.

Portugal

Law-Decree No 89/2017, of 28 July. Establishes obligations of disclosure of non-financial information and diversity by large companies and groups, transposing Directive 2014/95/EU. Companies of public interest that have, on average, more than 500 employees must annually present a non-financial demonstration that includes a description of followed policies in relation to processes of due diligence and main social and environmental risks connected to the company's activity.

Law No 62/2017, of 1 August. Establishes the regime of balanced representation between men and women in the board of directors and bodies of public and listed companies.

Law No 46/2018, of 13 August. Establishes a legal regime for cyberspace security, transposing Directive 2016/1148 (EU) of the European Parliament and Council of 6 July 2016, concerning measures aimed at guaranteeing a high common level of security of network and information systems across the European Union.

Law No 58/2020, of 31 August – Establishes measures to combat money laundering or terrorist financing.

SUSTAINABLE FINANCE

Sustainable financing can have – and aims at having –transversal impacts which are instrumental and drivers of various other themes of the SDGs – especially environmental and social issues -reasons which justify the decision of autoionizing the legislation framing this matter in its separator.

União Europeia

Action Plan: Financing Sustainable Growth. European Commission communication COM (2018) 97 final, of 8 March 2018 - Communication of the European Commission to the European Parliament, the European Council, the Council, the European Central Bank, the European Economic, and Social Committee, and the Committee of the Regionsapproving the Plan and sets out a strategy to connect the financial sector to

Regulation (EU) 2019/2088 of the European Parliament and the Council of 27 November 2019. Establishes a regime of sustainability-related disclosures in the financial services sector – best known as the Sustainable Finance Disclosure Regulation (SFDR)

Regulation (EU) 2019/2089 of the European Parliament and the Council of 27 November 2019. Amends Regulation (EU) 2016/1011 as regards EU Climate Transition Benchmarks, EU Paris-aligned Benchmarks, and sustainability-related disclosures for benchmarks.

European Green Deal Investment Plan – Communication from the European Commission COM (2020 21 final 14 January 2020 - Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions. Approves the Plan, which aims at supporting public investment, and a framework that enables and stimulates public and private investments needed to ensure a transition to a green, competitive, inclusive economy that ensures climate neutrality.

Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 ("EU Taxonomy Regulation"). This Regulation sets the criteria for determining whether an economic activity qualifies as environmentally sustainable to establish the degree to which an investment is environmentally sustainable. Known as the "Taxonomy Regulation," it aims to provide a common language for companies and investors to identify those economic activities that may be considered sustainable by setting out six environmental objectives. Despite not being yet in force, the following delegated acts supplementing the EU Taxonomy Regulation were already approved by the European Commission. They will follow suit with the EU co-legislators: C/2021/4987, specifying the content and presentation of information to be disclosed by companies subject to Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities and specifying the methodology to comply with that disclosure obligation, and C/2021/2800, establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives.

Commission Delegated Regulation (EU) 2021/1253 of 21 April 2021. Amends Delegated Regulation (EU) 2017/565 as regards the integration of sustainability factors, risks, and preferences into certain organizational requirements and operating conditions for investment firms.

Portugal

Law-Decree No 63/2020, of 7 September: Regulates the activity and proceedings of the Banco Português de Fomento, Lda. (BPF), and approves its Statutes. The Program of the XXII's Constitutional Government proposes developing a green bank to confer financial capacity and speed up the various existing sources of financing dedicated to investing in sustainable projects, carbonic neutrality, and circular economy. One of the attributions of the BPF is to mobilize adequate financial instruments to promote a green economy in line with the European guidelines for sustainable finance.

Law-Decree No 29-B/2021, of 4 May: Establishes the governance model of the European funds attributed to Portugal through the Recovery and Resilience Plan (PRR). Within the financial package that resulted from the consensus of the European Council in July 2020, the Recovery and Resilience Mechanism was created, allowing each country to plan a set of reforms and investments. This diploma establishes the European funds' governance model in Portugal, framed in the Next Generation EU, from 2021-2026, namely the organic, strategic, and operational structures to monitor the implementation of the Recovery and Resiliency Plan in Portugal. This legislation sets rules regarding management, monitoring, evaluation, control, and auditing activities, according to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021, establishing the Recovery and Resilience Facility.

Future legislative trends

Differently to the Millenium Goals, in the resolution to approve the 2030 Agenda, the UN appealed to all companies – regardless of their size, sector of activity, and geographies – to apply their ability to innovate to the resolution of sustainable development challenges. This appeal was, at the time, made with the conviction that the capacity to fulfillment of the ambitious Sustainable Development Goals (SDGs) by 2030 would be strongly dependent on the action and collaboration of all – Governments, companies, and civil society.

On the other hand, a few years after the approval of the 2030 Agenda, the climate emergency also led to the adoption, by the European legislator, of the Sustainable Finance Action Plan and of the European Green Deal to make Europe the first continent to achieve climate neutrality by 2050, through, among other measures, the creation of incentives to sustainable investment.

The approval of the Environmental Taxonomy Regulation ("Taxonomy") – a classification system of economic activities considered to be sustainable – is a key ingredient of the legislation approved in this context, which constitutes a strong motivation for companies who want to keep on attracting investment, by adapting their business strategy to the challenges sustainability. The companies' contribution to one or more of the six environmental goals laid out at Taxonomy will always, simultaneously have a strong impact on a wide array of SDGs, including SDG#7 – Affordable and clean energy, SDG#12 – Responsible consumption and production, SDG#13 – Climate action, and SDG#14 and SDG#15 – Life below water and life on land, respectively. The European Climate Law, approved in 2021, intends to rid Europe of greenhouse gases by 2050, and the Fit for 55 package, which aims at guaranteeing a reduction of the same gases' emissions by 55% by 2030, will also, inevitably, have a huge impact on SDG#13 – Climate action, making companies, especially in strongly eminent

sectors, adapt their business if they want to remain competitive.

It is also important to note that, according to the United Nations' 2030 Agenda, the preservation of the Planet does not only consist of climate action but also in the fulfillment of the wide array of 17 SDGs, which range from the combat of poverty to just energy transition, from education to justice, from health to dignified work.

In other words, the focus on People and the importance of Partnerships between private, public, and social sector stakeholders are unmistakable. That is why, in the 2030 Agenda context, the UN states that the United Nations Guiding Principles on Business and Human Rights, the International Labour Organization Conventions, and the OECD Guidelines for Multinational Enterprises should function as international benchmarks of managerial activity, without which the implementation of the SDGs is, simply, not possible.

The integration of the SDGs in the business sector, as a common language for business sustainability worldwide, also warned companies of their role concerning Human Rights, making the theme go up, namely in the legislators' agenda. In this regard, the directive proposal concerning Company Due Diligence and Corporate Responsibility, being adopted by the European Union, imposes a duty of due diligence in Human Rights on big companies, with associated sanctions, which may materialize a new legislative paradigm, namely with a big impact on the fulfillment of SDG#8 – Decent work and economic growth, SDG#5 – Gender equality, and SDG#10 – Reduced inequalities. In addition, the new European directive established for sustainability reporting purposes, known as CSRD (Corporate Sustainability Reporting Directive), promises to lead Europe to the front-runner position on this matter, starting with establishing the goal of

placing sustainability information on equal terms with financial information (including on certification/auditing terms). Reporting is also encouraged in the SDGs, namely SDG#12 – Responsible consumption and production, which, among the established targets, proposes to companies the adoption of sustainable practices and the integration of information related to sustainability into their reporting cycle (target 12.6 – Encouraging companies to adopt sustainable practices and sustainability reports). Therefore, it is clear the alignment of the business with the SDGs will also contribute to greater compliance with the new legal demands in sustainability matters, bringing a competitive advantage to all the companies that have started to develop efforts with this in mind as of now.

It seems to be clear that the Portuguese companies of the future will be the ones facing the legal instruments in force (and the ones to come) within

the European legal ESG (Environment, Social, and Governance) framework, as relevant clues and tangible opportunities to evolve in their journey of sustainability, through a (better) alignment of their business with the planet and (its) people.

Margarida Couto, Maria Folque and Francisco Almeida VdA - VIEIRA DE ALMEIDA

The implementation of the SDGs in Portugal `4.2`

This section aims to clarify how Portugal crosses its strategic documents with the 2030 Agenda, how the country is fulfilling each SDG, its targets and indicators, and how it is positioned internationally and in the European context. This analysis was made by proofreading different public documents of scientific literature and conducting interviews with key contacts in this area in Portugal [11].

The adoption of the 2030 Agenda and Portugal's Strategic Priorities

According to Portugal's National Voluntary Report, it actively participated in defining the 2030 Agenda as a member of the European Union and the United Nations. In the European Union's positioning board, Portugal subscribed to the emphasis on the need to give more attention to issues related to peace, security, and good governance, the more pronounced defense of the goals to promote peaceful and inclusive societies, eradicating all forms of discrimination and

violence, namely based on gender, and preserving the seas and oceans, by sustainably managing resources. In this context, Portugal also defended the need for the 2030 Agenda to be "anchored in a real sharing of responsibilities between public and private actors, and between developed and developing countries, beyond the normal North-South approach."

The need to have an "articulated cooperation and complementarity between the different actors, in global, regional and national plans, exploring synergies and interdependencies between the respective responsibilities and strategies, avoiding overlaps and seeking to maximize capacity and impact" was made clear (Portugal National Voluntary Report, 2017, p. 6)

Given this commitment, Portugal finds itself among the 169 signatory countries, which in 2015 launched the 2030 Agenda, and partnered with the private and civil sectors. In all these countries, the evaluation of the progress in the implementation of the 2030 Agenda must be made regularly, involving Governments, civil society, companies, and other development actors. This monitoring/evaluation imposes a global coordination of efforts. On a national level, the responsibility for the general coordination of the SDG Agenda belongs to the Ministry of Foreign Affairs, jointly with the Ministry for Planning and Infrastructures.

As Portugal is bound to these commitments as a State member of the UN, the Ministry of Foreign Affairs takes on the role of general coordination of the SDGs Agenda, given the need for close articulation between the two axes of implementation of the 2030 Agenda (internal plan and external plan). This work is done in close cooperation with all the other Ministries, according to their responsibilities and relationships to the SDGs.

The Interministerial Committee for Foreign Policy (Comissão Interministerial de Política Externa – CIPE) and the Interministerial Committee for International Cooperation (Comissão Interministerial de Política de Cooperação) act as interministerial coordination structures, whether for the implementation of the SDGs, or the preparation of the reports designed to support the processes of national, regional and global monitoring.

Following the launch of the 2030 Agenda in September 2015, the various state members were invited to optionally develop Voluntary National Reviews (VNR) concerning the evolution of the implementation of the SDGs in their countries.

[11] The list of conducted interviews can be viewed in Annex 1.

Through the VNRs, the different countries' Governments report the situation regarding the SDGs, exposing challenges they have faced and positive progress. The VNRs are thus used to monitor the High-level Political Forum annually conducted in July. The VNRs aim to ease the sharing of experiences, whether successes, challenges, or lessons taken from the various countries, to promote the acceleration of the implementation of the 2030 Agenda at a global level. They also aim to strengthen policies and institutions, mobilize stakeholders' support, and promote partnerships to implement the SDGs. Since 2015, almost 350 VNRs have been presented by 189 of the UN's State Members and signatories of the 2030 Agenda, according to the list provided by the UN at **https://hlpf.un.org/vnrs**. Togo and Uruguay have the most publications and have already presented their 4th VNR.
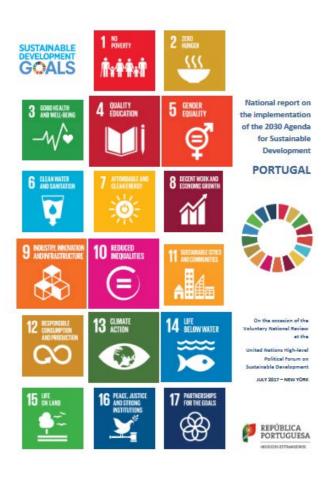
Voluntary National Report in Portugal

The Voluntary National Report presented by Portugal (named **"Voluntary National Report"**) to the United Nations in 2017 identifies the start of the process of adoption of the 2030 Agenda by the Government and the need for joint action of the various stakeholders, to guarantee the implementation in a transversal and integrated way. The national ambition thus permeates through a spirit of cooperation to ensure an inclusive agenda and highlights the development of mechanisms that propitiate this articulation.

The document predicts the development of national policies through six Sustainable Development Goals set as priorities for Portugal. These goals cover the three components of sustainable development – social, economic, and environmental:

- **A.** SDG#4 – Quality Education
- **B.** SDG#5 – Gender Equality
- **C.** SDG#9 – Industry, Innovation, and Infrastructures
- **D.** SDG#10 – Reduced Inequalities
- **E.** SDG#13 – Climate Action
- **F.** SDG#14 – Life Below Water

People's education, development, and qualification are important, translated into SDG#4 – Quality Education. This prioritization aims at inverting delays and historical exclusions and promoting social equality and cohesion. Emphasis is also given to respect for human dignity and reducing inequalities between men and women, translated into SDG#5 – Gender Equality.

Concerning economic growth, Portugal has chosen SDG#9 - Industry, Innovation, and Infrastructure as the priority focus, which has as its goal promoting investment in adequate infrastructures in modern industry, technological progress, and economic digitalization, to stimulate a balanced growth that reinforces social development. In the prosperity model, the country also anchors its strategies on promoting social justice, equity, and equal opportunities, translated into SDG#10 – Reduced Inequalities.

The commitment to climate action and the reduction of practices harmful to the planet is highlighted in the environmental context, evidenced by SDG#13 – Climate Action. The strategic importance the sea and oceans have in history, geography, and Portugal's identity are also noted, and the commitment to prioritize sea life and the protection and sustainable exploration of its resources, reflected in SDG#14 – Protect Life Below Water, is assumed.

The selection of these goals as priorities for Portugal implied listening to various stakeholders of civil society and NGOs in the public sector, including the various ministerial areas and citizens. There was, at the time, no scrutiny from the private sector. In September 2022, Portugal had already expressed its commitment to present a **new VNR** to the UN in 2023, aligned with the European Union (who also expressed its intention of **presenting its VNR**) and with international practices of most of the EU's Member States who already has two VNRs published (apart from Portugal, France, Ireland and Lithuania have also indicated their intention to present a new VNR in 2023) – all according to information provided by the UN at **https://hlpf.un.org/countries.**

Following the publication of the Portuguese VNR in 2017, and concerning the COVID-19 crisis and the end of the 2020 European financing cycle, Portugal strategically worked on its future priorities. In that context, studies and strategic planning documents have been published that aim at tracing Portugal's direction and priorities for the following years on the economic, social, and environmental axes. These documents were analyzed in order to better understand if and in what way the Portuguese strategic plan is aligned with the 2030 Agenda.

Visão Estratégica para o Plano de Recuperação Económica de Portugal 2020-2030

The strategic priorities indicated in the Portuguese VNR are also present in the Strategic Vision for Portugal's Economic Recovery Plan 2020-2030, developed and presented in July 2020 by António Costa Silva, assigned by the Government to coordinate the preparatory work of elaborating the Economic and Social Recovery Program 2020-2030. In this study, a strategic vision for Portugal was proposed and formulated in the following way:

Recovering the economy and protecting employment in the short-term, and assuring, in the medium and long-term, the transformation of the Portuguese economy, making it more sustainable socially, environmentally, and economically, more resilient, more inclusive, more efficient at managing resources, more digitalized, more innovative, more interconnected, and capable of competing at a European and global scale, based on a critical mass equipped to make a difference. (Silva, 2020, p. 68)

The document thus identifies the Portuguese strategy to ensure economic, social, and environmental progress in the post-COVID-19 context, promoting changes in the structural constraints that inhibit and limit the country's development (Silva, 2020) and placing "companies at the center of economic recovery, changing them so to become the real motor for growth and creation of wealth" (Silva, 2020, p. 13).

The conceptual structure proposed by this document – which served as the basis for Portugal's subsequent Economic Recovery Plan -is based on a strategic horizontal axis, identified as a motor for economic change. It is aligned with the main European sustainability agendas, including the European **Green** and **Digital Agendas**, the **European Green Deal, National Energy, Climate Plans**, and the **Roadmap for Carbon Neutrality 2050**. Ten vertical axes are attributed to this horizontal axis to ensure Portugal's development as an integrated geoeconomic space, globally connected and economically competitive, with employment opportunities and maintenance of social well-being. This structure can be seen in Figure 4.2.1.

[12] Through Order No 6033-B/2020, published in the Portuguese Republic Public Gazette, 2nd series, No 108, 3 June 2020.
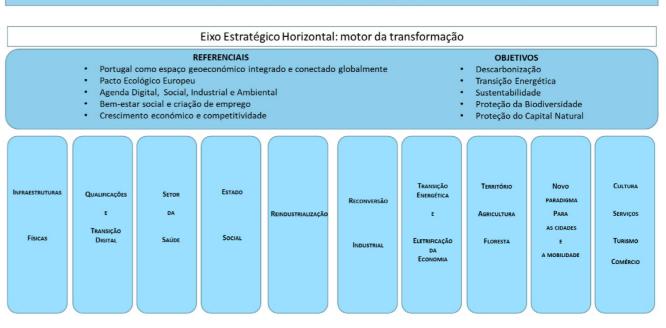
Figure 4.2.1

Source: (Silva, 2020, p. 58)

Eixos estratégicos

1. Uma rede de infraestruturas indispensáveis
2. A qualificação da população, a aceleração da transição digital, as infraestruturas digitais, a ciência e tecnologia
3. O reforço do setor da saúde e a capitalização da resposta à crise
4. O Estado Social
5. A reindustrialização do país com os *clusters* dos recursos minerais estratégicos, energias renováveis, hidrogénio, bioeconomia sustentável e o *cluster* do mar
6. A reconversão industrial com a reorientação das cadeias logísticas e de abastecimento, a fabricação de máquinas e equipamentos e a economia circular
7. A transição energética e a eletrificação da economia
8. A coesão do território, com a inclusão do interior na economia nacional, a dinamização da agricultura e da floresta e a transformação da paisagem
9. Um novo paradigma para as cidades e a mobilidade sustentável
10. Cultura, Serviços, Turismo e Comércio

Figure 4.2.2

Source: (Silva, 2020, p. 70)

Aligned with 10 strategic axes, Silva (2020) identifies 9 crucial goals for Portugal's recovery and development during the next decade.

OBJETIVOS

1. Terminar a construção de uma rede estratégica de infraestruturas de transportes e mobilidade, ambientais e de energia, indispensáveis à sustentabilidade, competitividade e conetividade do território.

2. Reforçar a aposta nas qualificações da população portuguesa a todos os níveis, para superar este défice crónico, acelerar a Transição Digital e apostar nas infraestruturas digitais em todos os setores e na Administração Pública, incentivando novos modelos de trabalho e de produção que incorporem as tecnologias associadas à digitalização.

3. Reforçar o Serviço Nacional de Saúde (SNS), aumentando a sua capacidade de resposta e fazendo evoluir a sua organização para a diversificação e flexibilização de serviços de saúde e potenciando o *cluster* de saúde nacional de vantagens competitivas e de afirmação no mercado internacional.

4. Investir no Estado Social, contribuindo para a criação de riqueza e de emprego e para que as pessoas em situação de pobreza e exclusão social possam viver com dignidade e participar ativamente na sociedade.

5. Apostar na reindustrialização do país e desenhar fileiras estratégicas associadas às energias renováveis, ao hidrogénio verde, à bioeconomia sustentável, aos recursos minerais e ao mar, garantindo a descarbonização das atividades e assegurando uma transição justa.

6. Prosseguir com a reconversão industrial e preparar o tecido industrial para os desafios do futuro, garantindo a transição energética e a descarbonização, adotando modelos de uma economia circular e apostando também nas cadeias curtas e nos recursos endógenos.

7. Apostar mais do que nunca na eficiência energética, na incorporação crescente de energias de fontes renováveis e no apoio à produção renovável descentralizada, de forma a assegurar a transformação da matriz energética nacional, a criação de emprego intensivo e especializado e o combate à pobreza energética.

8. Promover a coesão do território por via de programas orientados para a preservação da biodiversidade, a valorização do capital natural e a transformação da paisagem, apostando numa floresta ordenada e resiliente e numa atividade agrícola adaptada ao território, preparada para enfrentar os efeitos das alterações climáticas e para cadeias curtas de distribuição e de consumo.

9. Desenvolver cidades mais verdes e promotoras de uma melhor vivência em comunidade, com apoio à habitação de longa duração, e aposta na mobilidade urbana elétrica e ativa, com a construção de ciclovias e desenvolvimento de novas soluções de logística urbana.

Figure 4.2.3

Source: (Silva, 2020, p. 69)

Portugal 2030 Strategic Framework

In line with the Strategic Vision for António Costa Silva's Portugal's Economic Recovery Plan 2020-2030, the Portuguese Government's Ministry for Planning approved the Portugal 2030 Strategy in November 2020. This document systematizes the main elements of the Portugal 2030 Strategy and lays out how the country must answer to the challenges and impacts of the COVID-19 pandemic, which require a "new cycle of structural policies, with a renewed ambition, which promotes the double transition – climate and digital – and, simultaneously, reinforces the resilience, cohesion, and competitiveness of our economy, society, and territory" (Estratégia Portugal 2030, 2020, pp. 7 e 8).

The document further predicts an answer to the demographic challenge Portugal faces and the structural transformation needed to improve Portuguese citizens' standard of living, establishing the Portugal 2030 Strategy as a "framework of general orientation for the establishment and implementation of public structural policies in the next decade" (Estratégia Portugal 2030, 2020, p. 8).

The Portugal 2030 Strategy "consists of the vision of the next decade of Portugal's recovery and convergence with Europe" (preamble of the **Motion of the Council of Ministers No 98/2020, of 13 November**, which approved it) and integrates the four following thematic agendas:

- **Thematic agenda 1 –** People first: a better demographic balance, more inclusion, less inequality.
- **Thematic agenda 2 –** Digitalization, innovation, and qualifications as motors for Development.
- **Thematic agenda 3 –** Climate transition and resource sustainability.
- **Thematic agenda 4 –** A Country externally competitive and internally cohesive.

Figure 4.2.4 below shows the alignment between the Portugal 2030 Strategy and the Strategic Axes of the Strategic Vision for Portugal's Economic Recovery Plan 2020-2030, mentioned earlier.

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[13] AThrough Motion of the Council of Ministers No 98/2020, of 13 November...

Agenda Estratégica Portugal 2030

"Visão estratégica para o plano de recuperação económica de Portugal 2020-2030"

As Pessoas Primeiro: um melhor equilíbrio demográfico, maior inclusão, menos desigualdade

1.1 Sustentabilidade demográfica
1.2 Promoção da inclusão e luta contra a exclusão
1.3 Resiliência do sistema de saúde
1.4 Combate às desigualdades e à discriminação

Eixo 3 – O setor da saúde e o futuro

Eixo 4 - O Estado Social

Inovação, Digitalização e Qualificações como motores do desenvolvimento

2.1 Promoção da sociedade do conhecimento
2.2 Inovação empresarial
2.3 Qualificação dos recursos humanos
2.4 Qualificação das instituições

Eixo 2 - Qualificação da população, transição digital, Ciência e Tecnologia

Eixo 5 - A reindustrialização do País

Eixo 6 - A Reconversão Industrial

Transição climática e sustentabilidade dos recursos

3.1 Descarbonizar a sociedade e promover a transição energética
3.2 Tornar a economia circular
3.3 Reduzir os riscos e valorizar os ativos ambientais
3.4 Agricultura e florestas sustentáveis
3.5 Economia do mar sustentável

Eixo 7 - A transição Energética e a Eletrificação da Economia

Eixo 8 - Coesão do Território, Agricultura e Floresta

Um país competitivo externamente e coeso internamente

4.1 Competitividade das redes urbanas
4.2 Competitividade e coesão na baixa densidade
4.3 Projeção da faixa atlântica
4.4 Inserção territorial mercado ibérico

Eixo 1 - Rede de infraestruturas

Eixo 8 - Coesão do Território, Agricultura e Floresta

Eixo 9 - Um Novo Paradigma para as Cidades e a Mobilidade

Eixo 10 - Cultura, Serviços, Comércio, Turismo

Figure 4.2.4

Source: (Estratégia Portugal 2030, 2020, p.8)

Agenda Estratégica Portugal 2030

"Visão estratégica para o plano de recuperação económica de Portugal 2020-2030"

As Pessoas Primeiro: um melhor equilíbrio demográfico, maior inclusão, menos desigualdade

1.1 Sustentabilidade demográfica
1.2 Promoção da inclusão e luta contra a exclusão
1.3 Resiliência do sistema de saúde
1.4 Combate às desigualdades e à discriminação

Eixo 3 – O setor da saúde e o futuro

Eixo 4 - O Estado Social

Inovação, Digitalização e Qualificações como motores do desenvolvimento

2.1 Promoção da sociedade do conhecimento
2.2 Inovação empresarial
2.3 Qualificação dos recursos humanos
2.4 Qualificação das instituições

Eixo 2 - Qualificação da população, transição digital, Ciência e Tecnologia

Eixo 5 - A reindustrialização do País

Eixo 6 - A Reconversão Industrial

Transição climática e sustentabilidade dos recursos

3.1 Descarbonizar a sociedade e promover a transição energética
3.2 Tornar a economia circular
3.3 Reduzir os riscos e valorizar os ativos ambientais
3.4 Agricultura e florestas sustentáveis
3.5 Economia do mar sustentável

Eixo 7 - A transição Energética e a Eletrificação da Economia

Eixo 8 - Coesão do Território, Agricultura e Floresta

Um país competitivo externamente e coeso internamente

4.1 Competitividade das redes urbanas
4.2 Competitividade e coesão na baixa densidade
4.3 Projeção da faixa atlântica
4.4 Inserção territorial mercado ibérico

Eixo 1 - Rede de infraestruturas

Eixo 8 - Coesão do Território, Agricultura e Floresta

Eixo 9 - Um Novo Paradigma para as Cidades e a Mobilidade

Eixo 10 - Cultura, Serviços, Comércio, Turismo

Figure 4.2.5

Source: Authors, based on (i) image taken from Estratégia Portugal 2030, 2020, and the analysis of "Aligning Post Covid19 Recovery Plans with the SDGs (The Portuguese Case), Pedro Mateus das Neves, 2020.

It is important to highlight that the articulation of the thematic agendas and the intervention axes with the goals and targets of the 2030 Agenda is lacking. Neither the Strategic Vision for Portugal's Economic Recovery Plan 2020-2030 nor Portugal's Strategic Framework 2030 use the language of the Sustainable Development Goals, although the European Strategy that serves as guidance for these documents is aligned with the SDGs.

To analyze this theme, Pedro Neves, in his article "**Aligning Post Covid19 Recovery Plans with the SDGs (The Portuguese Case)**", analyses and makes clear the alignment of the 4 Thematic Agendas and the 10 Strategic Axes identified in the documents with

the 2030 Agenda and the 17 Sustainable Development Goals.

Neves (2020) concludes that, through a flexible approach, it is possible to translate the national plans according to the SDG language, and one can conclude that there is an alignment between António Costa Silva's vision, the Portugal Strategic Agenda 2030, and the SDGs. The match made by the author is made clear in Figure 4.2.5 below.

The **"People First"** agenda incorporates interventions focused on five strategic domains: Demographic sustainability; Promotion of inclusion and fight against exclusion; Health system resilience; and the Fight against inequalities and discrimination. This agenda crosses axes 3- Health Sector and the Future, and 4 – Welfare State of the Strategic Vision for Portugal's Economic Recovery Plan 2020-2030.

If we consider the cross-check that Neves (2020) makes of the axes of Strategic Vision for Portugal's Economic Recovery Plan 2020-2030, one can conclude that SDG#1 – No Poverty; SDG#3 – Good Health; SDG#5 – Gender Equality, and SDG#10 – Reduced Inequalities are linked to the **"People First"** Agenda.

Concerning **"Innovation, Digitization, and Qualifications as drivers of development,"** the

strategic focus is on: Promoting the knowledge society, Digitization and business innovation, Qualification of human resources, and Qualification of institutions. This agenda crosses Axes 2 - Qualification of the population, digital transition, Science and Technology; 5 - The Reindustrialization of the country and 6 - The Industrial Reconversion.

According to Neves (2020), these axes can be linked to SDG#4 – Quality Education; SDG#6 – Clean Water and Sanitation; SDG#7 – Affordable and Clean Energy; SDG#9 – Industry, Innovation, and Infrastructure; SDG#12 – Responsible Consumption and Production; SDG#13 – Climate Action, and SDG#14 –Life Below Water.

The "Climate Transition and Resource Sustainability" Agenda has as its goal: Decarbonize society and promote the energy transition; Make the economy

circular; Reduce risks and value environmental assets; Sustainable agriculture and forestry; and Create a Sustainable maritime economy. This agenda is linked to axes 7 – Energy Transition and Economic Electrification; and 8 – Land Cohesion, Agriculture, and Forestry.

According to Neves (2020), these axes can be linked to SDG#2 – No Hunger; SDG#7 – Affordable and Clean Energy; SDG#8 – Decent Work and Economic Growth; SDG#10 – Reduced Inequalities; SDG#11 – Sustainable Cities and Communities; and SDG#15 – Life on Land.

The fourth thematic agenda emphasizes the development of "A country externally competitive and internally cohesive," having as its main goal enhancing the role of cities and urban areas as factors of national competitiveness.

The measures seek to develop the competitiveness of urban networks, competitiveness, and cohesion in low-density areas, projection of the Atlantic coast, and territorial insertion in the Iberian market. This strategy translates into axes 1 – Network of Infrastructures, 8 – Land, Agriculture, and Forestry Cohesion, 9 – A New Model for Cities and Mobility, and 10 – Culture, Services, Commerce, and Tourism and, according to Neves (2020), they are linked to SDG#2 – No Hunger, SDG#9 – Industry, Innovation and Infrastructures, SDG#10 – Reduced Inequalities, SDG#11 – Sustainable Cities and Communities, SDG#15 –Life on Land, SDG#16 – Peace, Justice and Strong Institutions, and SDG#17 – Partnerships for the Implementation of the Goals.

Neves's (2020) analysis identifies a clear opportunity for adopting the Sustainable Development Goals' language to translate and give cohesion to the Government's strategy in implementing the Portugal

2030 Strategic Agenda. Although Portugal's public strategies are aligned with global and European development policies, which are completely aligned with the SDGs, this alignment and matching are not expressly made clear in the documents produced by the Portuguese government.

As further developed below, the Portuguese Court of Auditors (Tribunal de Contas), in its report on the General State Account published in December 2021, analyses the Portugal 2030 Strategy, the main referential to the country's public policies. From its analysis, the Court has concluded that, if it is true that the Strategy accommodates the principles of sustainable development, it is, however, lacking the articulation with the 2030 Agenda, namely regarding the SDGs prioritized by Portugal, not encouraging the incorporation of the assumed commitments into public policies, nor the awareness, visibility, and dissemination of the SDGs.

One can thus conclude that it would be interesting and advisable that these strategic documents for Portugal were aligned, in an express and patent manner, with the SDGs. That alignment is, first and foremost, an opportunity for improvement, which implies making clear the link between the strategies laid out by Portugal and the 2030 Agenda. This could emphasize the country's position in the international and European context.

Recovery and Resilience Facility

Based on the Strategic Vision for Portugal's Economic Recovery Plan 2020-2030 and the Portugal 2030 **Strategy, the National Recovery and Resilience Plan** (Plano de Recuperação e Resiliência - PRR) was approved in 2021.

The PRR is framed in the **_Next Generation_** _EU_, a European instrument designed to boost European countries' economic and social recovery after COVID-19. Next Generation EU aims to transform Europe and make it greener, more digital, and more resilient, aligned with the 2030 Agenda. The PRR is guided by national strategies and policies and is aligned with the European priority of digital and climate transitions. This recovery plan is vital for fulfilling the Portugal 2030 Strategy in the post-pandemic context, aligned with the European guidelines.

The PRR has three structuring aspects: Resilience, Climate Transition, and Digital Transitions. These aspects are aligned with social development and progress, environmental transition and protection, and economic prosperity. These are structuring principles of the 2030 Agenda, reflected in the 17 Sustainable Development Goals..

These 3 aspects gain shape in 20 components, 37 reforms, and 83 investments, which will be implemented by 2026. Figure 4.2.6 illustrates the identified components in each aspect:

RESILIÊNCIA

C1. Serviço Nacional de Saúde
C2. Habitação
C3. Respostas Sociais
C4. Cultura
C5. Capitalização e Inovação Empresarial
C6. Qualificações e Competências
C7. Infraestruturas
C8. Florestas
C9. Gestão Hídrica

TRANSIÇÃO CLIMÁTICA

C10. Mar
C11. Descarbonização da Indústria
C12. Bioeconomia Sustentável
C13. Eficiência Energética dos Edifícios
C14. Hidrogénio e Renováveis
C15. Mobilidade Sustentável

TRANSIÇÃO DIGITAL

C16. Empresas 4.0
C17. Qualidade das Finanças Públicas
C18. Justiça Económ. e Amb. Negócios
C19. Administração Pública mais Eficiente
C20. Escola Digital

Figure 4.2.6

Source: The three aspects and respective components of the RRF (PPR, 2020, p. 5)

COMPONENTES	1. As Pessoas Primeiro: Um melhor equilíbrio demográfico, maior inclusão, menos desigualdade	2. Inovação e Qualificações com motores de desenvolvimento	3. Sustentabilidade dos recursos e transição climática	4. Um País competitivo externamente e coeso internamente
C1. Serviço Nacional de Saúde	✓			
C2. Habitação	✓			
C3. Respostas Sociais	✓			✓
C4. Cultura		✓		✓
C5. Capitalização e Inovação Empresarial		✓		
C6. Qualificações e Competências		✓		
C7. Infraestruturas				✓
C8. Florestas			✓	
C9. Gestão Hídrica			✓	
C10. Mar			✓	
C11. Descarbonização da Indústria			✓	
C12. Bioeconomia Sustentável			✓	
C13. Eficiência Energética dos Edifícios			✓	
C14. Hidrogénio e Renováveis			✓	
C15. Mobilidade Sustentável			✓	
C16. Empresas 4.0		✓		
C17. Qualidade e Sustentabilidade das Finanças Públicas	✓	✓	✓	✓
C18. Justiça Económica e Ambiente de Negócios		✓		
C19. Administração Pública: Capac. Digit. e Interop.		✓		
C20. Escola Digital		✓		

Figura 4.2.7

Fonte: Alinhamento do PRR com as Agendas da Estratégia Portugal 2030 (PRR, 2020, p. 69)

The **Resilience** dimension is linked to the rise in the response capacity in facing crises and current and future challenges. This aspect arises to promote a transformative, long-lasting, just, sustainable and inclusive recovery. It is understood in the PRR context in all its strands: social resilience, economic and productive sector resilience, and territorial resilience.

The **Climate Transition** dimension comes from Portugal's commitment to the climate targets, which will allow for carbon neutrality by 2050, according to what is established in the Paris Agreement.

Decarbonizing the economy and society offers important opportunities and prepares the country for realities that will be factors of competitiveness in the future.

In the **Digital Transition** dimension, reforms and investments in corporate and State digitalization and the supplying of digital skills are predicted.

As mentioned, because it is based on a European agenda aligned with the Sustainable Development Goals, the PRR is essentially aligned with the 2030 Agenda. If we cross the information of Figure 4.2.7 with the identification of the SDGs associated with each thematic agenda of the Portugal 2030 Strategy (cf. Figure 4.2.5 above), one can see it is possible to link the three dimensions of the PRR and respective components to the SDGs. However, the PRR does not directly refer to the SDGs' language, which is considered an opportunity for improvement.

It is important to mention that, as will be clarified below, the Portuguese Court of Auditors, in its report on the State General Account, published in December 2021, also analyses the PRR, concluding that it is not possible to "identify the measures and resources that contribute to the pursuit of the majority of the SDGs" in it.

AStill, according to the Portuguese Court of Auditors, "of the 20 areas with foreseen investments, only three – Health, Maritime and Industry, with 14% of the predicted cost, mention the associated SDGs". A reference is made in the PRR to SDG#3 concerning the Health component, SDG#9 and SDG#14 concerning the Sea component, SDG#7, SDG#12, and SDG#13 in the Industry component.

Such references, however, are limited to identifying the SDGs and the contribution of each of the reforms and investments proposed to achieve the SDGs' targets. The indicators are not specific. There is also no specification in the PRR concerning the SDGs marked as a priority for Portugal in the country's Voluntary National Report (Tribunal de Contas, 2021).

It is also relevant to analyze the articulation between the PRR and the 2030 Agenda to take into account the considerations made by the European Commission in the *"Report on Portugal," which accompanies its recommendations to the Council* (dated May 2022). The Commission makes suggestions /evaluations about Portugal's 2022 national reforms program in this report. Through this program, it is the Council's responsibility to formulate its opinion about Portugal's

2022 stability program. According to Annex I of the aforementioned "Report on Portugal," the European Commission concludes that Portugal shows:

A. Good development or progress with the SDGs' indicators related to environmental and social sustainability – SDG#2, SDG#7, SDG#9, SDG#11, SDG#12, SDG#13:

a. There was a rise in the renewable energy quota in the final gross energy consumption. However, circular economy indicators still represent a problem, with the rate of urban waste recycling decreasing and the rate of use of circular materials at very low levels;

b. Various of the PRR's measures aim to reinforce the contribution to reducing greenhouse gas emissions, for example, energy efficiency renovations (and combat of energy poverty), an extension of underground lines, an increase in the use of bioproducts in industry and its decarbonization (boost for the production and use of hydrogen and renewable gases, diversifying and decarbonizing the energy mix), adjustment measures in the field of water efficiency and landscape management.

B. Good global development or progress in the economic and social justice indicators - SDG#1, SDG#2, SDG#3, SDG#4, SDG#5, SDG#8, SDG#10:

a. Almost all poverty indicators register a notable improvement in Portugal between 2015 and 2020, with clearly better levels than the European Union average. There was also improvement concerning universities. Inequalities also decreased, but some problems endure: urban-rural gap, disparities concerning citizenship on employment and integration of young people; most health and well-being indicators, although showing improvements, are well below the EU average, especially concerning noise pollution, road fatalities, and obesity rate.

b. The PRR includes measures to advance towards a more equal and healthier

society, such as a reform in several care services, including primary care, palliative, integrated and mental health, public hospital reform, and investments in community-based social services.

C. Progress in the SDG indicators related to productivity – SDG#4, SDG#8, SDG#9:

a. The adult population's basic digital skills are improving; the Portuguese job market's performance is relatively good compared to the EU's average, with a high employment rate and a marked decrease in long-term unemployment; the research and development levels, and innovation levels, while having improved, are still a reason for concern;

b. The PRR includes ambitious measures to improve the connection between companies and universities, increase research and development, and reform professional education and training (including education and training throughout life and aimed at specific social and age groups). These measures can potentially transform the Portuguese business sector and the system of research and innovation (e.g., reforms and investments in sectors such as agriculture, bio-economy, and blue economy).

D. Good development or progress in the indicators related to macroeconomic stability – SDG#8, SDG#16:

a. Portugal is recovering from its delay compared to the EU concerning investment (in GDP %); Public Administration costs with legal courts have progressed in line with the rest of the EU, having had a decrease in the percentage of the population that reports a crime, violence or vandalism;

b. The PRR included measures aimed at modernizing administrative and fiscal courts, as well as measures of simplification of legal procedures.

One can thus conclude that, although the Portuguese

PRR does not use the SDG language and does not establish proper articulation with that program and the 2030 Agenda, there is a palpable alignment between this document and the SDGs.

According to what is also mentioned in the European Commission's "Report on Portugal," the European Union's cohesion policy's funds already substantially contribute to the SDGs, supporting 11 of the 17 SDGs – being that 93% of the funds contribute to the achievement of these goals (cf. Annex 3 – "Other EU Instruments for Recovery and Growth").

Notwithstanding, in the **Partnership Agreement** signed between Portugal and the European Commission on 14 July 2022, through which the major strategic goals for European fund application between 2021 and 2027 are settled, the 2030 Agenda is only mentioned once, being that one sole SDG is mentioned (and only once) – SDG#12.

Portuguese Court of Auditors – national monitoring

The Portuguese Court of Auditors (Tribunal de Contas) is an important body for the advancing and promoting sustainable development, given its role as auditor of public financial resource mobilization. Thus, the Court of Auditors has a key role in monitoring the pursuance of the SDGs by public entities. This role is connected to the Sustainable Development Goals are a global action strategy that finds challenges and opportunities in different contexts and demands the mobilization of financial resources.

As it is mentioned in the **Court of Auditors' Strategic Plan for 2020-2022**, it is this body's strategic goal for those three years to "Contribute toward the sustainable management of public finances," seeing as its priority axis "auditing the implementation of the 2030 Agenda for Sustainable Development in Portugal".

The Court of Auditors has thus evaluated the efficiency of public policies and the pursuit of the various SDGs, assuming that this commitment "implies the adoption of a transversal, systemic, and integrated approach for the audit directed at assessing the implementation of the SDGs" (Plano Estratégico do Tribunal de Contas para 2020-2022, p. 11).

In this sense, the **Opinion on the General State Account**, published annually by the Court of Auditors, has included, in 2019 and 2020, a chapter dedicated to the 2030 Agenda. However, this chapter has ceased to exist in the most recent **Opinion, referring to 2021**, and presented to the Portuguese Parliament on 4 October 2022 (in which no mention is made of the 2030 Agenda).

The Opinion referring to 2020 (published in December 2021) indicates that the Opinion on the General State Account of 2018 (published in 2019) included an

assessment of the operationalization of the SDGs in Portugal concerning its coordination, implementation, monitoring, and review structure, as well as financial resources allocated by programs and sectorial policy measures.l.

Concerning 2019, the Court of Auditors highlighted as positive aspects: 1) the existence of a political commitment, 2) the existence of an institutional model for the implementation of the SDGs, and 3) a regular disclosure of indicators by the national statistics body (Instituto Nacional de Estatística – INE).

Despite the steps taken towards creating conditions to implement the SDGs, the Court of Auditors concluded that some shortcomings remain, such as 1) the lack of a concrete strategy and plans for the implementation of the 2030 Agenda (Tribunal de Contas, 2021), as well as 2) other shortcomings concerning financial resources, the monitoring of the contribution of measures and policies for the SDGs, and the informing and reporting on the evolution of progress on the SDGs. .

In their Opinion referring to 2020, the Court of Auditors also provides some interesting conclusions:

- The financial resources allocated to implementing the SDGs have not yet been quantified (not estimated nor executed).
- No systems for the evaluation of results have been developed concerning the implementation and monitoring of the goals which would allow the systematic accompaniment and review of the 2030 Agenda, namely the evaluation of adopted policies, the identification of shortcomings, and the disclosure of achieved results.
- The monitoring of the implementation of the SDGs is only made on a statistical level, through the analysis of applicable UN indicators, there not being any specific national targets and indicators nor qualitative monitoring of the effective contribution of the measures and policies for the SDGs.
- The presentation of periodical public reports

concerning the progress of the implementation of the SDGs on a national level has been limited to the Voluntary National Report.

The Court of Auditors recommended that the Government "assures the inclusion of the SDGs in the guiding documents of public policy, to reinforce the commitment to these goals and allow a qualitative monitoring of the contribution of these measures and policies, as well as in the documents of budgetary procedure, identifying the financial resources linked to their implementation."

Evaluation of the consideration made of the 2030 Agenda in the countries' strategic documents

Considering the analysis of Portugal's main strategic documents for 2020-2030, one can conclude that they do not use the SDG language. These documents are not expressly related nor seek to directly evidence their contribution to the Sustainable Development Goals.

However, materially, the priorities assumed in the strategies defined for Portugal are guided, in spirit and content, by the Sustainable Development guidelines translated into the SDGs, seeking development and the country's social, economic, and environmental progress.

This alignment is mainly drawn from the political orientation coming from the European Union, making it possible to associate the desired transformations and the Government's strategic areas of intervention with the global goals and target for 2030. This reality reveals the good positioning and ability of the country to draw its strategic plans in alignment with the implementation of the 2030 Agenda. However, Portugal would benefit from making this alignment evident.

State of the art: Portugal's position in the implementation of the 2030 Agenda

Having analyzed the priorities defined by Portugal in its strategic documents in the light of the SDGs' "lens," it is also important to assess how the country positions itself according to the most recent reports that monitor the state of implementation of the 2030 Agenda in different countries. It is important to ascertain how Portugal compares with other countries to understand which aspects of the country stand out and identify the aspects in which an opportunity for progress exists.

The implementation of the SDGs in Portugal has been challenging since 2017, when the strategic SDGs for the country were defined and the first VNR was officially launched. Since then, Portugal's evolution and position in this Agenda have been positive, but there is still a long road to improvement. In this direction, the main conclusions made by the evaluating entities, on an international, European, and national level, point. Hence, different documents were analyzed to assess Portugal's relative position in Europe and the Globe concerning the SDGs.

The **Sustainable Development Report 2022** (SDG Index 2022) reports the countries' performance and progress in the 2030 Agenda. It identifies the SDGs that, for each country, present greater challenges and those in which the countries are better positioned, as well as progress trends of each indicator. The trend indicator shows that an SDG can be a great challenge to a country but still show improvement trends (see section 4.1).

In its last published report, referring to 2022, Portugal is ranked in 20th place among 163 countries evaluated, being among the 12% of best-positioned countries. Despite some adjustments introduced into the indicators and methodology followed in 2022, **it is important to highlight that between 2021 and 2022, Portugal progressed from 27th to 20th place on the global ranking, above the average of OECD countries.**

The countries leading the ranking are, in the first place, Finland, followed by Denmark and Sweden; the three EU state members with the worst score are Lithuania, Bulgaria, and Cyprus, respectively, according to Figure 4.2.8.

(A) Sustainable Development Report 2022

Countries' ranking in 2022

Rank	Country	Score
1	Finland	86.5
2	Denmark	85.6
3	Sweden	85.2
4	Norway	82.3
5	Austria	82.3
6	Germany	82.2
7	France	81.2
8	Switzerland	80.8
9	Ireland	80.7
10	Estonia	80.6
11	United Kingdom	80.6
12	Poland	80.5
13	Czech Republic	80.5
14	Latvia	80.3
15	Slovenia	80.0
16	Spain	79.9
17	Netherlands	79.9
18	Belgium	79.7
19	Japan	79.6
20	Portugal	79.2
21	Hungary	79.0
22	Iceland	78.9
23	Croatia	78.8
24	Slovak Republic	78.7
25	Italy	78.3
26	New Zealand	78.3
27	Korea, Rep.	77.9
28	Chile	77.8
29	Canada	77.7
30	Romania	77.7
31	Uruguay	77.0
32	Greece	76.8
33	Malta	76.8
34	Belarus	76.0
35	Serbia	75.9
36	Luxembourg	75.7
37	Ukraine	75.7
38	Australia	75.6
39	Lithuania	75.4
40	Cuba	74.7
41	United States	74.6

Rank	Country	Score
42	Bulgaria	74.3
43	Cyprus	74.2
44	Thailand	74.1
45	Russian Federation	74.1
46	Moldova	73.9
47	Costa Rica	73.8
48	Kyrgyz Republic	73.7
49	Israel	73.5
50	Azerbaijan	73.5
51	Georgia	73.4
52	Fiji	72.9
53	Brazil	72.8
54	Argentina	72.8
55	Vietnam	72.8
56	China	72.4
57	North Macedonia	72.3
58	Peru	71.9
59	Bosnia and Herzegovina	71.7
60	Singapore	71.7
61	Albania	71.6
62	Suriname	71.6
63	Ecuador	71.5
64	Algeria	71.5
65	Kazakhstan	71.1
66	Armenia	71.1
67	Maldives	71.0
68	Dominican Republic	70.8
69	Tunisia	70.7
70	Bhutan	70.5
71	Turkey	70.4
72	Malaysia	70.4
73	Barbados	70.3
74	Mexico	70.2
75	Colombia	70.1
76	Sri Lanka	70.0
77	Uzbekistan	69.9
78	Tajikistan	69.7
79	El Salvador	69.6
80	Jordan	69.4
81	Oman	69.2
82	Indonesia	69.2

Figure 4.2.8

Source: SDG Index (2022)

Figure 4.2.9 below translated Portugal's performance relative to each SDG, comparing 2021 and 2022.

Source: SDG Index (2021)   Source: SDG Index (2022)

Figure 4.2.9

It is important to note that, according to the SDG Index (2021), Portugal's "great challenges" were connected to SDG#2, SDG#13, SDG#14, and SDG#15. The SDG Index (2022) highlights the need for significant improvements in SDG#6, SDG#13, and SDG#15 (there still is a positive evolution in the performance of the last two between 2021 and 2022) and shows remaining gaps. It also emphasizes the need for improvement in SDG#2, SDG#12, and SDG#14, which have negative performance, and trends either negative (SDG#14) to moderately positive (SDG#2) or stalled (SDG#12).

In 2022, Portugal's greatest challenges were, therefore, focused on SDG#2, SDG#12, and SDG#14; noteworthy, the data used to analyze SDG#2 in 2022 were the same as in 2021. In that way, the lack of progress which leads to a negative evaluation, is a consequence of the lack of updated information.

Keeping in mind the SDGs defined by Portugal as strategic in the VNR of 2017 – SDG#4, SDG#5, SDG#9, SDG#10, SDG#13, and SDG#14, besides what was already mentioned above about SDG#13 and SDG#14, the following must be pointed out:

Portugal maintains the same performance as far as SDG#5 is concerned (with a tendency to evolve positively), and concerning SDG#4, it has stalled, in contrast with the positive trend experienced back in 2021. In 2022, SDG#9 shows a positive trend. There was also improvement in SDG#10, with its moderately positive trend remaining. The SDG which most stands out as being the one in which Portugal shows the greatest performance and trend is clearly, SDG#7.

Also concerning SDG#1, SDG#5, and SDG#6, although Portugal still presents a performance with various challenges to be overcome, it is clearly on a positive track since 2021 (a positive trend which, in SDG#16's case, only came up in the SDG Index (2022)).

In SDG#3 and SDG#11, Portugal maintained its performance (there still being challenges to overcome) and its tendency for moderate improvement. SDG#6 downgraded its performance between 2021 and 2022, claiming significant improvements (although showing a positive trend). Concerning SDG#8, although it maintains a trend of improvement, Portugal has slowed down on that path, still showing some challenges concerning performance. In SDG#17, there was no change between 2021 and 2022, with Portugal still showing some significant challenges concerning performance and a moderately positive trend.
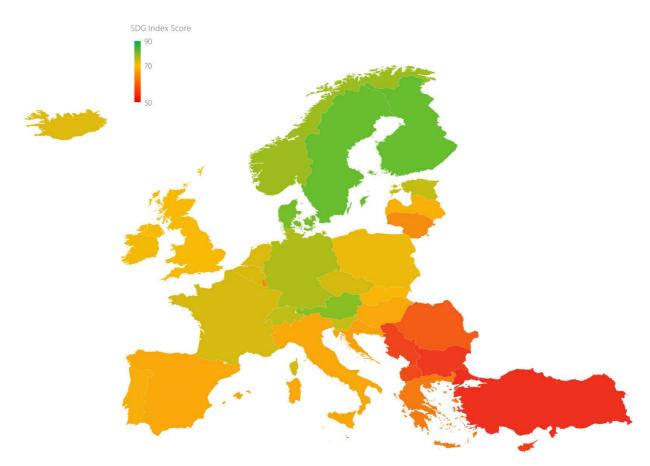
In addition, it is also interesting to consider Portugal's position compared to the average performance of OECD countries, which the SDG Index (2022) also reports on. From that point of view – and considering Figure 4.2.9 above and Figure 4.2.10 below -Portugal is:

- better in SDG#7, SDG#10, SDG#13, SDG#15, and SDG#16, with a tendency towards more improvement in SDG#5;
- worse in SDG#1, SDG#2, SDG# 4, SDG#6, SDG#9, SDG#12 and SDG#17.

In SDG#14, Portugal has a bad performance (as the average of the OECD) but tends to worsen compared to the OECD average.

OECD countries' performance on the SDG Index (2022)

Figure 4.2.10

Source: SDG Index (2022)

(B) Europe Sustainable Development Report 2021

As has been seen, besides the global sustainable development report, reports on a regional level are also published. Being now important to analyze what arises from the last published report referring to Europe, from December 2021.

It must be remembered that, similarly to the SDG Index (2022) global report, the *Europe Sustainable Development Report 2021 (ESDR, 2021)* identifies the SDGs that, for each country, represent the greatest challenges and those in which the countries are best positioned, as well as the progress trends of each indicator.

According to this report, Portugal is in 20th place among the 34 countries evaluated (27 European Union State Members, to which are added Norway, Switzerland, Iceland, United Kingdom, North Macedonia, Serbia, and Türkiye)

European countries' ranking on the ESDR (2021)

Figure 1.7 | 2021 SDG Index Scores and Rankings by country and subregions

SDG Index Rank	Country	SDG Index Score
1	Finland	80.8
2	Sweden	80.6
3	Denmark	79.3
4	Austria	78.0
5	Norway	76.7
6	Germany	75.3
7	Switzerland	74.0
8	Estonia	73.7
9	Slovenia	73.5
10	France	72.7
11	Czech Republic	72.6
12	Belgium	72.5
13	Netherlands	72.1
14	Iceland	72.1
15	Poland	71.0
16	Ireland	70.6
17	United Kingdom	70.2

SDG Index Rank	Country	SDG Index Score
18	Slovak Republic	70.0
19	Latvia	69.3
20	Portugal	69.1
21	Hungary	68.5
22	Spain	68.5
23	Italy	68.5
24	Croatia	68.0
25	Lithuania	66.1
26	Luxembourg	65.8
27	Greece	64.8
28	Malta	63.6
29	Romania	61.6
30	North Macedonia	59.9
31	Serbia	59.3
32	Cyprus	58.6
33	Bulgaria	57.6
34	Turkey	55.7

European Union	**71.4**
Northern Europe	80.6
EFTA Countries	75.1
Western Europe	74.0
Baltic States	69.3
Southern Europe	68.3
Central and Eastern Europe	68.0
Candidate Countries	55.3
Albania	NA
Bosnia and Herzegovina	NA
Liechtenstein	NA
Montenegro	NA

Figure 4.2.11

Source: ESDR (2021)

The countries leading the ranking are, in the first place, Finland, followed by Sweden and then Denmark; the three EU Member States with the worst score are Romania, followed by Cyprus, and, in last place, Bulgaria.

Figure 4.2.12 translates Portugal's performance for each SDG in 2021, according to the ESDR (2021). The color caption of colored squares and arrows is the same as the one described above for the SDG Index (2022).

Figure 4.2.12
Source: ESDR (2021)

SDG#12 (in which Portugal receded in the SDG Index (2022))
SDG#14 (in which Portugal's performance not only is shown as negative, as well as, despite a tendency toward stagnation in the ESDR (2021), showing an also negative tendency in the SDG Index (2022))

The SDGs in which Portugal kept its position, whether in terms of performance or trends, are the following:
SDG#1
SDG#3
SDG#5
SDG#17

With SDG#9, Portugal maintained its performance, although it has progressed positively concerning the trend presented by this SDG, which is now of improvement.
With SDG#10, although Portugal's performance has improved from the SDG Index (2021) to the SDG Index (2022), it has worsened when compared the latter

with the ESDR (2021).

It is also interesting to note that, except for SDG#9, SDG#11, SDG#15, and SDG#16 (in which Portugal presents either a worse performance or a worse trend), Portugal compares positively with the European Union's average (ascertained in the ESDR (2021)) as far as the other SDGs are concerned – as it results from the comparison of the country's performance and trends framework (see Figure 4.2.12 above) with the corresponding framework about the European Union, as follow:

Comparing these results for Portugal in the ESDR (2021) with the ones reported in the SDG Index (2021) and then the SDG Index (2022) (Figure 4.2.9 above), followed by a chronological sequence of the three reports, allows one to draw interesting conclusions about Portugal's position concerning the 17 SDGs:

Portugal improved in the following SDGs

SDG#7 (although the performance remains stable when compared with the SDG Index (2021) and the SDG Index (2022), it improved compared to the performance and trend reported in the ESDR (2021))
SDG#11 (although the performance remains stable when compared to the SDG Index (2021) and the SDG Index (2022), it has improved compared to the performance reported in the ESDR (2021))
SDG#13 (showing a progressive improvement throughout the three reports being compared)
SDG#15 (showing a progressive improvement throughout the three reports being compared)

SDG#16 (which, although having worsened when compared to the SDG Index (2021) and the ESDR (2021), has improved in trend on the SDG Index (2022) compared to the other two)

On the other hand, Portugal's performance worsened in the following SDGs:

SDG#2 (although the performance remains stable if only compared to the SDG Index (2021) and SDG Index (2022), it has worsened when comparing the SDG Index (2022) with the ESDR (2021))
SDG#4 (which, although it kept its performance, presented a trend toward stagnation in the SDG Index (2022))
SDG#6 (which, although maintaining a tendency to improve, has worsened its performance in the SDG Index (2022) compared to the two 2021 reports)
SDG#8 (although the performance and trend are maintained between the ESDR (2021) and the SDG Index (2022), the trend worsened compared to the SDG Index (2021))

European Union's performance in the ESDR (2021)

Figure 4.2.13
Source: ESDR (2021)

It arises from the aggregated analysis of the SDG Index (2021), SDG Index (2022), and ESDR (2021) reports which Portugal shows a positive evolution, especially in SDG#13 and SDG#15, but also in SDG#7, SDG#11, and SDG#16. It must be highlighted that only SDG#13 was defined by Portugal as strategic in its VNR of 2017.

Portugal must develop efforts to improve in SDG#2, SDG#6, SDG#12, and SDG#14, but also in SDG#4, SDG#8, SDG#9, and SDG#10, in which the country's

performance and the trend must show clearer improvements. It must be remembered that of these, SDG#4, SDG#9, SDG#10, and SDG#14 were defined as strategic for Portugal.

Portugal must also not stop promoting the improvement in SDG#1, SDG#3, SDG#5 (strategic SDG for Portugal), and SDG#17, where it has stalled in terms of performance and trend.

The country must, then, consider all these aspects in the context of drafting a new VNR, which it aims to present to the UN in 2023. It can take this opportunity to describe the current situation in which it finds itself relative to each SDG and define strategies and measures to promote and implement them.

(C) The Short and Winding Road to 2030 – Measuring Distance to the SDG Targets – OECD 2022

The OECD report may find *The Short and Winding Road to 2030 - Measuring Distance to the SDG Targets - OCDE 2022* the **specific analysis referring to Portugal.** Based on this piece of literature, evidence shows that the country has reached 20 of the 129 goals relative to which it shows data (especially targets relative to SDG#3 and SDG#16) – given that the report does not fail to highlight that, as compared to many OECD countries, there is a lack of data referring to Portugal (there is only data referring to 129 of the 169 targets). The SDGs with the most missing data is SDG#11, SDG#13, and SDG#14; the OECD also highlights an unequal performance between the 17 SDGs.

Portugal shows a better performance in the following aspects:
- Many targets met or close to being met in health

issues
- Law promotes gender equality, but there is still a wage gap (although the data considered refers to 1999)

- Relatively low water catchment levels, but there is a margin for improving water efficiency

- Growing production of renewable energies

- Energy efficiency above OECD average

- Progress concerning the inclusion of ethnic and racial minorities and migration policies

- Good air quality in cities

- Recycling and composting are improving, but recovery of material is below average, and food waste high

As greater challenges for Portugal, the OECD report being considered highlights the following:

- Greater challenges and high cost of access to health services for vulnerable groups, and high levels of obesity, alcohol, and tobacco consumption are still strong causes of death and morbidity

- Low levels of protection of the ecosystems related to water

- Slow economic growth | low productivity | low salaries (hourly work rate is half the OECD average), although unemployment levels have gone down and are below the OECD average

- Land use: urbanized areas are growing faster than the population

- A gap the monitoring the economic and environmental impact of tourism

- Considerable challenges related to responsible consumption and production, namely concerning

dangerous chemical waste
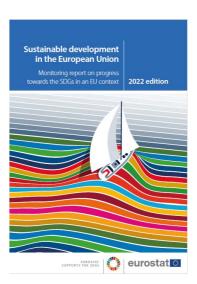
- 1/3 of soil degraded (in 2015) – the second highest figure in OECD countries, after Mexico | significant loss of biodiversity

- Less than half of the population trusts the judicial system

- Low financial aid for development

(D) Sustainable Development in the European Union - Monitoring report on progress towards the SDGs in an EU context - EUROSTAT 2022

The annual EUROSTAT report monitors, from a quantitative perspective, the European Union's progress in achieving the 2030 Agenda based on the specific group of indicators officially selected from the United Nations' global list of indicators. The selected indicators are most relevant and suited to the European context and are, therefore, not exactly coincidental with the global indicators. However, they allow better progress monitoring, considering particularly relevant European phenomena and the EU's long-term policies.

According to the *Sustainable Development in the European Union - Monitoring report on progress towards the SGDs in an EU context* (Report EUROSTAT 2022), Portugal's situation (taking its evolution of the last 5 years into account) is reflected in the graph below:

Figure 4.2.14

Source: Report EUROSTAT (2022)

From this graph arises the fact that, relative to an enlarged group of SDGs, Portugal is well positioned, having positive progress above the EU in SDG#1, SDG#4, SDG#5, SDG#7, SDG#8, SDG#13, SDG#16, and SDG#17.

Continuing in a positive trajectory, although lower than the European one, are SDG#2, SDG#3, SDG#9, SDG#11, and SDG#12.

From the SDG presented, the one in which Portugal shows the worst performance, going slightly off-path – although still in a better way than the EU – is SDG#10.

It must be highlighted that there is no reference to Portugal's position referring to SDG#6, SDG#14, or SDG#15 for lack of available data.

(E) 2030 Agenda: Indicators for Portugal 2015/2021 - INE

Portugal also keeps up with the performance of its SDG indicators through the work of Statistics Portugal (INE – Instituto Nacional de Estatística). This body is responsible for the statistical accompaniment of the 2030 Agenda and for updating Portugal's set of indicators. It, therefore, has a key role in monitoring the achieved progress in fulfilling the 2030 Agenda.

In its fifth and most recent report, **"Agenda 2030 - Indicators for Sustainable Development Goals (SDGs) for Portugal 2015/2021"**, of 3 June 2022, the INE analyzes 163 indicators of a multidisciplinary nature (from a total of 248), of which 42 are selected for a more detailed evaluation. It must be highlighted that it is the most recent report analyzed in this work on the Portuguese context.

- The indicators are chosen according to the following:
- Relevancy concerning target or SDG;
- Relevance in a national context;
- Currentness of information;
- Analytic relevance;
- Preference for new indicators and with new information compared to the previous publication (last one in 2021);
- A balanced number of indicators for the 17 goals.

It must be noted that the indicators may have various interpretations according to the target or goal to which they are related and which they aim to monitor. For example, the GDP's growth positively impacts the economy and SDG#8 but may negatively impact the environmental SDGs. The same happens with SDG#9: the rise in the number of passengers in road and air travel may be considered favorable concerning the country's infrastructure (SDG#11) but may have an impact considered to be negative in an environmental SDG, such as SDG#13. Therefore, an objective interpretation of the indicators must be "made in light of the target/goal in which they are placed, which should ideally make clear the desired-for way of the respective evolution" (p. 14, INE, 2022).

In the 2022 report, 163 indicators were analyzed (11 more than in the 2021 version). These indicators were compared to the previous year (2020 vs. 2021) and 2015 vs. 2021.

1. Comparison between 2015 and 2021

- 55% of the indicators had a positive evolution
- 17% presented an unfavorable evolution
- 3% registered no alterations
- 25% have no information

The SDGs, except SDG#5, SDG#12, SDG#14, and SDG#15, presented favorable progress or reached their goal in 50% or more of the indicators.

Only in SDG#12 was a majority of indicators with unfavorable evolution observed. The internal consumption of materials per unit of the GDP presents an unfavorable evolution, rising in 2020 compared to 2015. It must be noted that this result has a significant reduction in the GDP in 2020 and the change of its composition due to the pandemic associated with it. The dangerous sectorial waste per capita and the material footprint presented an unfavorable evolution compared to 2015. However, it must be noted that a favorable trend in the proportion of urban waste for reuse and recycling was observed. It is also worth highlighting that SDG#12 is the only one with less than 40% of available indicators.

2. Comparison between 2020 and 2021

- 40% of the indicators had a positive evolution
- 22% presented an unfavorable evolution
- 7% registered no alterations
- 31% have no information

SDG#3, SDG#6, SDG#7, and SDG#11 presented a favorable evolution in at least 50% of the evaluated indicators:

In SDG#1 and SDG#2, the number of indicators with an unfavorable evolution topped the indicators with a favorable evolution.

Disponibilidade de indicadores ODS para Portugal

Figure 4.2.15
Source: INE (2022)

Concerning SDG#1, it is important to note that the at-risk-of-poverty rate, which had come to decrease, increased in 2020. According to the INE, they arise to refer to the COVID-19 pandemic, which is not entirely reflected in the various indicators. However, this year's observed rate was still inferior to the one registered in 2015.

As for SDG#2, the trends are favorable regarding food safety but unfavorable regarding the obesity rates and the anomaly indicator for food prices, which decayed in 2020.

Concerning the strategic SDGs for Portugal in terms of the VNR of 2017 (SDG#4, SDG#5, SDG#9, SDG#10, SDG#13, and SDG#14), it is important to note the following:

- SDG#4 shows a majority of favorable indicators, with a rise in the completion rate for primary and secondary school education, besides the schooling rate at 5 years of age. However, the trends have been less favorable for the results and educational skills in some areas (such as reading proficiency). The amount of public support for grants has also risen compared to 2015; however, a significant reduction was noted between 2019 and 2020, possibly related to the pandemic and its impact on travel.

- SDG#5 presents a mainly favorable framework, although the gender situation remains far from equal. In 2022, more women were elected to the National Assembly than in 2015 (although a decrease has been noted in the 2022 elections compared to 2019), but fewer female mayors, comparing the 2021 and 2017 elections. The proportion of women in management positions has also risen, including in public administration.

- Although SDG#9 has a majority of indicators with favorable evolution, it still has a great proportion of negative results over the total evaluated indicators. It faces challenges concerning the increased amount of industrial micro-companies in the country's economy and in the expenditure

being looked at's proportion and the GDP's development (which has risen, although it is still far from the 3% rise goal of the GDP's rising to 3%).

- The indicators relative to SDG#10 are also generally favorable, as the average income has risen since 2015 (although it has decreased between 2019 and 2020 for the 40% of the population with fewer resources). The income inequality of the fiscal policy presented an unfavorable trend, and, in terms of financial strength, the trend was generally positive, having the bad loans decreasing. Concerning migration policies, Portugal has improved, having adopted policies that ease migration and people's mobility in an ordered, safe, regular, and responsible way. Direct foreign investment changed from having a positive balance in 2015-2019 to a negative balance in 2020, which worsened in 2021.

- Referring to SDG#13, Portugal shows favorable progress, although more progress is necessary to keep the goal of reducing greenhouse gas emissions by 55% (compared to 2005) by 2030.

- Lastly, concerning SDG#14, the available data still has a limited scope, thus conditioning its global evaluation. In terms of implementing international instruments aimed at fighting illegal, undeclared, and unregulated fishing, Portugal has a maximum score; however, the proportion of investment in research and development in marine technology has come to decrease in the total of investments in products of intellectual property.

As the INE points out, the lack of information relative to 34% of the indicators is mostly due to a lack of some methodological developments, still being debated on an international scale, and in other cases, there is no adequate information available, or still, in others, the indicators have no relevance to Portugal. The SDGs in which there is a lack of information and, therefore, difficulty in understanding the respective progress is mostly SDG#3, SDG#4, SDG#5, and SDG#15 (for 2015-2021), and SDG#2, SDG#3, SDG#4, SDG#5,

SDG#15, and SDG#16 (concerning the evolution of 2020 to 2021).

The INE also alerts us to the fact that in the reference period of the publication (2015-2021), the possible impact of the conflict in Ukraine on the SDGs' progress may not be reflected, noting that it is expected that it may have implications on the fulfillment of the 2030 Agenda on a global, regional, and national scale. Its consequences will most likely be particularly marked in Europe and indicators related to migration, energy, income, economic growth, inflation, and inequalities.

Taking this report's analysis into account, and without prejudice of the evaluation made having to be updated opportunely in the face of new data which may become available on the current situation, one can conclude that Portugal is ahead on SDG#4, SDG#6, SDG#7, SDG#17 (considering the evolution of 2015-2021). Mainly needed to work on SDG#1 and SDG#2 and on the improvement (of information and implementation) concerning the SDGs, which it elected as strategic in its VNR.

Conclusions about Portugal's position in the implementation of the 2030 Agenda

For establishing Portugal's position in the implementation of the 2030 Agenda, a comprehensive analysis of the information was made from the reports produced on various scales – international, European, and national – analyzed above to achieve a holistic analysis.

The different reports evaluate the performance and trend of the countries about the indicators defined for each target of each one of the SDGs; however, the indicators being considered may vary – and effectively do – from report to report, which makes it possible that the analysis' suppositions may not always be directly or totally comparable. Even so, the comparison was made.

From this analysis comes a first conclusion: it is necessary to reinforce the importance of the prioritization and specific use of the targets and sustainable development indicators. The importance of accompanying these indicators' progress to map out the development of these public policies is also clear, and it is shown, in addition, the great opportunity Portugal has of aligning itself with the 2030 Agenda through the adoption of the SDG language in all strategic documents of the country.

Main challenges of implementing the SDGs in Portugal

Taking the analysis into account, Portugal still faces some challenges in implementing the 2030 Agenda in the country, which should be considered in the context of drafting the new VNR, which Portugal committed to present to the UN. Of these challenges, the following stand out:

1. **Linguistic challenge –** the country's strategic documents do not adopt the universal SDG language although, materially, the assumed priorities are guided by the Sustainable Development guidelines in spirit and content. It is then possible to associate the strategic guidelines set by the Government with the global goals and targets of the 2030 Agenda.

2. **Alignment between Governmental goals and political challenge –** the lack of a strategy and specific plans by each ministry to contribute effectively toward the SDG measures and policies that prioritize them in the face of the country's reality and the SDGs defined in the Portuguese VNR as priorities.

3. **Monitoring challenge: defining specific targets and indicators** for the national reality – the Court of Auditors points out this challenge as being important; Portugal monitors some SDG indicators but still faces the challenge of establishing specific and monitorable national targets and indicators over time, systematically and transparently, which allows the accompaniment and revision of the 2030 Agenda.

4. **Monitoring challenge: qualitative evaluation –** the monitoring of the SDG implementation is only made on a statistical level, upon applicable indicator analysis by the United Nations: there is no qualitative measure of the effective contribution of the measures and policies for the SDGs.

5. **Financial and transparency challenge –** the financial resources allocated to implementing the SDGs have not yet been quantified nor estimated, and even less the performed ones. What does this mean? The State and public fund's financial resources are not necessarily aligned with the SDG's strategic priorities for the country.

6. **International reporting and commitment challenge -** the presentation of official and periodical public reports on the progress of the implementation of the SDGs on a national level was limited to the Voluntary National Report of 2017. There is, therefore, the opportunity for its updating.

7. **Cooperation and application of the 2030 Agenda in its cooperation component challenge –** the SDGs will not be fulfillable without partnerships between the public and private sectors and civil

society. In this sense, the public ambitions of prioritization the fulfillment of the 2030 Agenda in Portugal should come from concrete planning of the areas and ways in which these partnerships can be exponential, promoting dialogue and seeking synergies between the various sectors under the auspices and language of the SDGs.

8. **Circumstantial challenges –** the economic and social impacts the war in Ukraine is having and will have on Portugal are yet to be determined. However, some consider that the indirect effects may be significant, especially in energy, agricultural products, certain raw materials such as metals, and products such as construction and automobile components.

9. **Concrete challenges in the SDGs** – by way of balance in the face of the analyzed reports, one can conclude that Portugal has made progress in all SDGs, despite still facing a set of challenges, of which the following stand out**:**

   a. **SDG#2 –ZeroHunger,** with a continued improvement trend concerning food safety. However, there are unfavorable indicators concerning the obesity rates and the anomaly indicator in food prices, which decayed in 2020.

   b. **SDG#12 – Responsible Consumption and Production,** with an unfavorable trend, showing many challenges concerning responsible consumption and production, namely in dangerous chemical waste management, including electric and electronic equipment waste, also having a very negative performance in exporting plastic waste. Although there are improvements in recycling and composting, these are still not yet satisfactory, and challenges concerning material recovery and combating food waste have come forward. The challenges are great on a circular economy level, with a low percentage of circular material use; there is also a negative trend concerning emissions of some polluting parameters such as sulfur

dioxide (SO2).

   c. **SDG#13 –** Climate Action (SDG defined as strategic for Portugal), with a trend of continuous improvement. Portugal shows favorable progress, although the INE has concluded that further progress will be necessary to reach the goal of reducing greenhouse gas emissions by 55% (compared to 2005) by 2030. The level of emissions incorporated into the imports is high and presents a negative trend.

   d. **SDG#14** – Life Below Water(SDG defined as strategic for Portugal), with a negative trend. A lot of data is missing regarding the indicators related to this SDG (OECD 2022 and EUROSTAT 2022 reports). Concerning the known data, although there is good performance concerning the combating of illegal, undeclared, and unregulated fishing (INE) and the quality of bathing waters, Portugal's performance is not only shown as negative, as, despite a trend of stagnancy in the ESDR (2021), it presents in the SDG Index (2022), a negative trend (similar to what happened in the SDG Index (2021)). Among the existing problems in SDG#14, negative performances and trends concerning the protection of biodiversity in marine areas, the quality and cleaning of ocean waters, overfishing, and the discarding of fish stand out. Additionally, the proportion of investment in research and development of marine technology in the total investment in intellectual property products has decreased.

   e. **SDG#15** – Life on Land, with a negative trend. Concerning this SDG, it is also noteworthy that there is missing data, despite it still be possible to assess a significant loss of biodiversity and high rates of degraded land.

As for the remaining SDGs defined as strategic for Portugal in the 2017 VNR – SDGs #4, #5, #9, #10, #13, and #14 - besides what was already mentioned, the following must be noted:

- **SDG#4 –** Quality Education, with a favorable trend. The completion rates for primary and secondary school and university have risen; however, there are some challenges, especially concerning lifelong learning and educational skills (reading and sciences). According to the INE, the amount of public support for grants has risen compared to 2015, having, however, noted a significant reduction between 2019 and 2020, possibly related to the pandemic and its impact on travel.
- **SDG##5 –** Gender Equality, with a favorable trend. The law promotes gender equality, but there are still wage gaps, and the gender situation remains far from equal.
- **SDG#9 –** Industry, Innovation, and Infrastructure, with a favorable trend; however, it still presents many challenges concerning research and development but shows a positive performance and trend concerning the amount of scientific and academic articles published. Although with a positive trend, the basic digital skills of people over 55 are still at a low-performance level. According to the INE, there are still challenges concerning the added value of industrial micro-companies in the country's economy and the proportion of GDP expenditure on research and development. The situation remains far from the average of the European Union.
- **SDG#10** – Reduced Inequalities, with a favorable trend: according to the INE, the average income has risen since 2015 (although it went down between 2019 and 2020 for the 40% of the population with fewer resources). Income inequalities also decreased until 2019 but strengthened in 2020. The trend is not positive concerning the percentage of poverty in the elderly population. Progress can be seen in terms of financial solidity (with a reduction of bad loans) and the inclusion of ethnic and racial minorities and migration policies.

Concerning the remaining SDGs, the following must be considered:

- **SDG#1** – NoPoverty, with a generally favorable

performance but showing, more recently, indicators with an unfavorable evolution. The at-risk-of-poverty rate, although it has come to decrease, rose in 2020, and the effects of the pandemic on the performance of the various indicators are yet to be determined.
- **SDG#3 –** Good Health and Well-being: with a favorable trend, although it must be noted that the majority of the health and well-being indicators, although showing improvements, is far from the EU average, especially concerning noise pollution, road deaths, alcohol and tobacco consumption, and obesity rate. There is also an insight that health condition varies depending on the population's income levels.
- **SDG#6 –** Clean Water and Sanitation, although it maintains a positive trend and of improvement, has worsened its performance on the SDG Index (2022) compared to the two 2021 reports. There are also challenges concerning the accounting and performance of the water footprint of Portuguese imports.
- **SDG#7 –** Affordable and Clean Energy, with a good performance and favorable trend. There was a rise in the renewable energy quota of final gross energy consumption, and its production is growing, even though Portugal does not yet fully take advantage of all its potential concerning renewable energies, representing an opportunity. There is, in addition, also positive data concerning energetic efficiency, although some challenges concerning indoor thermal performance.
- **SDG#8 -** Decent Work and Economic Growth, with a favorable trend, with a high employment rate, and a sharp decrease in long-term unemployment; however, differences related to citizenship in terms of employment remain, youth unemployment is still high, problems related to productivity and wages endure, as well as related to the effectiveness of employment rights. There are persistent macroeconomic imbalances (high external debt, both public and private, in the context of low productivity growth).
- **SDG#11** – Sustainable Cities and Communities, with a favorable trend. The existence of good air quality in cities and prospects of improvement

related to the supply of public transport can generally be seen. However, related to land use, the urbanized area grows faster than the population, while a gap in monitoring the economic and environmental impact of tourism can also be seen. Although it is still far from what is necessary, an aiming improvement in the urban population's access to green spaces can be verified. The challenges are also great concerning recycling urban waste, which presents an unfavorable trend.

- **SDG#16 –** Peace, Justice, and Strong Institutions, with a favorable trend, although it is important to note that less than half of the population trusts the judicial system and that administrative procedures are more time-consuming than was predicted.
- **SDG#17 –** Partnerships for the Goals, with a favorable trend but low financial assistance for development.

Manual of Local Action for Global Transformation

Also related to policies and local actions, considering the SDGs is crucial. In Portugal, the **ODSlocal** Platform is highlighted – a network of municipalities, people, and stakeholders, created in 2020, which aims at stimulating a movement of ample and open sustainability, and which has as a reference the 2030 Agenda. This platform is adapted so that its targets are suitable to the Portuguese municipalities' reality. The ODSlocal Platform aims to monitor the municipalities' evolution related to various SDG targets through progress indicators built from information from national and the own municipalities' databases. It also aims to map the innovative and sustainable practices that the councils, civil society, and companies are implementing and measure their impact.

The Municipalities and Sustainable Development Goals – Manual of Local Action for Global Transformation – April 2020 **(Os Municípios e os Objetivos de Desenvolvimento Sustentável - Manual de Ação Local para a Transformação Global - Abril 2020)** is a manual published in 2020 within the "Towards 2030: Campaign for the promotion of SDGs and Development Education and Global Citizenship Education" ("Rumo a 2030: Campanha para a promoção dos ODS e da Educação para o Desenvolvimento e Cidadania Global") a project, implemented by the Instituto Marquês de Vale Flor (IMVF), the Oeiras Council, and the Rede Intermunicipal de Cooperação para o Desenvolvimento (RICD – Network for Development Platform), having been financed by the Camões Institute (Camões, I.P. – Instituto da Cooperação e da Língua).

As it is explained in the aforementioned Manual, the towns and local councils have a key role to perform in the application of the 2030 Agenda, for they are in an ideal position to transform an ample and abstract agenda into an efficient and concrete agenda, making it real for the citizens. In effect, the fulfillment of the SDGs will depend on the ability to promote integrated, inclusive, and sustainable territorial development. It is estimated that 65% of the 169 established targets for the 17 SDGs will not be fulfilled without the concrete involvement of the local and regional governments.

The implementation of the SDGs in Portugal's cities

The SDGs are the first public development agenda approved unanimously by the UN's State Members. It arose from the need to make the three dimensions of Sustainable Development, social, environmental, and economic, indivisible, turning them into a plan of action. Two points demonstrate the need to amplify their governance model. On the one hand, cities only represent 2% of the land territory, with over 50% of the population, the global GDP, and pollution. On the other hand, UNCTAD's data indicate that the SDG implementation represents an annual global investment of $3.9tn. To reach this amount, the need arises to complement the $1.4tn resulting from the public sector with $2.5tn from the private sector. These two factors combined signify the interdependence between the main local administration and between the public and private sectors.

Understanding the SDGs is easy, but the real challenge is implementing them. For this reason, they are associated with a cascading management process with goals, targets, and indicators, which ensures their monitoring. This way, it is sought to avoid bluewashing and ensure a real path of three-dimensional convergence. This is the basis for the Voluntary National Reviews (VNRs) to be created and presented at the UN's headquarters, which are the national appliance of the SDG roadmap. Cities and local administration adopted the Voluntary Local Reviews (VLRs) so that the SDGs Location's excellence is linked to the VLR Movement. Bristol is one of the best examples, where their Mayor states that the SDGs brought a language that joins vision and strategy in all areas of the county, allowing for sharing and improving development models with his international peers.

The Councillor responsible for the SDGs of Santana de Parnaíba in the São Paulo metropolitan area, who came up with the first VLR in Portuguese, states that the SDG took them outside their comfort zone of current management, making them go down a path of excellence, and having a vision that goes beyond a political mandate.

In Portugal, many cities today go from the phase of understanding to implementing the SDGs, Cascais and Porto on the way to the VLR. In Mafra, the Mayor chose SDG#17 (Partnerships for implementing goals) as a starting point. With no partnerships, it will be impossible to reach them. The same answer was given in the workshops given to civil society, entrepreneurs, managers, and municipal executives. The general sentiment is after understanding them together, making them happen. The SDGs, in general, and the VLRs specifically, represent a vision for the city, which, aligned with the goals, contributes to generating a strategy that, being visible, attracts people and investors because it simultaneously protects the environment.

To support Portuguese cities, in Católica University, the CESOP Católica Surveys created, in 2016, the Municipal Sustainability Index (ISM – Índice de Sustentabilidade Municipal), making it possible to measure the SDGs' position in the 308 Portuguese municipalities and enhance its impact on the CESOP Local municipality network through the ISM's deepening efforts. In line with the diffusion of good practices, the "Local Innovation & Development" (IDL

– "Inovação & Desenvolvimento Local") is a space of diffusion, sharing of knowledge, and reflection on the innovative and distinguished Good Practices. It takes place every last Thursday of the month, where the Partners of the CESOP Local network share examples made on behalf of the 17 Sustainable Development Goals of the 2030 Agenda for Portugal's Local level. The last line of operation of CESOP Local results from the evolution of the SDG Breathing Cities Program launched by the Global Solutions 4U partnership, which resulted in the Urban SDG Lab. This lab, which is in an early stage, is a partnership between the Mafra Council and the UN-Habitat, aiming to help

Portuguese and Portuguese-speaking cities place SDGs.

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5

**The Implementation
of SDGs in Portuguese
companies**

Concerning the implementation of the Sustainable Development Goals in Portugal, an information gap in the private sector can be seen about how companies are advancing with the 2030 Agenda and the adoption of the SDGs.

In order to describe the current Portuguese context and identify the main advances and difficulties faced in Portugal in materializing the 2030 Agenda, a review of the academic literature or studies on the companies and the SDGs that focus on Portugal was made. A mapping and overview of the main reports on the SDGs' adoption in the private sector published in recent years, focusing on those identifying the Portuguese situation, were also made.

An inquiry was also made into the main companies that provide consulting services about sustainability and research with the associations supporting organizations in adopting the SDGs. Semi-structured interviews were conducted with different players and agents of the corporate sector in order to better understand their viewpoints on the issue.

Scientific research into the implementation of the SDGs in Portuguese companies

There is a lack of academic literature on the issue

In academic literature, few studies that speak of the issue of implementation of the SDGs in Portuguese companies were found. There are, however, some interesting contributions (Fonseca & Carvalho, 2019; Monteiro, Ribeiro & Lemos, 2020; Santos & Silva Bastos, 2020), which mostly emphasize the importance of the Sustainability report and its structure. To our knowledge, no studies focused on identifying, selecting, and adopting SDGs in Portuguese companies. As this is a scarcely studied topic, there are difficulties in accessing clear and conclusive information on the state of the implementation of the SDGs in Portuguese companies.

Benefits of the SDGs for the companies

According to Santos & Silva Bastos (2020), the SDGs allowed the private sector to clarify business goals and better understand their actual contribution to the advancement of the Sustainable Development Agenda. The SDGs can also facilitate the establishment of more transparent relations with the stakeholders and legitimate the organizations' actions.
According to the authors, in this way, the SDGs make a set of opportunities possible for companies, such as:

- Facilitating dialogue and serving as an instrument of communication together with the stakeholders;

- Guide and legitimize their actions;
- Provide visibility concerning their contributions;

Reporting SDGs

Fonseca & Carvalho's (2019) study maps the level of involvement of the 235 Portuguese companies with QEOHSC (Quality, Environmental, and Occupational Health and Safety-Certified Organizations) certification with the SDGs. The results show that there is a moderate level of reporting, being that the main SDGs mentioned are SDG#12, SDG#13, SDG#9 (21,3%), SDG#8 (20,0%), and SDG#17 (19,6%). The authors conclude that the majority of organizations do not mention the SDGs in their reports and that the SDGs' communication is most prominent in (1) large enterprises, (2) companies that have a sustainability report, and (3) organizations that are a part of the UN Global Compact network (this third point is confirmed by our study).
Monteiro, Ribeiro & Lemos' study (2020) explores how Portuguese companies quoted in the stock exchange interact and report SDGs. The authors conclude that, in 2017, only 8 of 46 companies quoted in the Lisbon stock exchange referred to the SDGs in their reports – and, of these 8, only 3 are in alignment with the strategy. The SDGs' integration in managerial reports is one of the greatest challenges of the private sector – and also one of the most important steps to accompany the 2030 Agenda's progress (Lemons, Monteiro & Ribeiro, 2020). Despite the progress in recent years, much like the joint initiative UN Global Compact and Global Reporting Initiative (GRI) in creating **Integrating the SDGs into Corporate Reporting: A Practical Guide,** there is still no process, benchmark, or standard methodology for reporting SDGs. The excess information and options today in the market make the reporting process more difficult, as the lack of clarity over which guidelines to follow makes the process complex for organizations.

How are Portuguese companies acting on the strategic priorities of the country?

Studies in Portugal

The public information available on the progress of the SDGs in the Portuguese private sector is scarce, which allows one to conclude that it is an unexplored topic. For example, there is no consolidated report on the main priorities and acting focus of Portuguese companies in line with the 2030 Agenda, nor even in line with the SDGs defined as a priority for Portugal, according to their Voluntary National Report (of 2017), which elected SDG#4, SDG#5, SDG#9, SDG#10, SDG#13, and SDG#14 as priorities.

The most recent report on the issue, entitled "Portuguese companies' challenges in prioritizing the SDGs and in non-financial reporting," was published by PwC in 2017. In it, financial and sustainability reports of 35 companies in 6 sectors of activity were analyzed: Retail, Transformative Industry, Financial Services, Energy, Public Utility Services & Mining Industry, Technology, Media & Telecommunications, and Transport & Logistics. Together, these companies represent, to this day, about 79 billion euros in revenue and include the companies quoted in the PSI20 index, as well as a group of large Portuguese companies representative of the different sectors of the Portuguese economy.

In this report, the priority SDGs for Portuguese companies were mapped, with the aim of understanding whether the companies knew and knew how to measure the impact of the SDGs on their business.It can be concluded that the SDGs most prioritized by the companies were SDG#8, SDG#13, SDG#7, and SDG#12 and that 69% of the companies studied published a sustainability report or an integrated report.

The PwC report also identifies that one of the Portuguese companies' greatest challenges is to understand and select the most relevant goals for the respective business and subsequent prioritization and setting of how best to implement them. It may be considered that this difficulty could be caused by a lack of knowledge about the 2030 Agenda or a lack of understanding about its real importance and/or transformational character.

International Studies

According to the **UN Global Compact-Accenture Strategy 2019 CEO Study – The Decade to Deliver**: *A Call to Business Action,* a study conducted in 2019 and based on testimonies of over 1000 CEOs of 21 industries and 99 countries, to accelerate the SDGs' progress, the following points were considered to be necessary:

- Raising corporate ambition inside the companies in order to prioritize action relative to the 17 SDGs;
- That companies, Governments, governors, and non-governmental organizations unite (in partnerships) and mobilize to shape realistic solutions, based on technology and science, for the SDGs;
- Redefine responsible leadership to help companies be the SDGs' main drivers.

Support network for the implementation of the 2030 Agenda in Portugal

It is also possible to highlight the role of some organizations that aim at mobilizing and advancing the progress of the 2030 Agenda in Portugal. In this way, the Business Council for Sustainable Development (BCSD) Portugal, GRACE - Associação de Empresas Responsáveis, and UN Global Compact Network Portugal stand out as partners of this project.

The BCSD aims to work jointly with companies to accelerate the transition into a more sustainable world by sharing knowledge and training activities concerning sustainability and the Sustainable Development Goals.

BCSD Portugal has a **website** dedicated to the SDGs, where one can consult the various business case studies and find out more about the issue. It also published a **CEO guide** for the Sustainable Development Goals and promotes various classes and courses to support the companies in their journey to sustainability, such as the "Journey to Sustainability 2021" and the masterclass "Integration of the Sustainable Development Goals (2030 Agenda) in business management", done in partnership with GRACE.

GRACE supports organizations in transforming and seeking practical solutions for sustainable growth while developing and sharing good practice manuals on the SDGs to help its members. To develop knowledge on sustainability in the Portuguese context, GRACE set up a school dedicated to sustainability, with various courses co-created in partnership with other organizations. The long list of options includes "Awareness sessions" on the SDGs or workshops, such as "My first Sustainability Report" and "Responsible Companies."

The UN Global Compact is an organization network that aims at incorporating the **UN Global Compact's 10 Principles** and the 17 Sustainable Development Goals into the management and operation of these companies. The UN Global Compact has played an important role in inviting participating companies to develop and publish a report, preferably annually, demonstrating the practices adopted concerning the 2030 Agenda. In this way, it encourages the organizations to monitor, evaluate, measure, and report their output and performance in reference to the SDGs and promote the sharing of good practices.

Obstacles and opportunities

As a result of the literature review and the elements of analysis referred in this chapter, the following main obstacles to the adoption of the SDG Agenda by the private sector were identified (before the data collection of this project):

1. The lack of knowledge and means for the strategic incorporation of the SDGs in business strategies;
2. The difficulty in selecting the strategic SDGs that are core to the business in each company's context;
3. The lack of clarity over which guidelines to follow in order to develop the SDG report;
4. The viewing of the 2030 Agenda as a matter of compliance and not as a competitive advantage;
5. The viewing of this Agenda as an answer to the pressure of various stakeholders and not as an opportunity.

The companies show difficulties translating the SDGs into measurable targets coherent with the business context. Consequently, they have difficulties incorporating the SDGs strategically, and there is a great decoupling between the SDGs adopted

Progress in implementing the SDGs in the Portuguese private sector

By consulting and sharing information, together with the main companies providing consulting services concerning sustainability in Portugal (Accenture, Bain & Company, BCG, Deloitte, PWC, KPMG), it can be concluded that in these companies' view:

- The SDG Agenda is not yet incorporated into the companies' strategic agendas;
- The issue is still seen from a perspective of compliance and not a competitive advantage;
- Many companies adopt this Agenda due to pressure coming from researchers and financial markets or just to comply with regulations, emphasizing the license to operate as one of the elements that motivate the adoption of the 2030 Agenda;
- Some sectors, such as the energy sector, are already adopting this Agenda because it is a part of the nature of their industry;
- Portugal is not a pioneering country in adopting the SDG Agenda. There is pressure in the international market, which is lesser in Portugal;
- Different levels of adoption of this issue can be seen – some companies are more advanced and have a more active positioning, while others act in a more reactive way.

by the companies and the core of their activities. Instead of integrating the SDGs into their strategy's development, most companies choose to first set out their strategy to later identify the SDGs with which their strategy most connects and aligns. In this way, the transformational character of the 2030 Agenda does not translate into the strategic plan of these organizations.

Portuguese companies may benefit if they have a greater knowledge of how to strategically include the SDGs in their business and how to report on them. For want of operational knowledge, it is now one of the main obstacles to adequate reporting of the SDGs by Portuguese companies, thus showing that there is room for improvement so that the companies can start identifying, measuring, and monitoring their performance in the face of the SDGs' indicators.

Monteiro, Ribeiro & Lemos (2020) also point to companies' difficulty in identifying the priority SDGs for their operations and stakeholders and in incorporating them into their strategy.

Conclusions

The analysis made of all the elements referred to allows one to conclude that Portuguese companies are aligned with sustainability and its strategic challenges. However, they do not show a deep alignment with the 2030 Agenda and the implementation of the SDGs, which are still seen as an addition to the business strategy, and not as a driver for creating value.

There is, therefore, an opportunity to proceed with the strategic adoption and implementation of the SDGs in Portuguese companies to boost the economy and society.

In this context, it is clear that this project is important to conduct deeper research into how companies understand and implement the SDGs into their

strategy – and what is missing to further advance the Agenda and obtain further progress and positive results for the country.

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Methodology

The Project's Methodology **6.1**

This project's methodology consists of a five-step process, which includes:

| 1.Analyzing the Portuguese context. | → | 2. Setting the theoretical framework. | → | 3. Selecting a sample of companies. |

| 5. Drafting the Annual Report. | ← | 4. Gathering and analyzing data. |

Steps 1,2 and 3 were carried out in the project's first year and will be updated in the following years. Steps 4 and 5 will be repeated every year of the project's execution.

Analyzing the Portuguese context refers to the research of the initial diagnosis whose goal is to frame the SDGs theme into the Portuguese reality and understand how the public policies and business strategies are aligned with the SDGs' ambitions.

The next step, **setting the theoretical framework,** consists of a critical review of the academic literature and practitioners on the adoption of the SDGs by the private sector. This allows setting a framework for evaluating the implementation of the SDGs by companies. The basis for this evaluation in the project's first year was the "SDG Compass" and "SDG Ambition," developed by UN Global Compact, with adjustments by the academic work in progress in Management and Strategy.

The third step, **selecting a sample of companies,** made possible a listing of the 60 Large Enterprises and a group of the Small and Medium-Sized enterprises which are a part of this project. In this group, 10 Small and Medium-Sized and 20 Large Enterprises were selected for deeper analysis through interviews. The results and conclusions of the project represent, thus, the study's sample (as described later in this chapter) and not all Portuguese companies.

Collecting and analyzing data (fourth step) follows a mixed methodology, which combines different methods of collecting, analyzing, and interpreting data. The analyzed data were collected through questionnaires, interviews, and analysis from secondary sources, in the form of the Non-Financial and/or Activity Reports, public information, and reports published by other institutions. There was, therefore, a data triangulation that allowed more rigor in collecting and analyzing the information. According to Maxwell (1996), this technique has as its goal "reducing the risk that the study's conclusions reflect bias or own limitations of a single method," which leads to more reliable conclusions by combining

different perspectives. It is, thus, "a method that adds rigor, range, complexity, diversity, and depth" to the research (Denzin e Lincoln, 2000).

The fifth step is the **Drafting of the Annual Report,** which will be published every year the project takes place.

Research Questions

The project aims at answering the following research questions:

1. What are the Portuguese companies' views on sustainability as a decisive factor in management?
2. What is the Portuguese companies' level of involvement in the SDG Agenda?
3. What are the companies doing, and how do they align the SDGs with their core business?
4. Do Portuguese companies report with the SDGs in mind?
5. What motivates Portuguese companies the most to involve themselves with the SDG Agenda?
6. What are the main obstacles to the Portuguese companies' involvement with the SDGs?
7. Is there a gap between the companies' intention to get involved with the SDG Agenda and the fulfillment of that intention?
8. Do Portuguese companies look at the positive and negative impacts they have on the SDG Agenda? Do they consider synergies and trade-offs while working on the SDGs?
9. Are there good practices concerning implementing the SDGs in Portuguese companies?
10. Do Portuguese companies have their context in mind when choosing their strategic SDGs?

Methodology for selecting the Large Enterprises

In order to select the 60 Large Enterprises that are a part of this study, a database with the companies that make up the General PSI (which gathers the organizations quoted in the Lisbon stock exchange) was created, with an emphasis on the PSI 20 companies (Portuguese Stock Index 20), and the 200 largest companies listed on the National Ranking of Portuguese Cash Companies, scored by sales volume. Companies that are a part of associations or business organizations concerned with sustainability issues were also added, namely the Business Council for Sustainable Development (BCSD) Portugal, GRACE – Responsible Businesses Association, and the UN Global Compact Network Portugal. These companies were added to the initial database to emphasize the population of companies concerned about sustainability issues in the initial data pool. However, the final sample for companies with the most social or environmental concern was not skewed by them, as will be explained in further detail.

The initial listing matches the sum of all companies in the referred lists, excluding duplications, which total 517 companies.

Database	No of companies
PSI 20	19
General PSI	38
Cash listing	200
BCSD	128
GRACE	191
UN GLOBAL Compact Portugal Network	84
Excluded for duplication	143
TOTAL	**517**

Table 6.1 – Initial Database – Large Enterprises

The designation of the sector to which they belong was attributed to each company. The "Super sector" classification of the Industry Classification Benchmark (ICB) was used as a reference, which identifies 20 super sectors of activity and is used by companies of the Euronext Index. Four sectors were joined in pairs: "Energy" and "Utilities" were grouped into one sector, as well as "Banks" and "Financial Services." This unification is owed to the fact that they are sectors in which the selected companies work simultaneously, for which their joining makes the data analysis simpler. The "Industrial Goods and Services" sector was divided to clarify the distinction of each company's activity. It is then divided into "Industrial Goods and Services" and "Professional Support Services." "Industrial Goods and Services" comprises companies that make or market products for industrial use or supply specialized services, such as maintenance, delivery, and logistics. "Professional Support Services" is represented by companies that supply professional services such as consulting and advocacy.

In this way, the companies' final classification was made based on 19 sectors listed as follows:

1. *Automobiles and Parts*
2. *Banks & Financial Services*
3. *Basic Resources*
4. *Chemicals*
5. *Construction and Materials*
6. *Consumer Products and Services*
7. *Energy & Utilities*
8. *Food, Beverage and Tobacco*
9. *Health Care*
10. *Industrial Goods and Services*
11. *Insurance*
12. *Media*
13. *Personal Care, Drug and Grocery Stores*
14. *Professional Support Services*
15. *Real Estate*
16. *Retail*
17. *Technology*
18. *Telecommunications*
19. *Travel and Leisure*

After the classification by sectors, 20 associations, cooperatives, and foundations were identified, which were excluded from the sample for not being a part of the population analyzed in this study (companies). 29 holdings, subsidiaries, or companies subdivided by geolocation or business line were also excluded, to avoid the data analysis duplication. All holdings are represented by at least one subsidiary, according to the sectors in which they operate.

Considering these exclusions, the final list comprised 467 companies, as shown in Table 6.2.

Activity Sector	No of companies
Automobiles and Parts	25
Banks & Financial Services	28
Basic Resources	20
Chemicals	7
Construction and Materials	14
Consumer Products and Services	40
Energy & Utilities	32
Food, Beverage and Tobacco	31
Health Care	42
Industrial Goods and Services	48
Insurance	6
Media	15
Personal Care, Drug and Grocery Stores	4
Professional Support Services	83
Real Estate	7
Retail	28
Technology	13
Telecommunications	5
Travel and Leisure	19
Excluded	**50**
TOTAL	**467**

Table 6.2 – Classification by Sector

Sample selection

The following were chosen as inclusion/exclusion criteria for selecting companies for this study:

A. Relevant in the sector in which it operates, which means being among the largest ten companies in terms of total turnover in Portugal in its industry;

B. Characterized as being a "Large Enterprise," with over 250 employees and over 50 million euros turnover, according to the INE's definition, in line with Law-Decree No 371/2007, of 6 November (in its current wording), which creates the electronic certification of the micro, small, and medium-sized companies' statute.

The "concerned with sustainability" factor was not a selection criterion to collect a diverse sample representative of Portuguese companies' different perspectives concerning sustainability.

The company's turnover and number of employees were ascertained through research on the respective Internet web pages and official documents of these companies or, in some cases, through direct contact with them.

All the companies that did not satisfy the mentioned criteria were excluded from the listing, which resulted in the exclusion of 101 companies and the reduction of the listing to 366 companies. Companies classified by sector of activity and turnover were later ordered according to their operations' representativeness in Portugal (turnover and the number of employees).

Selection of companies from the PSI 20, taking selection and exclusion criteria into account

The companies of the PSI 20 were all selected except Semapa (seeing as it is a holding company), Pharol

(as it is an investment group), Greenvolt, Ramada, and Ibersol, as they belong to a sector already represented by other organizations with a bigger turnover and more representative for the Portuguese economy. In cases concerning parity of criteria between other companies of the listing and companies of the PSI 20, the latter was always selected. Thus, the total of companies selected based on the PSI 20 was 12 companies (from a total of 19 companies).

Selection from a total of 60 companies

In order to reach a selection of 60 companies and obtain sectoral representativeness, the companies were selected for each sector according to their turnover, in descending order. Some sectors have bigger representativeness, as with "Banks & Financial Services," due to their importance and leverage factor in the Portuguese economy. Other sectors have less representativeness because they are equally less representative in the Portuguese economy. All sectors are represented by at least one company.

EIf the need to choose between two companies arises for parity of criteria, companies considered icons in the Portuguese economy, for their image and importance in the Portuguese economic context, were always selected. Such is the case with REN – Rede Eléctrica Nacional, which does not occupy the first place in the "Energy & Utilities" sector but is a part of the PSI 20 and has historical value in Portuguese economic development, having thus been included in the sample.

In each sector, preference was also given to companies that make access to Non-Financial Reports on their website public and easy, as the analysis of these documents is necessary. Inside sectors with very different activities, companies most relevant per segment were chosen to guarantee more diversity and representativeness for the sample. Such is the case, for example, of the "Professional Support Services" sector, where two of the biggest service providers, a consultancy and a law firm, were selected, and of

the "Energy & Utilities" case, where companies from different sectors, such as petrol, gas, electricity, and water, were selected.

A distribuição das 60 empresas finais pelos respetivos setores de atividade encontra-se na seguinte tabela:

Activity Sector	No. companies	% Sector
Automobiles and Parts	2	3%
Banks & Financial Services	6	10%
Basic Resources	3	5%
Chemicals	1	2%
Construction and Materials	3	5%
Consumer Products and Services	2	3%
Energy & Utilities	3	5%
Food, Beverage and Tobacco	6	10%
Health Care	3	5%
Industrial Goods and Services	8	13%
Insurance	2	3%
Media	2	3%
Personal Care, Drug and Grocery Stores	2	3%
Professional Support Services	4	7%
Real Estate	1	2%
Retail	4	7%
Technology	3	5%
Telecommunications	3	5%
Travel and Leisure	2	3%
TOTAL	60	100%

Table 6.3 – 60 selected companies with their distribution by sector

The final listing of companies was set according to outlined criteria and was the subject of debate among Project researchers. It was debated and approved by all members of the project and by the respective academic council. It was also the subject of open discussion and debate with the project's Advisory Board.

When selecting the 60-company sample, the average annual invoice volume of the sample was 1,086 million euros, being that the minimum amount was 70 million euros and the maximum amount was 9,578 million euros.

Of the 60 initially selected companies, 10 were changed according to their availability and/or interest in being a part of this project, and 10 companies have been, consequently, excluded.

The final list of companies that participated in the study follows in alphabetical order:

1. Accenture Consultores de Gestão
2. Adp - Águas de Portugal
3. Altri
4. ANA - Aeroportos de Portugal
5. Auchan Retail Portugal
6. Banco BPI
7. Millennium BCP
8. Banco Santander Portugal
9. Bayer Portugal
10. Bial - Portela & Ca
11. Bondalti Capital
12. Bosch Car Multimedia Portugal
13. Brisa - Autoestradas de Portugal
14. Caixa Geral de Depósitos
15. Companhia IBM Portuguesa
16. Corticeira Amorim
17. CP - Comboios de Portugal
18. CTT - Correios de Portugal
19. CUF
20. Decathlon
21. Deloitte

22. Domingos da Silva Teixeira
23. EDP - Energias de Portugal
24. FIDELIDADE
25. Galp
26. Grohe Portugal
27. Grupo Ageas Portugal
28. Grupo Nabeiro - Delta Cafés
29. Grupo Pestana
30. Grupo Impresa
31. Jerónimo Martins
32. JP Sá Couto
33. L'Oréal Portugal Unipessoal
34. Leroy Merlin Portugal
35. Luz Saúde
36. MC - Modelo Continente
37. Altice Portugal
38. Mercedes-Benz Portugal
39. Mota-Engil
40. Nestlé Portugal
41. NOS
42. Novabase
43. Novo Banco
44. OGMA Indústria Aeronáutica de Portugal
45. Porto Editora
46. REN - Redes Energéticas Nacionais
47. Siemens
48. Sogrape
49. Sonae Sierra
50. Sovena Group (Nutriveste)
51. Sumol + Compal
52. Super Bock Bebidas
53. Tabaqueira
54. TAP Air Portugal
55. Teixeira Duarte
56. Teleperformance Portugal
57. The Navigator Company
58. Unilever FIMA
59. VdA - Vieira de Almeida & Associados
60. Volkswagen Autoeuropa

Selecting Large Enterprises for Interview

Of the 60 company sample, 20 were selected for deeper analysis through an interview to clarify some of the questions placed in the questionnaire (previously answered). Each of the 20 companies corresponds to a different industry to ensure all the 19 industries of the study were represented. The companies were selected randomly in their respective industry. The missing twentieth company was equally randomly selected.

Methodology for selecting Small and Medium-Sized Enterprises

Concerning the Small and Medium-Sized enterprise samples, a partnership was made with IAPMEI, I.P., Agência para a Competitvidade e Inovação. This partner collaborated in the selection process of a universe of 1604 companies of high economic-financial performance, distinguished with the PME Líder status. The questionnaire was distributed to a select group of companies to get 100 answers for the analysis.

All the companies of the chosen population have exporting experience at different levels. These are companies with business in the external market, being the most affected by the 2030 Agenda demands. The scope of recipients was also favored, both in sectorial terms and dimensional class. The universe includes small and medium-sized enterprises distributed in the following way:

- Industry: **55,2%**
- Commerce **19,9%**
- Services: **10,7%**

- Transportation: **6,1%**
- Building and Real Estate **5,4%**
- Tourism: **1,6%**
- Agriculture: **1,3%**

The universe of selected companies also has the following characteristics:

- The average income of 6,7 million euros
- On average, export 2,9 million euros
- On average, employ 50 employees

Selecting the Small and Medium-Sized Enterprises for Interview

Partnered with IAPMEI, I.P., 10 companies were selected for in-depth monitoring during the project, conducted through interviews. The company's willingness to have a person as a leader apt to accompany the project during at least 4 years was used as a criterion. The sample represents the different sectors initially selected for the Small and Medium-Sized enterprise universe.

Methodology for Data Collection

Questionnaire

The questionnaire given to the Large Enterprises and Small and Medium-Sized Enterprises is divided into 4 parts, which in their turn are subdivided into 12 sections. It includes a total of 69 questions of different types: open or closed answers, with or without development.

The first part of the questionnaire identifies the attributes of the companies which are a part of the sample, highlighting their legal structure, capital structure, number of employees, the structure of the Administration Council and Executive Commission – if there is one -, business networks to which it belongs to, geographies in which it operates, among others.

The second part refers to the implementation of sustainability and the SDGs in the companies, and aims to understand the importance of the concept of sustainability for companies, the SDGs' relevance in the business context, and which are the main communication practices of the SDGs.

The third part aims to identify the main motivations and obstacles to adopting the SDGs.

The fourth and final part refers to the implementation of the SDGs and their impacts on the business context, also analyzing the level of implementation of the SDGs by companies. It also highlights good practices and recommendations of the companies for this study.

Interviews

The interview with the 20 Large Enterprises and the 10 Small and Medium-Sized Enterprises has a total of 13 questions and aims to clarify some of the questions previously answered in the questionnaire. Its aim is to explore the different issues and motivations which led the companies to different answers in the questionnaires. The interviews were conducted through the Zoom platform, with an average of three researchers with the roles of interviewer and rapporteur, and had an average length of 30 to 45 minutes.

Secondary Sources

The research into secondary sources had as its main focus the companies' Non-Financial and/or Activity Reports, an inquiry into public information found on websites and other means of communication, and reports published by other institutions.
T
he reports were analyzed with the goal of (1) validating some of the information obtained through the questionnaires (data triangulation), (2) deepening the knowledge of the business context and obtaining insights on the way companies report the SDGs, (3) collecting good practices on the implementation of the SDGs in a business context. The Non-Financial Reports consulted in this study were categorized in the following way:
os neste estudo foram categorizados da seguinte forma:

1. **Sustainability or Corporate Social Responsibility Report:** reports that present information, initiatives, and projects of social and/or environmental impact, without presenting economic impact;

2. **Integrated Report:** report which combines financial and non-financial information and allows the evaluation of the organization's capacity to create value through the identification of their main activities with a holistic approach, which includes the analysis of their activities on the three sustainability axes, generating economic, social, and environmental value;

3. **Annual Report:** a document that mentions the company activities and their economic results and, in this context, identifies and incorporates sustainability in a separate section.

The Non-Financial Reports, which are included the Sustainability Reports, the Integrated Reports, and the Annual Reports (of activity and/or management), are the communication tools most used by companies to answer the current demands from markets and investors concerning the disclosure of their strategies, initiatives, and performance in the three pillars of sustainability (economic, social, and environmental), and in creating value for society.

Besides being the document where the organizations' sustainability strategies and policies are presented, these reports also represent an important reflection exercise, which leads to setting targets and goals concerning sustainability, which in turn can lead to motivating the creation and measuring of value (BCSD, 2021).

The studied reports were subject to qualitative and quantitative analysis, intending to check the strategic alignment of sustainability in companies and the SDGs' integration. The SDGs' integration was also analyzed over the Non-Financial Report, regarding their targets and use of illustrations for their report – whether through graphs, tables, or images -besides the detailed analysis and research of good practices.

Concerning the analysis of good practices, the following criteria were used:

- The process of integrating the SDGs in business strategies and, consequently, the process of analysis of materiality;
- How companies incorporate and report the SDGs over their report;
- The presentation of practical cases and their structure (identification of the problem, proposed solution, goals, and achieved results, among others).
- Relevance of the practical case for the Portuguese context, for the industry in which the company is placed, and the business activity it carries out.

In this way, good practices were grouped into five big groups:

1. Process of integrating the SDGs into business strategies
2. Reporting of the SDGs
3. Structuring Practical Cases related to the SDGs
4. Communicating Practical Cases related to the SDGs
5. Good practices in instances of partnerships between companies of the Observatory of the SDGs in Portuguese companies

Finally, a selection was made of a series of examples of good practices to promote the sharing of real cases considered to be useful to all companies. The result of this analysis can be consulted in Chapter 8.

Methodology for Data Analysis
Methodology for Aggregated Analysis

Concerning the methodology for analysis of the questionnaire data, a process of aggregated analysis was made (i.e., to the whole sample) to each question on the questionnaire, through the SPSS tool (version 28.0), for Large Enterprises, as well as Small and Medium-Sized Enterprises. Each question was analyzed through the analysis of descriptions and frequencies, interpreted and later described in this report (Chapter 7).

Clusters for in-depth analysis

Cluster analysis

The Cluster Analysis aims to classify the sample companies into diversified groups so that the different groups *(clusters)* are different in constitution.

The two-step cluster technique was used in the SPSS software (version 28.0). This analysis allows the detection of natural groupings in the data based on distance criteria calculated on answers to the questionnaire items. This technique may take continuous variables, as well as categorical ones, into account.

The variables were included in the cluster formation taking into account their main importance in characterizing the companies' positioning concerning sustainability and the SDGs. In this way, variables were included that define the companies' strategy and its positioning about the view on creating value *(stakeholders or shareholders),* their alignment with the SDGs in the companies' decision-making and strategy, and the viewing of the SDGs as a business opportunity. These variables are directly related to the research questions previously highlighted in this chapter and are the basis for the critical analysis of the data. They can be consulted in Table 6.4.

STRATEGIC VARIABLES THAT DEFINE THE COMPANY'S PROFILE

Question	Possible Answers
My company sees sustainability as a:	**Options:** Threat, Risks to mitigate, Indifferent, Possibly positive, Strategic opportunity
What best describes your company's main strategy?	**Options:** Profit; Creation of value for the stakeholders
In what way are the SDGs incorporated into your company's strategy?	**Options:** They are not incorporated; We chose some we consider to be a part of the sustainability policy and are worked on by that department; We chose some that are aligned with our strategy and are a part of our core business; We set our strategy according to the SDGs and their ambitions, and they guide our activity
Do you see the SDGs as a business opportunity?	**Scale:** 7 points: 1-not at all 7- Yes, absolutely
Do your company's strategic SDGs support your decision-making process?	**Options: Yes / No**
Choose the option that makes the most sense to you: "The lack of business case (cost-profit relation) is an obstacle to not further implementing the SDGs."	**Options:** Yes, because there is no business case; Yes, because it is difficult to find a business case; No, it is not an obstacle

Table 6.4 – Strategic Variables that define the company's profile and serve as the basis for creating clusters

Specific Analyses

In order to deepen the data analysis and better understand Portuguese companies' involvement with the SDGs, hypotheses of validation of the research questions made in the initial phase were set. These hypotheses were grouped into Hypotheses 0) as complementary to the cluster organization (H0); and Hypotheses 1) as illustrative of the business strategies concerning the adoption of the SDGs (H1). The testing of these hypotheses led to a set of specific analyses. In these analyses, tests of differences in averages, chi-squared analysis, and regression analysis were used as answers to further research questions.

The different motivations for the adoption of the SDGs are related to the strategic position concerning the SDGs and sustainabili	H0
The different motivations for sustainability are confirmed when there is an obligation to choose between different spectrum	H0
The requirement of choosing between spectrums of different motivations confirms the strategic position concerning the SDGs and sustainability	H0
The strategic position concerning the SDGs and sustainability is related to the way in which the company considered the positive and negative effects of the SDGs, their connections, and how it considers them in decision-making	H0
The company's characterization is related to how the company strategically sees the SDGs and sustainability	H1
The amount of knowledge about the SDGs is related to the strategic position concerning the SDGs and sustainability	H1
The lack of business care and the different obstacles to not adopting the SDGs are related to how the company sees the gap between "where it is" and "where it would like to be" in terms of SDGs and sustainability	H1

The strategic position concerning the SDGs and sustainability is related to how the company sees the gap between "where it is" and "where it would like to be" in terms of SDGs and sustainability	H1
The different motivations for the adoption of the SDGs are related to how the company sees the gap between "where it is" and "where it would like to be" in terms of SDGs and sustainability	H1
The way companies develop partnerships in the SDGs is related to the strategic position concerning the SDGs and sustainability	H1
The existence of indicators connected to the core business and its level of detail is related to the different strategic positions concerning the SDGs and sustainability	H1
The different obstacles pointed to the engagement with the SDGs and sustainability are related to the strategic position concerning the SDGs and sustainability	H1
The knowledge of SDGs and their targets is related to how the company considers the positive and negative effects of the SDGs, their connections, and how it considers them in decision-making	H1
The strategic position concerning the SDGs and sustainability is related to how the company considers the geographies where it operates to choose its strategic SDGs	

Table 6.5 – Specific Analyses

The following variables were selected to define the companies' characterization:

COMPANY CHARACTERIZATION

Theme	Question in Questionnaire
Legal Structure	2
Capital Structure	3
Family/Non-Family Company	4
Quoted/Non-quoted in Stock	5
Year founded	9
Geographical Scope (No. of countries and in which continents it operates	10 & 11
Industry	12
Products and services	13
Companies associated with sustainability business networks	14
Composition of the Board	17 & Composition of the **Administrative Council or the Executive Commission, when there is one** (will be an extra question sent to companies)

Table 6.6 – Company characterization

Methodology for Interview analysis

The analysis of information gathered during the interviews was made qualitatively and quantitatively. The structuring of the interview analysis contributed to a rigorous evaluation of the collected data based on a sequential and systematic procedure.

Initially, for each question, an evaluation of the interviewed companies' answers was made, as well as a subgroup of what was previously answered in the questionnaire. Thereafter, the open answers were evaluated qualitatively to deepen the reason behind the answers and create clusters or themes in each answer. The answers were grouped into themes through a qualitative analysis developed by each project researcher: "judge." The themes of each open answer were evaluated by two judges, which grouped them into a consolidated version.

The methodology used in this analysis follows the five following points:

1. Each judge read or reviewed the recorded interview and created "themes for each question" in an inductive way. These themes were organized into a codification grid.
2. Individual validation of the judges:
   - Each judge identified themes mentioned in the answers in order to ascertain the main reasons pointed to by each company for the choice made in the questionnaire;
   - Based on this codification exercise, each judge created a table that allows one to see the mentioned themes.

3. Two judges (evaluating the same issue) debated and created a new table summary – consolidated after discussion;
4. The table summaries were discussed between 2 pairs of judges (4 people), which led to the following:
   - Incorporating the notes that resulted from the debate;
   - Harmonizing the clusters with uniform language.
5. Completion of the table summary after evaluation of the four judges.

With a detailed analysis of each answer, the researchers complemented the analysis of the questionnaires with explanations and clarifications from the interviews.

References:

BCSD, 2021. Diretrizes da Sustentabilidade: Reporting. Extracted from: **https://bcsdportugal.org/diretrizes-da-sustentabilidade-reporting/**

Denzin, N., & Lincoln, Y. (2000) Handbook of qualitative research. (2a ed). Thousand Oaks: Sage.

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6.2 The theoretical background for a longitudinal analysis

In order that this study can ground its solid theoretical bases and follow a consistent longitudinal analysis, a theoretical background was set. It is backed by scientific and non-scientific studies and methodological proposals validated for successfully implementing the SDGs into business strategies and operations. Therefore, the theoretical background allows for the following:

1. Defining a framework that can establish the strategic attitude recommended for the adoption of the SDGs by the companies

2. Link that framework to a set of measurable indicators that can be annualy monitored to support the longitudinal analysis of the data collected in the study:
   - Annually offer basic data for evolution analysis of the companies being studied and monitoring their performance in the SDGs by activity sectors
   - Present case studies and good practices or innovations which other companies may emulate
   - Promote synergies gathering and

discussion places between Portuguese companies which have held the Sustainable Development Agenda as a priority

3. Promote debate in Portuguese society about the relevance of companies' contribution to the 2030 Agenda

4. Serve as an analytical basis to be adopted in other contexts and geographies and position Portugal as a case study in this issue

In this sense, and based on the adopted theoretical background, data is collected annually from 1) companies' Non-Financial Reports, 2) information gathered from questionnaires and interviews conducted with points of contact in the Portuguese companies being analyzed; 3) public information, namely reports published by other institutions and by the media. The data collected and questions placed (in the questionnaire and interview presented in Chapter 6.1) follow the set-theoretical background matrix, approaching crucial questions for the awareness of the level and adequacy of the understanding and implementation of the SDGs in Portuguese companies.
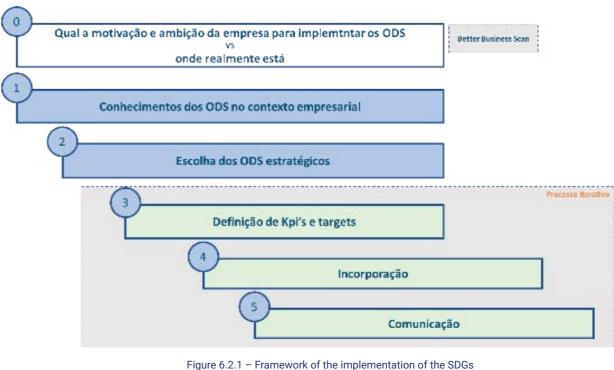
Theoretical background – framework proposals for implementation and analysis

The *framework* analysis of Portuguese companies' involvement with the SDGs will follow the guidance of the tools developed by the **UN Global Compact (SDG Compass** e **SDG Ambition)**, with adjustments and improvements based on academic work in progress in the field of Management and Strategy.

The *framework* analysis has as its basis some SDG implementation principles in business strategies, which were subject to analysis and are also a base on which to create indicators used in the phase of gathering and studying the project data:

- Understanding the concepts of sustainability and the SDGs
- Knowledge of the SDGs in the organization
- Implementing the SDGs as a strategic tool vs. social responsibility tool or reputational tool
- Viewing (or not) the SDGs as a strategic advantage that generates business case
- Adopting (or not) the SDGs in the operation core. Its selection process
- Adopting the SDGs and considering the interconnection between the SDGs
- Analyzing the positive and negative effects of the Sustainable Development Agenda
- Inside-out view and conjugating it with the outside-in view of the 2030 Agenda
- Company's attitude toward this Agenda: from passive to proactive
- Adopting strategies in partnership
- Communicating the SDGs – as a strategic or reputational tool
- Existence of internal and external (culture and brand) communication and monitoring of the proposed goals

Proposing a framework for the implementation is based on contributions from the practice and the academy concerning the strategic implementation of the SDGs in companies. It is equally based on the practical accompaniment that the Center for Responsible Business and Leadership has come to practice on various companies, mainly in the Portuguese context. In this way, various tools were analyzed, which allowed for enriching the framework being used, which is next presented in a simplified way.

Figure 6.2.1 – Framework of the implementation of the SDGs
Source: authors (inspired by the SDG Compass)

Step 0: Analysis of the company's status quo: Motivation and ambition for implementing the SDGs vs. where it actually is

Step "zero" for effective implementation of the SDGs in business strategies is identifying the company's knowledge of its position in sustainability issues, specifically its alignment with the SDGs. This analysis allows one to understand how the company can start acting and what trajectory it must adopt to align its intentions and ambitions with the 2030 Agenda.

To make this diagnosis, some questions placed to the companies in this Observatory were inspired by the Better Business Scan tool, which allows one to evaluate the company's position on issues of sustainability and SDGs and compare that position with its ambitions and intentions.

Figure 6.2.2 – Better Business Scan
Source: https://www.betterbusinessscan.org/

Step 1: Knowledge of the SDGs in the company and their incorporation into business culture

After understanding its position on the path to sustainability and the knowledge of SDGs existing on an internal level, the company is ready to start its journey in implementing the SDGs. Point 1 of this journey is promoting internal knowledge of the SDGs close to the collaborators to embed the culture with this Agenda's inspiration. This step is inspired by point 1 of the SDG Compass (SDG Compass, 2016).

It is very important in this stage that some points are highlighted:

- The level of detail in knowledge on SDGs must always include the analysis of its 169 targets
- The SDGs are positively and negatively impacted by business activity
- The SDGs are interconnected. So, by impacting an SDG, the company can generate spillovers in many other goals and targets.

Step 2: Choosing Strategic SDGs

The SDGs are not all equally important in business strategies. Some goals are more relevant to some companies than others, taking into account 1) the core of their operations, 2) how each company can contribute toward the different SDGs, positively and negatively, 3) the company and the stakeholders' view, as well as 4) the kind of value creation and economic, social, and environmental contribution the company can make by working this Agenda. In this phase, it is intended that companies choose the most relevant SDGs.

Step 3: Defining Targets and KPIs

After choosing the strategic SDGs for the company (through which it is intended to rectify negative effects or speed up positive contribution), targets and KPIs

must be set, so they can be fulfilled in a practical way in business activity by all departments and business units. The setting of targets and KPIs follows the strategic guidance of the company on its path of sustainability according to the SDGs. Therefore, for each SDG chosen, the company must set targets and KPIs to be reached that fulfill the various requirements, including a clear baseline, specific mediation, following acknowledged benchmarks, and being ambitious and realistic.

Step 4: Incorporation

After choosing the targets and KPIs, the company shall be apt to develop a process of incorporating these goals in all their production chain and embed the whole organization and its culture with the SDG spirit. Therefore, the phase of incorporation includes some specific points, among which are:

1. Clear commitment of the company CEO and Administration Council/Executive Committee to the SDGs and the chosen goals
2. Announcing the company's commitments in a clear way
3. Defining the internal Champions
4. Including the strategic goals in the core of the company's operation
5. Associating the SDGs to incentives and decision-making criteria
6. Promotion of partnerships

Step 5: Communication

This final step includes the company's communication on its ambitions for fulfilling the 2030 Agenda. It is crucial for the company to publicly and transparently assume its commitments and actively show its commitment and contribution to the Global Agenda of sustainable development. This company's communication is made through its website, social media, various means of communication, products, and labeling, and through its Non-Financial Report (often called Sustainability report, integrated or activity

report, according to each company's preference). A clear and concise communication of its sustainability strategy in all these outlets is crucial to create bonds of trust with the different stakeholders.

Therefore, based on its strategic SDGs, its internal strategy of its operationalization, and the impact it aims at together with all the stakeholders, each company must create its storytelling, an inspirational and transparent narrative aligned with its organizational identity. This communication must include the reasoning behind the choice of their strategic SDGs (linked to the company's core and identity and its ambitions of contribution) and the way in which this choice widely impacts society and other goals of the 2030 Agenda.

Choice of comparable standards and an ambition aligned with a Global Agenda

As mentioned in Step 3 of this process, the choice of report and indicators of sustainability standards may follow various patterns. No matter the chosen standard, the most important thing is that the company makes the report with the goal of constant evaluation and search for progress. It is also important that the company chooses ambitions aligned with the necessary global goals. As the amount of companies subject to the obligation of presenting a Non-Financial Report rises, and as one walks toward global standardization of norms applicable to this report (see Chapter 4.1), the important thing is the Non-Financial Report is recognized as an instrument to make the companies' contribution to this 2030 Agenda more and more incisive.

The *theoretical background* and the implementation *framework* presented do not exhaust all the research and consolidation work developed by the project's team, wherefore any issue concerning it should be presented to the *Center for Responsible Business and Leadership*.

7

Analysis and results of the study on the implementation of the SDGs in Portuguese companies

Chapter 7 presents the analysis of the data collected in the first year of the Observatory of the SDGs in Portuguese companies. It comprises an aggregated analysis of the data from the Questionnaires answered by 60 Large Companies and 103 Small and Medium-Sized Companies (SMEs), and from the interviews conducted with 20 of the Large Companies and 10 of the SMEs. It also incorporates a cluster analysis and specific analyses that aim to answer some relevant questions in the study of the relation between the adoption of SDGs, companies' characteristics, and their strategic positioning concerning sustainability.

All the data present in this Chapter is shown in an aggregated form, so no company is specifically mentioned. Besides the analyses made in this Report, the project's team is continuously working on this database, to widen the knowledge on the state of the art of the SDGs implementation in Portuguese companies and promote a larger implementation in the Portuguese private sector. In addition, this project proposes a longitudinal analysis of the data for the next years. This means that more questionnaires and interviews shall be conducted in 2023, with the aim of enlarging the existing database and promoting the start of an annual evolution analysis.

7.1

Aggregated Analysis – Large Companies

The current Chapter presents the data results from the questionnaires and interviews conducted with the Large Companies selected for this study. Sixty (60) of the largest companies operating in Portugal were selected for this purpose, as described in Chapter 6.1 Methodology. The results are presented in an aggregated way, illustrating these companies' answers to the 69 questions placed in the questionnaire

Characterization of large companies

Legal structure and capital structure

LEGAL STRUCTURE

■ Society

■ Limited Company (including sole proprietorship)

■ Professional Partnership / Limited Liability Company

■ P.E.E. - Public Enterprise Entity

Figure 7.1.1 – Legal Structure

The majority of the 60 companies being studied are public or private limited companies (86,7%), and 10% are limited liability companies. Only one company (1,7%) is a professional company of limited responsibility, and only one (1,7%) is a corporate public company.

CAPITAL STRUCTURE

■ Private Equity

■ Public Equity

■ Mixed Capital

Figure 7.1.2 – Capital Structure

85,0% of companies are private equity, while only a minority (8,3%) have public and mixed capital (6,7%).

FAMILY COMPANIES QUOTED ON THE STOCK MARKET
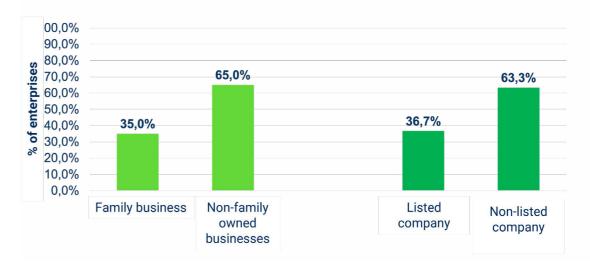
Figure 7.1.3 – Family companies quoted on the stock market
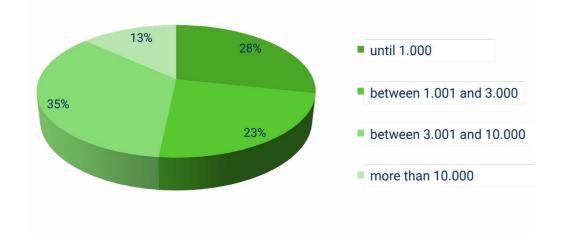
35,0% are family companies, and only 36,7% are companies quoted in the stock market (with open and marketable capital). Therefore, the majority of analyzed companies have non-family capital and are not in the stock market.

Number of employees, turnover, and company headquarters location

NUMBER OF EMPLOYEES

Figure 7.1.4 – Number of employees
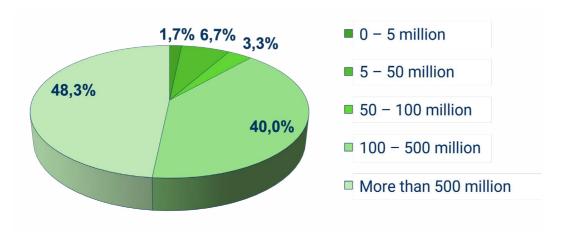
In terms of the number of employees, the companies have between 150 and 36607 employees. 87% have up to 10.000 employees.

COMPANY REVENUE IN 2021

Figure 7.1.5 – Company revenue in 2021

In terms of revenue, in 2021, most companies had more than 500 million euros (48,3%). 40,0% had between 100 and 500 million euros, and about 10,0% had less than 100 million euros.

COMPANY HEADQUARTERS LOCATION
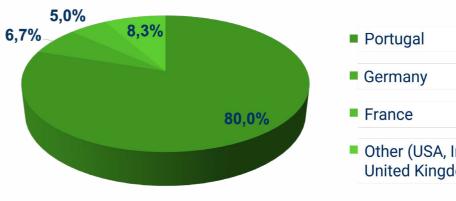
Figure 7.1.6 – Company headquarters location

80,0% of the companies have their headquarters in Portugal. Some companies (20,0%) have headquarters in other countries inside and outside the European Union. Germany and France are the most prominent countries.

Activity/industry sector

What is the company's activity/industry sector?
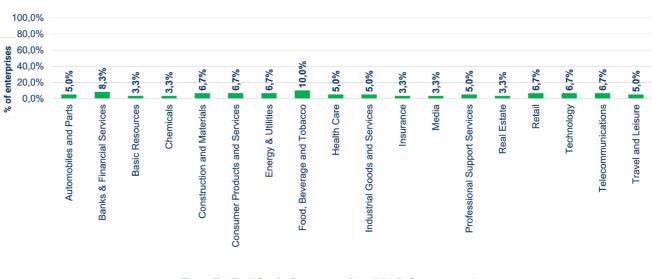
Figure 7.1.7 – What is the company's activity/industry sector?

In terms of activity/industry sector, there is a balanced distribution between the different industrial activities, notably "Food, Beverage and Tobacco" and "Banks & Financial Services," which present slightly higher percentages.

Type of business and founding date

TYPE OF BUSINESS

Figure 7.1.8 – Is your company a service business or a product business?

38,3% of companies market services, 30,0% market products, and 31,7% market both products and services.

Founding date

The 60 companies were founded between 1520 and 2014, with the following distribution: 20,0% until 1900, 18,3% between 1901 and 1945, 25,0% between 1946 and 1980, 28,3% between 1981 and 2000, and 8,3% were founded from 2001 onwards.

Number of countries and continents of operation/exports

- 0 to 4 countries
- 5 to10 countries
- 11 to 20 countries
- 20 to 40 countries
- 41 to 51 countries
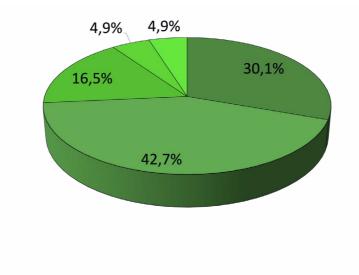
Figure 7.1.9 – Countries to which it exports

NUMBER OF COUNTRIES AND CONTINENTS OF OPERATION

In how many countries does your company operate?

- 1 country
- between 2 and 10
- between 11 and 30
- between 31 and 70
- between 71 and 120
- between 121 and 200
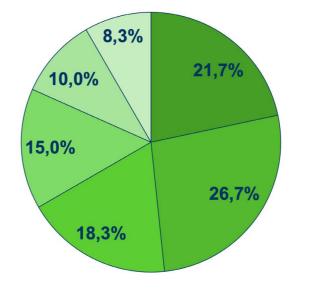
Figure 7.1.10 – In how many countries does your company operate?

The number of countries in which the companies operate varies between 1 and 200 countries: 21,7% of companies operate in only one country, 26,7% of companies operate in 2 to 10 countries, 18,3%

in between 11 to 30 countries, 15,0% in 31 to 70 countries, 10,0% in 70 to 120 countries, and 8,3% in 121 to 200 countries. The results show a great diversity in these answers' distribution, since most companies are multinational.

The majority of the companies (65,0%) being studied belong to the Business Council for Sustainable Development (BCSD) Portugal or WBCSD (World Business Council for Sustainable Development). 46,7% belong to GRACE – Responsible Companies, and 41,7% belong to the Global Compact Network Portugal.

73,3% of companies that comprise this study's sample belong to other corporate networks mentioned in the following table:

TO WHAT CONTINENTS DOES YOUR COMPANY EXPORT TO OR OPERATE
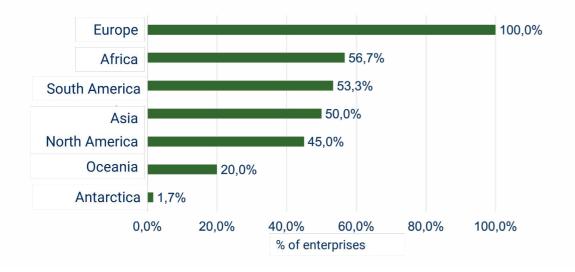
Figure 7.1.11 – To what continents does your company export to or operate in?

All companies operate in Europe, the majority also operate in Africa and South America, and half operate in Asia.

Corporate Networks

CORPORATE NETWORKS TO WHICH YOU BELONG

Identify which of the corporate networks your organization belongs to
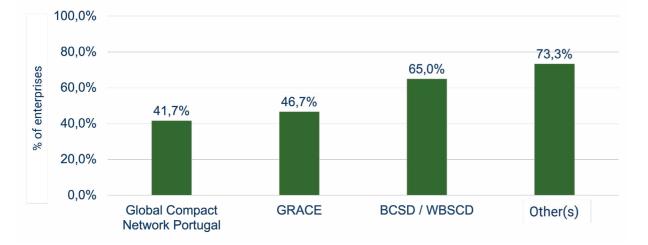
Figure 7.1.12 – Identify which of the corporate networks your organization belongs to

OTHER CORPORATE NETWORKS / PLATFORMS MENTIONED:

COTEC Portugal – Associação Empresarial para a Inovação
Business RoundTable Portugal
APED – Associação Portuguesa de Empresas de Distribuição
APEE – Associação Portuguesa de Ética Empresarial
Consumer Goods Forum (CGF)
Associação Smart Waste Portugal
ACEGE – Associação Cristã de Empresários e Gestores
APIFARMA – Associação Portuguesa da Indústria Farmacêutica
BUSINESS FOR SOCIETAL IMPACT
CELPA - Associação da Indústria Papeleira
Centromarca – Associação Portuguesa de Empresas de Produtos de Marca
CIP – Confederação Empresarial de Portugal
Compromisso Lisboa Capital Verde Europeia
Confederation of European Paper Industries (CEPI)
Associação EPIS – Empresários Pela Inclusão Social
EuroCommerce
Health Cluster Portugal
iGen – Fórum Organizações para a Igualdade
Pacto para a Gestão da Água
Pacto Português para os Plásticos
World Economic Forum

Table 7.1.1 – Corporate networks/platforms

Board of Directors

NUMBER OF MEMBERS

How many members does your company's Board of directors have?

Figura 7.1. 13– **Quantos membros tem o Conselho de Administração da sua empresa?**
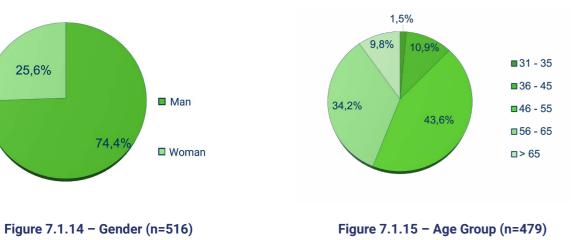
The number of members of companies' Board of Directors varies between 1 and 34: 15,0% of companies have a Board of Directors comprising 1 to 4 members, 33,3% with 5 to 8 members, 38,3% with 9 to 14 members, and 11,7% with 15 to 34 members.

COMPOSITION

Gender (n=516)

Figure 7.1.14 – Gender (n=516)

Age Group (n=479)

Figure 7.1.15 – Age Group (n=479)

Background (n=516)
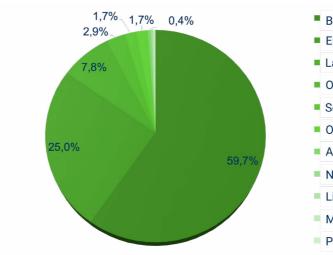
Figure 7.1.16 – Background (n=516)

Together, the 60 companies have 516 members on their Boards of Directors:

- 74,4% of the members of the Board of Directors are men, and 25,6% are women;
- Only 1,5% are between 31 and 35 years old. 10,9% is between 36 and 45 years old, 43,6% is between 46 and 55 years old, 34,2% is between 56 and 65 years old, and 9,8% is over 65 years old;
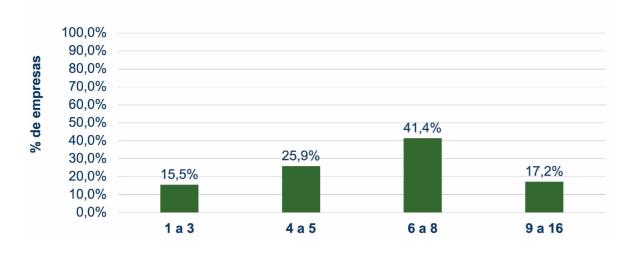
- 59,7% of the Board of Directors members of the 60 companies has Business and Economy as their background; 25,0% Engineering; 7,8% Law. The remaining backgrounds are not representative.

Executive Board

The same question was asked to the Executive Board to inquire if there would be any change compared to the Executive Board. No significant differences were found concerning their composition, except the number of members.

NUMBER OF MEMBERS

Number of members on the Executive Board

Figure 7.1.17 – Number of members of the Executive Board (n=58)

In the majority of companies in which the Executive Board was reported (63,3%), their composition differs from the Board of Directors, as expected. In the Executive Board, only some administrative issues can be delegated, which is why the Executive Commission normally has inferior elements.

For the Executive Board, only data from 58 companies are available. The number of members of the Executive Board varies between 1 and 16: 15,5% of companies have an Executive Board with 1 to 3 members, 25,9% with 4 to 5 members, 41,4% with 6 to 8 members, and 17,2% with 9 to 16 members.

[1] Some companies did not answer this question and in some the EC and the AC are the same body with the same elements.

COMPOSITION

Gender (n=359)

Figure 7.1.18 – Gender (n=359)

Age Group (n=355)

Figure 7.1.19 – Age Group (n=355)
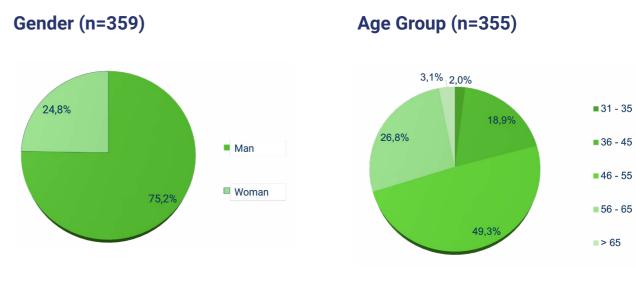
Background (n=343)
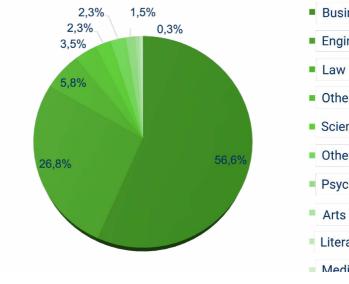
Figure 7.1.20 – Background (n=343)

Together, the 58 companies have 368 members on their Executive Boards:

• 75,2% are men, and 24,8% are women;
• 2,0% is between 31 and 35 years old, 18,9% is between 36 and 45 years old, 49,3% is between 46 and 55 years old; 26,8% is between 56 and 65 years old, and only 3,1% is over 65 years old;
• 56,5% have Business & Economics background, and 26,0% have Engineering. Like the Administration Council, Law is the field with the least representation (5,8%).

How are you implementing sustainability and the SDGs in your company?

Importance of the concept of sustainability to the company

VIEW OF SUSTAINABILITY

How the company "sees sustainability,"

Figure 7.1.21 – My company sees sustainability as

When asked about how the company "sees sustainability," the great majority of companies (95,0%) see it as a strategic opportunity. It is noteworthy that no company sees sustainability as a threat or in an indifferent way.

This topic was discussed more thoroughly in the Interviews conducted with 20 of the 60 selected companies.
In answer to the question "You mentioned your company sees sustainability as…", the interviewed companies answered most frequently with the "Strategic opportunity" option; 90% of the interviewed companies have answered that. Only 5% of the companies answered with the "Maybe positive" or "Risk to mitigate" option, with slight differences found concerning the 60 company group.

Option	Frequency	% Companies
Strategic Opportunity	18	90,0%
Maybe Positive	1	5,0%
Risk to Mitigate	1	5,0%
Threat	0	0,0%
Indifferent	0	0,0%
TOTAL	**20**	**100,0%**

Figure 7.1.2 – My company sees sustainability as (sample of 20 interviewed companies)

[2] Details on the selection of the 20 chosen companies can be found in Section 6.1.

Giving more in-depth reasons for their answers to the question, the interviewed companies pointed to the following topics:

CONSOLIDATED ISSUES Frequency % Companies	Frequência	% Empresas
A. Sustainability as a way of contributing positively to society and/or the planet 11 55,0%	**11**	**55,0%**
B. Sustainability as a business opportunity		
B.1 New sources of income	**4**	**20,0%**
B.2 Innovation	**3**	**15,0%**
B.3 Market reputation	**2**	**10,0%**
C. Sustainability as an external pressure	**0**	**0,0%**
C.1 Sustainability as a license to operate	**6**	**30,0%**
C.2 Sustainability coming from Stakeholder Pressure	**2**	**10,0%**
D. Sustainability as a business strategy		
D.1 Intrinsic (Integrated, DNA, strategic pillar)	**13**	**65,0%**
D.2 Aligned with the business (vision/mission)	**1**	**5,0%**
D.3 Competitive advantage (differentiation; market positioning)	**5**	**25,0%**
D.4 ustainability minimizes/prevents company risks	**2**	**10,0%**
TOTAL	**49**	

Table 7.1.3 – Consolidated themes that justify the answer to the question "You mentioned your company sees sustainability as…"

The companies that see sustainability as a "strategic opportunity" justify their answer by the fact that they associate sustainability with something intrinsic to business (65,0%) or by the fact that sustainability is a way of positively contributing to society and/or the planet (55,0%). One interviewed company mentioned that sustainability **"arises as an impetus for the future."**

Some companies also justify this choice by seeing sustainability as a competitive advantage for the company (25,0%). In other words, they are companies that see sustainability as a strategic pillar and as a point of distinction based on their market position. One of the companies referred to this by stating: **"It is the only way to be able to distinguish the company, brand, product in the market, in order to guarantee its survival."**

A significant group of companies (30,0%) also see sustainability as a license to operate, associating it with the fact that it is a business prerequisite, without which the company cannot conduct its activities. One of the companies mentioned that **"it is relevant for the company's sustainability,"** referring to financial sustainability in the long term.

Conversely, the companies who see it as "Maybe Positive" or "Risk to Mitigate" (10,0% of the sample) justify their answer with the fact that it is an issue that comes from Stakeholder Pressure, in other words, coming from external pressure.

From this point of view, we highlight that the companies which do not yet see sustainability as a strategic opportunity often act toward sustainability mostly due to demands from external clients.
One of the companies states what mirrors the stance of the majority of companies in this group: **"If I think of sustainability as a model for reporting or compliance, I am wrong. Sustainability opens up a whole new way".**

GENERAL COMPANY STRATEGY

What best describes your company's general strategy?

Figure 7.1.22 - What best describes your company's general strategy?

90,0% of companies describe their company's general strategy as creating value for stakeholders. Only 10% describe their strategy as creating value for shareholders. In light of the American Business Roundtable's commitment in 2019 and the

Portuguese Business Roundtable, we see a great commitment from Portuguese companies with all their stakeholders, besides only being concerned with generating value for shareholders.

What is the importance of the next three sustainability issues for your company?
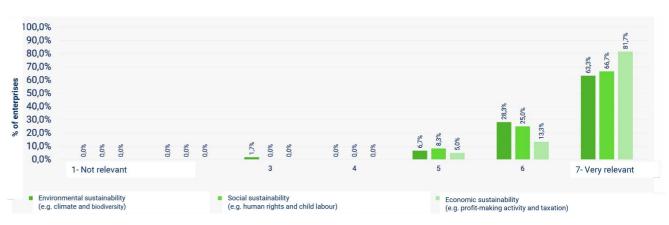
Figure 7.1.23 - What is the importance of the next three sustainability issues for your company?

The three sustainability issues show themselves to be very important for the companies (the vast majority of the organizations classified the importance of the three sustainability issues over 5), notably economic

sustainability, which has the highest percentage of answers (81,7%) at the maximum level of importance, "7".

SDGs' relevance in the company's context

What is the level of knowledge of the SDGs in your company?
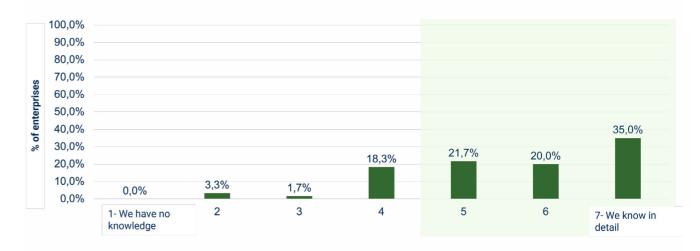
Table 7.1.24 - What is the level of knowledge of the SDGs in your company?

76,7% (35% + 20% + 21,7%) of companies indicate having some knowledge to detailed knowledge of the SDGs, and, of them, 35% consider they have detailed knowledge of the SDGs (level 7). Only 5,0% state they have little knowledge (3,3% + 1,7%), and 18,3% state

they have neither great nor little knowledge. In this way, one can conclude that Portuguese companies consider they have a good level of knowledge of the SDGs.

In what way are the SDGs incorporated into your company's strategy?
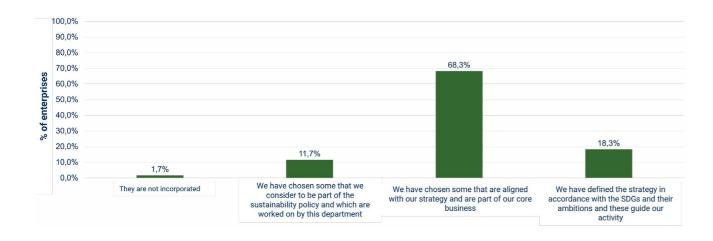
Figure 7.1.25 - In what way are the SDGs incorporated into your company's strategy?

Most companies (68,3%) state they chose some SDGs that "are aligned with their strategy and are a part of their core business." This strategy shows an alignment between the SDGs and the company's core business but not necessarily a strategic adoption of these goals as a guide of action. However, 18,3% state they define their strategy according to the SDGs and their ambition and that these guide their activity, being that this is a proactive attitude concerning the SDGs.

11,7% indicate they chose some SDGs they consider to be a part of the sustainability policy and are addressed by the department. Given that this is a reactive attitude, this shows these companies do not act strategically in the 2030 Agenda. Only 1,7% indicate the SDGs are not incorporated in the corporate strategy.

Concerning the results of the interviews, the interviewed companies more frequently answered, "Choose some SDGs that are aligned with the company strategy and are a part of the core business," having this option been chosen by 65,0% of the companies included in this analysis, slightly below the aggregated result of the 60 companies which answered the questionnaire. A slightly higher rate than the questionnaires (20,0%) of companies answered the option "Define strategy according to the SDGs and their ambitions, which serve as a guide to their company activity."

In this case, in the interviews, all companies answered that they somehow incorporate the SDGs into the company strategy (no company answered that the SDGs "are not incorporated").

% Answer for 4 options	Frequency	% Companies
Are not incorporated	0	0,0%
Choose some SDGs they consider to be a part of sustainability policy and are worked on by that department	3	15,0%
Choose some SDGs which are aligned with the company strategy and are a part of the core business	14	65,0%
Define the strategy according to the SDGs and their ambitions, which serve as a guide to their company activity	4	20,0%
TOTAL	20	100,0%

Table 7.1.4 – In what way are the SDGs incorporated into the company strategy? (sample of 20 interviewed companies)

The following themes are noted by giving more in-depth reasons for choosing this option:

CONSOLIDATED THEMES	Frequency	% Companies
A. There is no strategy in accordance with the SDGs, but they recognize their importance	3	15,0%
B. Compliance	3	15,0%
C. Choice of SDGs conditioned by long-term strategy	4	20,0%
D. Stakeholder involvement in the strategic choice of the SDGs	2	10,0%
E. Choice of SDGs directly connected to the core busines	12	60,0%
F. Integration with the company strategy	6	30,0%
G. Environmental issue as a foothold for choosing the SDGs	3	15,0%
H. SDGs as a responsibility and company value	1	5,0%
I. Do not include the SDG	1	5,0%
J. Difficulty in including SDG criteria	2	10,0%
K. Strategic indicators to reach in the long run	3	15,0%
L. Pre-SDG sustainability strategy, subsequent association with the SDGs	5	25,0%
M. SDGs as a business opportunity	5	25,0%

Table 7.1 5 – Consolidated themes that justify the answer to the question, "In what way are the SDGs incorporated into your company's strategy?"

60,0% of companies justify their answer by choosing the SDGs that are directly related to their core business. In other words, considering their activity, the companies choose the SDGs which align with what they already do in their operations. Although this explanation is redundant, it reinforces the idea that the choice of SDGs and their incorporation into business are aligned with the core of their operations.

30,0% of companies incorporate the SDGs into the company's strategy, showing an ambition of greater alignment than just mapping their activities according to the SDGs. With these companies, the SDGs are the starting point or at least considered in the definition of the company's strategy.

25,0% of companies still see the SDGs as a business opportunity, which leads them to look for an alignment between their activities and the UN's 2030 Agenda for the business case they may take from there.

A significant group of companies (25,0%) already had a consolidated sustainability strategy before the SDGs were launched, so they just aligned with these objectives when they emerged.

Of the interviewed group, 5,0% of companies (one of the interviewed companies) states that they do not include the SDGs in their strategy or activity.

Which SDGs are incorporated into your company's strategy? You may choose more than one option.
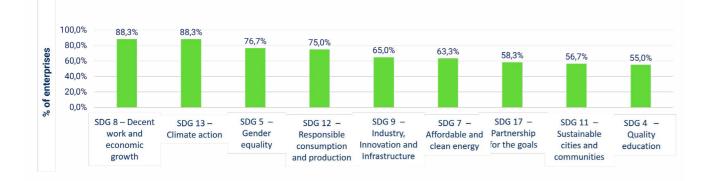
Figure 7.1 26 – Which SDGs are incorporated into your company's strategy? You may choose more than one option.

When asked which SDGs are incorporated into their strategy:
- 88,3% of companies indicate SDG#8 – Decent Work and Economic Growth, and SDG#13 – Climate Action,
- 76,7% indicate SDG#5 – Gender Equality,
- 75,0% indicate SDG#12 – Responsible Consumption and Production,
- 65,0% indicate SDG#9 – Industry, Innovation, and Infrastructure, and
- 63,3% of companies indicate SDG#7 – Affordable and Clean Energy

- The SDGs that were least incorporated into Portuguese companies belonging to this study are SDG#14 – Protect Life Below Water (23,3%), SDG#2 – Eradicate Hunger (26,7%), SDG#16 – Peace, Justice and Strong Institutions, and SDG#1 – Eradicate Poverty (36,7%).
- It is also important to mention that SDG#14 and SDG#2 are among the SDGs with the worst performance in the country, making it urgent to reverse this trend of neglect of these objectives by Portuguese companies.

When asked about the SDGs incorporated into their strategy, 90% of the interviewed companies indicate SDG#8 – Decent Work and Economic Growth, while 85% indicate SDG#5 – Gender Equality and SDG#9 – Industry, Innovation and Infrastructure, SDG#12 – Responsible Consumption and Production, and SDG#13 – Climate Action. The changes concerning the 60 questioned companies are, therefore, negligible.

Once again, the least mentioned SDGs are SDG#14, SDG#2, SDG#1, SDG#4, and SDG#16, together with SDG#6.

SDG ranking for the sample n=20 Frequenc	Frequency	% Companies
SDG #8	18	90,0%
SDG #5	17	85,0%
SDG #9	17	85,0%
SDG #12	17	85,0%
SDG #13	17	85,0%
SDG #7	14	70,0%
SDG #17	14	70,0%
SDG #11	13	65,0%
SDG #10	12	60,0%
SDG #15	12	60,0%
SDG #3	11	55,0%
SDG #4	10	50,0%
SDG #16	10	50,0%
SDG #6	8	40,0%
SDG #1	8	40,0%
SDG #2	5	25,0%
SDG #14	4	20,0%

Table 7.1 6 – Which SDGs are incorporated into your company's strategy?

Obtaining a more in-depth reason for the answer to the question "The SDGs incorporated into your company are…" the following themes are made clear:

CONSOLIDATED THEMES	Frequency	% Companies
A. SDGs selected by a Materiality Process	2	10,0%
A.1. Detailed Analysis	4	20,0%
A.2. Global and/or local trend analysis	2	10,0%
A.3. Based on the Stakeholder's engagement (Internal and/or external	4	20,0%
A.4. Considering the geography where it operate	1	5,0%
A.5. rises from the analysis of a crossing of the company's material themes with the SDG's 169 targets	2	10,0%
B. Choice of SDGs is associated with the company's compliance	1	5,0%
C. SDGs associated with corporate social responsibility initiatives	2	10,0%
D. Ranking of SDGs: Primary (associated with the core business) and Secondary (associated with the company's values and/or the way they contribute/ may contribute to the community to which they belong)	4	20,0%
E. SDGs associated with the company's core business		
E.1. SDG choice due to impact/contribution to the company	4	20,0%
E.2. Mapping the SDGs as a result of the company's established strategy	10	50,0%
E.3. Stems from elements that constitute the business' activity	12	60,0%
E.4. SDGs associated with the conservation of natural resources (raw materials) with which the company works	3	15,0%
E.5. There is no alignment between the SDG choice and the company's strategy	2	10,0%%
TOTAL	53	100,0%

Table 7.1 7 – Consolidated themes that justify the answer to the question "The SDGs incorporated into your company's strategy are…"

60% of interviewed companies state that the choice of SDGs is a **result of the elements that comprise the company's activity**; in other words, the companies choose the SDGs according to the view they have of their business, and the association they make between their activities and the issues brought up by the SDGs. This answer reinforces the idea equally present in Table 7.1.5 above.

50,0% state that SDGs were **mapped according to the company's previously established** strategy. 20,0% of companies:

- made a **detailed analysis of materiality** and selected the strategic SDGs from identified themes;
- based their choice on **listening to the stakeholders,** internal and/or external;
- stated that the choice of SDGs was made according to the **impact and/or contribution of the company** to the society/social environment to which it belongs;

- established a **ranking for the SDGs,** identifying those that are primary (associated with their core business) and those that are secondary, associated with the company values and/or the way they contribute/may contribute to the community to which they belong. This ranking is illustrated by one of the interviewed company's mottos: **"Some SDGs reflect what we do, and others how we do."**

It is also relevant to point out that only 5% consider the geography in which they operate, and only 10% analyze global and/or local trends to choose their strategic SDGs.

Classify the following SDGs according to their importance to your company (part 1)

Figure 7.1. 27 - Classify the following SDGs according to their importance to your company (part 1)

Classify the following SDGs according to their importance to your company (part 2)
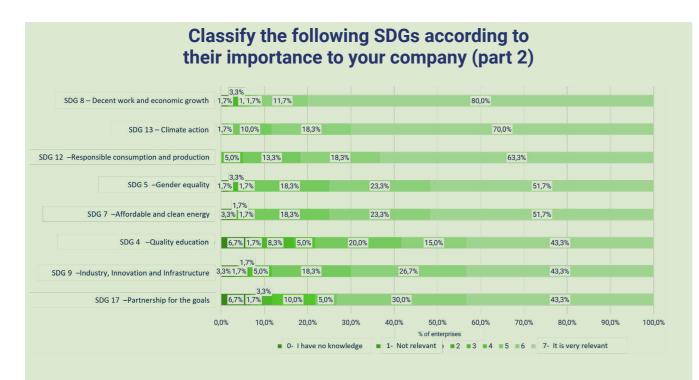
Figure 7.1. 28 - Classify the following SDGs according to their importance to your company (part 2)

When asked about the importance of each SDG for their company (on a scale of 1 to 7), the companies still mention SDG#8, SDG#13, SDG#12, and SDG#5 as being the most important. SDGs #14, #2, #1, and #16 are, once again, the least relevant.

Relationship with stakeholders

How would you describe your relationship with the stakeholders for the 2030
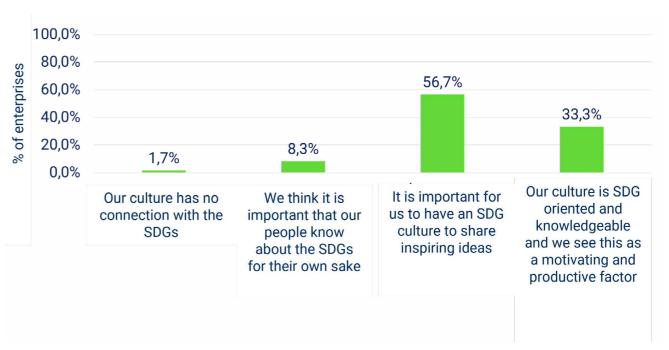
Figure 7.1. 29 - How would you describe your relationship with the stakeholders for the 2030 Agenda?

Most companies (56,7%) involve internal and external stakeholders in their SDG choice and implementation policy, following the good practice of involvement of the different interested parties. 25,0% involve exclusively internal stakeholders, which is positive, but a less proactive strategy. 1,7% only inform their stakeholders.

It is important to mention that 11,7% share dilemmas and reach collective goals with their stakeholders, thus developing a close relationship with sharing information with their stakeholders. Only 5,0% do not involve stakeholders in their SDG choice and implementation policy. This rate is positive, showing the more or less active importance that Portuguese companies attribute to the involvement of all interested parties.

Company culture, training, and taskforces

How would you describe your company's culture?
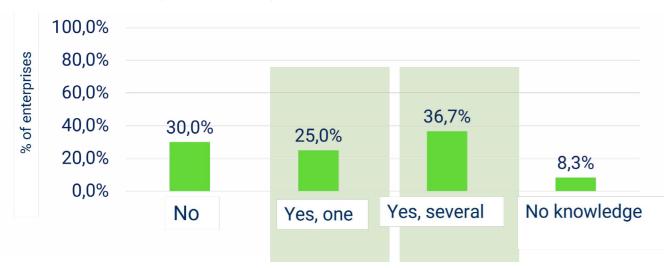
Figure 7.1. 30 - How would you describe your company's culture?

When asked about the way they live their company's culture in relation to the SDGs, the majority of companies (56,7%) indicate it is important that one has an SDG culture so more inspiring ideas may be shared. 33,3% also indicate that organizational culture is oriented toward and aware of the SDGs and considers this a motivational and productivity factor. Only 10,0% do not consider it important to incorporate the SDGs into the company's culture. Seeing as business culture is a crucial factor in organizational change, it can be concluded that Portuguese companies value the SDGs in their culture and, therefore, seem better prepared for a more ambitious change on the road toward sustainability.

Has your company had a training session on SDGs?

Figure 7.1. 31 - Has your company had a training session on SDGs?

The effort of the companies' training areas on the SDG issue is clear. 36,7% of companies have had various training sessions on SDGs, and 25,0% have had one session. Therefore, more than 60,0% of companies have developed some SDG training. 30,0% have never had training sessions on SDGs.

Is there a group of ambassadors or a sustainability task force in the organization?
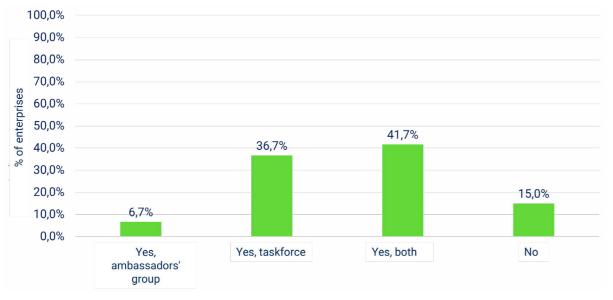
Figure 7.1. 32 - Is there a group of ambassadors or a sustainability task force in the organization?

When asked about the existence of a group of ambassadors or a sustainability task force in the organization, 41,7% of the companies report the existence of both in the organization. 36,7% report only to the task force, and 6,7% report to a group of ambassadors. Only 15,0% have neither, which is quite a high rate and reveals Portuguese companies' effort with developing this agenda in their work.

Partnerships concerning the SDGs

Do you develop partnerships concerning the SDGs?
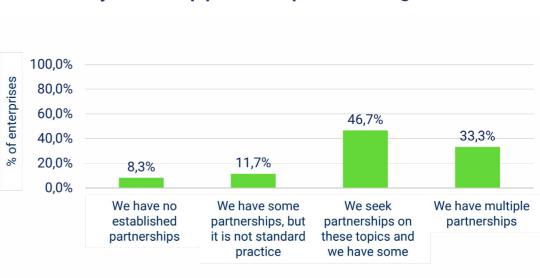
Figure 7.1. 33 - Do you develop partnerships concerning the SDGs?

About half of the companies (46,7%) look for partnerships concerning the SDGs and already have some set up, while 33,3% have multiple partnerships. These rates show the importance of the "partnerships" issue for organizations with SDG ambitions. However, about 20% of questioned companies do not yet have a usual practice of working in partnerships.

Answering the question **"Do you develop partnerships concerning the SDGs?",** the interviewed companies answered most frequently with the "We seek partnerships concerning these issues, and we have some" option. 9 companies, representing 45,0% of the total, have some partnerships set up. 5 companies (25,0% of the total) state they have multiple partnerships. These rates are slightly inferior to the 60-company group. Therefore, about 70% of the companies have partnerships. About 15% state they have no partnership, slightly higher than the 60 company group.

% Answer for the 4 options		
The company has no partnerships	3	15,0%
It has some partnerships, but it is not a habitual practice	3	15,0%
Seeks partner-ships concerning these issues and has some	9	45,0%
Has multiple partnerships	5	25,0%
TOTAL	**20**	**100,0%**

Table 7.1. 8 – Do you develop partnerships concerning the SDGs? (sample of 20 interviewed companies)

The following themes are made clear from more in-depth reasoning, which led each company to choose this option:

CONSOLIDATED THEMES	Frequency	% Companies
A. Partnerships are very important	**14**	**70,0%**
B. Partnerships are important	**2**	**10,0%**
C. Partnerships are not relevant	**2**	**10,0%**
D. It is not possible to solve (complex) social and environmental problems without a partnership	**6**	**30,0%**
E. (Operational) effectiveness and efficiency	**8**	**40,0%**
F. Enhance (strategic) impact	**9**	**45,0%**
G. Still have a lot to do	**2**	**10,0%**
H. Enhance company skills, knowledge, or means of implementation	**7**	**35,0%**
I. Partnerships as a way to boost sustainability agendas with competitors	**1**	**5,0%**
J. Sustainability is a joint construction with stakeholders	**3**	**15,0%**
K. Business opportunity	**2**	**10,0%**
L. Influences good practices	**3**	**15,0%**

Table 7.1. 9 – Consolidated themes that justify answering the question, "Do you develop partnerships concerning the SDGs?"

70,0% of companies point to the fact that partnerships are very important as a reason for developing partnerships. About 85,0% of companies (40,0% and 45,0%, respectively) point out reasons for effectiveness and efficiency and "Enhance Impact" as justifiable for developing partnerships.

Reasons such as: "Enhancing company skills, knowledge or means of implementation" and "It is not possible to solve (complex) social and environmental problems without a partnership" are also pointed out as relevant for the interviewed companies.

In developed SDG partnerships, which is/are your main partnership/s?
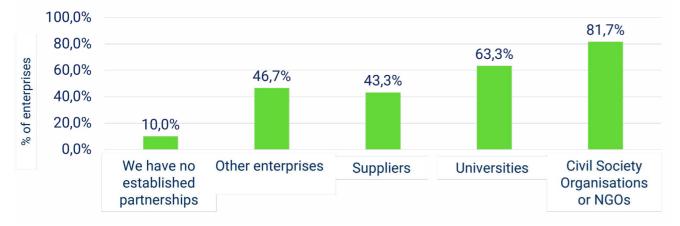
Figure 7.1. 34 - In developed SDG partnerships, which is/are your main partnership/s?

When asked about their main partnerships concerning the SDGs, the majority of companies (81,7%) point to civil society organizations or NGOs, 63,3% point to Universities, 46,7% to other companies, and 43,3% indicate suppliers. Only 10,0% do not have set up partnerships concerning the SDGs.

Level of knowledge of the 169 targets

What is your knowledge of the 169 targets of the SDG Agenda?
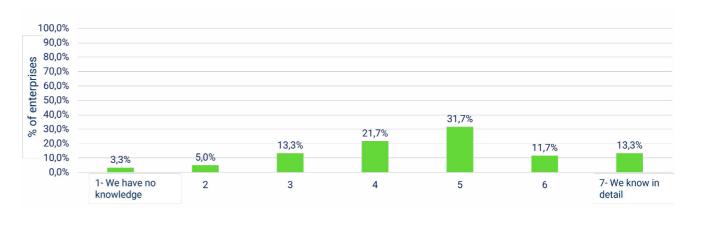
Figure 7.1. 35 - What is your knowledge of the 169 targets of the SDG Agenda?

Most companies (56,7% =13,3% + 11,7% + 31,7%) know or know in detail about the 169 targets of the SDG Agenda for 2030. This rate is inferior to the 76,7% knowledge of the 17 SDGs, as would be expected, but is still significant.

21,7% do not have a lot or little knowledge, 18,3% (13,3% + 5%) have little knowledge, and only 3,3% do not know the 169 targets. With these rates, it is possible to conclude that almost half of the companies which answered the questionnaire (43,3% = 21,7% + 13,3% + 5% + 3,3%) still need to deepen their knowledge of the 169 targets.

Communicating the SDGs: Non-Financial Reports

Non-Financial Reports: type, frequency, and reference to the SDGs.

Most companies (90,0%) publish Non-Financial Reports. Of them:

- 55,6% publish a Sustainability Report, 31,5% publish an Integrated Report, and 13,0% publish other kinds of report;
- 98,1% publish these reports annually;
- 81,5% of the companies refer to the SDGs in their Non-Financial Reports.

What is the kind of Non-Financial Report your company publishes? (n=54)

Figure 7.1. 36 - What kind of Non-Financial Report does your company publish? (n=54)

Is there any reference to the SDGs in the Non-Financial Report? (n=54)
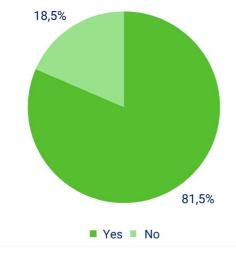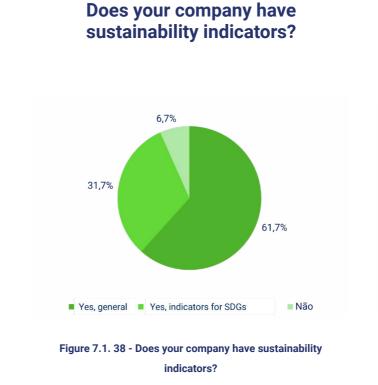
Figure 7.1. 37 - Is there any reference to the SDGs in the Non-Financial Report? (n=54)
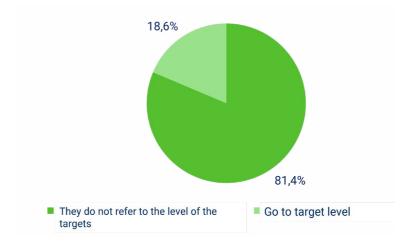
Communicating the SDGs: sustainability indicators

Most companies (61,7%) have general sustainability indicators, while 31,7% have SDG indicators. These rates indicate there is still a long way to go concerning the SDGs.

81,7% of the companies report that sustainability indicators are connected to the company's core business, which denotes an alignment with their operations and may be positive.

Does your company have sustainability indicators?

Figure 7.1. 38 - Does your company have sustainability indicators?

Are there sustainability indicators connected to your company's core business?

Figure 7.1. 39 - Are there sustainability indicators connected to your company's core business?

Do the indicators or company ambitions reach the level of the SDGs' targets (169 targets)?

Figure 7.1 40 - Do the indicators or company ambitions reach the level of the SDGs' targets (169 targets)?

Most companies (81,4%) state that their indicators or ambitions do not reach the target level. Only 18,6% of the companies report their indicators or ambitions reaching the level of the 169 SDG targets. This rate shows that,

although about 56,7% of the companies know the targets (figure 7.35), only less than half of that rate actually report according to them.

Are the sustainability indicators standardized?

Figure 7.1. 41 - Are the sustainability indicators standardized?

Most companies (75,0%) state that their sustainability indicators follow the GRI (Global Reporting Initiative) standard, and 5,4% state that they follow the CDP (Carbon Disclosure Project) standard. About 20% of the companies do not use any standard to report their SDG indicators or have no knowledge of them.

SDG Communication: hierarchy, specificity, and cluster ranking

Does your company have an SDG hierarchy?
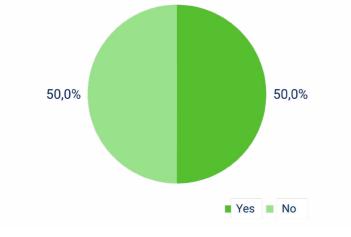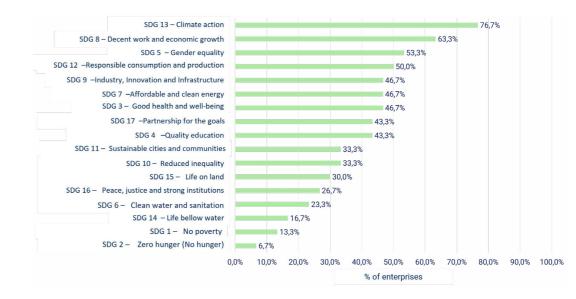
Figure 7.1. 42 - Does your company have an SDG hierarchy?

Half of the companies (50,0%) have an SDG hierarchy. The SDG hierarchy is often associated with a superior maturity in adopting the SDGs, but this is not always the case.

What are the primary SDGs? (n=30)

Figure 7.1. 43 - What are the primary SDGs? (n=30)

The 30 companies that stated they have an SDG hierarchy also later stated their primary and secondary SDGs. SDG#13, SDG#8, SDG#5, and SDG#12 were once again shown to be primary SDGs (similar to the question on the SDGs most incorporated into the company strategy).

- 76,7% of the companies indicate **SDG#13** – Climate Action
- 63,3% indicate **SDG#8** – Decent work and economic growth
- 53,5% indicate **SDG#5** – Gender equality
- 50,0% indicate **SDG#12** – Responsible consumption and production
- **SDG#3** – Good Health, **SDG#7** – Affordable and clean energy, and **SDG#9** – Industry, Innovation, and Infrastructure are indicated by 46,7% of the companies

What are the secondary SDGs? (n=30)

Figure 7.1. 44 - What are the secondary SDGs? (n=30)

SDG#11, SDG#10, SDG#12, and SDG#4 were indicated as secondary SDGs

- 53,3% of the companies indicate SDG#11 – Sustainable cities and communities
- 43,3% indicate SDG#10 – Reduced inequalities
- SDG#12 – Responsible consumption and production,

SDG#4 – Quality education, and SDG#1 – Eradicate Poverty are indicated by 40,0% of the companies
- SDG#9 – Industry, Innovation and infrastructure, SDG#7 – Affordable and clean energy, and SDG#2 – Eradicate hunger are pointed out by 36,7% of the companies

SDG COMMUNICATION: HIERARCHY, SPECIFICITY, AND CLUSTER RANKING

Set up a ranking of 1 to 4, where 1 is the most relevant and 4 the least, for the following clusters of SDGs and their importance to the company

Figure 7.1. 45 - Set up a ranking of 1 to 4, where 1 is the most relevant and 4 the least, for the following clusters of SDGs and their importance to the company

In order to establish a ranking between the economic, social, environmental, and institutional clusters, the companies had to rank these 4 clusters according to their importance. 41,7% of companies indicate the Economic Cluster (SDG#7 to SDG#12) as being the most relevant for their company; the Social Cluster (SDG#1 to SDG#6) is pointed out as the second most

relevant by 38,3% of the companies; the Environmental Cluster (SDG#13 to SDG#15) is pointed out as the third most relevant by 40,0% of the companies; lastly, the Institutional Cluster (SDG#6 and SDG#17) is indicated as least relevant (in fourth place) by 83,3% of the companies.

Communication points

Is there a reference to...
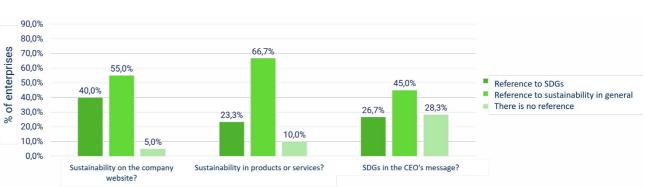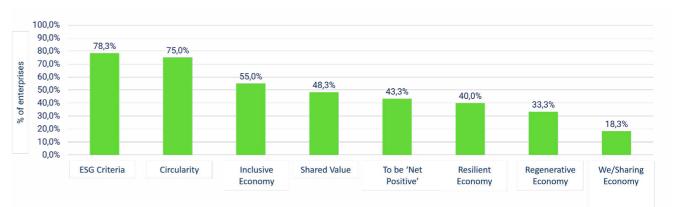
Figure 7.1. 46 - Is there a reference to...

When asked about their **website**, most companies (55,0%) indicate they have a general reference to sustainability, 40,0% indicate having a reference to the SDGs, and 5,0% indicate having no reference to sustainability

66,7% of the companies indicate a general reference to sustainability in their products or services, 23,3% indicate a reference to the SDGs, and 10,0% do not reference to sustainability.

When asked about their **CEO's message**, 45,0% of the companies indicate a general reference to sustainability, 26,7% indicate a reference to the SDGs, and 28,3% indicate no reference to sustainability.

Other sustainability ambitions

What other sustainability ambitions are there in your company?
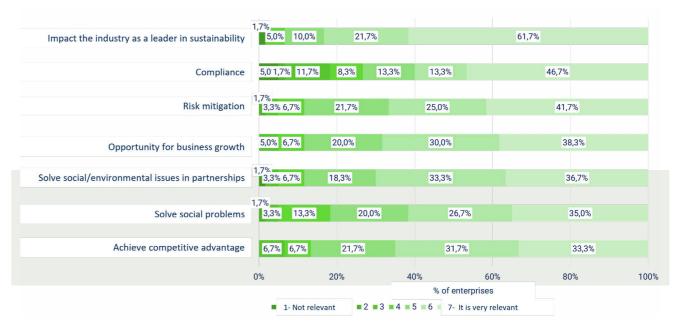
Figure 7.1. 47 - What other sustainability ambitions are there in your company?

When asked about other sustainability ambitions, most companies indicate ESG criteria (78,3%) as being used in their organization, followed by the concept of circularity (75,0%) and Inclusive Economy (55,0%). About half of the companies point out Shared Value (48,3%) as an existing concept in their organizations.

43,3% indicate having the ambition of being "Net Positive," and 40,0% indicate Resilient Economy. 33,3% point out the concept of Regenerative Economy. Only 18,3% indicate "We/Sharing Economy".

What are the main motivations and obstacles for adopting the SDGs

Motivation for adopting the SDGs

What importance do the following items have for your company's motivation for adopting the SDGs? [part 1]

What importance do the following items have for your company's motivation for adopting the SDGs? [part 2]

Figure 7.1. 48 - What importance do the following items have for your company's motivation for adopting the SDGs?

The motivations most frequently pointed out as "very important" (on a scale of 1 to 7) for the adoption of the SDGs were the following:

- Having an impact on the industry as a leader in sustainability (61,7%)
- Complying with legislation (46,7%)
- Mitigating risks (41,7%)
- Opportunity for business growth (38,3%)
- Solving social/environmental issues in partnerships (36,7%)
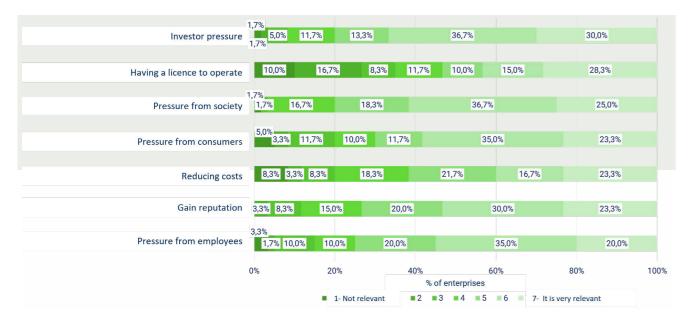
All these motivations were ranked 7 in the indicated percentage. Despite the first and last point on the list showing a proactive attitude concerning the SDGs, and the penultimate point (opportunity for business growth) showing an active attitude, one can see that about half of these companies (46,7% and 41,7%, respectively) are motivated by reactive attitudes such as complying with legislation or mitigating risks.

It is also interesting to verify that the external pressure from stakeholders and the need to get a reputation or have a license to operate are less motivational for large Portuguese companies. These are associated

with the motivation to reduce costs. Therefore, it appears that the main motivations associated with the adoption of the SDGs are mostly active (business opportunity) and proactive (solving social and environmental issues and having an impact on the industry as a sustainability leader), and reactive (complying with legislation and mitigating risks).

In the interviews conducted with the 20 companies, the most relevant motivations for involvement in the SDGs' Agenda are:

- "Having an impact on the industry as a leader in sustainability" (45,0% of companies state this is a very important motivation)
- Mitigating risks (40,0% of the companies state these are very important motivations)
- Complying with legislation (40,0% of the companies state these are very important motivations)
- Solving social issues (40,0% of the companies state these are very important motivations)
- Opportunity for business growth (35,0% of the companies state these are very important motivations)

We can thus see that motivations pointed at as being "very important" are identical to the ones shown in the 60 large company universe, despite slight differences in order and degree of importance

What is the importance of the following items for your company's motivation to adopt SDGs?

Figure 7.1. 49 - What is the importance of the following items for your company's motivation to adopt SDGs?

The interviewed companies pointed out the following themes from more in-depth reasoning about their motivations:

CONSOLIDATED THEMES	Frequency	% Companies
A. Company position in the value chain	4	20,0%
B. Intrinsic motivation (DNA)	9	45,0%
C. Transforming vision of the future	2	10,0%
D. Contributing positively to society	7	35,0%
E. Attracting and/or keeping talent	0	0,0%
F. Company cost structure	3	15,0%
G. Business opportunity	3	15,0%
H. Reputation	2	10,0%
I. Arises in a current market trend component	1	5,0%
J. Facilitating reporting	1	5,0%
K. Relationship with the stakeholders	8	40,0%
L. License to operate	5	25,0%
M. Strategic Positioning	2	10,0%
TOTAL	51	

Table 7.1. 10 – Consolidated themes which justify the answer to the question, "What is the importance of the following items for your company's motivation to adopt SDGs?"

45,0% of the companies show that their involvement with the SDG Agenda and the more frequent motivations are associated with an intrinsic motivation that is part of the company's DNA. One of the companies highlighted that what is most important is **"Materializing the company's legacy (on a Holding level) in the initiatives we have."**

Additionally, 40,0% of the companies highlight that one of their biggest motivations is the relationship with stakeholders, whether because of their pressure or, especially, because they want to attract clients. Interestingly, this is not a reason or motivation considered relevant in the questionnaires, which is a curious point to explore. Additionally, it must be highlighted that only 2 companies in this group selected these two options simultaneously (DNA and external pressure).

35,0% of the companies state that their motivation is associated with the positive contribution that the company aims to have in society (which confirms the questionnaire's trend) and, consequently, on the planet as a whole. One interviewed company stated that the motivation **"comes from a search for impact – which is our main motivation."** In addition, 25,0% of the companies identify that the existence of a license to operate is the starting point of any operation, in the sense that without it, there is no business.

It must be highlighted that some companies did not identify the license to operate as an important motivation, as they consider this item as a prerequisite, not a motivation. One of the statements concerning this point was, **"surely the SDGs will make the company take a different step on the road toward sustainability."** The same company mentioned that **"there is also an internal and external quantification, for who works in the company, it is also a lot easier to look at the results when they are fit into the SDG methodology."**

45,0% of the companies show that their involvement with the SDG agenda and the motivations chosen as being most frequent are associated with an intrinsic motivation and that this is, consequently, part of the company's DNA. One of the companies stressed that the most important thing is to **"Materialize the legacy (at the Holding level)**

If you had to choose between two option spectrums, which would you choose as your main motivational factor for sustainability?
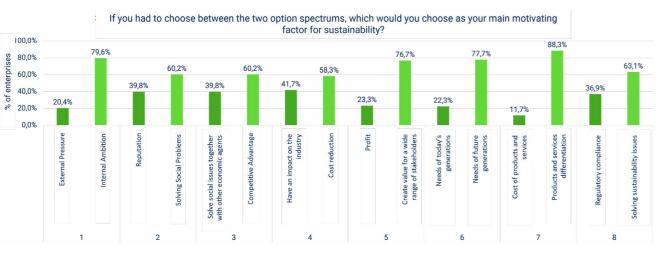
Figure 7.1. 50 - If you had to choose between two option spectrums, which would you choose as your main motivational factor for sustainability?

From the presented dichotomies, in which the companies had to choose between one of the sides of the spectrum, the more consensual options are:

- The motivation to create value for the stakeholders (96,7%) versus for profit (3,3%)
- The differentiation of products and services (93,3%) versus the costs of products and services (6,7%)

- Future generations' needs (90,0%) versus current generations' needs (10,0%)

The companies show a wider division in the following dichotomies:

- Reputation versus solving social problems
- Solving social problems in partnership versus competitive advantage

Do you see the SDGs as a business opportunity?
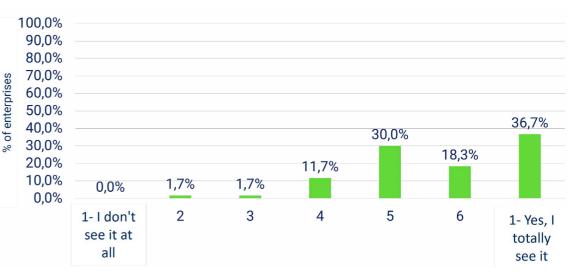
Figure 7.1. 51 - Do you see the SDGs as a business opportunity?

A great part of the companies (84,9%) sees the SDGs as a business opportunity (26,7% see it completely as a business opportunity, 18,3% strongly see it as a business opportunity, and 30% see it as a level 5 business opportunity). Only about 3% do not see the SDGs as a business opportunity, using the ranking level 2 or 3.

Answering the same question in the interviews, 35,0% of the interviewed companies ranked business opportunity with the highest score – 7. On a global scale, 70,0% of the companies see the SDGs as a business opportunity, ranking them equal or superior to 5 values (an inferior value than in the questionnaires).

Only 10,0% of the companies ranked business opportunity with an equal or inferior to 3 value, but the total sample of the questionnaires ranked it with a superior value.

Do you see the SDGs as a business opportunity?
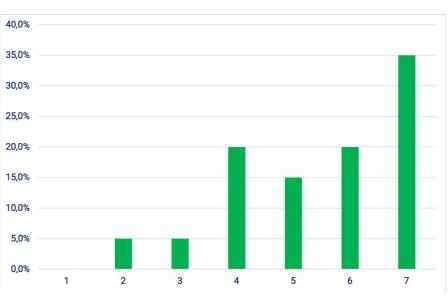
Figure 7.1. 52 - Do you see the SDGs as a business opportunity?

The following themes are made clear by showing in-depth the reasons why each company chose this option:

CONSOLIDATED THEMES	Frequency	% Companies
A. Difficulty in applying the SDG language on a business level and lack of indicator standardization	4	20,0%
B. Financial sustainability as a priority	3	15,0%
C. Sustainability as a strategic priority	7	35,0%
D. The advancement of the financial system, regulation, or license to operate makes this priority more important	5	25,0%
E. Sustainable projects turn into business opportunities (circular economy, renewable energies, water, technology, agricultural management, etc.)	7	35,0%
F. Technology allied to sustainability as a business opportunity	2	10,0%
G. Sustainability as an undeniable business opportunity in the future	4	20,0%
H. Employee & investor pressure	1	5,0%
I. Clients seek sustainable products	1	5,0%
J. There is a business opportunity, but it is not yet completely developed by the company	1	5,0%
K. Opportunity of understanding global international goals	1	5,0%

Table 7.1. 11 – Consolidated themes which justify the answer to the question, "Do you see the SDGs as a business opportunity?"

Pointing out reasons for their seeing the SDGs as a business opportunity, about 35,0% of the companies see "sustainability as a strategic priority," In addition, 35,0% state that they developed sustainable projects and end up in "business opportunities." Some examples of these business opportunities are circular economy, renewable energies, water, technology, agricultural management, etc.

25% of the companies also stated that the pressure from regulatory or financial systems makes the SDGs obligations and undeniable opportunities, while one of the companies stated that **"Sustainability is the new digital."**

Some companies (20,0%) emphasized that sustainability will be an undeniable business opportunity in the future. With the same percentage (20%), some of the companies that see the SDGs as a strong business opportunity mentioned that apart from this, there is a "difficulty in applying the SDG language on a business level and a lack of indicator standardization."

The answers to this question were considerably diversified among the interviewed companies.

What is the CEO or the Executive Board's main motivation for the SDG Agenda?
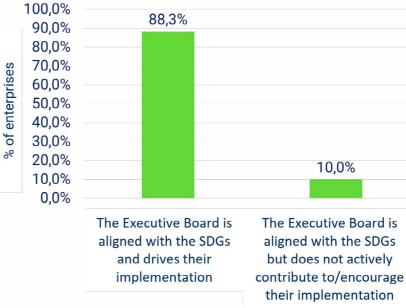
Figure 7.1. 53 - What is the CEO or the Executive Board's main motivation for the SDG Agenda

Most companies (88,3%) state that their company's CEO/Executive Board are aligned and motivate the implementation of the SDG Agenda. Only 1,7% stated that the Executive Board is not aligned, and 10% stated that, although aligned, they do not motivate their implementation.

The following results from the 20 companies were identical in the interviews. According to these companies, the reason for this alignment is consolidated in the following themes:

CONSOLIDATED THEMES	Frequency	% Companies
B. Alignment of the SDGs with creating profit	1	5,0%
C. Strategic change	10	50,0%
D. Change of Mindse	0	0,0%
D.1. Change of Top-down Mindset	4	20,0%
D.2. Change of External Mindset (according to sustainability movement)	3	15,0%
E. It is a part of the company's DNA	5	25,0%

Table 7.1. 12 – Consolidated themes that justify the answer to the question, "What is the CEO or the Executive Commission's main motivation for the SDG Agenda?"

50,0% of the companies state that there was a **strategic change** in the company, made clear in a moment, such as creating a sustainability area, defining strategic goals, and/or publishing a sustainability report.

25,0% state that sustainability **is a part of the company's DNA**; in other words, it has always been intrinsically associated with its identity.

There was a top-down mindset change in 20,0% of the companies. In other words, the attention to sustainability issues was initially incorporated into the company through changes in the CEO/Executive Board's thought or attitudes, which influenced the whole organization to have a new outlook on this issue.

There is also a group of companies (15,0%) that states there was an **External Mindset** change, in other words, arising from an extrinsic factor, such as a global mentality change, formalization of sustainability topics, and/or external stakeholder pressure. One of the interviewed companies mentioned, **"Before, the most important thing was digitalization. Now, it is sustainability. Sustainability is the new digital".**

When asked about the different departments' motivation for sustainability, the companies mentioned that the most motivated departments for adopting the SDGs are:

- Sustainability departments (Average = 6.72)
- Board of Directors (Average = 6.27)
- Communication (Average = 6.08)
- Strategy (Average = 5.96)
- Human Resources (Average = 5.68)
- Research and development / Innovation (Average = 5.63)

These departments show average rates that indicate a very strong motivation (close to 7) or strong motivation (close to 6). The least motivated departments are Information Technologies and Finance/Accounting.

The result was identical in the interviews. The Sustainability department is also the most motivated – Sustainability (average = 6,5). Then, with a lower score than in the questionnaires comes the Strategy department (average = 5,9), Communication (average = 5,9), Board of Directors (average = 5,8), Human Resources (average = 5,4), Research and Development (average = 5,4), and Marketing & Sales (average = 5,2).

The departments least motivated for the SDGs are Information Technologies (average = 4,7) and Finance and Accounting (average = 4,6).

Concerning the leadership of the Sustainability department, one of the companies mentioned that "It is only natural to be more aligned. The area of sustainability is what pushes everything forward!"

Motivation for adopting the SDGs – departments, and collaborators

Can you evaluate the different company departments' motivation for the SDGs?
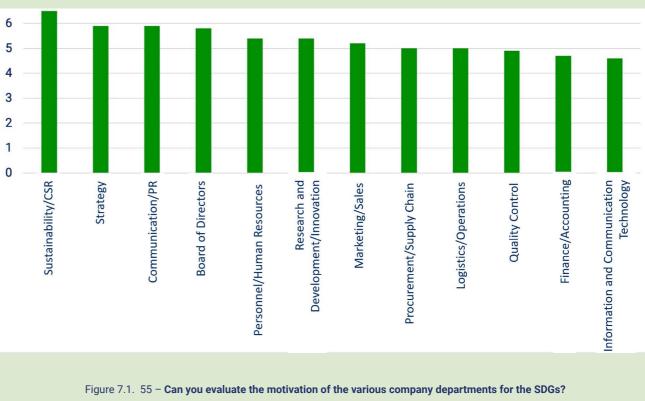
Figure 7.1. 54 - Can you evaluate the motivation of the various departments in the company for the SDGs?

Can you evaluate the motivation of the various company departments for the

Figure 7.1. 55 – **Can you evaluate the motivation of the various company departments for the SDGs?**

The following themes are made clear with more in-depth reasoning about what made each company make its choices:

CONSOLIDATED THEMES	Frequency	% Companies
A. The distinction is owed to different levels of motivation and knowledge in the different departments	**4**	**20,0%**
B. The sustainability department is the leader	**3**	**15,0%**
C. The development of work on responsible finances exists	**4**	**20,0%**
D. A culture of sustainability is lived as a whole	**4**	**20,0%**
E. Internal communication and HR are crucial for spreading the SDGs inside the company	**4**	**20,0%**
F. More alignment is necessary, and we must bring areas that are behind on board	**1**	**5,0%**
G. Logistics and operations department are more motivated	**2**	**10,0%**
H. Finances and technology are not very aligned	**1**	**5,0%**
I. The strategy department is motivated	**2**	**10,0%**
J. The department for innovation is not very aligned with sustainability	**3**	**15,0%**
K. Quality department more aligned on account of their certifications	**1**	**5,0%**
L. Operation/product innovation areas more aligned	**1**	**5,0%**

Table 7.1 13 – Consolidated topics which justify the answer to the question, "Can you evaluate the motivation of the various company departments for the SDGs?"

Despite the variety of answers, we highlight the most mentioned reasons by companies for their motivation and larger or smaller alignment with the SDGs. 20,0% of the companies state that the different motivations are due to different motivation levels and knowledge of the different departments on the SDGs. In other words, departments with greater knowledge of the SDGs are also more motivated to implement the goals.

On the other hand, 20,0% of the companies mentioned that they have a culture of sustainability as a whole, but internal communication and HR must work well, as they are crucial for spreading the SDGs inside the company. Other companies (20,0%), where the financial department was motivated by the SDG theme, justified it by saying there is the development of work for responsible finance. The innovation department was mentioned by 15,0% of the companies as not being aligned with sustainability, often because of blockage associated with the Business Case for action.

What is the degree of motivation of the company's employees for...
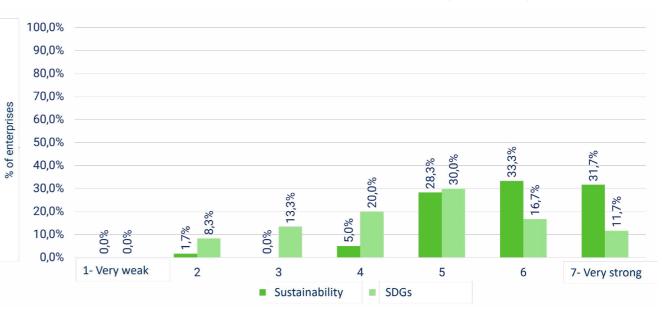
Figure 7.1. 56 - What is the degree of motivation of the company's employees for...

The companies show that their employees appear more motivated for sustainability than for the SDGs. 65,0% (33,3% + 31,7%) of the interviewees indicated their employees have a strong or very strong degree of motivation for the theme of sustainability, while 28,4% of participants answered that their employees would be strongly or very strongly motivated for the SDGs.

This answer shows that the theme of Sustainability is generally familiar to the employees of these companies and motivates them, but there is still a long way to go concerning the SDGs.

SDGs and organizational decisions

Do your company's strategic SDGs support the process of decision-making? Is there an association between the SDG goals and the internal incentives in compensating departments and employees?
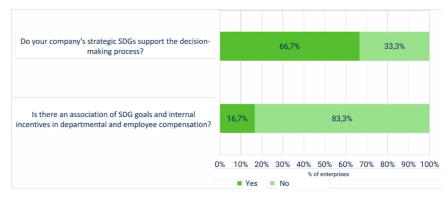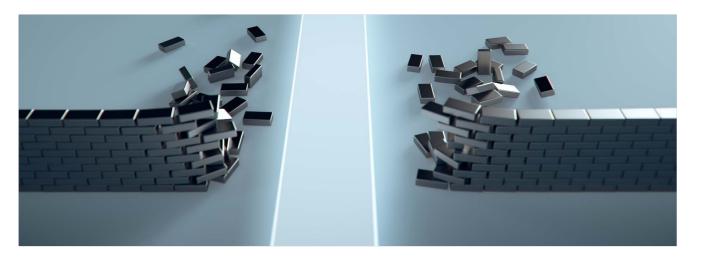
Figure 7.1. 57 - Do your company's strategic SDGs support the process of decision-making? Is there an association between the SDG goals and the internal incentives in compensating departments and employees?

Most companies (66,7%) point out that the strategic SDGs are a basis for decision-making. However, only 16,7% align the SDG goals with internal incentives in compensating departments and employees. This alignment is also crucial for the company to align their worker incentives with their strategic goals, for which there is still a long road ahead on this point for companies.

Obstacles to implementing the SDGs

Of the following options, which is more valid for your company?
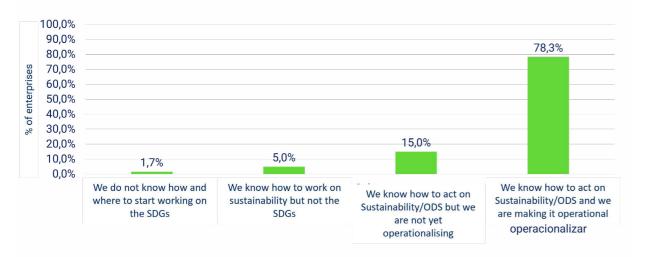
Figure 7.1. 58 - Of the following options, which is more valid for your company?

Most companies (78,3%) consider they know how to act with sustainability and/or SDG issues and is operationalizing them. However, 20,0% (15,0 + 5,0%) are not yet operationalizing the SDGs, since 5% know how to work with sustainability but not with the SDGs.

Choose the option that makes more sense to you: "The lack of business case is an obstacle to further implementing the SDGs."
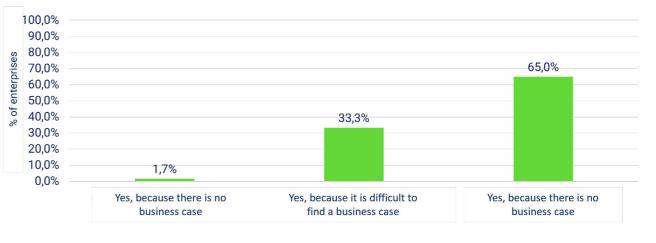
Figure 7.1. 59 - Choose the option that makes more sense to you
"The lack of business case is an obstacle for further implementing the SDGs

The lack of a business case is not considered an obstacle by most companies (65,0%); however, a third of the companies (33,3%) still consider the lack of a business case to be an obstacle to operationalizing the SDGs.

Here are various obstacles to adopting the SDGs. Please rank them according to how important they are in your company.
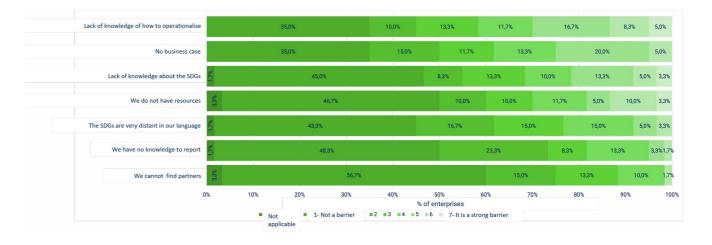
Figure 7.1. 60 – Here are various obstacles to adopting the SDGs.
Please rank them according to how important they are in your company.

When asked which are the obstacles to adopting the SDGs, the companies pointed to the **"lack of knowledge on how to operationalize"** as an important obstacle (30,0% - amount corresponding to the sum of points 5, 6, and 7), followed by **"we do not see a business case"** obstacle (pointed out as an obstacle or a strong obstacle by 25,0% of the companies) and a **"lack of knowledge on the SDGs"** (indicated by 21,7% of the companies).

It is also noteworthy that a large percentage of this group of companies pointed out the listed obstacles as actually not constituting an obstacle (answer "it is not an obstacle") – from 35% for the strongest obstacle to 56,7% for the weakest obstacle.

Of the following options, which is most valid for your company?
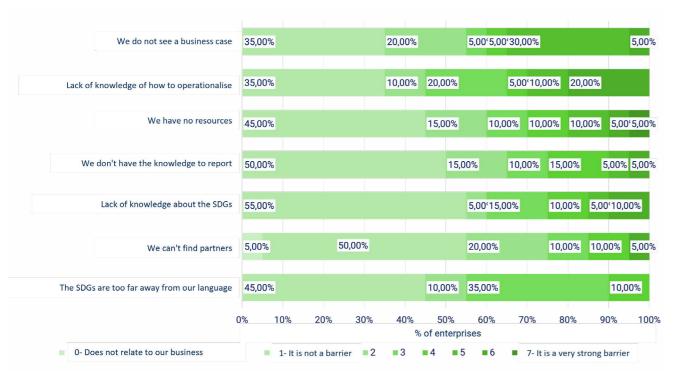
Figure 7.1. 61 – Here are various obstacles to adopting the SDGs. Please rank them according to how important they are in your company.

Concerning the interviews, the "lack of resources" is the obstacle most frequently mentioned, with a score of 7 on the scale, being considered a strong obstacle by 5% of the companies and an obstacle by 15%, in a total of the importance of 20,0% for scores 5, 6, and 7.

"We see no business case" was pointed out as an obstacle by 35,0% of the companies, followed by **"lack of knowledge on how to operationalize,"** pointed out as an obstacle by 30,0% of the companies.

With a more in-depth look at the answers from the interviewed companies, the following can be identified:

Question 9	Frequency	% Companies
A. Difficulty in applying the SDG language on a business level	7	35,0%
B. Allocation of Resources	4	20,0%
C. Lack of strategic vision on the SDGs' part	1	5,0%
D. Greater clarity on reporting methodologies	4	20,0%
E. Greater clarity on impact measurement methodologies	4	20,0%
F. Partnerships	2	10,0%
G. Legislation	1	5,0%
H. Lack of SDG knowledge by the employees	8	40,0%
I. Lack of knowledge on how to operationalize	3	15,0%
J. Difficulty in identifying/expressing the Business case	4	20,0%
K. Certifying products and services in the industry in which it operates	2	10,0%
L. Associated to the company's activity on the value-chain	2	10,0%

Table 7.1. 14 – Consolidated topics which justify the answer to the question "Here are various obstacles to adopting the SDGs. Please rank them according to how important they are in your company."

When asked which obstacles are more important for the implementation of the SDGs, 40% of the interviewed companies stated that one of the biggest obstacles is the lack of knowledge of the employees on the Agenda, which make its operationalization more difficult; 35% also have difficulty in applying the SDG language on a business level, which means that the companies have difficulty in defining targets and metrics for evaluating progress related to the 2030 Agenda in their operations, as sometimes this language does not apply to the business language.

20% of the companies stated that::

- they have trouble identifying and/or expressing the SDGs' business case;
- need more clarity on reporting methodologies;
- would like more clarity on impact measurement methodologies;
- The resource reallocation in the company would help implement the SDG Agenda, making clear that resource allocation is a big obstacle to the Agenda's progress.

One can, therefore, conclude that the lack of knowledge on the 2030 Agenda is the biggest obstacle to the implementation and progress of this Agenda.

Other necessary conditions for implementation

The companies were also questioned on what they thought would help them better implement the SDGs. The following topics were highlighted: more knowledge, more resources, more knowledge on society's part, and more internal awareness. In this way, this agenda's knowledge is again highlighted, besides the management of business resources.

What would most help your company for a better implementation of the SDGs?	Frequency
More knowledge	6
More resources	6
More knowledge on society's part	3
More internal awareness	3
Dissemination of good practices	2
Internal dissemination	2
SDG language aligned by business type	2
Better impact evaluation	2

Table 7.1. 15 – **What would most help your company for a better implementation of the SDGs?**

The implementation of the SDGs and its impacts and context

Level of implementation

Do you consider the work you develop on the SDGs corresponds to the level of implementation where you would like to be?
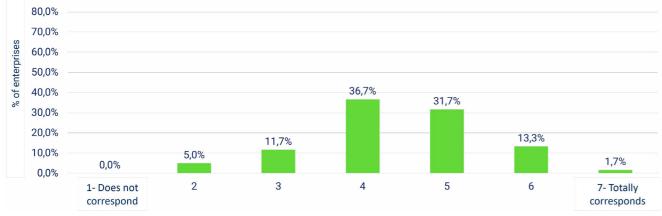
Figure 7.1. 62 - Do you consider the work you develop on the SDGs corresponds to the level of implementation where you would like to be?
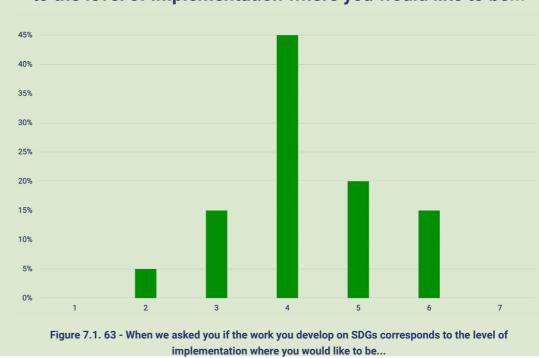
Most companies consider the work they develop on the SDGs to be close to the level where they would like to be (46,7% = 31,7% + 13,3% + 1,7%). It is also noteworthy that a significant part of the companies showed itself at an intermediate level (not where they would like to be, but also not much below) on this issue (36,7%) and that only one company (1,7%) considers that its level of implementation "completely matches" the level of implementation where it would like to be.

Concerning the interviews, most companies (35,0%) consider that the work they develop on the SDGs is close to the level where they would like to be – with a score of 5 or higher (20,0% with a score of 5 and 15,0% with a score of 6). It is also noteworthy that a significant part of the companies (45,0%) shows themselves to be at an intermediate level, not being at the level where they would most like to be, but also not much below it.

None of the companies considers that their level of implementation "completely matches" the level of implementation where they would like to be.

When we asked you if the work you develop on SDGs corresponds to the level of implementation where you would like to be...

Figure 7.1. 63 - When we asked you if the work you develop on SDGs corresponds to the level of implementation where you would like to be...

The following topics were made clear from a more in-depth look at the reasons that led each company to choose this option:

Question 9	Frequency	% Companies
A. Do not have enough people/resources	1	5,0%
B. Improving the social or environmental side	5	25,0%
C. Disseminating through the whole organization and operationalizing (including setting targets, ranking, and integration between departments)	19	95,0%
D. Increase knowledge on the SDGs (still do not see the importance or get to know local realities better on which they can act)	9	45,0%
E. Improve external communication	2	10,0%
F. It must be a part of the strategy	2	10,0%

Table 7.1. 16 – Consolidated topics which justify the answer to the question "When we asked you if the work you develop on SDGs corresponds to the level of implementation, where you would like to be..."

95,0% of the companies mentioned that the main reason why they are far from the level "where they would like to be" is the need for better dissemination through the whole organization of the SDG culture and operationalize the SDGs. Concerning this point, the companies mentioned that defining targets and internal SDG goals, ranking the SDGs, and guaranteeing the integration of these departments were all important points to progress in this agenda.

The companies mentioned that "they need help" with implementing the SDGs. The second point highlighted by the companies as being important for their ambition of better alignment with this agenda was "increasing

knowledge on the SDGs" (45,0%) – whether because they still do not see its importance or because they want to adapt them better to local realities to which they belong. Sharing knowledge and good practices were defined as crucial. Some companies mentioned that more knowledge of the SDGs in Portugal is important.

Some companies (25,0%) also mentioned that further developing their environmental or social side would help align with the 2030 Agenda. Not having enough resources was the reason indicated as least relevant.

Positive impacts, decision-making, and Non-Financial Report

The company's positive social/environmental impacts are taken into account, partly or totally, by 73,4% of the companies in choosing the SDGs and by 86,2% of the companies on their Non-Financial Report.

In what way are your company's social/environmental impacts taken into account in the process of decision-making and choosing the SDGs?

Figure 7.1. 64 - In what way are your company's social/environmental impacts taken into account in the process of decision-making and choosing the SDGs?

In what way are your company's social/environmental impacts taken into account in the company's Non-Financial Report
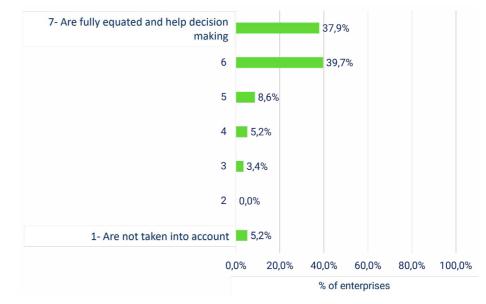
Figure 7.1. 65 - In what way are your company's social/environmental impacts taken into account in the company's Non-Financial Report?

Negative impacts, decision-making, and Non-Financial Report

The company's negative social/environmental impacts are taken into account, partly or totally, by 70,0% of the companies in choosing the SDGs and by 67,8% of the companies in their Non-Financial Report. With these results, it can be concluded that the positive impacts are the most taken into account by the companies.
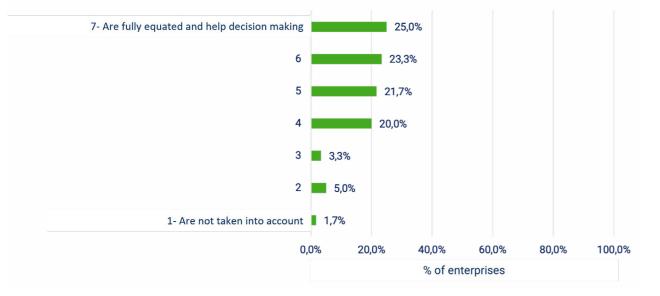
7- Are fully equated and help decision making — 25,0%
6 — 23,3%
5 — 21,7%
4 — 20,0%
3 — 3,3%
2 — 5,0%
1- Are not taken into account — 1,7%

% of enterprises

Figure 7.1. 66 – In what way are the company's negative social/environmental impacts taken into account in the decision-making process and choosing the SDGs?

In what way are the company's negative social/environmental impacts taken into account in the company's Non-Financial Report?

7- Are fully equated and help decision making — 28,8%
6 — 25,4%
5 — 13,6%
4 — 15,3%
3 — 5,1%
2 — 8,5%
1- Are not taken into account — 0,0%

% of enterprises
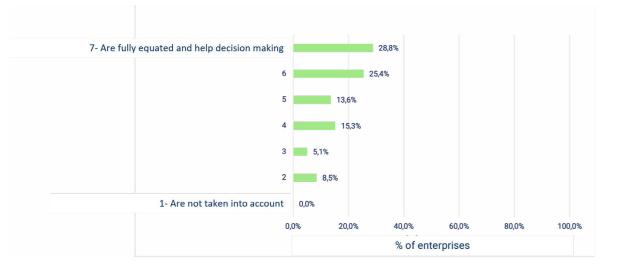
Figure 7.1. 67 - Figure 7.1. 66 – In what way are the company's negative social/environmental impacts taken into account in the company's Non-Financial Report?

References to spillovers in the Non-Financial Report

30,5% of the companies stated they made reference to or communicated the interconnection of the **SDGs and negative and positive spillovers. 22,0%** do not refer, and 28,8% state they do not do it but would like to consider that interconnection. Considering that the SDGs are intimately connected, this issue is very relevant, and the majority of companies (52,2% either communicate or consider communicating is a good sign, but still far from the potential which should be done.

Is there a reference to the interconnection of SDGs and communicated negative and positive spillovers?

Yes — 30,5%
No, but I would like to consider — 28,8%
No — 22,0%
Does not know — 18,6%

% of enterprises

Figure 7.1. 68 - Is there a reference to the interconnection of SDGs and communicated negative and positive spillovers by the company and/or its Non-Financial Report?

Choice of SDGs

Does the choice of the SDGs in your company consider the level of development of the SDGs in the geographies?
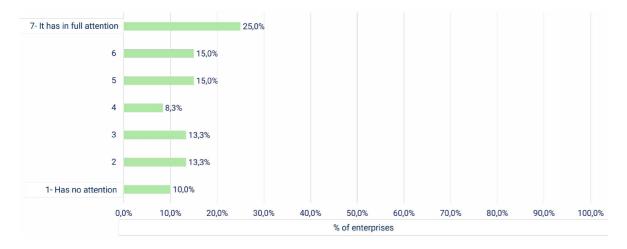
Figure 7.1. 69 – Does the choice of the SDGs in your company considers the level of development of the SDGs in the most important geographies where it operates?

Concerning the process of choosing the SDGs, most companies state they have "some" to "complete" attention to the level of SDG development in the most important geographies where they operate (55,0% - value corresponding points 5, 6, and 7). Only 10,0% do not pay this factor into account. In the interviews conducted, the companies showed concern about adapting the choice of SDGs to the geographies where they operate to contribute positively; however, there is still a long way to go in this respect. Companies with operations in many countries state that it is necessary to have a global SDG policy adapted at a local level. In this way, flexibility, customization, and operationalization at a local level are crucial.

When we consider the SDGs that are most important to our company...

Figure 7.1. 70 - When we consider the SDGs that are most important to our company...

Concerning the process of choosing the SDGs, the companies were divided: 45,0% indicated that "We take into account what we can do with our internal resources, as the contribution toward the SDGs depends on our internal capacity" and 50,0% that "We first consider the social context of which we are a part, to then choose the strategic SDGs which most need our contribution." In this way, the latter attitude, which is more proactive, could be further developed by the Portuguese corporate world since it may imply a bigger impact on Portuguese society.

Awareness of the strategic SDGs for Portugal

Are you aware of the Strategic SDGs for Portugal?
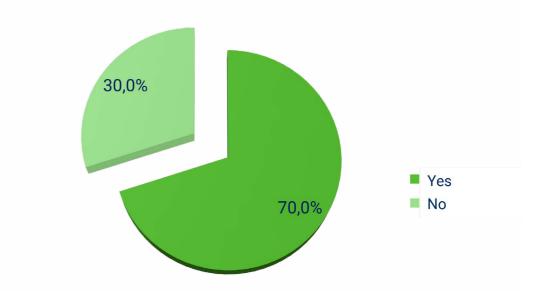
Figure 7.1. 71 - Are you aware of the Strategic SDGs for Portugal?

Lastly, 70,0% of the companies state they have knowledge of the strategic SDGs for Portugal, while 30,0% do not. A level of quite advanced knowledge, which may enlighten the companies in the future if they effectively want to contribute toward the Portuguese economy and society. With this purpose, companies should then make efforts to get a detailed knowledge of the SDGs defined as being the strategic SDGs for Portugal.

7.2 ## Aggregated Analysis: Small and Medium-Sized Companies
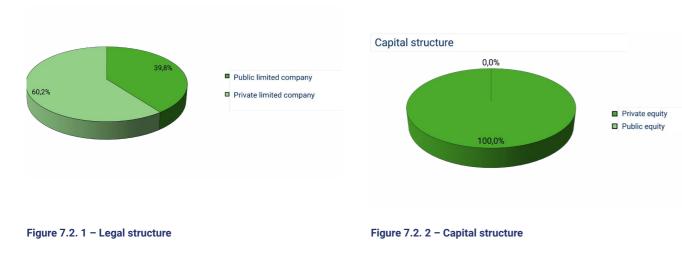
This section shows the results from the data taken from the Questionnaires of the Small and Medium-Sized Companies (SMEs) selected for this study in this research project. 103 Small and Medium-Sized Companies operating in Portugal were selected, as described in subchapter 6.1 Methodology. The results are aggregated, showing the answers these companies gave to the questionnaire's 68 questions.

Company characterization

Legal structure, capital structure, and family businesses

Legal structure

Capital structure

Figure 7.2. 1 – Legal structure

Figure 7.2. 2 – Capital structure

Most SMEs (60,2%) are limited liability companies (including single-member companies). 39,8% are public or private limited companies. This structure differs from the Large Companies in legal structure, as well as in capital structure. All companies (100%) have private capital, with no companies with public or mixed capital.

Family businesses
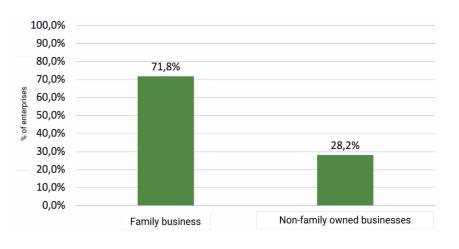
Figure 7.2 3 – Family businesses

Most companies (71,8%) have family capital, with 28,2% having non-family capital. This distribution is contrary to the one seen with the Large Companies.

Number of employees, income, and headquarters location

Number of employees
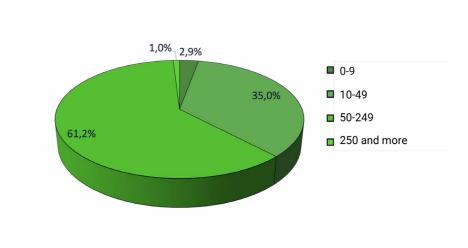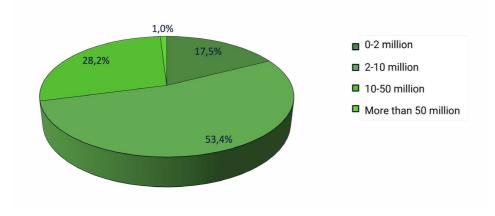
Figure 7.2. 4 – Number of employees

Most companies (61,2%) have between 50 and 249 employees. 35,0% have between 10 and 49 employees, 2,9% have between 0 and 9 employees, and 1,0% have 250 or more employees.

Company revenue in 2021

Figure 7.2. 5 - Company revenue in 2021

Most companies (53,4%) had revenue between 2 to 10 million euros in 2021. 17,5% had a revenue until 2 million euros, 28,2% between 10 and 50 million, and only 1% had a revenue over 50 million euros.

Headquarters location

All the companies (100%) have headquarters in Portugal.

Activity/industry sector
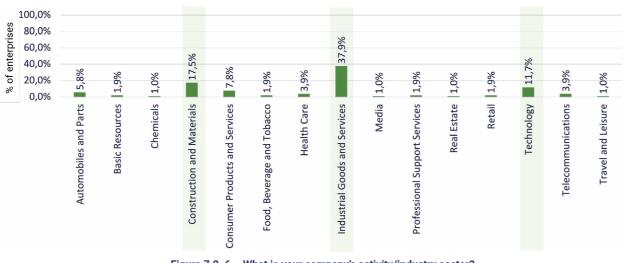
Figure 7.2. 6 – What is your company's activity/industry sector?

In terms of activity/industry sector, we can see a predominance of the "Industrial Goods and Services" category (37,9%) and "Construction and Materials" (17,5%), and "Technology" (11,7%). Taking the studied Small and Medium-Sized Companies' universe into account (see subchapter 6.1) and being representative of the SMEs in the Portuguese corporate world, the distribution of the sample through the mentioned industries is considered adequate.

Type of business and founding date

Type of business

Is your company a business of services or a business of products?
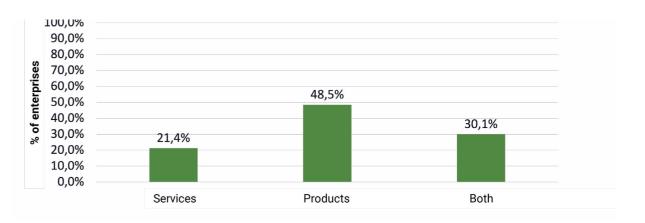
Figure 7.2. 7 - Is your company a business of services or products?

Around half of the SMEs being studied (48,5%) market products, and 21,4% market services (an inverse relationship to the Large Companies). 30,1% market Products and Services.

Founding date

The 103 companies were founded between 1922 and 2022, with the following distribution: 8,7% until 1970, 25,2% between 1971 and 1990, 26,2% between 1991 and 2000, 25,2% between 2001 and 2010, and 14,6% were founded from
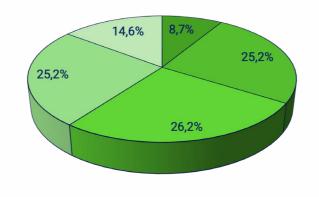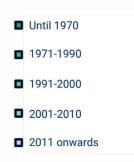
Figure 7.2. 8 – Founding date

What percentage of exports is in your company's sales volume?

Exports
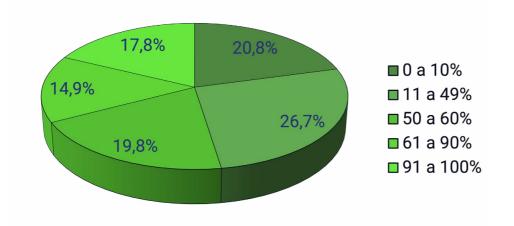
Figure 7.2. 9 - What percentage of exports is in your company's sales volume?

How many countries does your company export to?
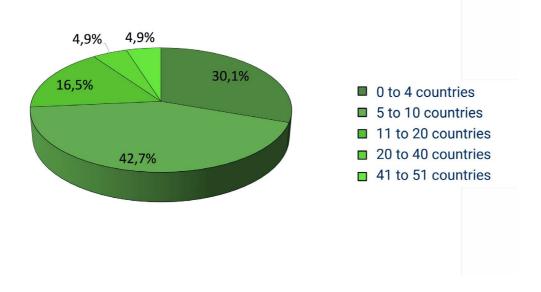
Figure 7.2. 10 - How many countries do your company export to?

Concerning the SMEs, the question associated with international presence was asked, considering the geographies to where the company exports to and not where it operates (as was the case with the Large Companies, as they have more export activity than international production activity), seeing as it is more appropriate in the SMEs' case.

•   20,8% of the companies export between 0 and 10% of their sales volume, 26,7% export between 11 and 49%, 19,8% export between 50 and 60%, 14,9% export between 61 and 90%, and, lastly, 17,8% of the companies export between 91 and 100% of their sales volume. There is, therefore, great diversity in the export profile of the SMEs being studied. It must be highlighted that 20,8% export only up to 10% of their output, which shows the high exporting profile of the Portuguese SMEs.

•   Most companies export to up to 10 countries (30,1% up to 4 countries and 42,7% between 5 and 10 countries), 16,5% export to between 11 to 20 countries, 4,9% export to between 20 to 40 countries, and 4,9% export to between 41 to 51 countries.

•   The majority of the companies that export or operate abroad (97,1%) export or operate in Europe. 43,7% export or operate in Africa, 30,1% in North America, 22,3% in Asia, 22,3% in South America, and 6,8% in Oceania. The SMEs thus have a great representativeness in the various continents, despite having a smaller representativeness outside Europe than the Large Companies.

To which continents does your company export to or operate in?

Figure 7.2. 11- To which continents does your company export to or operate in?

Corporate networks

Corporate networks you belong to

Figure 7.2. 12 – Identify which corporate networks your organization belongs to

Concerning belonging to corporate networks, 4,9% of the companies belong to Global Compact Network Portugal, 1,0% belong to the GRACE association, and 1,9% belong to the Business Council for Sustainable Development (BCSD) Portugal. There is, therefore, a considerable difference between the SMEs and the Large Companies that belong to these corporate networks.

In the SMEs group, 26,2% of the companies mentioned belonging to other corporate networks, of which the following are of note:

OTHER CORPORATE NETWORKS MENTIONED:

COTEC Portugal – Associação Empresarial para a Inovação
Rede Mulher Líder
APIP - Associação Portuguesa da Indústria de Plásticos
CCIP - Câmara de Comércio e Indústria Portuguesa
AIDA - Associação Industrial de Aveiro
Inova-Ria - Associação de Empresas para uma Rede de Inovação em Aveiro
Abimota - Associação Nacional das Indústrias de Duas Rodas, Ferragens, Mobiliário e Afins
Associação das Empresas Familiares
APICCAPS - Associação Portuguesa dos Industriais de Calçado, Componentes, Artigos de Pele e seus Sucedâneos
Health Cluster Portugal
Associação Smart Waste Portugal

Table 7.2. 1 – Corporate networks

Board of Directors

Number of Members
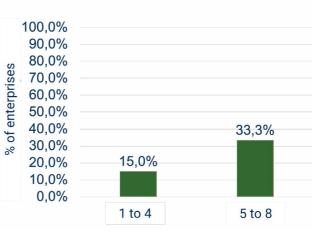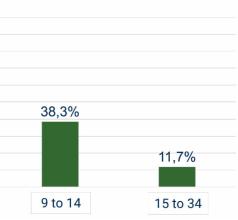
Figure 7.2. 13 – How many members are on your company's Board of Directors?

Composition

Gender

Figure 7.2. 14 - Gender

Age group
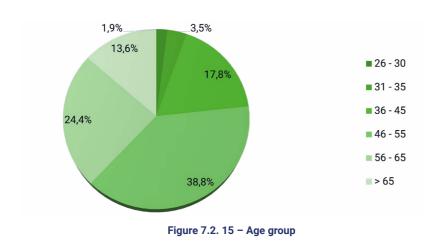
Figure 7.2. 15 – Age group

Background
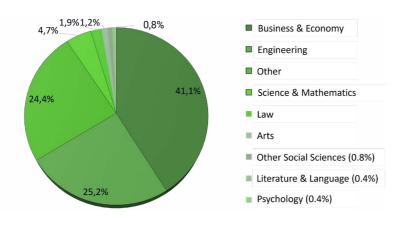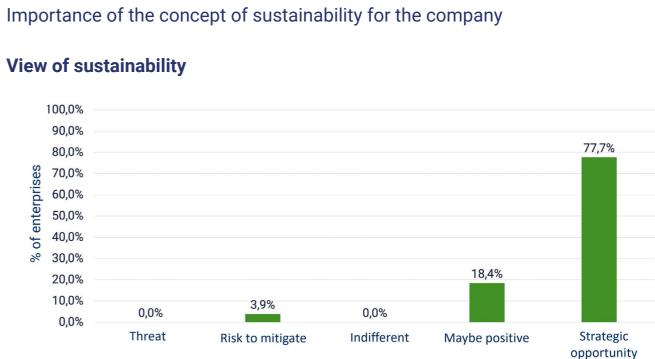
Figure 7.2. 16 - Background

Together, the 103 companies have 258 members on their Boards of Directors:

- 76,7% of the Board of Directors members are men, and 23,3% are women – which does not differ significantly from the Large Companies.
- 1,9% is between 26 and 30 years old (an age group not present in the Large Companies' Board of Directors), 3,5% is between 31 and 35 years old, 17,8% is between 36 and 45 years old, 38,8% is between 46 and 55 years old, 24,4% is between 56 and 65 years old, and 13,6% is more than 65 years old; one can thus see that the SMEs' Administrations are, generally, younger than the Large Companies.
- 41,1% of the members of the Board of Directors of the 103 companies have Business & Economy as their background, and 25,2% have Engineering. This trend is similar to the Large Companies.

How are you implementing sustainability and the SDGs in your company?

Importance of the concept of sustainability for the company

View of sustainability

Figure 7.2. 17 – My company sees sustainability as

Most companies (77,7%) see sustainability as a strategic opportunity when asked how they "see sustainability." 18,4% see it as maybe positive, and 3,9% see it as a risk to be mitigated. In this case, the SMEs see Sustainability as a less strategic opportunity than the Large Companies. However, it is equally relevant to state that no company sees sustainability as a threat nor in an indifferent way, as is the case with the Large Companies.

When interviewed, the 10 selected SMEs answered more frequently to the "Strategic opportunity" option, indicated by 90% of these companies.

Option	Frequency	% Companies
Strategic Opportunity	9	90,0%
Maybe Positive	1	10,0%
Risk to be Mitigated	0	0,0%
Threat	0	0,0%
Indifferent	0	0,0%
TOTAL	**10**	**100,0%**

Table 7.2. 2 – My company sees sustainability as (sample of 10 interviewed companies)
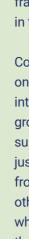
The interviewed companies pointed out the following consolidated themes, considering more in-depth reasoning behind the answer to this question:

CONSOLIDATED THEMES	Frequency	% Companies
A. Sustainability as a way to contribute positively to society and/or the planet 2 20,0%	2	20,0%
B. Sustainability as a business opportunity		
B.1 New sources of income 1 10,0%	1	10,0%
B.2 Innovation 4 40,0%	4	40,0%
C. Sustainability arising from Stakeholder pressure 3 30,0%	3	30,0%
D. Sustainability is strategic for business		
D.1. Intrinsic (integrated, DNA, strategic pillar) 2 20,0%	2	20,0%
D.2 Aligned with business (vision/mission) 1 10,0%	1	10,0%
D.3 Competetive advantage (differentiation; a way of positioning in the market) 2 20,0%	2	20,0%
E. Formalization of an existing theme 1 10,0%	1	10,0%
F. Associated to the company's position in the industry 2 20,0%	2	20,0%

**Table 7.2.3 – Consolidated themes which justify the answer to the question
"You mentioned that your company sees sustainability as..."**

40,0% of the companies that see sustainability as a "strategic opportunity" justify their answer with the fact that sustainability is a business opportunity in the innovation aspect, and 30,0% justify it as a direct answer to the stakeholder pressure. One of the interviewed companies clarified how many others see sustainability: "Sustainability is a problem and/or challenge which can break us, or it can be an opportunity to grow."

In addition, in the group of companies which chose the "strategic opportunity" option, we identified an outlier that makes clear that the sustainability theme is a way of implementing a communication framework, thus formalizing a practice already present in the company. One of the companies mentioned that "Sustainability presents a double aspect (…). An aspect more associated with products and the business itself is that we are not only distributing a product, but we are also conceiving sustainable solutions (…). Another aspect is the company's framework on our planet, and we understand our role in transmitting our know-how to the world".

Contrary to the Large Company group we interviewed, only 20,0% of SMEs identified sustainability as an intrinsic part of their business. Of the interviewed group, there is still one company that sees sustainability as a "Maybe Positive" aspect which justified its answer as being a matter which arises from the company's positioning in the industry. In other words, from the fact that it is a service provider whose activity depends on the market's framework at the time in which it operates.

The company's general strategy

Figure 7.2. 18 – What best describes your company's general strategy?

65,0% of companies describe their general strategy as creating value for stakeholders, while 35,0% describe their general strategy as creating value for shareholders.

Although the trend is mainly toward creating value for stakeholders, there is a big difference compared to the Large Companies, where 90% chose this option.
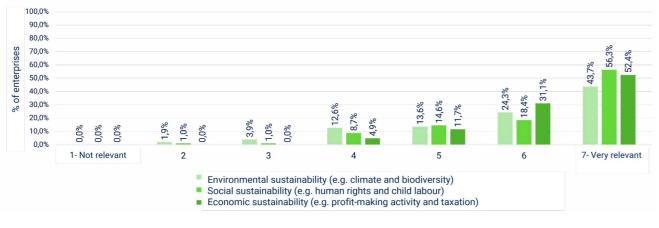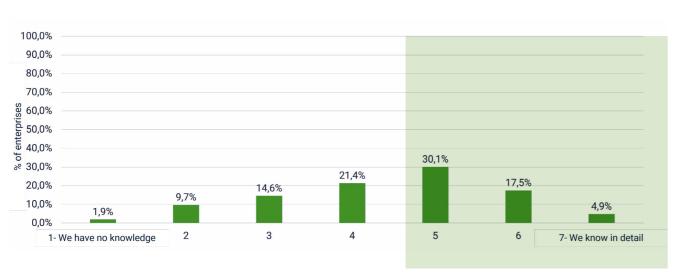
Figure 7.2. 19 – What is the importance of the following three sustainability themes for your company?

The three sustainability themes prove to be very important for the companies (the majority of the organizations ranked the three sustainability themes with a level higher than 5), notably social sustainability, which has a bigger percentage of answers (56,3%) with a maximum level of importance "7". It must also be highlighted that there is a difference compared to the Large Companies that highlighted the theme of economic sustainability.

Relevance of the SDGs in the company's context
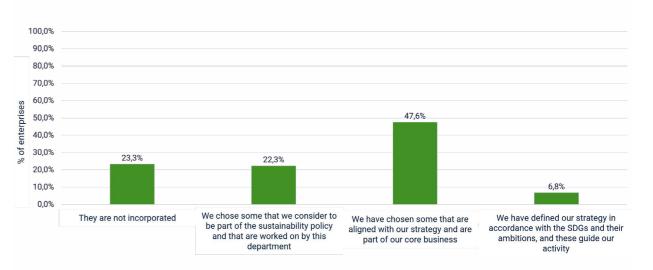
What is the level of knowledge of the SDGs in your company?

Figure 7.2. 20 - What is the level of knowledge of the SDGs in your company?

Most companies (52,5%= 30,1% + 17,5% + 4,9%) indicate they have some detailed knowledge of the SDGs. 21,4% indicated they neither have much nor little knowledge, and 24,3% (9,7% + 14,6%) indicated they have little knowledge. Only two companies (1,9%) state they have no knowledge of the SDGs. The level of knowledge on the SDGs by SMEs shows itself to be smaller compared to Large Companies.

In what way are the SDGs incorporated into your company's strategy?

Figure 7.2. 21 - In what way are the SDGs incorporated into your company's strategy?

Most companies (47,6%) indicate they choose some SDGs aligned with their strategy and a part of their core business. This strategy shows an alignment with the SDGs and the company's core business but not necessarily a strategic adoption of these goals as a guide to action. 6,8% indicate they define their strategy according to the SDGs and their ambitions and that the latter guides their activity, being this a proactive attitude concerning these goals.

22,3% indicate they choose some SDGs they consider to be a part of the sustainability policy and are developed by that department, being this more of a reactive attitude which shows these companies do not act strategically in the 2030 Agenda. About a quarter of the companies (23,3%) also indicate the SDGs are not incorporated into their strategy, an amount which opens up many possibilities for improvement in this field.

The interviewed SMEs answered most frequently to the "Choose some which are aligned with the company strategy and are a part of the core business" option, being that this option was chosen by 50,0% of the companies. However, 40,0% of the companies stated that the SDGs are not incorporated, a rate higher than the 103 companies on the questionnaire. No company mentioned that they "define a strategy according to the SDGs and their ambitions, which serve as a guide for the company's activity."

% Answer for the 4 option	Frequency	% Companies
They are not incorporated	4	40,0%
Choose some which they consider to be a part of sustainability policy and are developed by that department	1	10,0%
Choose some which are aligned with the company strategy and are a part of the core business	5	50,0%
Define the strategy according to the SDGs and their ambitions, which serve as a guide to the company's activit	0	0,0%
TOTAL	10	100,0%

Table 7.2. 4 – In what way are the SDGs incorporated into your company's strategy? (sample of 10 interviewed companies)

CONSOLIDATED THEMES	Frequency	% Companies
A. There is no strategy in accordance with the SDGs, but their importance is recognized 1 10,0%	1	10,0%
B. Compliance 2 20,0%	2	20,0%
C. SDG choice aligned with long-term strategy 1 10,0%	1	10,0%
D. Stakeholder involvement in the strategic sustainability choosing process 1 10,0%	1	10,0%
E. Choice of SDGs directly connected to the business core 5 50,0%	5	50,0%
F. Integration with the company's strategy 4 40,0%	4	40,0%
G. SDGs as a responsibility and a company value 4 40,0%	4	40,0%
H. Do not include the SDGs 2 20,0%	2	20,0%
I. SDGs as a business opportunity 2 20,0%	2	20,0%
J. Stakeholder pressure 2 20,0%	2	20,0%
K. Little knowledge 1 10,0%	1	10,0%
L. Aligned with sustainability but not the SDGs 1 10,0%	1	10,0%
M. Boosted by company management 1 100,0%	1	100,0%

Table 7.2. 5 – Consolidated themes which justify the answer to the question, "In what way are the SDGs incorporated into your company's strategy?"

It can be seen that 50,0% of the companies justify their answer by choosing the SDGs, which are directly connected to the business core. In other words, in the face of the developed activity, the companies choose the SDGs which meet what they already do in their operations.

40,0% integrate the SDGs in the corporate strategy, which shows an ambition for bigger alignment with the SDGs rather than mapping their activities according them. Also, 40,0% see the SDGs as a responsibility and a company value. In other words, these companies

align themselves with the SDGs and sustainability, not for reasons intrinsic to the business, but because they feel it is their obligation as a part of society – something not highlighted in the Large Companies.

Stakeholder pressure is not a frequently mentioned reason for alignment, although one of the companies mentioned th
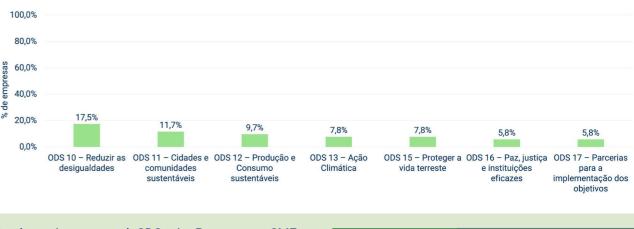
Which SDGs are incorporated into your company's strategy? You may choose more than one option.

Figure 7.2. 22 - Which SDGs are incorporated into your company's strategy? You may choose more than one option.

When asked which SDGs are incorporated into their company's strategy, the SMEs showed quite different results from the Large Companies:

- 56,3% of the companies indicate **SDG#5** – Gender Equality,
- 54,4% indicate **SDG#4** – Quality Education,
- 46,6% indicate **SDG#3** – Good Health and Well-being,
- 45,6% indicate **SDG#1** – Eradicate Poverty,
- 38,8% indicate **SDG#2** – Eradicate Hunger.

The least incorporated SDGs in Portuguese SMEs which belong to this study are SDG#17 – Partnerships for the Goals (5,8%); SDG#16 – Peace, Justice and Strong Institutions (5,8%), SDG#15 – Protect Life on Land (7,8%); SDG#13 – Climate Action (7,8%).

In the group of interviewed companies, 60,0% indicate SDG#8 – Decent Work and Economic Growth as the most incorporated into their strategy. 40,0% indicate SDG#5 – Gender Equality, SDG#9 – Industry, Innovation and Infrastructure, and SDG#4 – Quality Education- There is, therefore, some variability in the face of the questionnaire's total answers, where SDG#5 was the most quoted (by 56,3% of the companies), following by SDG#4 (54,5%), SDG#3 (46,6%), and SDG#1 (45,6%).

Ranking ODS	Frequência	% Empresas
SDG #8	6	60,0%
SDG #5	4	40,0%
SDG #9	4	40,0%
SDG #4	4	40,0%
SDG #12	3	30,0%
SDG #13	3	30,0%
SDG #7	3	30,0%
SDG #10	3	30,0%
SDG #17	2	20,0%
SDG #16	1	10,0%
SDG #6	1	10,0%
SDG #1	1	10,0%
SDG #2	1	10,0%
SDG #14	1	10,0%
SDG #11	0	0,0%
SDG #15	0	0,0%
SDG #3	0	0,0%

Table 7.2. 6 – Which SDGs are incorporated into your company's strategy? (Interviewed SMEs)

Compared to the Large Companies' answers, one can see a wider dispersion in choosing SDGs, being that 60,0% is the highest answer frequency identified in the interviews.

Giving a more in-depth reason for the answer to the question "The SDGs incorporated into your company's strategy are…", the interviewed companies pointed to themes similar to the Large Companies:

- 40,0% of the interviewed SMEs state that the choice of SDGs arises from elements that constitute the business' activity. This means the companies choose the SDGs according to their view and the association they make between their activities and the issues addressed by them;
- 30,0% state there was a mapping of the SDGs according to the strategy previously established by the company;
- 10,0% - Only states the choice was made according to listening to internal and/or external stakeholders.

Rank the following SDGs according to their importance to your company (part 1)
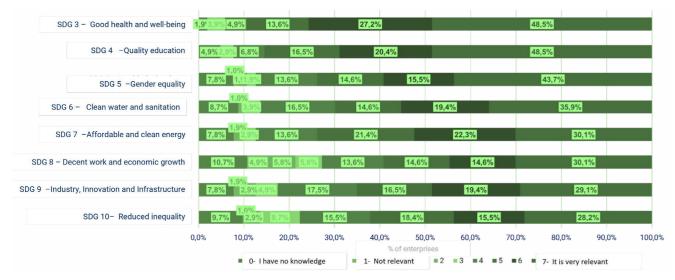
Figure 7.2. 23 - Rank the following SDGs according to their importance to your company (part 1)

Rank the following SDGs according to their importance to your company (part 2)
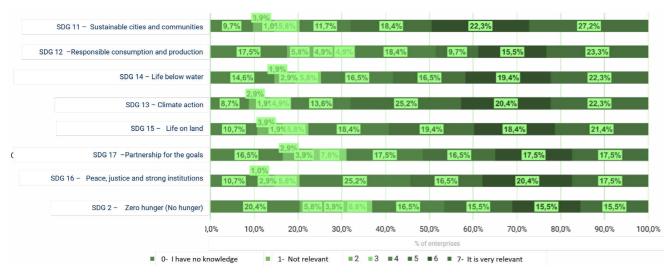
Figure 7.2. 24 - Rank the following SDGs according to their importance to your company (part 2)

When asked about the importance each SDG has for their company (on a scale of 1 to 7), the companies opted for different SDGs, mentioning SDG#3, SDG#4, SDG#5, and SDG#6 as the most important.

Relationship with stakeholders

How would you describe your relationship with the stakeholders for the 2030 Agenda?

Figure 7.2. 25 - How would you describe your relationship with the stakeholders for the 2030 Agenda?

Concerning the relationship with stakeholders for the 2030 Agenda, the SMEs show a great dispersity in their answers:

- 11,7% share dilemmas and reach collective goals with all the stakeholders, thus developing a close relationship with sharing decisions with their stakeholders;
- 29,1% of the companies involve the internal and external stakeholders in their policy of choice and implementation of SDGs, following the good practice of involvement of the different interested parties;
- 18,4% involve their internal stakeholders exclusively, and 2,9% involve their external stakeholders exclusively, which is a positive but less proactive strategy;
- 13,6% only inform their stakeholders about their SDG policy;
- 24,3% do not involve their stakeholders in their policy of choice and implementation of SDGs

Despite showing a less proactive attitude in involving the stakeholders than the Large Companies, the SMEs still show a close relationship with their stakeholders. There is, however, space to further develop their relationship, which is clear in the above question on the value creation for the stakeholders vs. shareholders.

Company culture, training, and taskforces
How would you describe your company culture?

Figure 7.2. 26 - How would you describe your company culture?
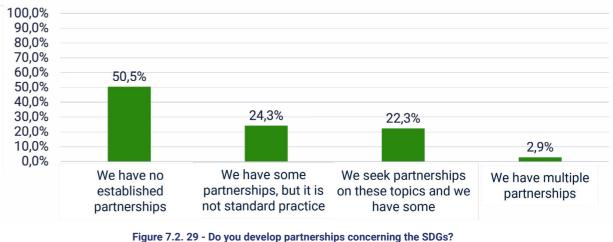
When asked how they live their company culture concerning the SDGs, 40,8% of the companies indicate it is important to live an SDG culture so that inspiring ideas are shared (an inferior rate compared to the Large Companies). 28,8% consider it important that their staff knows the SDGs for themselves, Making clear that one thing is to apply them in their lives and a different one is to apply them in the company context.19,4% indicate their organizational culture is orientated, knows the SDGs, and considers this a

motivation and productivity factor.

Only 11,7% consider not incorporating the SDGs into the company culture. Since business culture is a crucial factor in organizational change, one can conclude that Portuguese SMEs value SDGs in their culture. They seem to be relatively prepared for a more ambitious change on the road to sustainability, despite there still being a lot of room for action

Have you ever had a training session on the SDGs in your company?

Figure 7.2. 27 - Have you ever had a training session on the SDGs in your company?

Most companies (74,8%) have never had training sessions on the SDGs, 4,9% had one training session on the SDGs, and 14,6% had various sessions. 5,8% have no knowledge to answer the question. There is,

therefore, a long road to improvement with this training issue on the SMEs' part. This information aligns with the lowest SDG knowledge level shown by the SMEs, compared to the Large Companies.

Is there a group of ambassadors or a sustainability task force in the organization?
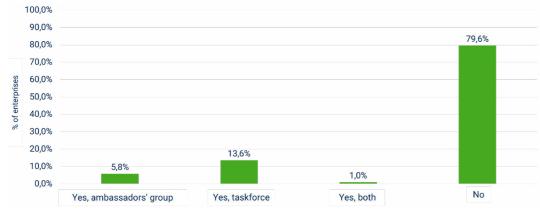
Figure 7.2. 28 - Is there a group of ambassadors or a sustainability task force in the organization?

Most companies (79,6%) report there are no such groups in the organization. 13,6% reports only having a sustainability task force. 5,8% reports only having a group of ambassadors. Only one company states they have both: a group of ambassadors and a sustainability task force.

This rate contrasts with the Large Companies' high percentage of taskforces and ambassadors. Thus, there is a great opportunity for the SMEs to explore these options to have bigger implementation of the SDGs in their strategy and operations.

Partnerships concerning the SDGs

Do you develop partnerships concerning the SDGs?

Figure 7.2. 29 - Do you develop partnerships concerning the SDGs?

Most companies (50,5%) have no established partnerships concerning the SDGs, while 24,3% have some partnerships, and 22,3% seek partnerships on these issues and have some. Only 2,9% of the companies report having multiple partnerships. Once again, the path ahead for SMEs on this issue may bring great opportunities concerning the SDG Agenda.

In answer to this question, the interviewed companies answered most frequently (40,0%) with the "Has some partnerships, but it is not a usual practice." 30,0% stated they "Seek partnerships on these issues and have some." In this way, one can see there is a practice of partnerships in these companies, despite an interviewed company (10,0%) having multiple partnerships and 2 companies (20,0%) having none.

% Answer to the 4 options	Frequency	% Companies
The company has no partnerships	2	20,0%
Has some partnerships, but it is not a usual practic	4	40,0%
Seeks partnerships on these issues and have some	3	30,0%
Has multiple partnerships	1	10,0%
TOTAL	10	100,0%

Table 7,2, 7 - Do you develop partnerships concerning the SDGs? (sample of 10 interviewed companies)

Giving more in-depth reasoning, which led each company to choose this option, 40,0% of the companies stated the importance of partnerships, saying that sustainability is a joint construction with stakeholders. The interviewed companies did not give more in-depth justification for developing partnerships but stated that

they are very important in sustainability issues. 40,0% stated that "Partnerships are important (20,0%) or "Partnerships are very important" (20,0%).

In the SDG partnerships you developed, which were your main partners?
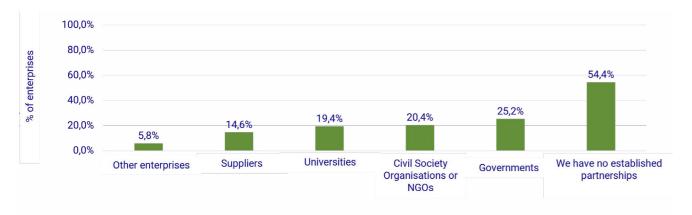
Figure 7.2. 30 - In the SDG partnerships you developed, which were your main partners?

When asked about the main partners concerning the SDGs, most companies (54,4%) indicate they have no established partnerships concerning this matter, which aligns itself with the previous answer. 25,2% indicate they have partnerships with other companies.

indicate they have partnerships with the Government, 20,4% with Civil Society Organizations or NGOs, 19,4% with Universities, and 14,6% indicate suppliers. 5,8% indicate they have partnerships with other companies.

Level of knowledge of the 169 targets

What is your level of knowledge of the 169 SDG Agenda targets?

Figure 7.2. 31 - What is your level of knowledge of the 169 SDG Agenda targets?

Most companies (69%) indicate they do not have or have little knowledge of the 169 SDG targets. 20,4% indicate they neither have much nor little knowledge, and only 10,7% indicate they have some knowledge or they know the 169 SDG targets. This low level of knowledge of the SDG targets represents an opportunity for improvement for the SMEs and is aligned with the profile of answers these companies gave concerning

the knowledge and training developed on the 2030 Agenda. It is also noteworthy that some interviewed companies mentioned that the interview was the first contact they had with the SDGs and researched about them (as a way of preparing for the interview), being this a first step in getting in touch with this Agenda.
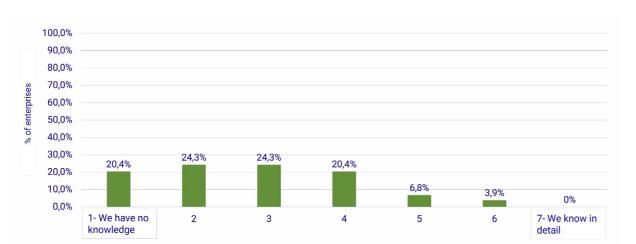
SDG Communication: Non-Financial Reports

Non-Financial Reports: kind, frequency, and reference to the SDGs

Only 11,7% of the SMEs publish Non-Financial Reports. This information aligns with the differences in legal obligations (current and foreseeable) for companies of small or large dimensions. Of these 12 companies (11,7%):

- 58,3% publish an Integrated Report, 16,7% publish a Sustainability Report, and 25,0% publish other kinds of reports;
- 91,7% publish their respective Report annually;
- 50,0% of companies refer the SDGs in their Non-Financial Reports.

What kind of Non-Financial Report does your company publish?

Figure 7.2. 32 - What kind of Non-Financial Report does your company publish?

How often is the Non-Financial Report published? (n=12)

Figure 7.2. 33 – How often is the Non-Financial Report published? (n=12)

Is there a reference to the SDGs in the Non-Financial Report? (n=12)
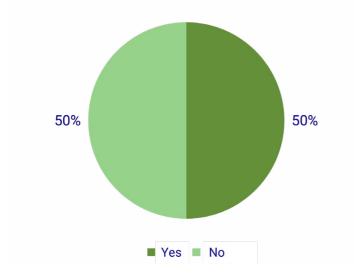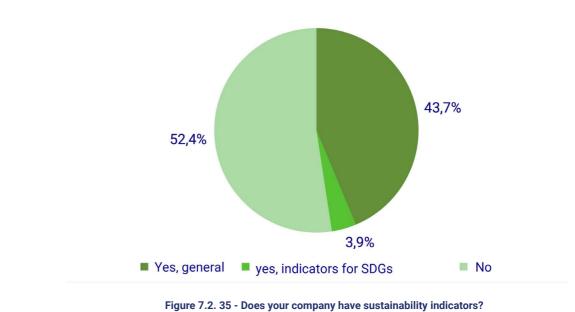
Figure 7.2. 34 - Is there a reference to the SDGs in the Non-Financial Report? (n=12)

Communicating the SDGs: sustainability indicators

Most companies (52,4%) do not have sustainability indicators, while 43,7% have general sustainability indicators. Only 3,9% have SDG indicators. Only 33,0% of companies report having sustainability indicators connected to the company's core business. The alignment between the sustainability indicators' and the company's core business is crucial for the company to progress in its sustainability policy and generate business cases, which is a very important opportunity for improvement for the Portuguese SMEs.

Does your company have sustainability indicators?

Figure 7.2. 35 - Does your company have sustainability indicators?

Are there sustainability indicators connected to your company's core business?
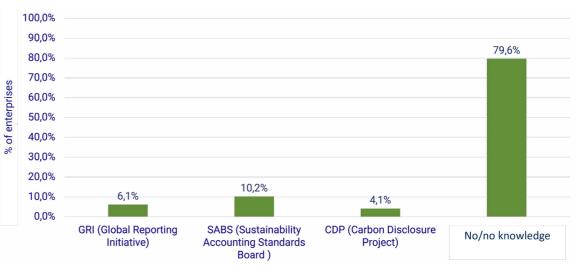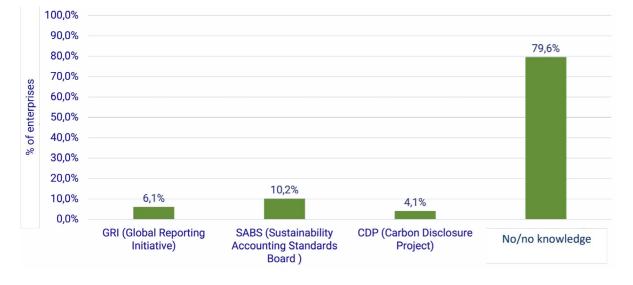
Figure 7.2. 36 - Are there sustainability indicators connected to your company's core business?

Are sustainability indicators standardized?

Figure 7.2. 37 - Are sustainability indicators standardized?

Most companies (79,6%) have no indicators or knowledge of indicator standardization. However, 10,2% indicate their sustainability indicators follow the SABS standard (Sustainability Accounting Standards Board), 6,1% indicate they follow the GRI standard (Global Reporting Initiative), and 4,1% indicate they follow the CDP standard (Carbon Disclosure Project).

SDG Communication: hierarchy, specificity, and cluster ranking

Does your company have an SDG hierarchy?
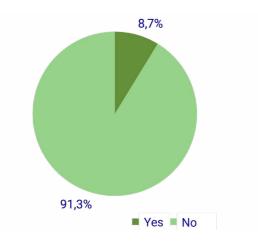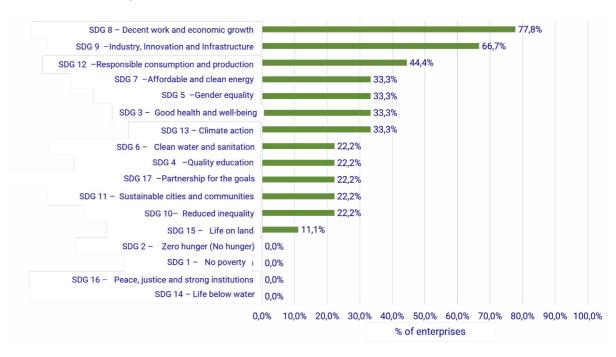
Figure 7.2. 38 - Does your company have an SDG hierarchy?

91,3% of the companies do not have an SDG hierarchy. The existence of an SDG hierarchy is often associated with a superior maturity in adopting SDGs, but this is not always the case. In the SMEs' case, as the adoption of the SDGs by companies is still incipient, they are not expected to develop these goals with a hierarchy.
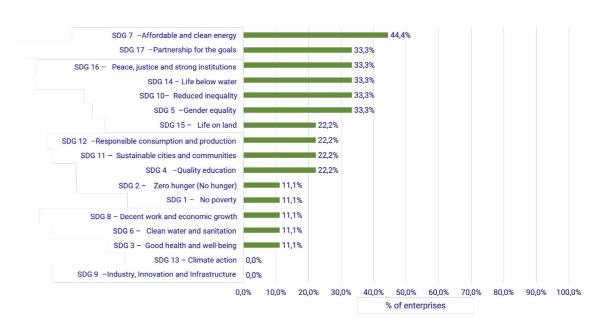
SDG Hierarchy

Figure 7.2. 39 – What are the primary SDGs? (n=9)

The 9 SMEs which indicated having an SDG ranking were asked about the primary and secondary SDGs.
As main SDGs:
- 77,8% of the companies indicate **SDG#8** – Decent Work and Economic Growth
- 66,7% indicate **SDG#9** – Industry, Innovation, and Infrastructure
- 44,4% indicate **SDG#12** – Responsible Consumption and Production
- **SDG#3** – Good Health, **SDG#5** – Gender Equality, **SDG#7** – Affordable and Clean Energy, and **SDG#13** – Climate Action, are indicated by 33,3% of the companies.

Figure 7.2. 40 – What are the primary SDGs? (n=9)

As secondary SDGs:

- 44,4% of the companies indicated **SDG#7** – Affordable and Clean Energy
- **SDG#17** – Partnerships for the Goals, **SDG#16** – Peace, Justice and Strong Institutions, **SDG#14** – Protect Life Below Water, **SDG#10** – Reduced Inequalities, and **SDG#5** – Gender Equality are indicated by 33,3% of the companies.

SDG communication: hierarchy, specificity, and cluster ranking
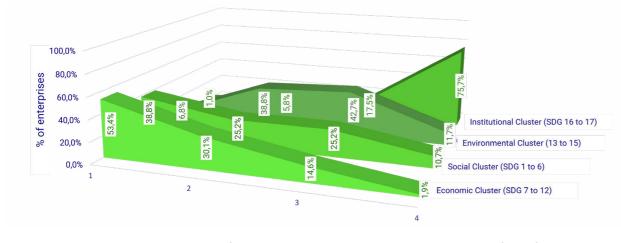
Figure 7.2. 41 – Establish a ranking from 1 to 4, where 1 is the most relevant and 4 the least, for the following SDG clusters and their importance for your company

In order to establish a ranking between the economic, social, environmental, and institutional clusters, the companies had to rank these 4 clusters according to their importance. 53,4% of the companies indicate Economic Cluster (SDG #7 to #12) as the most relevant for their company; the Social Cluster (SDG #1 to #6) is pointed out as second most relevant by 25,2% of the companies; the Environmental Cluster (SDG #13 to #15) is pointed out as the third most relevant by 42,7% of the companies; lastly, the Institutional Cluster (SDG #16 and #17) is indicated as the least relevant (in fourth place) by 75,7% of the companies.

Communication points
Is there a reference to…

Figure 7.2. 42 - Is there a reference to…

When asked about their website, almost half of the companies (49,5%) indicate they make general reference to sustainability, 1,9% indicate they refer to the SDGs, and 48,5% do not refer to sustainability. 55,3% of the companies indicate they make general reference to sustainability in their products or services, 1,0% indicate they refer the SDGs, and 43,7% make no reference to sustainability at all.

When asked about their CEO's message, 31,1% of the companies indicate a general reference to sustainability, 1,9% indicate a reference to the SDGs, and 67,0% indicate no reference to sustainability at all.

Other sustainability ambitions

What other sustainability ambitions are there in your company?

Figure 7.2. 43 - What other sustainability ambitions are there in your company?

When asked about other sustainability ambitions, most companies indicate the ambition to be a Resilient Economy (50,5%). 35,0% indicate "We/Sharing Economy," 29,1% indicate "Net Positive," and 26,2% indicate "Shared Value".

Only 14,6% indicate ESG criteria, 11,7% Circularity, 8,7% Inclusive Economy, and 6,8% Regenerative Economy. This answer is quite different from the Large Companies' answer, which highlights the ESG and Circularity languages, which are less relevant in the SMEs' case.

What are the main motivations and obstacles for adopting the SDGs

Motivation for adopting the SDGs

How important are the following items for your company's motivation for adopting the SDGs? (part 1)
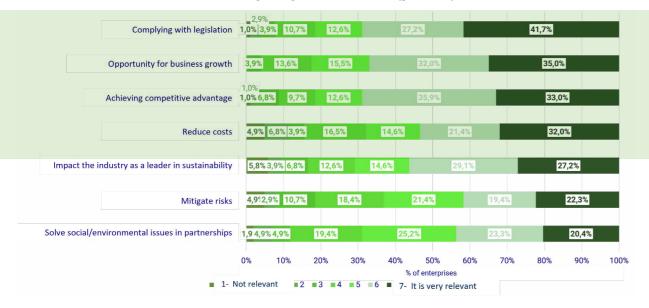
Figure 7.2. 44 - How important are the following items for your company's motivation for adopting the SDGs? (part 1)

How important are the following items for your company's motivation for adopting the SDGs? (part 2)
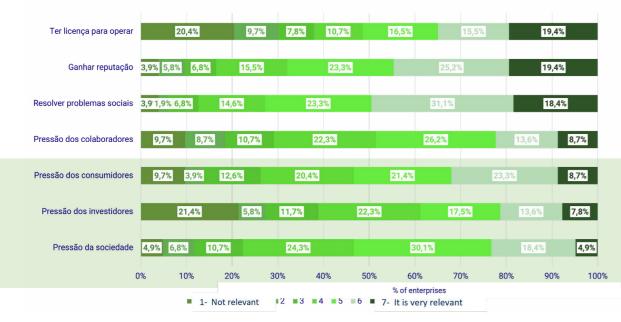
Figure 7.2. 45 - How important are the following items for your company's motivation for adopting the SDGs? (part 2)

The following motivations were most frequently pointed out as "very important" for adopting the SDGs:

- Complying with legislation (41,7%)
- Opportunity for business growth (35,0%)
- Gaining competitive advantage (33,0%)
- Reducing costs (32,0%)
- Having an impact on the industry as a leader in sustainability (27,2%)

All these motivations scored 7 on the indicated percentage. With the most chosen motivations by the SMEs, it is possible to see that their motivation is both reactive (complying with legislation and reducing costs), as active (opportunity for business growth and gaining competitive advantage), and proactive (having an impact on the industry as a leader in sustainability).

It is also interesting to notice that (as in the case of Large Companies) external pressure from stakeholders and the need to gain a reputation or have a license to operate are less motivating for Portuguese SMEs. Therefore, it appears that the main motivations associated with adopting the SDGs are mostly active and proactive.

In the universe of interviewed companies, the most relevant motivations are "having an impact on the industry as a leader in sustainability" (50,0% of the companies state it is a very important motivation) and "opportunity for business growth" (40,0% of the companies state it is a very important motivation), slightly different from the group of 103 SMEs which answered the questionnaire.

However, three of the motivations were pointed out most frequently as being "very important": "having an impact on the industry as a leader in sustainability," an opportunity for business growth," and "gaining competitive advantage." These are identical to those shown by the 103 Small and Medium-Sized Companies group.

How important are the following items for your company's motivation for adopting the SDGs?

Figure 7.2.46 – **How important are the following items for your company's motivation for adopting the SDGs?**

By giving more in-depth reasons for the motivations shown, the interviewed companies pointed out the following consolidated themes:

Question 5	Frequency	% Companies
A. Company position on the value chain	3	30,0%
B. Transformative view of the future	3	30,0%
C. Company cost structure	1	10,0%
D. Business opportunity	3	30,0%
E. Relationship with the stakeholders	3	30,0%
F. Licence to operate	3	30,0%
G. Strategic Positioning (including quoted themes: being a leader, competitive advantage, etc.)	6	60,0%
TOTAL	22	220,0%

Table 7.2. 8 – Consolidated themes which justify the answer to the question, "How important are the following items for your company's motivation for adopting the SDGs?"

We can see that 60% of the companies identify "Strategic Positioning" as the main motivation for involvement with the SDG agenda, highlighting the ambition/intention of being market leaders, having the first-mover advantage, and of this involvement as a differentiation point and competitive advantage.

As in the group of interviewed Large Companies, these companies show that Licence to operate, Relationship with Stakeholders, Business opportunity, and Company position on the value chain (directly related to the nature of the business' activity), as reasons for

the motivation for the alignment with the SDGs. One of the companies (although, as seen, not representative of the majority) mentioned, "According to the current context, client pressure and cost reduction are our main factors/criteria for making decisions".

A group of 3 companies also point to "a transformative vision of the future, associated with the opportunity for sustainable innovation" as a strong motivation for involvement or adoption of the SDGs.

If you had to choose between the two spectrums of option, which would you choose as your main motivation factor for sustainability?
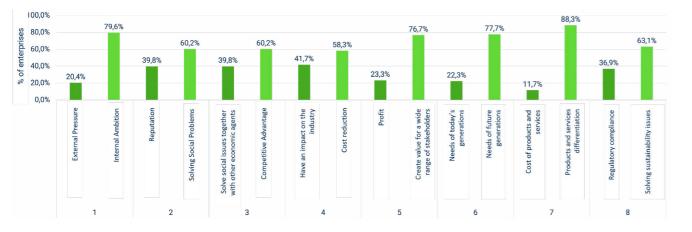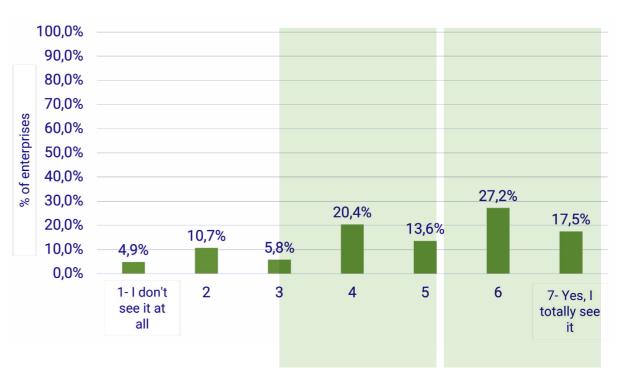
Figure 7.2. 47 - If you had to choose between the two spectrums of option, which would you choose as your main motivation factor for sustainability?

Of the presented dichotomies, in which the companies had to choose between two sides of the spectrum, the most consensual options are:
- The differentiation between products and services (88,3%) vs. costs of products and services (11,7%)
- Internal ambition (79,6%) vs. external pressure (20,4%)
- Future generations' needs (77,7%) vs. current generations' needs (22,3%)
- Creation of value for a wider group of stakeholders (76,7%) vs. profit (23,3%)

The companies have a greater level of dispersion in the following dichotomies:
- Having an impact on the industry vs. cost reduction
- Reputation vs. Solving social problems
- Solving social problems jointly vs. competitive advantage

Do you see the SDGs as a business opportunity?

Figure 7.2. 48 - Do you see the SDGs as a business opportunity?

Most companies see the SDGs as a business opportunity (58,3%= 17,5% + 27,2% + 13,6%), despite this number being inferior to the one seen with the Large Companies.
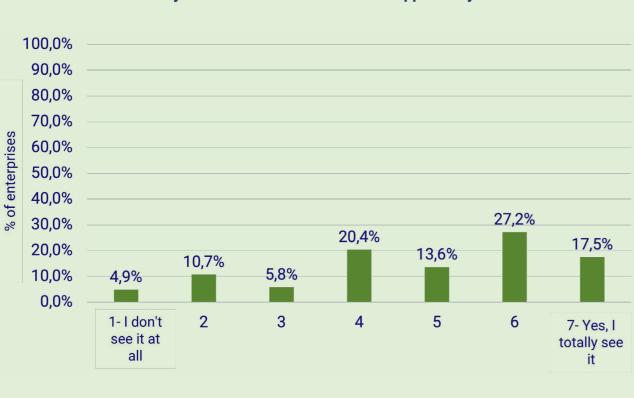
Only about 4,9% do not see the SDGs as a business opportunity at all; 16,5% of the companies also see the SDGs as a small opportunity for business, using the ranking score 2 or 3.

In the interviews, 20,0% of the companies ranked the business opportunity with the highest score – 7. Only 10,0% of the companies ranked the business opportunity with an equal or inferior score of 3. 70,0% of the companies see the SDGs as a business opportunity, ranking them with equal or superior scores of 5, a score superior to the 103 SMEs' questionnaire.

Do you see the SDGs as a business opportunity?

Figure 7.2. 49 - Do you see the SDGs as a business opportunity? (Interviewed SMEs)

Giving a more in-depth reason for the answer to the question which led each company to choose this option, the following themes are shown:
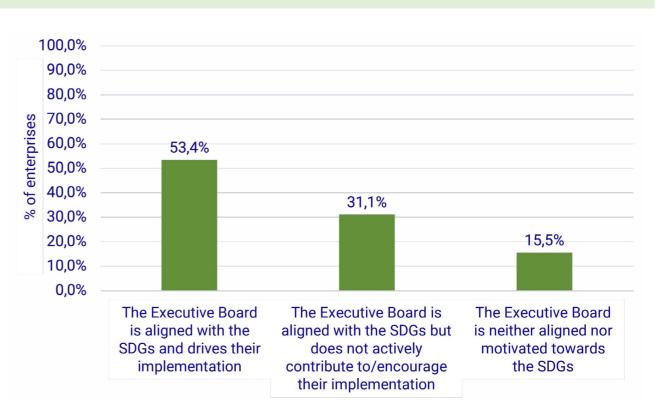
CONSOLIDATED THEMES	Frequency	% Companies
A. Sustainability as a strategic priority	2	20,0%
B. Advancing the financial system, regulation, or license to operate makes this priority more important	1	10,0%
C. Sustainable projects turn into business opportunities (circular economy, renewable energies, water, technology, agricultural management themes, etc.)	2	20,0%
D. Sustainability as an undeniable business opportunity in the future	3	30,0%
E. There is a business opportunity, but it is not completely developed by the company	1	10,0%
F. Opportunity for understanding global international goals	1	10,0%
G. Sustainability as responsibility	3	30,0%
H. The company does not see it as a business opportunity	1	10,0%

Table 7.2. 9 – Consolidated themes which justify the answer to the question "Do you see the SDGs as a business opportunity?"

About 30,0% of the companies see "Sustainability as an undeniable business opportunity in the future", showing that the SMEs associate sustainability with their business and future success. 20,0% also consider Sustainability "as a strategic priority".

Interestingly, and something not seen in the Large Companies, 30% of the SMEs associate sustainability with a "responsibility" in society. Some companies (20%) also see their sustainable projects as business opportunities. Some examples are circular economy projects, renewable energies, water, technology and agricultural management themes, etc.

Only one company (10,0%) does not see the SDGs as a business opportunity.

Figure 7.2. 50 – What is the CEO or Executive Commission's main motivation for the SDG Agenda?

Most companies (53,4%) state that their CEO/Executive Commission are aligned with and motivate the implementation of the SDG agenda. 15,5% of the Executive Commission is not aligned and about a third (31,1%) state that, although aligned, the Executive Commission does not motivate its implementation.

When asked about the alignment of the Executive Commission with Sustainability and/or the SDGs, 60,0% of the interviewed SMEs stated that there is alignment and that the Executive Commission contributes toward the implementation of the SDGs' agenda.

20,0% state the Executive Commission is aligned but does not contribute toward the implementation of the

Agenda ,and in 20,0% of the companies, there is no alignment or incentives towards this.

This issue was pursued during the interview by asking: "Which factor triggered your involvement with sustainability and the SDGs?".

Question 7	Frequency	% Companies
B. Alignment of the SDGs with creating profit	2	20,0%
C. Strategic Change	2	10,0%
D. Change of Mindset		
D.1. Change of Top-down Mindset	1	10,0%
D.2. Change of External Mindset (according to sustainability's movement and/or stakeholder pressure)	4	40,0%
E. It is a part of the Company's	3	30,0%

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Table 7.2. 10 – Consolidated themes which justify the answer to the question "What is the CEO or Executive Commission's main motivation for the SDG Agenda?"

</div>

40,0% state that involvement with sustainability was influenced by a change in the external mindset. That means the rise of the debate around sustainability issues started a movement that favored the incorporation of sustainability in companies' operations and strategy. This culminated in a different viewpoint for stakeholders on the company's role and responsibilities and the appearance of new demands. 30,0% state sustainability is a part of the company's

DNA; in other words, it is intrinsically associated with its identity.

20,0% state there was a strategic change. 20,0% also state that the SDGs are only "taken into account" when there is a clear association with financial benefits.

Motivation for adopting the SDGs – departments, and employees

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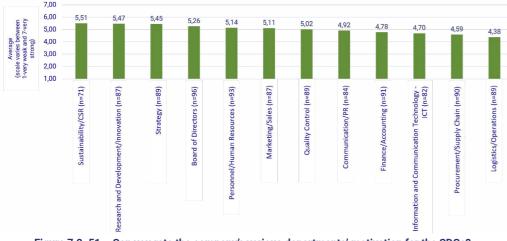
Figure 7.2. 51 – Can you rate the company's various departments' motivation for the SDGs?

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When asked about the different departments' motivation for sustainability, the companies mentioned that the most motivated departments to adopt the SDGs are:
- Sustainability departments (average=5.51)
- Research and development/Innovation (average=5.47)
- Strategy (average=5.45)
- Administration Councils (average=5.26)

These departments show average rates that indicate strong motivation (close to 5 or 6) for the SDGs. The least motivated departments are Logistics and Procurement (not coinciding with the Large Companies).

In the interviews, the department indicated as having the most prominent motivation for this theme was the Strategy department (average=5,7). The companies' answers by departments were evaluated based on

the average of all the answers given by the companies on the Questionnaire. With the Large Companies, the department indicated as having the most prominent motivation for the SDGs was the Sustainability department. One of the reasons for this difference may be that the SMEs do not have a Sustainability department (which, in this case, only comes up in seventh place and with a score lower than 4).

The scores for this answer were generally low, which shows that there is not much alignment between the various departments of these companies with the SDGs. For the 10 interviewed SMEs, the most aligned departments are Strategy (average=5,7), followed by Marketing (average=5,2), Research and Development (average=5,2), and Administration Council (average=5,0). The departments least motivated for the SDGs are Information technologies (average=3,1) and Logistics (average=3,7).

<div align="center">

Figure 7.2. 52 - Can you rate the company's various departments' motivation for the SDGs?

</div>

Giving more in-depth reasons that led each company to choose this option, the following themes are made clear:

CONSOLIDATED THEMES	Frequency	% Companies
A. The distinction is related to the different levels of motivation and knowledge in the different departments 3 50,0%	3	50,0%
B. Quality Department more aligned due to certifications 1 16,7%	1	16,7%
C. The distinction is due to leadership 1 16,7%	1	16,7%
D. Lack of general knowledge 1 16,7%	1	16,7%
TOTAL	6	100,0%

Table 7.2. 11 – Consolidated themes which justify the answer to the question, "Can you rate the company's various departments' motivation for the SDGs?"

The reasons most mentioned by the companies for their motivation and bigger or smaller alignment with the SDGs. 50% of the companies which answered this question state that the different motivations are related to "different levels of motivation and knowledge of the different departments"; in other words, departments with greater knowledge of the SDGs are also more motivated for the implementation of the goals.

It is also noteworthy that, although this question has a low level of answers (sometimes the question was not applicable when the SDGs are not yet relevant in the operations or because these companies, given their size, are not divided into that many departments) is the fact that the companies mention that the alignments of the departments with the SDGs, and respective motivation, is related to the company's leadership. Low levels of alignment are related to a lack of general knowledge.

What is the degree of company employees' motivation for...
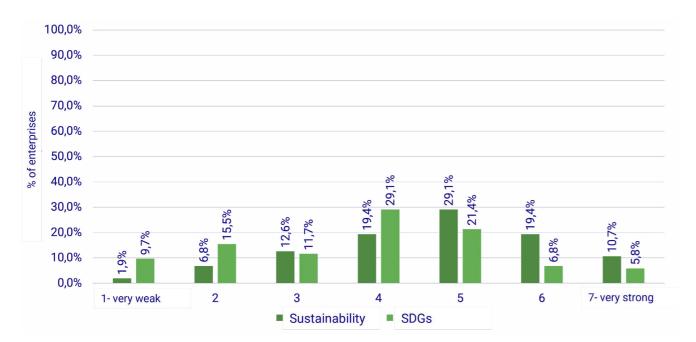
Figure 7.2. 53 - What is the degree of company employees' motivation for...

The companies state that their employees are more motivated for sustainability than for the SDGs, precisely what was seen with the Large Companies.

59,2% (29,1% + 19,4% +10,7%) of the companies state that their employees are motivated to strongly motivated for the themes of sustainability, while 34,0% (21,4% + 6,8% + 5,8%) answered their employees would be motivated to strongly motivated for the SDGs. There is, in this sense, an opportunity for the SMEs to work more on this agenda and their awareness with their employees.

SDGs and organizational decisions
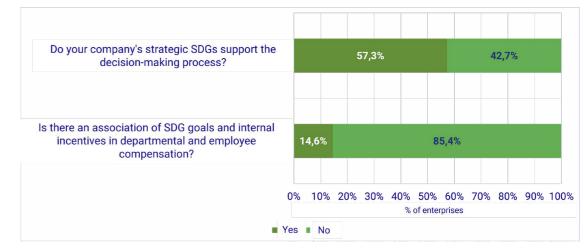
Figure 7.2 54 – Do your company's strategic SDGs serve as support in the process of decision-making? / Is there an association of SDG goals with internal incentives in department and employee compensation?

Most SMEs (57,3%) point out that the strategic SDGs serve as a basis for making decisions; however, only 14,6% align the SDG goals with internal incentives in department and employee compensation. This alignment is crucial for the company to associate its employees' incentives with their strategic goals. To conclude, SMEs have a long road ahead concerning this topic.

Company strategy
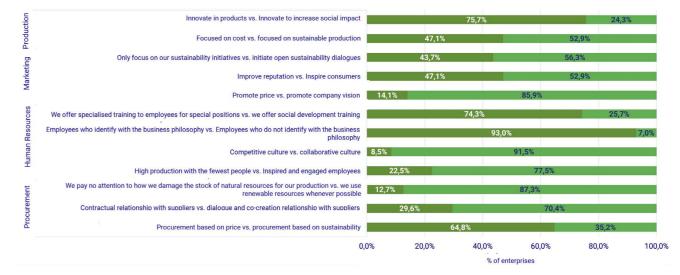
Figure 7.2. 55 – What best describes the strategy of... [point to where you place yourself on the two sides of the spectrum]

Obstacles to implementing the SDGs

Figure 7.2. 56 – Which of the following options is the most valid for your company?

Most SMEs show knowledge on how to develop sustainability and/or the SDGs, despite not operationalizing:

- 24,3% indicate they know how to act on sustainability/SDGs and are operationalizing
- 26,2% indicate they know how to act on sustainability/SDGs but are not yet operationalizing
- 22,3% indicate they know how to develop sustainability but not the SDGs
- 9,7% of the companies consider they do not know how and where to start on developing sustainability and
- 17,5% indicate they do not know how and where to start developing the SDGs.
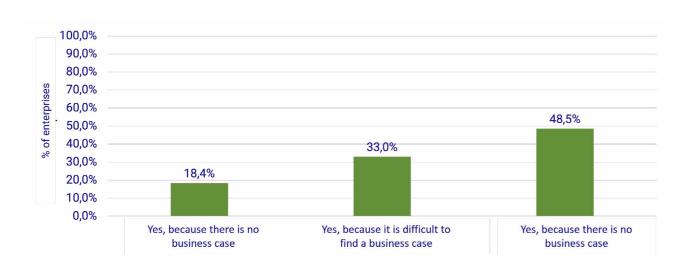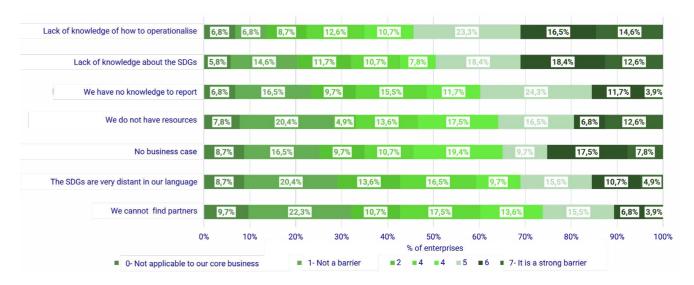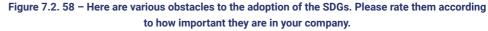
Figure 7.2. 57 – Choose the option which you consider makes more sense to you, considering the following statement: "The lack of business case is an obstacle for us not to implement the SDGs further."

About half of the companies (48,5%) do not consider the lack of a business case to be an obstacle to implementing the SDGs. However, a third of the companies consider finding a business case challenging. Furthermore, 18,4% agree that the lack of a business case is an obstacle when there is no business case.

Figure 7.2. 58 – Here are various obstacles to the adoption of the SDGs. Please rate them according to how important they are in your company.

When asked about the obstacles to adopting the SDGs, most companies (54,4%) pointed out the "lack of knowledge in operationalizing" as a strong obstacle. Followed by the "lack of knowledge on the SDGs" (indicated by 49,4% of the companies) and "we have no knowledge to report" (pointed out as an obstacle or strong obstacle by 39,9% of the companies).

The fact that they do not have partners, that the SDGs are far away from corporate language, and that they do not see a business case were the obstacles least mentioned as important by the SMEs. Contrary to the Large Companies, the SMEs see the lack of resources as an obstacle.

It is also relevant to note that, in this group of companies, all generally gave a higher score/value to the obstacles presented than the Large Companies. It can be concluded that there are more obstacles for the SMS in implementing the SDGs than for the Large Companies.

Of the 37 companies which answered the question "Would you like to add another obstacle?", 10,81% make clear a lack of specialized support and training offered for the SMEs. In addition, one company mentioned the difficulty in quantifying the impact of adopting the SDGs.

Concerning the interviews with the SMEs, the "lack of knowledge on how to operationalize" appeared as an obstacle or a strong obstacle by many companies (70,0%), similar to the questionnaires. "Obstacle" refers to scores 5 and 6 on the scale, while "strong obstacle" refers to score 7.

Following on, "we do not have resources" is pointed out as an obstacle or a strong obstacle by 60,0% of the companies, and "lack of knowledge on the SDGs" was indicated by 50,0% of the companies.

Thus, there is a great need for the SMEs to broaden their knowledge of the SDGs.

Here are various obstacles to the adoption of the SDGs. Please rate them according to how important they are in your company.
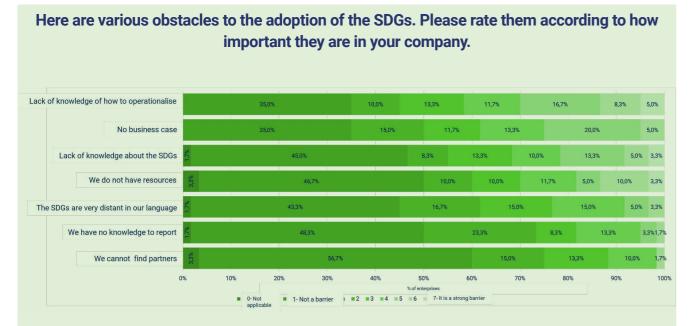
Figure 7.2. 59 – Here are various obstacles to the adoption of the SDGs. Please rate them according to how important they are in your company.

The SMEs were asked what might help them progress with implementing the 2030 Agenda. The following themes were identified concerning this question:
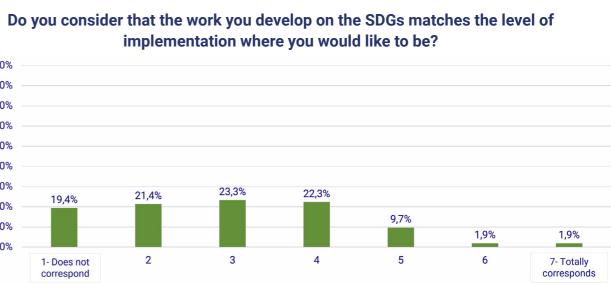
Question 9	Frequency	% Companies
A. Difficulty in applying the SDG Language to a business level	**1**	**10,0%**
B. Lack of Resources	**6**	**60,0%**
C. Awareness for the SDG Agenda	**4**	**40,0%**
D. Greater clarity on reporting methodologies	**1**	10,0%
E. Lack of knowledge on SDGs by employees	**1**	**10,0%**
F. Lack of knowledge on how to operationalize	**2**	**20,0%**
G. Difficulty in identifying/expressing the Business case	**1**	**10,0%**
H. Lack of Knowledge Sharing (Sharing/training)	**4**	**40,0%**
I. Lack of guidance for help with implementation	**3**	**30,0%**

Table 7.2. 12 – Consolidated themes which justify the answer to the question "Here are various obstacles for the adoption of the SDGs. Please rate them according to how important they are in your company."

- 60,0% of the companies state there is a lack of resources to progress with the Agenda;
- 40,0% point out the need for awareness concerning the SDGs;
- 40,0% feel the need for more sharing of information inside the SME universe and would like more access to case studies, training, benchmarks and/or networking with peers in order to facilitate the exchange of information between companies;
- 30,0% identify the lack of a guideline or external support to help the companies in this part to materialize this Agenda.

Implementing the SDGs and their impacts on the context

Level of implementation

Do you consider that the work you develop on the SDGs matches the level of implementation where you would like to be?
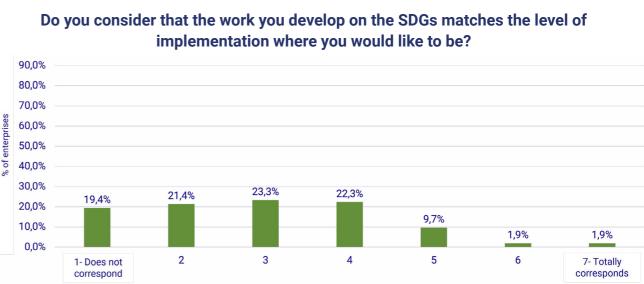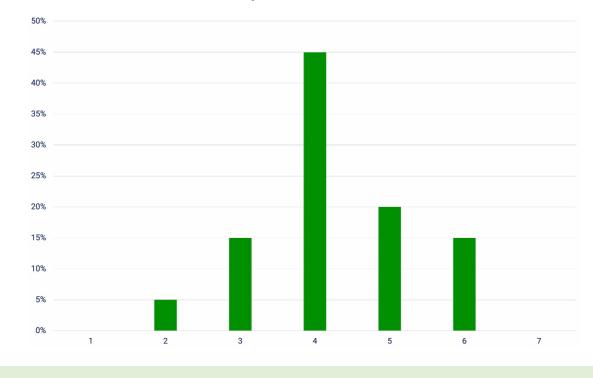
Figure 7.2. 60 - Do you consider that the work you develop on the SDGs matches the level of implementation where you would like to be?

Most companies consider the work they develop on the SDGs to be far from the level where they would like to be (64,1%=19,4% + 21,4% + 23,3%). It is also noteworthy that 22,3% of the companies show themselves to be at an intermediate level on this issue and that only 13,5% (9,7% + 1,9% + 1,9%) consider their level of implementation is close or very close to the level of implementation where they would like to be.

On this answer, there is a difference compared to the Large Companies, which are closer to the level of implementation where they would like to be.

Concerning the interviews, most companies mention they are clearly below the level where they would like to be. In this case, 100% of the companies consider they are at an equal or lower level of 4. None of the companies consider that their level of implementation "completely matches" the level of implementation where they would like to be, nor does any of them position themselves on an equal or superior level of 5. This data, therefore, shows there is still a long road ahead for the SMEs concerning the level of implementation of the SDGs.

When we asked you if the work you develop on the SDGs matches the level of implementation where you would like to be...

Figure 7.2. 61 - When we asked you if the work you develop on the SDGs matches the level of implementation where you would like to be...

Developing the reasons which led each company to choose this option, the companies mentioned that the main reasons for being far from the level "where they would like to be" are the need for better dissemination of the SDG culture throughout the whole organization and operationalizing the SDGs, as well as start more partnerships and work with stakeholders. On the first point, the companies mentioned that guaranteeing the integration between departments and better operationalization of the SDGs in operations were important points to progress with this agenda. Concerning the development of partnerships, it is crucial, mainly considering these companies' small size.

"Not having enough resources" was also pointed out as

a reason for the gap, and "Increasing knowledge on the SDGs" (many companies still did not know the 2030 Agenda) and "improve communication" were other points mentioned by the companies to promote an approximation to their ambition of executing the SDGs. The SMEs mentioned at different times the need to share good practices to better operationalize the SDGs in their strategies and operations.

Positive impacts, decision-making, and Non-Financial Report

In what way are your company's positive social/environmental impacts taken into account in decision-making and choosing the SDGs?
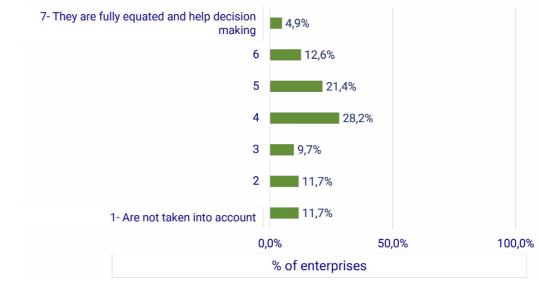
Figure 7.2. 62 - In what way are your company's positive social/environmental impacts taken into account in decision-making and choosing the SDGs?

In what ways are the company's positive social/environmental impacts taken into account in your company's Non-Financial Report?
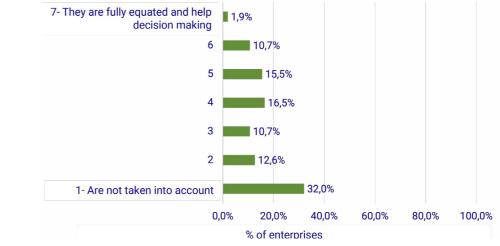
Figure 7.2. 63 - In what ways are the company's positive social/environmental impacts taken into account in your company's Non-Financial Report?

The company's positive social/environmental impacts are taken partly or totally into account by 38,9% of the companies in choosing the SDGs and by 28,1% of the companies in the Non-Financial Report. 32,0% do not take the company's positive social/environmental

impacts into account in their Non-Financal Report, nor 11,7% in the decision-making process. The Large Companies consider the positive impacts more than the SMEs in their decision-making and Non-Financial Report.

Negative impacts, decision-making, and Non-Financial Report

In what ways are the company's negative social/environmental impacts taken into account in the process of decision-making and choosing the SDGs?
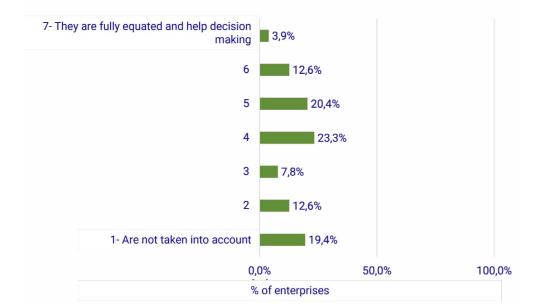
Figure 7.2. 64 - In what ways are the company's negative social/environmental impacts taken into account in the process of decision-making and choosing the SDGs?

In what ways are the company's negative social/environmental impacts taken into account in the company's Non-Financial Report?
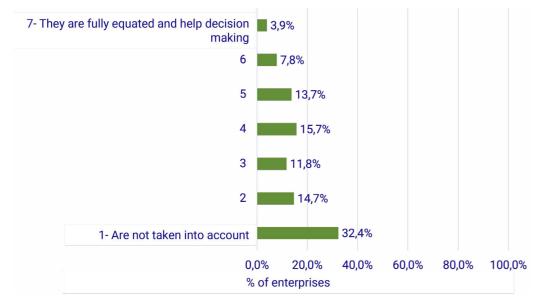
Figure 7.2. 65 - In what way are the company's negative social/environmental impacts taken into account in the company's Non-Financial Report?

The company's negative social/environmental impacts are partly or totally taken into account by 36,9% of the companies in choosing the SDGs and by only 25,5% of the companies in their Non-Financial Report, which does not differ substantially when compared to the positive impacts. These rates are, however, quite inferior to the ones seen with the Large Companies.

References to spillovers in the Non-Financial Report

Is there a reference to the connection between the SDGs and negative and positive spillovers communicated by the company and/or in its Non-Financial Report?
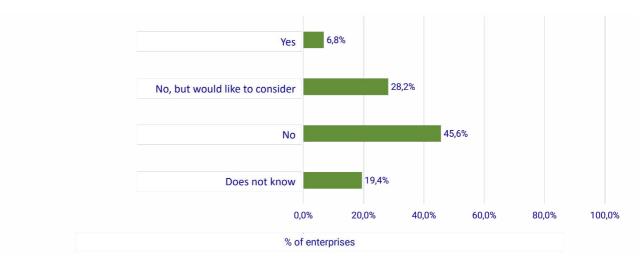
Figure 7.2. 66 - Is there a reference to the connection between the SDGs and negative and positive spillovers communicated by the company and/or in its Non-Financial Report?

45,6% of the companies state they made no reference to or communicated the connection between the SDGs and negative and positive spillovers, although 28,2% would like to consider it. Only 6,8% of the companies declare they make a reference to or communicate the connection between the SDGs and negative and positive spillovers in their Non-Financial Report, with a connection to the SDGs. Considering that the SDGs are closely related, this issue is very relevant. The fact that most companies do not communicate the positive and negative impacts (but 28,2% would like to consider it) presents great potential for progress.

Choice of SDGs
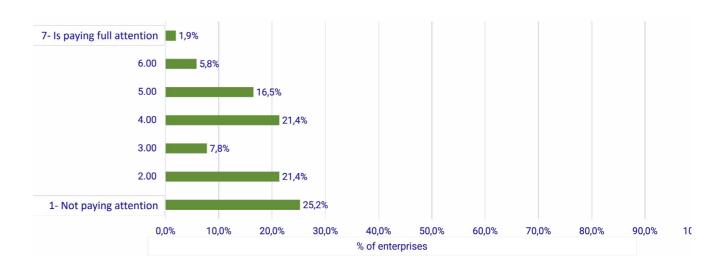
Figure 7.2. 67 – Does the company's choice of SDGs consider the SDGs' level of development in the most important geographies where it operates?

Concerning the choosing process of the SDGs, most companies (54,4%=25,2% + 21,4% + 7,8%) state they do not pay or pay little attention to the level of development of the SDGs in the most important geographies where it operates for choosing their SDGs. Only two companies (1,9%) pay complete attention to this factor. The SMEs, therefore, show they do not value this point in choosing their strategic SDGs.

- We have chosen the ones that are easiest for us to achieve
- We are aware of what we can do with our internal resources because the contribution to the SDGs depends on our internal capacity
- We first consider the social context in which we operate and then choose the strategic SDGs that most need our contribution

Figure 7.2. 68 – When we consider the most important SDGs for our company…

Concerning the process of choosing the SDGs, most companies (64,1%) indicate that "We take into account what we can do with our internal resources, seeing as the contribution for the SDGs depends on our internal capacity" and 20,4% indicated that "We first consider the social context of which we are a part, and then choose the strategic SDGs which most need our contribution." The Large Companies show a more proactive attitude on this issue, opting more to consider the social context of which they are a part. Yet, the latter more proactive attitude can be developed by the Portuguese business fabric (by SMEs and Large Companies) if it aims to significantly impact Portuguese society.

Knowledge of strategic SDGs for Portugal

Do you know the strategic SDGs for Portugal?
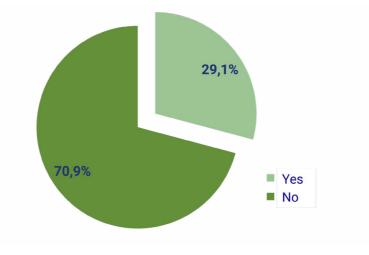
Figure 7.2. 69 - Do you know the strategic SDGs for Portugal?

Lastly, only 29,1% of the companies stated they are aware of the strategic SDGs for Portugal, compared to 70% in the large companies.

7.3 Large Companies – Cluster Analyses

The 60 large companies were objects of cluster analysis. This analysis's main goal is to rank the sample companies into differentiated groups so that, in each group, belong companies with identical characteristics that differ from the remaining groups.

Three groups of clusters were obtained with the analyzed data. The chosen variables so that the companies were grouped into different clusters can be seen in Table 7.3.1, in the first column, "variables being analyzed." Although with different ambitions and differentiated behaviors concerning the SDGs, none of the companies was yet at an "advanced" level of adoption and incorporation of the 2030 Agenda in their strategy and operations, "Cluster 1 – SDG Leader" was also created. Although it does not yet include any sample companies, it shows the level of ambition these companies may aspire to in the future.

The clusters were named in the following way, according to the behavior which characterizes them:

- Cluster 1 – SDG Leader;
- Cluster 2 – SDG Engaged, with 38 companies, from a total of 60;
- Cluster 3 – SDG Aware, with 16 companies, from a total of 60;
- Cluster 4 – Shareholder Aware, with 7 companies, from a total of 60.

**SDG leader
(n = 0)**

The SDG Leader company is intrinsically motivated by the SDGs. It sees the SDGs as a strategic opportunity for creating value for all stakeholders, as it makes its decisions according to its main strategic SDGs. These serve as a starting point for defining their strategy.

**SDG engaged
(n = 37)**

The SDG Engaged company is turned towards sustainability, focusing on aligning its strategy with implementing the SDGs. These companies' strategy is not yet entirely set according to the SDGs, and the latter does not completely guide the former's activity.

**SDG aware
(n = 16)**

The SDG Aware company is trained for sustainability's strategic importance. However, it has some difficulty in operationalizing the SDGs and involving them in their decision-making.

**Shareholder aware
(n = 7)**

The Shareholder Aware company understands it is challenging to find opportunities and/or conditions for implementing the SDGs and states that what best describes their company's general strategy is creating value for shareholders.

Figura 7.3.1

analysed variables		Cluster 1 SDG Leader (n=0)	Cluster 2 (n=37)	Cluster 3 (n=16)	Cluster 4 (n=7)	
My company sees sustainability as:	Risk mitigation		0,0%	0,0%	14,3%	
	Maybe Positive		0,0%	0,0%	28,6%	χ2 (2)= 50,476***
	Strategic opportunity	X	100,0%	100,0%	57,1%	
Which best describes your company's overall strategy?	Value creation for shareholders (profit)		0,0%	0,0%	85,7%	χ2 (2)= 23,910***
	Value creation for stakeholders	X	100,0%	100,0%	14,3%	
"The lack of business case (cost-profit ratio) is a barrier to us not implementing more SDGs"	Yes	X	100,0%	0,0%	42,9%	χ2 (2)= 52,286***
	No		0,0%	100,0%	57,1%	
"The lack of business case (cost-profit ratio) is a barrier to us not implementing more SDGs"	Yes, because there is no business case		0,0%	6,3%	0,0%	
	Yes, because it is difficult to find a business case		29,7%	31,3%	57,1%	ns
	No, it is not a barrier	X	70,3%	62,5%	42,9%	
How are the SDGs incorporated into your company's strategy?	They are not incorporated		0,0%	0,0%	14,3%	
	We have chosen some that we consider to be part of the sustainability policy and which are worked on by this department		8,1%	12,5%	28,6%	
	We have chosen some that are aligned with our strategy and are part of our core business		64,9%	87,5%	42,9%	χ2 (6)= 15,809**
	We have defined our strategy in accordance with the SDGs and their ambitions and these guide our activity	X	27,0%	0,0%	14,3%	
Do you see the SDGs as a business opportunity?	1- I do not see at all 7- Yes, I see totally	7	M= 6,03; DP=1,04	M= 5,31; DP=1,13	M=5,00; DP=1,83	F(2,57)= 3,552**

Table 7.3.1 – Chosen variables for cluster creation

In the following pages, the three clusters which characterize the 60 companies being studied will be described in detail.

SDG Engaged

Company characterization:

- Mainly non-family capital (75,7%)
- Legal structure: mainly public limited companies (83,8%), but also limited companies (10,8%), professional companies (2,7%), and public entities (2,7%)
- 48,6% of the companies are listed on the stock exchange

Behaviour

100% see sustainability as a strategic opportunity

100% describe the strategy as "creating value for stakeholders."

64,9% choose SDGs aligned with their strategy and which are a part of their core business

27% define their strategy according to the SDGs

100% see the SDGs as support for decision-making

The SDG Engaged company is strategically placed toward sustainability, which means it sees sustainability as a strategic opportunity and aims to create value for all its stakeholders.

The SDGs are a part of the company's decision-making process, being chosen according to whether they are aligned with the strategy and are a part of their core business. However, this company's strategy is not yet entirely defined according to the SDGs, and the latter do not guide the definition of the former's strategy or activity.

In any event, this company considers that the SDGs implementation level is not yet where it would like it to be. However, compared to the remaining groups, it is the kind of company that is closer to its ideal of implementation.

Motivations for sustainability

- 62,2% and 78,4% indicate that the company's positive social/environmental impacts are considered in the decision-making process, in choosing the SDGs, and in the Non-Financial Report, respectively.
- 59,5% and 62,2% indicate that the company's negative social/environmental impacts are taken into account in the decision-making process, in choosing the SDGs, and in the Non-Financial Report, respectively.
- 36,1% mention SDGs and spillovers in their company's communication.

In this way, the company's positive social/environmental impacts are considered in the decision-making process in choosing the SDGs and considered in the Non-Financial Report. The negative impacts are also considered, especially concerning the choice of SDGs.

Compared to the other groups, these companies are more guided to refer to the SDGs and externalities in the company's communication. When asked about their knowledge of SDGs and their implementation, most SDG Engaged companies (89,2%) stated they know how to act on sustainability and the SDGs and are operationalizing.

1. Having an impact on the industry as a leader in sustainability, M= 6,68
2. Solving social/environmental issues in partnerships, M= 6,35
3. Opportunity for business growth, M= 6,30
4. Solving social problems, M= 6,24
5. Gaining competitive advantage, M= 6,22
6. Mitigating risks, M= 6,14
7. Complying with legislation, M= 6,05
8. Investor pressure, M= 6,03
9. Society pressure, M= 5,97
10. Gaining reputation, M=5,78
11. Employee pressure, M=5,73
12. Consumer pressure, M=5,51
13. Having a license to operate, M=5,27
14. Reducing costs, M=5,24

*Answer scale of 1 – Not important to 7 – Very important

We do not know how and where to start working on the SDGs — 89,2%

We know how to act on Sustainability/ODS but we are not yet operationalising — 8,1%

We know how to work on sustainability but not the SDGs — 2,7%

We know how to act on Sustainability/ODS and we are making it operational — 0,0%

Figure 7.3.2 – Knowledge of how to operationalize sustainability and the SDGs.

When asked about their knowledge of SDGs and their implementation, most SDG Engaged companies (89,2%) stated they know how to act on sustainability and the SDGs and are operationalizing.

SDG Aware

Company characterization:

- Composed by non-family capital (56,3%) as well as family businesses (43,8%)
- Legal structure: mainly public limited companies (93,8%)
- 87,5% are not quoted on the stock exchange

Behaviour

100% see sustainability as a Strategic Opportunity

100% describe strategy as Creating value for stakeholders

87,5% choose SDGs aligned with their strategy and which are a part of the core business

0% define their strategy according to the SDGs

100% do not see the SDGs as a support for decision-making

These companies' motivations for adopting the SDGs are: Having an impact on the industry as a leader in sustainability, followed by more reactive motivations than the SDG Engaged's, such as: mitigating risks and Stakeholder pressure. The company's positive social/environmental impacts are taken into account and are considered, mainly in the Non-Financial Report:

- 37,5% and 75,0% indicate that the company's positive social/environmental impacts are taken into account in the process of decision-making and choosing the SDGs and in the Non-Financial Report
- 50% indicate that the company's negative social/environmental impacts are taken into account in the process of decision-making and choosing the SDGs and in the Non-Financial Report
- 50% do not mention the SDGs and their spillovers in the company's communication (but 25% would like to consider them)

The SDG Aware company sees sustainability as a strategic opportunity and aims to create value for stakeholders.

Although sensitized to the importance of sustainability, the SDGs are not a part of the decision-making process strategy, as well as these companies' strategy is not set out according to the SDGs, and the latter does not entirely guide the former's activity.

These companies consider that the SDGs implementation level is not yet where they would like it to be.

For their motivations for sustainability, the SDG Aware companies chose:

When asked about their knowledge of the SDGs and their implementation, most SDG Aware companies (68,8%) state they know how to act on sustainability and the SDGs and are operationalizing. However, 25% of these companies know how to act on sustainability and the SDGs but are not yet operationalizing.

Motivations for sustainability

1. Having an impact on the industry as a leader in sustainability, M= 6,19
2. Mitigating risks, M= 5,63
3. Investor pressure, M= 5,44
4. Society pressure, M= 5,38
5. Solving social/environmental issues in partnerships, M= 5,25
6. Opportunity for business growth, M= 5,25
7. Gaining competitive advantage, M= 5,13
8. Consumer pressure, M=5,0
9. Solving social problems, M= 4,88
10. Employee pressure, M=4,87
11. Gaining reputation, M=4,88
12. Complying with legislation, M= 4,50
13. Reducing costs, M=4,37
14. Having a license to operate, M=3,06

Figure 7.3.3 - Knowledge of how to operationalize sustainability and the SDGs.

Shareholder Aware

Company characterization:

- Mainly family businesses (71,4%)
- Legal structure: mainly public limited companies (85,7%) and limited companies (14,3%).
- 71,4% not on the stock exchange

Behaviour

57,1% see sustainability as a strategic opportunity

87,5% describe the strategy as Creating value for shareholders

42,9% choose SDGs aligned with their strategy and which are a part of their core business

57,1% do not see the SDGs as support for decision-making

The **Shareholder Aware company** sees sustainability as a strategic or maybe positive opportunity.

The company's strategy is largely focused on creating profit for shareholders.

The SDGs **are not a part of the strategic decision-making process, and this kind of company understands it is difficult to find opportunities and/or conditions for implementing the SDGs.**

Compared to the other groups, these companies are most distant from their ideal of implementing **the SDGs.**

Motivations for sustainability

1. Mitigating risks, M= 5,29
2. Opportunity for business growth, M= 5,29
3. Gaining competitive advantage, M= 5,0
4. Complying with legislation, M= 4,86
5. Solving social problems, M= 4,86
6. Having an impact on the industry as a leader in sustainability, M= 4,6
7. Solving social/environmental issues in partnerships, M= 4,71
8. Gaining reputation, M=4,14
9. Society pressure, M= 4,14
10. Having a license to operate, M=4,0
11. Investor pressure, M= 4,0
12. Reducing costs, M=3,86
13. Consumer pressure, M=3,86
14. Employee pressure, M=3,71

The **company's positive social/environmental impacts are taken into account** and considered, mainly in the Non-Financial Report.

• 28,6% and 57,1% indicate that the company's positive social/environmental impacts are taken into account in the process of decision-making and choosing the SDGs and in the Non-Financial Report
• 28,6% indicate that the company's negative social/environmental impacts are taken into account in the process of decision-making and choosing the SDGs and in the Non-Financial Report
• 57,1% do not mention the SDGs and spillovers in the company's communication but would like to consider it

We do not know how and where to start working on the SDGs — 42,9%

We know how to act on Sustainability/ODS but we are not yet operationalising — 28,6%

We know how to work on sustainability but not the SDGs — 14,3%

We know how to act on Sustainability/ODS and we are making it operational — 14,3%

Figure 7.3.4 - Knowledge of how to operationalize sustainability and the SDGs.

When asked about their knowledge of SDGs and their implementation, 42,9% of the SDG Aware companies stated they know how to act on sustainability and the SDGs and are operationalizing. 28,6% of these companies know how to act on sustainability and the SDGs but are not yet operationalizing. 14,3% know how to act on sustainability but not on the SDGs, and 14,3% do not know how and where to start with working on the SDGs.

Motivations for sustainability

When asked to choose between two spectrums to select what most motivates them for the SDGs, the SDG Engaged, SDG Aware, and Shareholder Aware companies gave the following answers:

SDG Engaged

Motivations for sustainability

1. Creating value for stakeholders (vs. Profiting) – 100%
2. Differentiating products and services (vs. Costs of products and services) – 94,6%)
3. Future generations' needs (vs. Current generations) – 91,9%
4. Having an impact on the industry (vs. Reducing costs) – 78,4%
5. Internal ambition (vs. External pressure) – 75,7%
6. Solving sustainability problems (vs. Complying with regulation) – 75,7%
7. Solving social problems (vs. Reputation) – 64,9%
8. Solving social issues jointly with other economic agents (vs. Competitive advantage) – 62,2%

SDG Aware

Motivations for sustainability

1. Creating value for stakeholders vs. Profiting) – 100%
2. Differentiating products and services (vs. Costs of products and services) – 93,8%)
3. Future generations' needs (vs. Current generations) – 87,5%
4. Having an impact on the industry (vs. Reducing costs) – 81,3%
5. Internal ambition (vs. External pressure) – 81,3%
6. Solving sustainability problems (vs. Complying with regulation) – 81,3%
7. Solving social issues jointly with other economic agents (vs. Competitive advantage) – 62,5%
8. Solving social problems (vs. Reputation) – 62,5%

Shareholder aware

Motivations for sustainability

1. Internal ambition (vs. External pressure) – 85,7%
2. Future generations' needs (vs. Current generations') – 85,7%
3. Differentiating products and services (vs. Costs of products and services) – 85,7%
4. Competitive advantage (vs. Solving social issues jointly with other economic agents) – 71,4%
5. Solving sustainability problems (vs. Complying with regulation) – 71,4%
6. Creating value for stakeholders (vs. Profiting) – 71,4%
7. Having an impact on the industry (vs. Reducing costs) – 57,1%
8. Reputation (vs. Solving social problems) – 57,1%

The different motivations for adopting the SDGs are related to the strategic position concerning the SDGs and sustainability

The different motivations for adopting the SDGs are a main factor in distinguishing the clusters. Excepting the "mitigating risks" and "reducing costs" motivations, all the other motivation factors differentiate the clusters statistically significantly. Generally, the SDG Engaged group is more intensely motivated than all the other groups, considering all motivation factors.
Solving social/environmental issues in partnerships motivates the SDG Engaged companies the most.

Mitigating risks is the most motivating factor for the SDG Aware companies. Mitigating risks and the opportunity for business growth are the most motivating factors for the Shareholder Aware companies. Having a license to operate is what least motivates the companies for the SDG Agenda.

How important are the following items for your companies' motivation for adopting the SDGs? (part 1)

Figure 7.3.5 – The clusters and the companies' different motivating factors for adopting the SDGs 1/2

How important are the following items for your companies' motivation for adopting the SDGs? (part 2)

Figure 7.3.6 – The clusters and the companies' different motivating factors for adopting the SDGs 2/2

Does the obligation of choosing between spectrums of different motivations confirm the strategic position concerning the SDGs and sustainability?

It is noteworthy that, when asked to choose between the two sides of the spectrum, only the "Profit vs. Creating value for an ample group of stakeholders" option shows statistically significant differences between the clusters. The only cluster with companies opting for the "profit" option in the face of these

two alternatives is the Shareholder Aware cluster. Reducing costs and obtaining competitive advantage are also the motivations that most influence this cluster, despite not presenting statistically significant differences.

If you had to choose between the two option spectrums, which would you choose as your main factor of motivation for sustainability? (part 1)
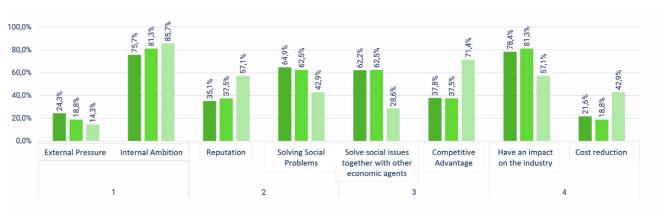
Figure 7.3.7 – The clusters and the main factors of motivation for sustainability between the two sides of the spectrum 1/2

If you had to choose between the two option spectrums, which would you choose as your main factor of motivation for sustainability? (part 2)

Figure 7.3.8 – The clusters and the main factors of motivation for sustainability between the two sides of the spectrum 2/2

The strategic position concerning the SDGs and sustainability is related to the way the company considers the positive and negative effects of the SDGs, their connections, and how they consider them in decision-making

There is a statistically significant difference between the clusters concerning the consideration of the company's positive impacts on the process of decision-making. The SDG Engaged companies are highlighted, considering this impact for decision-making more frequently than in the remaining groups. They also consider more the company's positive impacts in the

Non-Financial Report. Both SDG Aware and Shareholder Awre companies consider these impacts in their Non-Financial Report more than in the process of decision-making. This effect must be considered if the company does not want to go into Greenwashing strategies.

In what ways are the company's positive social/environmental impacts taken into account...

Figure 7.3.9 – The clusters and how the company's positive social/environmental impacts are taken into account in choosing the SDGs and in the Non-Financial Report

There is a marginally significant difference between the clusters concerning the consideration of the company's negative impacts on the decision-making process and the Non-Financial Report. Similar to what happens with positive impacts, the SDG Engaged companies are highlighted here, considering the negative impacts for decision-making and in the Non-Financial Report more

frequently than the remaining groups. In this case, the SDG Aware and the Shareholder Aware companies differ. The first group considers more the negative effects in their Non-Financial Report; the second group considers them more in the process of choice and decision-making.

In what ways are the company's negative social/environmental impacts taken into account...

Figure 7.3.10 - The clusters and how the company's negative social/environmental impacts are taken into account in choosing the SDGs and in the Non-Financial Report

No statistically significant differences were found concerning the reference to positive and negative spillovers in the company's communication or in

their Non-Financial Report, but the SDG Engaged and Shareholder Aware companies are the ones who most consider these effects.

Is there a reference to the connection between SDGs and negative and positive spillovers communicated by the company and/or in their Non-Financial Report?

Figure 7.3.11 - The clusters and the existence of a reference to the connection between the SDGs and negative and positive spillovers communicated by the company and/or in their Non-Financial Report

The different obstacles to adopting the SDGs are related to the strategic position concerning the SDGs and sustainability

The "lack of knowledge on how to operationalize" obstacle is the most important one, showing that it is an area where companies should invest. Shareholder Aware companies are the ones who most consider the "We have no resources" option as an obstacle,

but it does not appear as a strong obstacle. There are marginally significant differences for the "The SDGs are very far from our language" option, where inferior rates for the SDG Engaged companies can be seen.

We present various obstacles to adopting the SDGs. Please rank them according to how important they are to your company.

Figure 7.3.12 – The clusters and the importance of obstacles in adopting the SDGs for the companies

The strategic position concerning the SDGs and sustainability is related to the way the company considers that the work it develops on the SDGs matches the level of implementation where it would like to be

Statistically significant differences can be seen between the clusters concerning the match between the work the companies develop on the SDGs and the level of implementation where they would like to be (on a scale of 1 to 7). The SDG Engaged companies show significantly higher rates than the remaining

two clusters, being on a level 4,76 (out of 7). None of the clusters is on a level 5, 6 or 7, which shows a gap between the intention and actual operationalization of the SDGs in Portuguese companies.

Do you consider that the work you develop on the SDGs matches the level of implementation where you would like to be?
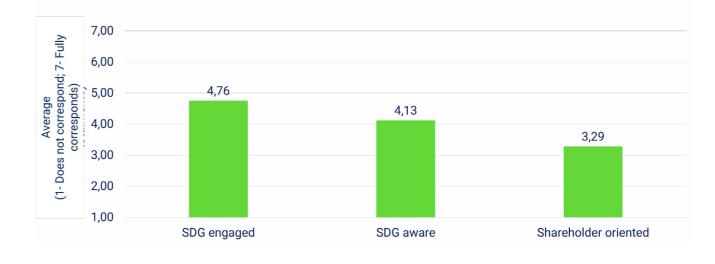
Figure 7.3.13 – The clusters and the gap between intention and actual implementation of the SDGs in the companies

Specific analyses

Is the company's characterization related to the way in which the company strategically sees the SDGs and sustainability?

The characterization of the companies belonging to each cluster and the potential difference between these groups was studied concerning: legal structure, capital, family/non-family business, stock-quoted/non-stock-quoted company, founding date, number of countries where it operates, industry, services, and products, company associated to sustainability business networks, and composition of the Administration Council and Executive Commission.

The main statistically significant differences between the clusters are the following:

- It can be seen that the **SDG Engaged Cluster is composed of a larger percentage of non-family companies,** while the Shareholder Aware cluster holds a higher percentage of family companies.
- **The SDG Aware Cluster is mainly composed of companies without stock marketing.** Of all the clusters, the **SDG Engaged group has the highest percentage of companies quoted on the stock exchange, which is not surprising considering that these companies have more** obligations concerning non-financial reporting.
- Concerning the number of countries in which these companies operate, there is a tendency for the SDG Engaged Cluster to operate in an inferior number of countries compared to the SDG Aware Cluster and the Shareholder Aware Cluster.
- Concerning the activity sector, we highlight the **high percentage of companies that belong to the chemical, media, and technology sectors in the**

Shareholder Aware Cluster when compared to the remaining clusters. In the SDG Engaged Cluster, we highlight the Banks and Financial services sector, an industry heavily regulated by sustainability themes, as was seen in Chapter 4.1.

- The Executive Commissions are, on average, constituted of members with ages higher than in the Shareholder Aware Cluster compared to the SDG Engaged Cluster. Concerning the % of men and women on the Executive Commission and the Administration Council, no significant differences can be seen in how these are distributed among the 3 clusters.

Concerning the legal structure, the kind of company capital, the founding date, and the kind of business, no statistically significant differences can be seen, despite some differences between clusters.

		SDG Engaged (n=37)	SDG Aware (n=16)	Shareholder Aware (n=7)	
How do you characterise the legal structure of your company	Public Limited Company	83,8%	93,8%	85,7%	ns
	Private Limited Company (including sole proprietorship)	10,8%	6,3%	14,3%	
	Professional Partnership / Limited Liability Company	2,7%	0,0%	0,0%	
	P.E.E. - Public Enterprise Entity	2,7%	0,0%	0,0%	
What is the capital structure of your company? Who owns the capital?	Private Capital	81,1%	87,5%	100%	ns
	Public capital	10,8%	6,3%	0,0%	
	Mixed capital	8,1%	6,3%	0,0%	
Is your company family-owned or non-family-owned?	Family business	24,3%	43,8%	71,4%	χ2 (2)= 6,475*
	Company with non-family capital	75,7%	56,3%	28,6%	
Is the company listed on the stock exchange/traded on the market?	Company listed on the stock exchange (with open marketable capital)	48,6%	12,5%	28,6%	χ2 (2)= 6,509*
	Company not listed on stock exchange	51,4%	87,5%	71,4%	
In what year was your company founded?	up to 1900	24,3%	12,5%	14,3%	ns
	between 1901 and 1945	10,8%	31,3%	28,6%	
	between 1946 and 1980	24,3%	25,0%	28,6%	
	between 1981 and 2000	29,7%	25,0%	28,6%	
	from 2001 onwards	10,8%	6,3%	0,00%	
Is your company a service business or a product business?	Services	45,9%	31,3%	14,3%	ns
	Products	29,7%	25,0%	42,9%	
	Both	24,3%	43,8%	42,9%	

Table 7.3.2 – The Clusters and the company's characteristics
(ns = non-significant from the statistical viewpoint)

Concerning the network associations, the clusters are not distributed in a statistically different way. However, most Shareholder Aware companies are not a part of the Global Compact Network Portugal, GRACE, or BCSD/WBCSD (85,7%; 71,4%; 71,4%, respectively). Something which is expected.

		SDG Engaged (n=37)	SDG Aware (n=16)	Shareholder Aware (n=7)	
In how many countries does your company operate?	1 country	29,7%	12,5%	0,0%	χ2 (10)= 18,518*
	between 2 and 10	27,0%	25,0%	28,6%	
	between 11 and 13	21,6%	12,5%	14,3%	
	between 31 and 70	5,4%	31,3%	28,6%	
	between 70 and 120	2,7%	18,8%	28,6%	
	between 121 and 200 countries	13,5%	0,0%	0,0%	
Global Compact Network Portugal	Yes	43,2%	50,0%	14,3%	ns
	No	56,8%	50,0%	85,7%	
GRACE	Yes	54,1%	37,5%	28,6%	ns
	No	45,9%	62,5%	71,4%	
BCSD / WBSCD	Yes	73,0%	62,5%	28,6%	ns
	No	27,0%	37,5%	71,4%	

Table 7.3.3 – The Clusters and company characteristics: number of countries in which it operates and belonging to business networks

Concerning the activity sector, one can see differences between clusters in how they are distributed among the different industries. We highlight the high percentage of companies belonging to the chemical, media, and technology sectors in the Shareholder Aware cluster compared to the remaining clusters. In the SDG Engaged cluster, there is a higher rate of companies in Banks and Financial Services, an industry heavily regulated by sustainability themes, as was seen in Chapter 4.1.

	SDG Engaged (n=37)	SDG Aware (n=16)	Shareholder Aware (n=7)	
Automobiles and Parts	5,4%	6,3%	0,0%	
Banks & Financial Services	13,5%	0,0%	0,0%	
Basic Resources	5,4%	0,0%	0,0%	
Chemicals	0,0%	0,0%	28,6%	
Construction and Materials	10,8%	0,0%	0,0%	
Consumer Products and Services	8,1%	0,0%	14,3%	
Energy & Utilities	10,8%	0,0%	0,0%	
Food, Beverage and Tobacco	5,4%	25,0%	0,0%	
Health Care	8,1%	0,0%	0,0%	χ2 (34)= 67,247**
Industrial Goods and Services	2,7%	12,5%	0,0%	
Insurance	2,7%	6,3%	0,0%	
Media	0,0%	0,0%	28,6%	
Professional Support Services	5,4%	6,3%	0,0%	
Real Estate	0,0%	12,5%	0,0%	
Retail	5,4%	12,5%	0,0%	
Technology	5,4%	0,0%	28,6%	
Telecommunications	5,4%	12,5%	0,0%	
Travel and Leisure	5,4%	6,3%	0,0%	

(row label at left: What is your company's sector of activity/industry?)

Table 7.3.4 – The Clusters and companies' activity sectors

The Executive Commissions are, on average, constituted by members of a higher age in the Shareholder Aware Cluster compared to the SDG Engaged Cluster. Concerning the percentage of men and women on the Executive Commission and the Administration Council, there are no significant differences in how they are distributed in the 3 clusters.

	SDG Engaged (n=37)	SDG Aware (n=16)	Shareholder Aware (n=7)	
Average age of the Executive Board (calculated as the mid-point of each age group)	52,6	50,7	58,6	F(2)=4.48 67** (between SDF Engaged and Shareholder Aware)
Average age of the Board of Directors (calculated as the mid-point of each age bracket)	55,0	53,6	56,1	ns
% women on the Executive Committee	18,6%	24,5%	17,5%	ns
% women on the Executive Committee	20,9%	20,5%	21,8%	ns
% men on the Executive Committee	75,6%	68,5%	81,2%	ns
% men on the Board of Directors	74,8%	73,4%	78,2%	ns

Table 7.3.5 – The Clusters and average of Executive Commission, percentage of men and women on the Executive Commission and the Administration Council

Is the level of SDG knowledge related to the strategic position concerning the SDGs and sustainability?

Concerning the companies' knowledge of SDGs, the clusters differ significantly. The SDG Engaged Cluster states they have a higher level of knowledge, followed by the SDG Aware cluster and, lastly, the Shareholder Aware cluster.

What is your company's level of SDG knowledge?

$F_{(57,2)}=3.073$, p = 0.05
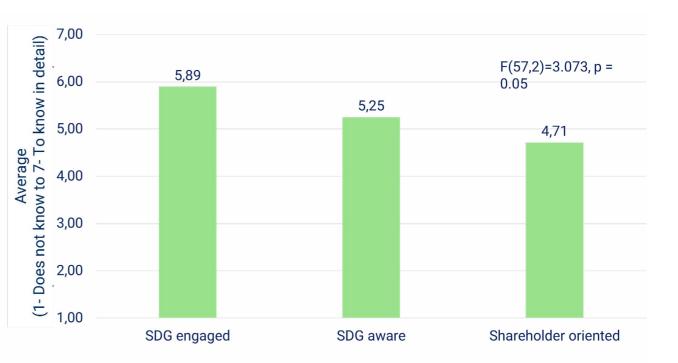
Figure 7.3.15 – SDG knowledge level per cluster

The different obstacles to not adopting the SDGs are related to the way in which the company sees the gap between "where it is" and "where it would like to be" in terms of SDGs and sustainability

Through regression analysis, the relation between the perception of the different obstacles and the level of implementation of the SDGs was studied. It was seen that all obstacles, except the "we cannot find partners" obstacle, negatively contribute to the level of implementation of the SDGs. The negative relation between the variables points to the conclusion that the higher the intensity of obstacle perception, the lower the level of implementation. The model shows us that, of all obstacles, the "we have no knowledge to report" obstacle has the highest importance relative to the others (B=-,521)*. The following obstacle is a "Lack of knowledge on how to operationalize" (B= -,482)*. The

third most relevant obstacle is "The SDGs are very far from our language" (B= -,442)*.

We can thus find evidence that the obstacles (lack of knowledge and distant language) may contribute toward the implementation gap experienced by the companies.

Model	Independent variable	Beta	Sig.
1	Lack of knowledge on the SDGs	-0,28	<.001
2	Lack of knowledge on how to operationalize	-0,482	<.001
3	We see no business case	-0,428	<.001
4	The SDGs are very far from our language	-0,442	<.001
5	We have no knowledge to report	-0,521	<.001
6	We find no partners	-0,158	ns
7	We have no resources	-0,328	0.01

Table 7.3.6 – Obstacles and level of implementation
Dependent variable: Do you consider the work you develop on the SDGs matches the level of implementation where you would like to be? – Level of implementation

The beta coefficient is standardized and compares the strength of each individual independent variable's effect with the dependent variable. The higher the absolute value of the beta coefficient, the stronger the effect.

The way in which the companies develop partnerships in the SDGs is related to their strategic position concerning the SDGs and sustainability

No statistically significant differences were found in the way in which the companies of the different clusters develop partnerships concerning the SDGs. However, it is noteworthy that the SDG Engaged cluster currently has a considerable percentage of its companies (45,9%)

with "multiple partnerships" concerning the SDGs. All companies showed they had partnerships and that they value the partnerships concerning the SDGs, which shows the importance of the theme.

Do you develop partnerships in the scope of the SDGs?	SDG Engaged (n=37)	SDG Aware (n=16)	Shareholder Aware (n=7)	
We have no established partnerships	2,7%	12,5%	14,3%	ns
We have some practices, but it is not standard practice	8,1%	12,5%	28,6%	
We seek partnerships on these topics and we have some	43,2%	62,5%	42,9%	
We have multiple partnerships	45,9%	12,5%	14,3%	

Table 7.3.7 – The clusters and the companies' development of partnerships

The existence of indicators connected to the core business and their level of detail is associated with the different strategic positions concerning the SDGs and sustainability

No significant differences were found in the existence of indicators connected to the core business and their level of detail. However, the Shareholder Aware companies are the ones with a lower level of "sustainability indicators connected to the company's core business." In every cluster, the majority of companies already

have sustainability indicators connected to the core business, mainly focused on the SDGs. However, these are rarely at the same level as the SDG targets, which makes room for improvement.

Are there sustainability indicators linked to your company's core business?		SDG Engaged (n=37)	SDG Aware (n=16)	Shareholder Aware (n=7)	
	Yes	86,5%	81,3%	57,1%	ns
	No	13,5%	18,8%	42,9%	
Do the company's indicators or ambitions refer to the SDGs (17 goals) or go all the way to the targets (169 targets)?	Refer to the goals (SDGs)	78,4%	87,5%	83,3%	ns
	Go up to the level of targets	21,6%	12,5%	16,7%	

Table 7.3.8 – The clusters and the existence of indicators connected to the core business and their level of detail

The different obstacles pointed towards engagement with the SDGs and sustainability are related to the strategic position concerning the SDGs and sustainability

Concerning the obstacles pointed toward engagement, we can see that, in a statistically significant way, the SDG Engaged cluster is highlighted with a higher percentage of companies that state they know how to act on sustainability and the SDGs, already in operationalization. 25% of the SDG Aware companies mention they know how to act on Sustainability/SDGs but are not yet operationalizing.

The Shareholder Aware companies are the only ones who mention they do not know how and where to start working on the SDGs.

Although not with a statistically significant difference, we can also see that the SDG Engaged cluster has a higher number of companies when compared to the remaining clusters, which considers that the lack of a "business case" is not an obstacle to the implementation of the SDGs. Most SDG Aware companies mention that the "lack of business case" is an obstacle because "it is difficult to find a business case."

		SDG engaged (n=37)	SDG aware (n=16)	Shareholder oriented (n=7)	
Which of the following options is the most valid for your company?	We do not know how and where to start working on the SDGs	0.0%	0.0%	14.3%	χ2 (6)= 14.186**
	We know how to work on sustainability but not the SDGs	2.7%	6.3%	14.3%	
	We know how to act on Sustainability/ODS but we are not yet operationalising	8.1%	25.0%	28.6%	
	We know how to act on Sustainability/ODS and we are making it operational	89.2%	68.8%	42.9%	
Choose the option that makes more sense to you: "The lack of a business case (cost-profit ratio) is one for not implementing more SDGs".	Yes, because there is no business case	0.0%	6.3%	0.0%	ns
	Yes, because it is difficult to find a business case	29.7%	31.3%	57.1%	
	No, it is not a barrier	70.3%	62.5%	42.9%	

Table 7.3.9 – The clusters and companies' strategic position concerning the SDGs and sustainability

The knowledge of the SDGs and the 169 targets is related to the way in which the company considers the positive and negative effects of SDGs, their connections, and how they consider them in decision-making

Through regression analysis, the relationship between the level of knowledge on SDGs and the 169 targets and the degree to which the company's positive social/environmental impacts are taken into account in their decision-making was studied. One can see that the level of knowledge on the SDGs and the 169 targets related positively and significantly with the consideration of the positive and negative impacts on decision-making and choosing SDGs. However, the level of knowledge of the SDGs has a bigger effect on the consideration of the positive and negative social/environmental impacts on the process of decision-making and choosing SDGs than on the knowledge of the 169 targets. The positive effects have a higher effect than the negative.

Independent Variable	Beta	Sig.
Level of SDG knowledge	,634	<,001
Level of 169 targets' knowledge	,473	<.001

Table 7.3.10 – Variables: positive impacts on the company in the process of decision-making and choosing of SDGs

Dependent variable: In what ways are the company's positive and negative social/environmental impacts taken into account in the process of decision-making and choosing of SDGs? – Positive impacts

Independent Variable	Beta	Sig.
Level of SDG knowledge	.484	<,001
Level of 169 targets' knowledge	.387	.002

Table 7.3.11 – How the company's negative social/environmental impacts are taken into account in the process of decision-making

Dependent variable: In what ways are the company's negative social/environmental impacts taken into account in the process of decision-making and choosing the SDGs? – Negative impacts

A beta coefficient is standardized and compares the strength of each individual independent variable's effect with the dependent variable. The higher the absolute value of the beta coefficient, the stronger the effect.

The knowledge of the SDGs and 169 targets is related to the way in which the company considers the positive and negative effects of the SDGs in their Non-Financial Report

One can see that the level of knowledge on the SDGs relates positively and significantly with the consideration of the positive and negative impacts on the company's Non-Financial Report. The knowledge of the 169 targets only relates positively and significantly to the consideration of negative impacts on the company's Non-Financial Report. The level of knowledge on the SDGs has a larger effect on the consideration of the negative social/environmental impacts on the company's Non-Financial Report than the knowledge on the 169 targets.

Dependent variable: In what way are the company's positive social/environmental impacts taken into account in the company's Non-Financial Report? – Positive impacts

Independent Variable	Beta	Sig.
Level of SDG knowledge	,336	,010
Level of 169 targets' knowledge	,223	ns

Table 7.3.12 – How the company's positive social/environmental impacts are taken into account in the company's Non-Financial Report

Independent Variable	Beta	Sig.
Level of SDG knowledge	.,385	,003
Level of 169 targets' knowledge	,317	,014

Table 7.3.13 – How the company's negative social/environmental impacts are taken into account in the company's Non-Financial Report

Dependent variable: In what ways are the company's negative social/environmental impacts taken into account in the company's Non-Financial Report? – Negative impacts

The beta coefficients have standard deviations as units and through this coefficient we can see the relation between the tested variables, based on standard deviatons.

The strategic position concerning the SDGs and sustainability is related to the way in which the company considers the geographies in which it operates for the choosing of strategic SDGs

No statistically significant differences were found between the clusters in the way the companies choose the most important SDGs according to the geographies in which they operate. However, it is also noteworthy that the companies in the Shareholder Aware cluster are mainly in the "We take into account what we can do with our internal resources seeing as the contribution towards the SDGs depends on our internal capacity." option. The companies in the SDG Engaged and SDG Aware clusters mainly chose the "We first consider the social context of which we are a part, and then choose the strategic SDGs which most need our contribution" option.

		SDG Engaged (n=37)	SDG Aware (n=16)	Shareholder Aware (n=7)	
When we consider the SDGs most important to our company…	We choose the ones that are easiest for us to achieve	2,7%	6,3%	14,3%	ns
	We take into account what we can do with our internal resources because the contribution to the SDGs depends on our internal capacity	43,2%	43,8%	57,1%	
	We first consider the social context where we operate after choosing the strategic SDGs that most need our contribution	54,1%	50,0%	28,6%	

Table 7.3.14 – The clusters and criteria used by the companies to select the most important SDGs according to the geographies in which they operate

Concerning the choice of SDGs, taking the geographies in which the companies operate into account, one can see a statistical difference between the clusters, with the SDG Engaged cluster showing a higher level of attention to the geographies in which it operates when choosing the SDGs. This point is crucial to establishing an SDG business policy that addresses the needs of truly sustainable development in the regions where the company operates through the consideration and attention channeled to the more and less advanced SDGs in those regions.

Does your company's choice of SDGs pay attention to the level of development of the SDGs in the most important geographies in which it operates?

Average
(1- Does not pay attention to; 7- Pays fully attention to)

- SDG engaged: 5,03
- SDG aware: 3,56
- Shareholder oriented: 3,86
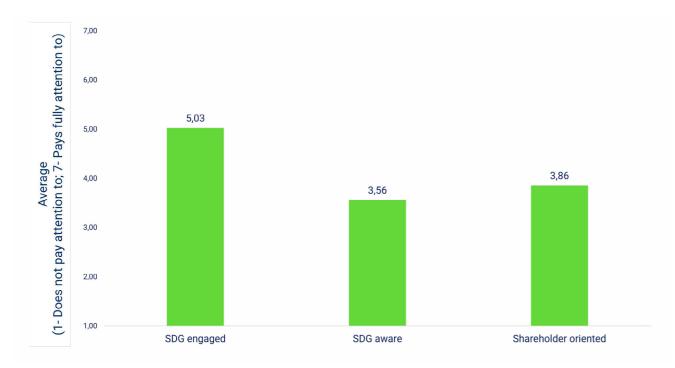
Table 7.3.16 – The clusters and the choice of SDGs paying attention to the level of development of the SDGs in the most important geographies in which the companies operate

7.4 SMEs – Cluster analyses

The 103 SMEs were the object of a cluster analysis. The main aim of this analysis is to classify the sample companies into different groups in order that, in each group, there are companies with identical characteristics and different from the other groups.

Four groups of clusters were obtained from the analyzed data. The variables chosen so that the companies were grouped in different clusters can be seen in Table 7.4.1, in the first column, "variables being analyzed." Although with different ambitions and differing behaviors concerning the SDGs, none of the companies was yet at an "advanced" level of adopting and incorporating the 2030 Agenda into their strategy and operations. Cluster 1 – SDG Leader was created, which, despite not including any of the sample companies, shows the level of ambition the SMEs can aspire to in the future.

The clusters were named the following, according to the behavior that characterizes them

- Cluster 1 – **SDG Leader**
- Cluster 2 – **SDG Engaged**, with 41 companies, out of a total of 103;
- Cluster 3 – **Sustainability Oriented**, with 18 companies, out of a total of 103;
- Cluster 4 – **Sustainability Aware,** with 24 companies, out of a total of 103;
- Cluster 5 – **Shareholder Aware**, with 20 companies, out of a total of 103;

analysed variables		Cluster 1 (n=0)	Cluster 2 (n=41)	Cluster 3 (n=18)	Cluster 4 (n=24)	Cluster 5 (n=20)	
My company sees sustainability as:	Risk mitigation		0,0%	0,0%	0,0%	**20,0%**	
	Maybe Positive		9,8%	11,1%	16,7%	**45,0%**	χ2 (6)= 32,403**
	Strategic opportunity	X	**90,2%**	**88,9%**	**83,3%**	35,0%	
Which best describes your company's overall strategy?	Value creation for shareholders (profit)		0,0%	**100,0%**	0,0%	**90,0%**	χ2 (3)= 95,083**
	Value creation for stakeholders	X	**100,0%**	0,0%	**100,0%**	10,0%	
Do your company's strategic SDGs support the decision-making process?	Yes	X	**100,0%**	**100,0%**	0,0%	0,0%	χ2 (3)= 103,000**
	No		0,0%	0,0%	**100,0%**	**100,0%**	
"The lack of business case (cost-profit ratio) is a barrier to us not implementing more SDGs"	Yes, because there is no business case		4,9%	22,2%	**33,3%**	25,0%	
	Yes, because it is difficult to find a business case		34,1%	33,3%	33,3%	30,0%	ns
	No, it is not a barrier	X	**61,0%**	44,4%	33,3%	45,0%	
How are the SDGs incorporated into your company's strategy?	They are not incorporated		7,3%	5,6%	37,5%	**55,0%**	
	We have chosen some that we consider to be part of the sustainability policy and which are worked on by this department		17,1%	**27,8%**	25,0%	25,0%	χ2 (9)= 31,204**
	We have chosen some that are aligned with our strategy and are part of our core business		**61,0%**	**61,1%**	37,5%	20,0%	
	We have defined our strategy in accordance with the SDGs and their ambitions and these guide our activity	X	**14,6%**	5,6%	0,0%	0,0%	
Do you see the SDGs as a business opportunity?	1- I do not see at all 7- Yes, I see totally	7	M=5,29; DP=1,44	M= 4,94; DP=1,63	M= 4,71; DP=1,68	M= 3,70; DP=2,20	F(3,99)= 4,025*

Table 7.4.1 – Variables included in defining the groups

SDG leader (n = 0)	SDG engaged (n = 41)	Sustainability oriented (n = 18)	Sustain abilityaware (n = 24)	Shareholder aware (n = 20)
The "SDG leader" company is intrinsically motivated by the SDGs. It sees the SDGs as a strategic opportunity for creating value for all stakeholders, for which it makes its decisions according to its main strategic SDGs. They serve as a starting point for defining their strategy.	The "SDG engaged" company guides its business toward sustainability and already incorporates the SDGs in its decision-making. It considers the lack of a business case to not be an obstacle to implementing the SDGs. It is focused on aligning its strategy with creating value for stakeholders.	The "Sustainability oriented" company recognizes the importance of sustainability for the company's and its investor's prosperity. It already incorporates the strategic SDGs in its decision-making.	The "Sustainability aware" company recognizes the strategic importance of sustainability. However, it has difficulty in finding economically viable opportunities to bet on sustainability and on incorporating the SDGs into its decision-making.	The "Shareholder oriented" company is not yet convinced of the strategic importance of sustainability and is far from incorporating the SDGs into its strategy.

Figure 7.4.1 - Clusters

SDG Engaged

Company characterization

- Mainly with family capital (73,2%)
- Legal structure: 51,3% limited companies (including single members) and 46,3% public limited companies

The **SDG Engaged company guides its business toward sustainability**, seeing it as a strategic opportunity, and aims to create value for stakeholders.

The majority do not consider the lack of a business case as an obstacle to implementing the SDGs.

SDGs are part of the decision-making process strategy and are chosen according to their alignment with the company's strategy and core business. However, the strategy of these companies is not yet fully defined in accordance with the SDGs, and these do not completely guide their activity.

This company does not consider that the level of implementation of SDGs is where they would like it to be (it is at an average level of 3,63, on a scale of 1 to 7). However, it is a little closer to their ideal of implementation, equal to cluster 2, compared to the last two groups (which have an average of 1,6 and 2,1, respectively).

Behaviour

90,2% see sustainability as a Strategic Opportunity, and 9,8% as Maybe Positive

100% describe strategy as Creating value for stakeholders

61,0% choose SDGs aligned with their strategy and which are a part of the core business

100% see the SDGs as a support for decision-making

See figure 7.4.14

Motivations for sustainability

1. Opportunity for business growth, M= 5,76

2. Gaining competitive advantage, M= 5,66

3. Solving social problems, M= 5,61

4. Complying with legislation, M= 5,56

5. Solving social/environmental issues in partnerships, M= 5,37

6. Having an impact on the industry as a leader in sustainability, M= 5,32

7. Mitigating risks, M= 5,07

8. Reducing costs, M=5,07

9. Gaining reputation, M=4,71

10. Employee pressure, M=4,44

11. Society pressure, M= 4,39

12. Consumer pressure, M=4,34

13. Having a license to operate, M=4,27

14. Investor pressure, M= 3,95

*Answer scale of 1 – Not important to 7 – Very important

For their motivations for sustainability, when asked to choose between two spectrums of motivation, the SDG Engaged companies chose:

- 87,8% Internal ambition
- 80,5% Solving social problems
- 51,2% Competitive advantage
- 56,1% Having an impact on the industry
- 100,0% Creating value for stakeholders
- 87,8% Future generations' needs
- 95,1% Differentiating products and services
- 80,5% Solving sustainability problems
- 56,1% and 48,8% of SDG Engaged SMEs indicate that the company's positive social/environmental impacts are taken into account in the process of decision-making and choosing the SDGs and in their Non-Financial Report
- 47,0% and 41,5% indicate that the company's negative social/environmental impacts are taken into account in the process of decision-making and choosing the SDGs and in their Non-Financial Report
- 12,2% refer to the SDGs and spillovers in the company's communication

The company's positive and negative social/environmental impacts are taken into account, but not by most of these companies, and they are slightly more considered in the process of decision-making and choosing the SDGs than in their report.

We know how to act on Sustainability/ODS and we are making it operational — 34.1%

We know how to act on Sustainability/ODS but we are not yet operationalising — 34.1%

We know how to work on sustainability but not the SDGs — 14.6%

We do not know how and where to start working on the SDGs — 7.3%

We do not know how and where to start working on sustainability — 9.8%

Figure 7.4.2 – Knowledge of the SDGs and their implementation (SDG Engaged)

When asked about their knowledge of the SDGs and their implementation, only 34,1% of SDG Engaged SMEs stated they know how to act on sustainability and the SDGs and are operationalizing. 14,6% show they know how to act on Sustainability but not on the SDGs. All the others do not know how to act on sustainability or the SDGs. Thus, a lower operationalization level and a considerable lack of knowledge on operationalizing the SDGs can be seen.

Sustainability Oriented

Company characterization:

- Mainly family businesses (83,3%)
- Legal structure: mainly limited companies (66,7%) and 33,3% public limited companies

The **Sustainability Oriented** company sees sustainability as a strategic opportunity and aims to create value for shareholders.

The SDGs **are a part of the decision-making process strategy**, and are chosen according to their alignment with the company's strategy and core business, or for being a part of the sustainability policy, in which case they are developed by that department (25%). These companies' strategy is not defined according to the SDGs, and they do not completely guide their activity.

These companies **do not consider that the level of implementation of the SDGs is where they would like to be.** However, they are a little closer to their ideal of implementation (an average of 3,67 on a scale of 1 to 7), equal to cluster 1, compared to the last two clusters.

Behaviour

88,9% see sustainability as a Strategic Opportunity and 11,1% as Maybe Positive

100% describe strategy as Creating value for shareholders

61,1% choose SDGs aligned with their strategy and which are a part of the core business

100% see the SDGs as a support for decision-making

Motivations for sustainability

1. Gain competitive advantage, M= 6,22

2. Opportunity for business growth, M= 6,11

3. Complying with legislation, M= 5,83

4. Having an impact on the industry as a leader in sustainability, M= 5,72

5. Reducing costs, M=5,56

6. Mitigating risks, M= 5,39

7. Solving social/environmental issues in partnerships, M= 5,33

8. Solving social problems, M= 4,94

9. Gaining reputation, M=4,83

10. Having a license to operate, M=4,72

11. Society pressure, M= 4,67

12. Consumer pressure, M=4,61

13. Employee pressure, M=4,28

14. Investor pressure, M= 3,78

Answer scale of 1 – Not important to 7 – Very important

In their motivations for sustainability, when asked to choose between two spectrums of motivation, the Sustainability Oriented companies chose:

- 83,3% Internal ambition
- 72,2% Solving social problems
- 66,7% Competitive advantage
- 55,6% Reducing costs
- 50,0% Creating value for stakeholders / 50,0% Profit
- 83,3% Future generation's needs
- 83,3% Differentiating products and services
- 55,6% Solving sustainability problems
- 44,5% and 27,9% indicate that the company's positive social/environmental impacts are taken into account in the process of decision-making and choosing the SDGs and in their Non-Financial Report
- 44,5% and 17,6% indicate that the company's negative social/environmental impacts are taken into account in the process of decision-making and choosing the SDGs and in their Non-Financial Report
- No company (0,0%) mentions the SDGs and spillovers in the company's communication

The company's positive and negative social/environmental impacts are considered and mainly considered in the decision-making process and not as much in the Non-Financial Report.
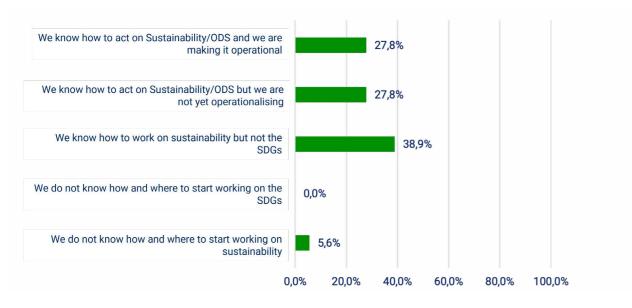
Figure 7.4.3 – Knowledge of the SDGs and their implementation (SDG Oriented)

When asked about their knowledge of the SDGs and their implementation, only 27,8% of SDG Aware SMEs stated they know how to act on sustainability and on the SDGs and that they are operationalizing. 27,8% stated they know how to act on sustainability and on the SDGs but are not operationalizing. 38,6% show they know how to act on Sustainability but not on the SDGs. All the others do not know how to act on sustainability nor on the SDGs. Thus, a lower operationalization level and a considerable lack of knowledge on operationalizing the SDGs can be seen.

Sustainability Aware

Company characterization:

- It is the cluster with the highest percentage of non-family companies: 37,5%. However, the majority are family companies (62,5%)
- Legal structure: made up of limited companies (54,2%) as well as public limited companies (45,8%)

The Sustainability Aware company sees sustainability as a strategic opportunity. It aims to create value for stakeholders; however, it is the one that considers the lack of business case an obstacle to the implementation of the SDGs.

The SDGs are not a part of the decision-making process strategy, and these companies understand it is difficult to find opportunities and/or conditions for implementing the SDGs.

Compared to the other groups, it is one of two kinds of companies that are most distant from their ideal of implementing the SDGs. It also reports the highest levels of lack of knowledge as an obstacle to adopting the SDGs.

For their motivations for sustainability, when asked to choose between two spectrums of motivation, the Sustainability Aware companies chose:

- 75,0% Internal ambition
- 58,3% Reputation
- 66,7% Competitive advantage
- 62,5% Reducing costs

Behaviour

83,3% see sustainability as a Strategic Opportunity, and 16,7% as Maybe Positive

100% describe strategy as Creating value for stakeholders

37,5% do not incorporate the SDGs into their strategy, and 37,5% choose SDGs aligned with their strategy and which are a part of the core business

100% do not see the SDGs as a support for decision-making

Motivations for sustainability

1. Complying with legislation, M= 6,08

2. Opportunity for business growth, M= 5,79

3. Gaining competitive advantage, M= 5,75

4. Gaining reputation, M=5,25

5. Solving social problems, M= 5,17

6. Solving social/environmental issues in partnerships, M= 5,13

7. Having an impact on the industry as a leader in sustainability, M= 5,13

8. Reducing costs, M=5

9. Mitigating risks, M= 4,96

10. Society pressure, M= 4,83

11. Consumer pressure, M=4,79

12. Employee pressure, M=4,29

13. Having a license to operate, M=4,13

14. Investor pressure, M= 4,04

- 87,5% Creating value for an ample group of stakeholders
- 79,2% Future generations' needs
- 83,3% Differentiating products and services
- 58,3% Solving sustainability problems
- 16,7% and 4,2% indicate that the company's positive social/environmental impacts are taken into account in the process of decision-making and choosing the SDGs and in their Non-Financial Report
- 20,9% and 8,4% indicate that the company's negative social/environmental impacts are taken into account in the process of decision-making and choosing the SDGs and in their Non-Financial Report
- 4,2% mention the SDGs and spillovers in the company's communication
- In this sense, the company's positive and negative social/environmental impacts are not considered, whether in deciding the choice of SDGs or in the Non-Financial Report.

When asked about their knowledge of the SDGs and their implementation, only 12,5% of Sustainability Aware SMEs stated they know how to act on sustainability and on the SDGs and that they are operationalizing. 20,8% stated they know how to act on sustainability and on the SDGs but are not operationalizing. 25% showed they know how to act on Sustainability but not on the SDGs. 41,6% (20,8% + 20,8%) do not know how to act on sustainability or on the SDGs. A very low level of operationalization (12,5%) can be seen, and a great lack of knowledge on how to operationalize the SDGs.

We know how to act on Sustainability/ODS and we are making it operational	12,5%
We know how to act on Sustainability/ODS but we are not yet operationalising	20,8%
We know how to work on sustainability but not the SDGs	25,0%
We do not know how and where to start working on the SDGs	20,8%
We do not know how and where to start working on sustainability	20,8%

0,0% 20,0% 40,0% 60,0% 80,0% 100,0%

Figure 7.4.4 – Knowledge of the SDGs and their implementation (Sustainability Aware)

Shareholder Aware

Company characterization:

- Mainly family businesses (70,0%)
- Legal structure: it is the cluster with the highest percentage of limited companies (75,0%). 25,0% are public limited companies.

The Shareholder Aware company mainly sees sustainability as "Maybe Positive" or "A risk to be mitigated." The company's strategy is mainly focused on creating profit for shareholders.

The SDGs are not a part of the decision-making process strategy and are not incorporated into the company's strategy.

This kind of company generally reports the lowest levels when asked about the obstacles to adopting the SDGs. However, compared to the other groups, this is the group of companies that is furthest from their ideal of implementing the SDGs, thus suggesting some lack of interest or awareness in this issue.

Behaviour

35,0% see sustainability as a Strategic Opportunity, 45,0% as Maybe Positive, and 20,0% as a risk to be mitigated

90,0% describe strategy as Creating value for shareholders (profit)

55,0% do not incorporate the SDGs into their strategy

100,0% do not see the SDGs as a support for decision-making.

Motivations for sustainability

1. Complying with legislation, M=5,9

2. Opportunity for business growth, M=5,65

3. Gaining reputation, M=5,55

4. Reducing costs, M=5,45

5. Gaining competitive advantage, M=5,35

6. Having an impact on the industry as a leader in sustainability, M=4,7

7. Solving social problems, M=4,55

8. Solving social/environmental issues in partnerships, M=4,45

9. Mitigating risks, M=4,35

10. Consumer pressure, M=4,1

11. Society pressure, M=3,8

12. Employee pressure, M=3,65

13. Having a license to operate, M=4,72

14. Investor pressure, M=3,25

For their motivations for sustainability, when asked to choose between two spectrums of motivation, the Shareholder Aware companies chose:

- 65,0% Internal ambition
- 70,0% Reputation
- 65,0% Competitive advantage
- 60,0% Reducing costs
- 60,0% Profiting
- 50,0% Current generation's needs / 50,0% future generations'
- 85,0% Differentiating products and services
- 60,0% Complying with legislation
- 25,0% and 15,0% indicate that the company's positive social/environmental impacts are taken into account in the process of decision-making and choosing the SDGs and in their Non-Financial Report
- 30,0% and 20,0% indicate that the company's negative social/environmental impacts are taken into account in the process of decision-making and choosing the SDGs and in their Non-Financial Report
- 5,0% mention the SDGs and spillovers in the company's communication

The company's positive and negative social/environmental impacts are not considered whether in deciding the choice of SDGs or in the Non-Financial Report.

When asked about their knowledge of the SDGs and their implementation, only 15% of Sustainability aware SMEs stated they know how to act on sustainability and on the SDGs and that they are operationalizing. 15% stated they know how to act on sustainability and on the SDGs but are not operationalizing. 20% show they know how to act on Sustainability but not on the SDGs. 50% (45% + 5%) do not know how to act on sustainability nor on the SDGs. A very low level of operationalization (15%) and a great lack of knowledge on operationalizing the SDGs can be seen.

The different motivations for adopting the SDGs are related to the strategic position concerning the SDGs and sustainability

Contrary to what was seen with the Large Companies, the different motivations for adopting the SDGs are not a distinguishing feature between the SME clusters. No statistically significant differences were found for the motivations for adopting the SDGs, with only marginally significant differences in the "Solving social problems" and "Society pressure" motivations, where the Shareholder Aware companies considered them as not very significant.

Yet, we can see that what least motivates the SMEs, in general, is investor pressure and what most motivates them is gaining competitive advantage, opportunities for business growth, and complying with legislation.

Figure 7.4.5 – Knowledge of the SDGs and their implementation (Shareholder Aware)

How important are the following items for your company's motivation in adopting the SDGs? (part 1)
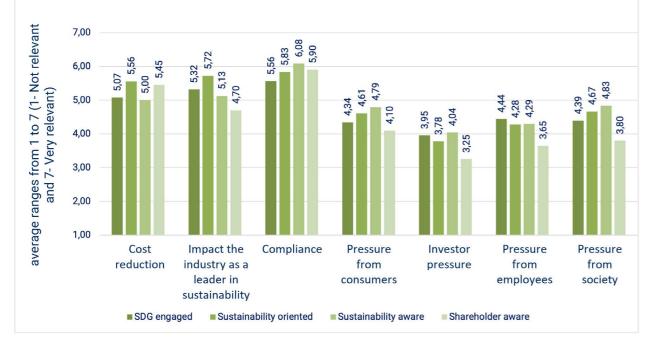
Figure 7.4.6 - How important are the following items for your company's motivation in adopting the SDGs? (part 1)

How important are the following items for your company's motivation in adopting the SDGs? (part 2)

Figure 7.4.7 - How important are the following items for your company's motivation in adopting the SDGs? (part 2)
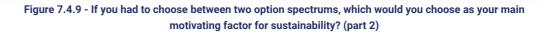
Does the obligation to choose between spectrums of different motivations confirm the strategic position concerning the SDGs and sustainability?

If you had to choose between two option spectrums, which would you choose as your main motivating factor for sustainability? (part 1)

Figure 7.4.8 - If you had to choose between two option spectrums, which would you choose as your main motivating factor for sustainability? (part 1)

Figure 7.4.9 - If you had to choose between two option spectrums, which would you choose as your main motivating factor for sustainability? (part 2)

Contrary to the Large Companies, where only a variable with significant differences was found ("Profiting vs. Creating value for an ample group of stakeholders"), with the SMEs, statistically significant differences on this variable can be found, and on the "Reputation vs. Solving social problems," "Current generations' needs vs. Future generation's needs," and "Complying with regulation vs. Solving sustainability problems" variables.

When the different companies are made to choose between two sides of a spectrum as their strongest motivations, statistically significant differences are found in the "Reputation vs. Solving social problems" option. While the clusters most aligned with the SDGs (which report that their company's strategic SDGs serve as support in the process of decision-making) mainly choose the "solving social problems" option, the two remaining clusters choose "Reputation."

It is also noteworthy that the clusters that strategically prioritize value creation for stakeholders predominantly choose the "Creating value for an ample group of stakeholders" option. The Shareholder Aware companies stand out for being the ones that show less concern for the future generations and for being the ones that prioritize "Complying with legislation" over "Solving sustainability problems."

The strategic position concerning the SDGs and sustainability is related to how the company considers its positive and negative effects on the SDGs, their connections, and how they consider them in their decision-making
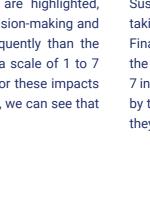
As with the Large Companies, we found statistically significant differences between the clusters concerning considering the company's positive impacts on the decision-making process. The SDG Engaged and Sustainability Oriented companies stand out, considering these impacts on their decision-making more frequently than the remaining groups (4,71 and 4,50 average, respectively).
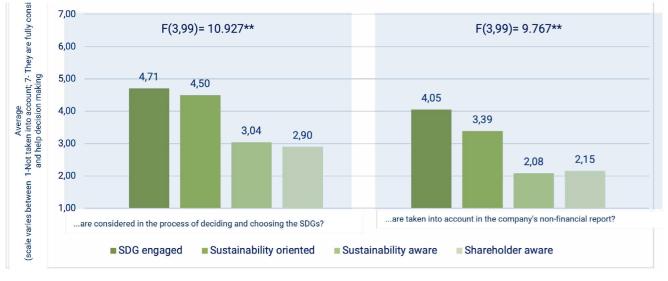
The SMEs also show a lower level of concern for the inclusion of their company's positive social/environmental impacts in their Financial Report, the significant differences being between the 4 clusters. While the SDG Engaged companies, on a scale of 1 to 7, show an average of 4,05, the Stakeholder Aware companies have a smaller average of 2,15.

In what ways are your company's positive social/environmental impacts taken into account...

Figure 7.4.10 - In what ways are your company's positive social/environmental impacts taken into account...

The strategic position concerning the SDGs and sustainability is related to the way in which the company considers its positive and negative effects on the SDGs, their connections, and how they consider them in decision-making

There is an equally statistically significant difference between the clusters concerning the consideration of the company's negative impacts on the process of decision-making and the Non-Financial Report. Similar to the positive impacts, the SDG Engaged and Sustainability Oriented companies are highlighted, as they consider this impact on decision-making and the Non-Financial Report more frequently than the remaining groups. Yet, considering a scale of 1 to 7 in which the level of consideration for these impacts by the companies could be included, we can see that they are on very low levels.

There is an equally statistically significant difference between the clusters concerning the consideration of the company's negative impacts on the process of decision-making and the Non-Financial Report. Similar to the positive impacts, the SDG Engaged and Sustainability Oriented companies are highlighted, taking this impact on decision-making and the Non-Financial Report into account more frequently than the remaining groups. Yet, considering a scale of 1 to 7 in which the level of consideration for these impacts by the companies could be included, we can see that they are on very low levels.

In what ways are your company's negative social/environmental impacts taken into account...
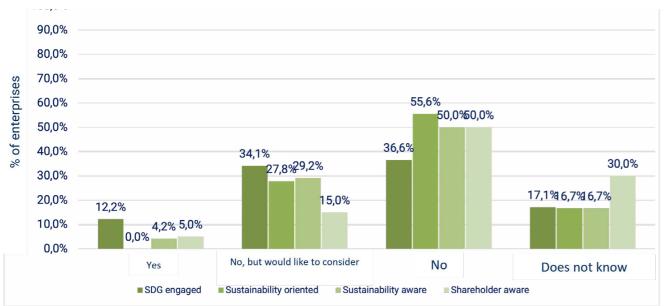
Figure 7.4.11 - In what ways are your company's negative social/environmental impacts taken into account...

No statistically significant differences were found concerning the reference to positive and negative spillovers in the company's communication or in the Non-Financial Report. However, the SDG Engaged and Sustainability Aware companies are the ones that most consider these effects. It is also possible to see that only the Stakeholder Aware companies neither consider nor show any desire to consider these effects.

Is there a reference to the connection between the SDGs and the negative and positive spillovers communicated by the company and/or in its Non-Financial Report?

Figure 7.4.12 - Is there a reference to the connection between the SDGs and the negative and positive spillovers communicated by the company and/or in its Non-Financial Report?

The different obstacles to adopting the SDGs are related to the strategic position concerning the SDGs and sustainability

There are marginally significant differences between the "Lack of knowledge on how to operationalize" and "We do not have the knowledge to report" options, in which higher rates are seen for the Sustainability Aware companies. The "Lack of knowledge on how

to operationalize" obstacle stands out as the main obstacle for the Sustainability Aware companies. The Shareholder Aware companies are the ones that least consider the "We cannot find partners" option as an obstacle.

Here are various obstacles to the adoption of the SDGs. Please rank them according to how important they are in your company.
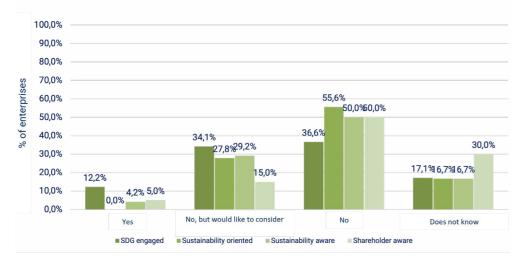
Figure 7.4.13 – Here are various obstacles to the adoption of the SDGs. Please rank them according to how important they are in your company.

The strategic position concerning the SDGs and sustainability is related to the way in which the company considers that the work it develops on the SDGs matches the level of implementation where it would like to be

As with the Large Companies, we found statistically significant differences between the SME clusters concerning the match between the work they develop on the SDGs and the level of implementation where they would like to be. The SDG Engaged and Sustainability Oriented companies show higher rates

than the two remaining clusters, having an average of 3,63 and 3,67 (on a scale of 1 to 7), respectively. None of the clusters is on a level 4, 5, 6, or 7, which shows a gap between the intention and actual operationalization of the SDGs in Portuguese SMEs.

Do you consider the work you develop on the SDGs matches the level of implementation where you would like to be?

Figure 7.4.14 - Do you consider the work you develop on the SDGs matches the level of implementation where you would like to be?

Specific analyses

Is the company's characterization related to the way in which the company strategically sees the SDGs and sustainability?

The characterization of the companies belonging to each cluster and the potential difference between these groups was studied concerning legal structure, capital, family/non-family company, founding date, number of countries to which they export, industry, services or products, companies associated with business sustainability networks, and administration council composition.

No significant differences were found in any of these aspects, a possibly predictable result taking into account the greater uniformity of this kind of business fabric compared to the Large Companies' case.

The determined results are reported in the following tables.

Some uniformity in the different clusters' companies can be seen concerning the legal structure, capital, family/non-family business, founding date, and products and services activities. Generally speaking, the SMEs are public limited companies or limited companies made up of private capital. The majority are family companies dedicated to making products.

		SDG Engaged (n=41)	Sustainability Oriented (n=18)	Sustainability Aware (n=24)	Shareholder Aware (n=20)	
How do you characterise the legal structure of your company	Public Limited Company	46,3%	33,3%	45,8%	25,0%	ns
	Private Limited Company (including sole proprietorship)	53,7%	66,7%	54,2%	75,0%	
What is the capital structure of your company? Who owns the capital?	Private Equity	100%	100%	100%	100%	
Is your company family-owned or non-family-owned?	Family business	73,2%	83,3%	62,5%	70,0%	ns
	Company with non-family capital	26,8%	16,7%	37,5%	30,0%	
In what year was your company founded?	between 1901 and 1945	2,4%	0,0%	8,3%	0,0%	ns
	between 1946 and 1980	17,1%	16,7%	12,5%	10,0%	
	between 1981 and 2000	39,0%	50,0%	41,7%	45,0%	
	from 2001 onwards	41,5%	33,3%	37,5%	45,0%	
Is your company a service business or a product business?	Services	29,3%	16,7%	12,5%	20,0%	ns
	Products	46,3%	55,6%	41,7%	55,0%	
	Both	24,4%	27,8%	45,8%	25,0%	

Table 7.4.2 – Is the company's characterization related to the way in which the company strategically sees the SDGs and sustainability? (part 1)

The majority of the different clusters' companies export to 2 to 10 countries. Of the surveyed SMEs, a very small percentage belongs to business sustainability networks, with Global Compact Network Portugal standing out.

		SDG engaged (n=41)	Sustainability oriented (n=18)	Sustainability aware (n=24)	Shareholder oriented (n=20)	
How many countries does your company export to?	1 country	7.5%	5.6%	20.8%	5.0%	ns
	between 2 and 10	70.0%	72.2%	41.7%	70.0%	
	between 11 and 13	15.0%	11.1%	33.3%	25.0%	
	between 31 and 70	7.5%	11.1%	4.2%	0.0%	
Global Compact Network Portugal	Yes	4.9%	0.0%	8.3%	5.0%	ns
	No	95.1%	100.0%	91.7%	95.0%	
GRACE	Yes	2.4%	0.0%	0.0%	0.0%	ns
	No	97.6%	100.0%	100.0%	100.0%	
BCSD / WBSCD	Yes	2.4%	0.0%	4.2%	0.0%	ns
	No	97.6%	100.0%	95.8%	100.0%	

Table 7.4.3– Is the company's characterization related to the way in which the company strategically sees the SDGs and sustainability? (part 2)

In addition, no significant differences were seen in the distribution of the average age of the members of administration councils or the percentage of men and women.

		SDG engaged (n=41)	Sustainability oriented (n=18)	Sustainability aware (n=24)	Shareholder oriented (n=20)	
What is your business sector/industry?	Automobiles and Parts	4.9%	11.1%	4.2%	5.0%	ns
	Basic Resources	2.4%	5.6%	0.0%	0.0%	
	Chemicals	2.4%	0.0%	0.0%	0.0%	
	Construction and Materials	12.2%	16.7%	16.7%	30.0%	
	Consumer Products and Services	4.9%	0.0%	16.7%	10.0%	
	Food, Beverage and Tobacco	0.0%	0.0%	8.3%	0.0%	
	Health Care	4.9%	11.1%	0.0%	0.0%	
	Industrial Goods and Services	46.3%	33.3%	37.5%	25.0%	
	Media	2.4%	0.0%	0.0%	0.0%	
	Professional Support Services	2.4%	0.0%	0.0%	5.0%	
	Real Estate	2.4%	0.0%	0.0%	0.0%	
	Retail	2.4%	5.6%	0.0%	0.0%	
	Technology	7.3%	11.1%	16.7%	15.0%	
	Telecommunications	4.9%	0.0%	0.0%	10.0%	
	Travel and Leisure	0.0%	5.6%	0.0%	0.0%	

Table 7.4.4 - Is the company's characterization related to the way in which the company strategically sees the SDGs and sustainability? (part 3)

No significant differences were seen in the distribution of the average age of the members of administration councils or the percentage of men and women.

	SDG engaged (n=41)	Sustainability oriented (n=18)	Sustainability aware (n=24)	Shareholder oriented (n=20)	
Average age of the Executive Board (calculated as the mid-point of each age group)	51.7	56.0	52.0	54.5	ns
% women on the Board of Directors	23.4%	26.4%	18.3%	18.8%	ns
% men on the Board of Directors	76.6%	73.6%	81.7%	81.3%	ns

Table 7.4.5 - Is the company's characterization related to the way in which the company strategically sees the SDGs and sustainability? (part 4)

Is the level of knowledge on the SDGs related to the strategic position concerning the SDGs and sustainability?

Concerning the knowledge of the SDGs in SMEs, the clusters differ significantly. The Sustainability Oriented Cluster shows a superior level of knowledge to all the others, followed by the SDG Engaged Cluster and, lastly, the Shareholder Aware and Sustainability

Aware Clusters. It is also noteworthy that only the Sustainability Oriented Cluster has a level higher than 5. All the others have a low level of knowledge of the SDGs.
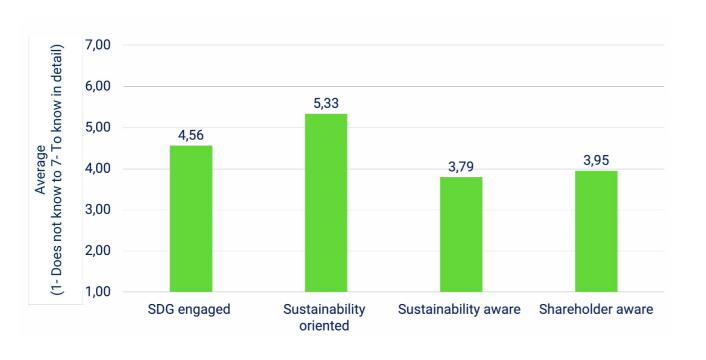
Table 7.4.15 – What is your company's level of knowledge of the SDGs?

The different obstacles to not adopting the SDGs are related to the way in which the company sees the gap between "where it is" and "where it would like to be" in terms of SDGs and sustainability

The relationship between how the different obstacles are perceived and the level of implementation of the SDGs in SMEs was studied through regression analysis. The main obstacle to the implementation of the goals is the lack of knowledge, whether on the SDGs, on how to report, and/or how to operationalize the SDGs. The negative relation between the variables point to the fact that the higher the intensity of obstacle perception, the lower the level of implementation. This is evidence that all obstacles can contribute negatively toward the implementation gap experienced by the companies.

The effect the perception of these obstacles has on the implementation of the SDGs by SMEs is inferior to the one seen with Large Companies. This is evidence that these obstacles (lack of knowledge on the SDGs, how to operationalize, and how to report) can contribute toward the implementation gap experienced by the companies, but to a smaller degree than the one seen with Large Companies. As this question depends on the SMEs' perception, and as they have less contact with and knowledge of the 2030 Agenda, it could cause this inferior effect.

Model	Independent Variable	Beta	Sig.
1	Lack of knowledge on the SDGs	-0,230	0,020
2	Lack of knowledge on how to operationalize	-0,278	0,005
3	We see no business case	-0,172	ns
4	The SDGs are very far from our language	-0,054	ns
5	We do not have the knowledge to report	-0,254	0,010
6	We cannot find partners	-0,134	ns
7	We have no resources	-0,051	ns

Dependent variable: Do you consider the work you develop on the SDGs matches the level of implementation where you would like to be? – Level of implementation

A beta coefficient is standardized and compares the strength of each individual independent variable's effect with the dependent variable. The larger the absolute value of the beta coefficient, the stronger the effect.

The way in which the companies develop partnerships on the SDGs is related to the strategic position concerning the SDGs and sustainability

Marginally significant differences were found in the way that the companies of the different clusters developed partnerships concerning the SDGs. This difference is notable with the Shareholder Aware cluster, where 80,0% of the companies declare they do not have established partnerships concerning

this issue, vs. 34,1% of SDG Engaged companies. This is evidence that the more involvement SMEs have in the SDG agenda, the greater the tendency for celebrating partnerships, highlighting the relevance of their development with partnerships in the context of implementing SDGs.

	SDG engaged (n=41)	Sustainability oriented (n=18)	Sustainability aware (n=24)	Shareholder oriented (n=20)	
Do you develop partnerships in the scope of the SDGs?	We have no established partnerships	34.1%	50.0%	54.2%	80.0%	χ2 (9)= 15.406†
	We have some partnerships, but it is not usual	26.8%	22.2%	29.2%	15.0%	
	We are looking for partnerships on these topics and we have some	36.6%	22.2%	12.5%	5.0%	
	We have multiple partnerships	2.4%	5.6%	4.2%	0.0%	

Table 7.4.6 – Do you develop partnerships concerning the SDGs?

The existence of indicators connected to the core business and their level of detail is associated with different strategic positions concerning the SDGs and sustainability

Significant differences were found in the existence of indicators connected to the SMEs' core business: 61,1% of the Sustainability Oriented companies mention already having sustainability indicators aligned with their core business, in contrast with the Shareholder Aware companies, in which only 10,0% mention having this alignment. Something interesting can also be seen: in the SDG Engaged cluster, the majority of companies (61,0%) do not have sustainability indicators connected to their core business, and most (79,2%) of the Sustainability Aware companies.

		SDG engaged (n=41)	Sustainability oriented (n=18)	Sustainability aware (n=24)	Shareholder oriented (n=20)	
Are there sustainability indicators linked to the company's core business?	Yes	39.0%	61.1%	20.8%	10.0%	χ2 (3)= 13.496**
	No	61.0%	38.9%	79.2%	90.0%	

Table 7.4.7 – Are there sustainability indicators connected to your company's core business?

The different obstacles aimed at the engagement with the SDGs and sustainability are related to the strategic position concerning the SDGs and sustainability

Concerning the obstacles to engagement with the SDGs, the SDG Engaged cluster stands out, in a statistically significant way, with a higher percentage of companies that declare knowing how to act on sustainability and on the SDGs. However, they still show some constraints in the implementation (34,1%). The Shareholder Aware companies' position also stands out, where 45,0% show they do not know how and where to start developing the SDGs. The largest percentage (38,9%) of Sustainability Oriented companies declare they know how to work on sustainability but not on the SDGs.

Although not with a statistically significant difference, we can also see that the SDG Engaged Cluster has a higher amount of companies compared to the remaining clusters, which considers the lack of a business case not to be an obstacle to implementing the SDGs (61,0%).

		SDG engaged (n=41)	Sustainability oriented (n=18)	Sustainability aware (n=24)	Shareholder oriented (n=20)	
Which of the following options is the most valid for your company?	We do not know how and where to start working on the SDGs	9.8%	0.0%	20.8%	5.0%	χ2 (12)= 27.439***
	We don't know how and where to start working on the SDGs	7.3%	5.6%	20.8%	45.0%	
	We know how to work on sustainability but not the SDGs	14.6%	38.9%	25.0%	20.0%	
	We know how to act on Sustainability/ODS but we are not yet operationalising	34.1%	27.8%	20.8%	15.0%	
	We know how to act on Sustainability/ODS and we are making it operational	34.1%	27.8%	12.5%	15.0%	
Choose the option that makes more sense to you: "The lack of a business case (cost-profit ratio) is one for not implementing more SDGs".	Yes, because there is no business case	4.9%	22.2%	33.3%	25.0%	ns
	Yes, because it is difficult to find a business case	34.1%	33.3%	33.3%	30.0%	
	No, it is not a barrier	61.0%	44.4%	33.3%	45.0%	

Table 7.4.8 – The different obstacles aimed at engagement with the SDGs and sustainability are related to the strategic position concerning the SDGs and sustainability

The knowledge of SDGs and the 169 targets is related to the way in which the company considers the positive and negative effects of the SDGs, their connections, and how they consider them in decision-making

Through regression analysis, the relation between the level of knowledge on the SDGs and the 169 targets and the degree to which the company's positive and negative social/environmental impacts are taken into account in decision-making was studied. One can see that the level of knowledge on the SDGs and the 169 targets relates positively and significantly to considering positive and negative impacts on decision-making and choosing the SDGs. This means that the higher the level of reported knowledge on the SDGs or the 169 targets, the more the company considers their impacts on the decision-making process, emphasizing the positive impacts. However, one can see that the level of knowledge on the SDGs has a higher effect on considering positive social/environmental impacts on decision-making than the negative effects.

Model	Independent Variable	Beta	Sig.
1	Level of SDG knowledge	,505	<,001
2	Level of 169 targets' knowledge	,527	<,001

Dependent variable: In what ways are the company's negative social/environmental impacts taken into account in the process of decision-making and choosing of SDGs? – negative impacts

Model	Indepented Variable	Beta	Sig.
1	Level of SDG knowledge	,354	<,001
2	Level of 169 targets' knowledge	,293	,003

Dependent variable: In what ways are the company's positive social/environmental impacts taken into account in the process of decision-making and choosing of SDGs? – Positive impacts

A beta coefficient is standardized and compares the strength of each individual independent variable's effect with the dependent variable. The larger the absolute value of the beta coefficient, the stronger the effect.

The knowledge of SDGs and the 169 targets is related to the way in which the company considers the positive and negative effects of the SDGs in their Non-Financial Report

One can equally see that the level of knowledge on the SDGs and the 169 targets relates positively and significantly with the consideration of the positive impacts on the Non-Financial Report. Concerning negative impacts, only the knowledge of the 169 targets relates positively and significantly to the consideration of this impact on the Non-Financial Report. In this case, the knowledge of the targets has a greater effect on decision-making and on reporting than the knowledge of the 17 SDGs.

Model	Indepented Variable	Beta	Sig.
1	Level of SDG knowledge	,228	,020
2	Level of 169 targets' knowledge	,323	<,001

Dependent variable: In what ways are the company's positive social/environmental impacts taken into account in the company's Non-Financial Report? – Positive impacts

Model	Indepented Variable	Beta	Sig.
1	Level of SDG knowledge	,169	ns
2	Level of 169 targets' knowledge	,265	,007

Dependent variable: In what ways are the company's negative social/environmental impacts taken into account in the company's Non-Financial Report? – Negative impacts

• The beta coefficients have standard deviations as units, and through this coefficient, we can see the relationship between the tested variables based on their standard deviations.

The strategic position concerning the SDGs and sustainability is related to the way in which the company considers the geographies in which it operates in choosing its strategic SDGs

Statistically significant differences were found between the clusters in the way in which they choose the most important SDGs for their companies. It is noteworthy that the companies in the Shareholder Aware cluster are mainly (65,0%) in the "We take into account what we can do with our internal resources, seeing as the contribution toward the SDGs depends on our internal capacity" option, and largely (30,0%) in the "We chose the ones that are easier to reach" option. The majority of the companies in the SDG Engaged and the Sustainability Oriented clusters chose the "We take into account what we can do with our internal resources, seeing as the contribution toward the SDGs depends on our internal capacity" option. 29,3% of the SDG Engaged companies and 25,0% of the Sustainability Aware companies chose the "We first consider the social context of which we are a part, to then choose the strategic SDGs which most need our contribution" option.

		SDG engaged (n=41)	Sustainability oriented (n=18)	Sustainability aware (n=24)	Shareholder oriented (n=20)	
When we consider the SDGs most important to our company...	We choose the ones that are easiest for us to achieve	2.4%	11.1%	29.2%	30.0%	χ2 (6)= 17.127 **
	We take into account what we can do with our internal resources because the contribution to the SDGs depends on our internal capacity	68.3%	77.8%	45.8%	65.0%	
	We first consider the social context where we operate after choosing the strategic SDGs that most need our contribution	29.3%	11.1%	25.0%	5.0%	

Table 7.4.9 – When we consider the most important SDGs for our company...

Concerning the choice of SDGs, taking the geographies in which the companies operate into account, a statistical difference between the clusters can be seen. The SDG Engaged and the Sustainability Oriented cluster have a very similar and higher level of agreement than the remaining groups. Yet, on a scale of 1 to 7, this level is quite low, which shows a long way to go for these companies concerning the consideration of the context of which they are a part for defining their strategic SDGs. This point is crucial to establishing an SDG business policy that addresses the needs of the truly sustainable development of the company's regions by paying attention to the more or less advanced SDGs in those regions.

Does your company's choice of SDGs take into account the level of development of the SDGs in the most important geographies where it operates?
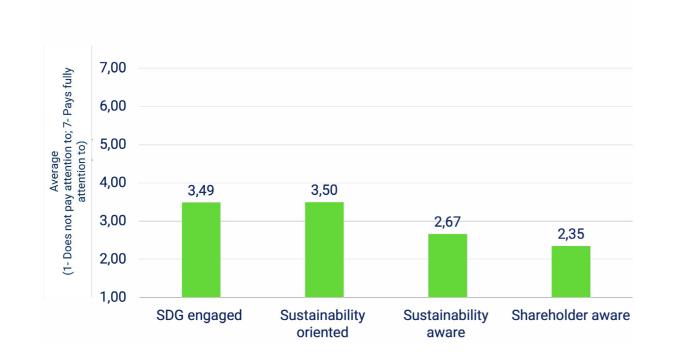
Table 7.4.16 - Does your company's choice of SDGs take into account the level of development of the SDGs in the most important geographies where it operates?

Good practices identified in Portuguese companies

The purpose of this chapter is to present, in a non-exhaustive way, some of the good practices identified in the Non-Financial Reports of the 60 Large Companies being studied. More than 100 good practices related to sustainability and the Sustainable Development Goals were identified. In this chapter, some selected practices are described, and others will be disclosed later. The Observatory of the SDGs in Portuguese companies will continue to share good practices regularly, aiming to promote and encourage their adoption by Portuguese companies.

The selection methodology for the good practices presented here is in Chapter 6 of this report. The good practices were divided into five categories, which will be developed in the following pages:

1. Processes of integration of the SDGs in corporate strategies
2. SDG Report
3. Structuring of Practical Cases related to the SDGs
4. Reporting Practical Cases related to the SDGs
5. Good practice of partnerships between the companies from the Observatory.

Processes of integration of the SDGs in corporate strategies   8.1

The processes of integration of the SDGs in corporate strategies refer to all the processes of selecting strategic SDGs for the company, stakeholder involvement, materiality analysis, and choosing SDGs according to the corporate context and its value chain, among others. They mainly refer to the practices that mirror a "process" in which the SDGs were integrated into the core business or the company's strategy setting and are considered good examples of operationalization.

Concerning the processes of integration of the SDGs in corporate strategies, the following are highlighted:

The Navigator Company – Materiality Analysis

To face the next decade's challenges and opportunities, The Navigator Company created a Responsible Management Agenda named the 2030 Agenda. This agenda aims at "creating value responsibly" and has an ample and comprehensive materiality analysis as its pillar. The 2030 Agenda results from a review of the company's materiality analysis that began in 2019, with the identification of a list of topics and stakeholders to be consulted, and ended in 2020. It involved more than 540 internal and external stakeholders. In addition to consulting stakeholders, it was based on benchmarking international trends, identifying challenges, risks, and opportunities, and using the SDG framework.

Figure 8.1 – 2030 Responsible Management Agenda – The Navigator Company
Source: The Navigator Company **Website**

From this process of stakeholder consultation, strategic reflection, and validation of results obtained by the Executive Commission, 12 material topics came up. These 12 topics are the origin of the 2030 Agenda's four strategic axes, which mirror the company's main commitments and goals: 1) Responsible Business, 2) Nature, 3) Climate, and 4) Society. The ambitions contemplated in the 2030 Agenda are made concrete in the 2030 Roadmap, which sets 15 commitments that will guide The Navigator Company's way for the next decade, contributing to sustainable value creation. The 2030 Roadmap can be consulted on page 34 of The Navigator Company's 2021 Sustainability Report.

An analysis of the SDGs was made during the development of the 2030 Agenda. It consisted of classifying the SDGs into three relevant levels based on the company's influence on its success. The SDGs ranked as core were the ones to which the company can contribute directly and have a more significant impact through its activities. Answering these SDGs is an opportunity for sustainable economic growth for the company through more responsible management of resources, generating value in communities and partnerships with its stakeholders. Secondly, the SDGs ranked as supportive were selected, which are impacted directly ou indirectly by the company activities, but with a smaller relevance to their primary activity, but are not disconsidered by the company. Lastly, the "other SDGs," with which the company interacts less directly, is not disconsidered by the company. The targets the company aims to reach were identified for the core and supportive SDGs,

aligned with its strategy and established in connection with the 2030 Roadmap's commitments.

Highlights in this good practice:

- Stakeholder involvement on a large scale: 540 stakeholders were involved in the consultation process;
- Identification of material topics and their crossing with societal trends, opportunities, and risks;
- Alignment of the company strategy with the SDGs and monitorable targets, besides the establishment of a connection between the SDGs and the 2030 Roadmap Commitments;
- Ranking the SDGs according to the company's potential positive impact.

Siemens - DEGREE Framework

Siemens' DEGREE Framework is an international integration strategy that incorporates the company's DNA in alignment with its sustainability policies *(DEGREE – Decarbonisation; Ethics; Resource efficiency; Equity; Employability)*. This framework highlights Siemens' commitment to ESG issues and presents a 360-degree approach that includes all its stakeholders (clients, suppliers, investors, employees, society, and planet) and a direct alignment with the SDGs.

The DEGREE Framework is based on six fields of action that boost sustainability, are dynamic, and are constantly evolving. They represent the company's priorities and ambitions in all geographies and

lead the business and management activities with its stakeholders. Consequently, they apply to all companies affiliated with Siemens except Siemens Healthineers. The DEGREE Framework sets fourteen global goals which guide the company's strategy. SDGs are associated with each field, according to the company's contribution toward their fulfillment.

Figure 8.2 – SDG alignment to the Siemens DEGREE Framework
Source: Siemens 2021 Sustainability Report, p. 20

Highlights in this good practice:

- Alignment of the company's global strategy with one of the main SDG policies common to all subsidiaries in the various locations in which the company acts.
- A total alignment of the company's strategy with the SDGs through its mapping according to the six fields of strategic action.
- Commitment to reach and influence its stakeholders in reaching the SDGs set out by the United Nations.

Altri – 2030 Commitment

Altri recognizes the SDGs' importance as a part of global ambition for sustainability, and the company's contributions are reflected in the 2030 Commitment (Figure 8.3).

The company focuses its strategic acting on the fields in which it creates the most positive impacts and benefits for sustainable development. Its strategy is based on four development vectors that center its activity and future investments:

1) Develop and Value the Forest; 2) Bet on Operational Excellence and Technological Innovation; 3) Value People; and 4) Affirm sustainability.

In 2020, Altri consulted its stakeholders, including a question on the SDGs, to understand the importance its stakeholders give to the SDGs and validate which SDGs are most relevant for Altri. Based on its strategic acting and stakeholders' expectations, the company's main sustainability goals were identified and translated into the 2030 Commitment. Altri's Commitments for the 20-30 decade are aligned with the SDGs and contribute to their progress.

The 2030 Commitment comes with the ambition to recognize not only the company's positive but also its negative impacts, highlighting its responsibility in managing its spillovers and tradeoffs in the context of the society it is a part of. In figure 8.3, Altri's 2030 Commitment can be seen, in which the company's targets are made clear about the year 2018 and 2030 (the date by which the 2030 Agenda will be met).

Figure 8.3 – Altri – 2030 Commitment
Source: Altri 2020 Sustainability Report, p. 63

SDGs Report   `8.2`

The Non-Financial Reports are one of the companies' main communication instruments for spreading their strategies, initiatives, and progress concerning sustainability. Two kinds of good practices were identified in terms of reporting:

1) the integration of the SDGs in the report and corporate strategy communication; and 2) the use of effective illustrations.

Millennium BCP – "Millennium BCPs contribution to the SDGs" Report

Millennium bcp wrote a report exclusively dedicated to reporting its contribution to the SDGs. According to the bank's strategic acting axes, eight priority SDGs were identified for implementing the 2030 Agenda. They were mapped through a continuous process to establish the relation and identify the focal points between the bank's activities and the SDGs. In this report, the company presents its goal for each SDG, how it contributes to the Goals, the initiatives introduced, and the achieved results, as shown in Figure 8.4.

Figure 8.4 – Sustainable Financing – Millennium BCP

Source: Contributo do Millenium bcp para os Objetivos de Desenvolvimento Sustentável das Nações Unidas no contexto do plano diretor de sustentabilidade 2021, p. 4

Highlights in this good practice:

- Alignment between the company's strategy and the SDGs;
- Association of the company's strategic goals with the actual targets for each SDG, setting an actual timeline for their fulfillment;
- Incorporation of results obtained through the stakeholders' consultation into the company's strategy;

- The importance of recognizing the negative impacts which result from the company's activity in order that they are addressed and not hidden;
- All the commitments adopted by the company for the 20-30 decade are aligned with the SDGs and contribute toward their progress.

Highlights in this good practice:

- Identification of the priority SDGs for the bank according to their strategic acting axes;
- Communication anchored on the 2030 Agenda and presented in an exclusive Report (may be an excellent short-term solution for companies that do not yet wholly integrate the SDGs in their activity reports or for companies that, in a specific context, want to highlight their public commitment to the SDGs);
- For each strategic SDG, the respective goal to be reached is identified, the initiative is described, and the company's contribution toward reaching it.

An effective an appealing way of reporting the SDGs is through images and illustrations. Different kinds of "SDG tables" and "SDG wheels" were identified in the company's reports, guaranteeing more transparent and effective communication.

The "SDG tables" are used to summarize the information and can be simple, for example, tables that summarize the information on the SDGs and their activities. They can identify the initiative/

project and the associated SDGs or can be more robust, adding columns to explain, for instance, the strategic pillar associated with the initiative, the company's goals, the SDG targets, the SDG indicators, progress, and achieved results, among others.

SDG Tables

The following are examples of "SDG tables":

- **NOS:** In their report, a table is presented which identifies the SDGs associated with the company's Strategic Sustainability Pillars, as well as their commitments, targets, strategies, progress level, and status (Figure 8.5). This table allows the reader to quickly identify the company's contribution toward the SDG Agenda, besides making clear a qualitative (status) and quantitative (progress level) evaluation of the commitment.

- **Accenture:** In their Sustainability Report, Accenture presents a table, namely "Annex 1", in which it shows the company's commitment to their priority SDGs in detail. The table identifies the company's priority SDGs, highlights the targets it touches upon, presents the company's

goal concerning the SDGs, and explains how the company contributes to further this goal by describing its initiatives and/or projects.

Figure 8.6 – Priority Sustainable Development Goals – Accenture
Source: Accenture 2020 Sustainability Report Portugal, p. 151

- **Teleperformance:** Teleperformance presents a table where they identify their contributions toward the SDGs throughout the value chain. On one side, they present the positive impacts of their activities and, on the other, the risks associated with each one, both on an SDG level and a target level.

Figure 8.5 – NOS – Strategic Sustainability Pillars
Source: NOS 2021 Annual Integrated Report, p. 124

Figure 8.7 – Teleperformance's contribution to the Sustainable Development Goals along the entire value chain - Teleperformance

Source: Teleperformance 2021 Integrated Report, p. 13

SDG Wheel

The "SDG wheel" is part of the Sustainable Development Goals' visual identity. The 17 SDGs form a colored and perfectly fit the circle, which refers to the 2030 Agenda of complementary character. The "SDG wheels" can, in this way, be used both for highlighting the company's priority SDGs (such as CUF or Brisa), using the SDGs' visual identity in an authentic way, as well as to identify the company's strategic pillars (such as Galp or Teleperformance), which are later associated to the SDGs.

Five of the companies that have been analyzed use this kind of graphic aid, as can be seen in Figures 8.8 to 8.12: Brisa – Autoestradas de Portugal, CUF, Galp, Grupo Ageas Portugal, and Teleperformance. In some cases, a brief description of the company's contribution toward the SDG in question is made, which is considered to be good practice for its illustrative character.

Figure 8.8 – Sustainable Development Goals – Brisa

Source: Brisa 2021 Integrated Report, p.19

Figure 8.9 – Commitment to the Sustainable Development Goals – CUF

Source: CUF 2021 Integrated Report, p. 34

Figure 8.11 – Contribution toward the Sustainable Development Goals – Grupo Ageas Portugal

Source: Grupo Ageas Portugal 2020 Sustainability Report, p. 29

Figure 8.10 – Contribution toward the Sustainable Development Goals – Galp

Source: Galp 2021 Management Integrated Report, p. 27

Figure 8.12 – Contribution toward the Sustainable Development Goals – Teleperformance

Source: Teleperformance 2021 Integrated Report, p. 12

Highlights in this good practice:

- Emphasis on which are the company's strategic SDGs, using the SDGs' base identity and highlighting the ones most important for the company;
- Justifying the choice of each SDG by illustrating how it relates to the company's strategy, core business, and specific activities;
- Possibility of identifying the primary and secondary SDGs;

- A clear and effective way of presenting the incorporation of the SDGs in the business strategy.

In other cases identified, the companies present their strategy based on the visual construction of the wheel, summoning, through the circle, an idea of unity and complementarity. This is the case with Altri, Millennium bcp, Delta Cafés, and Fidelidade. In all cases, the associated SDGs are also illustrated.

Figure 8.14 – 2021 Sustainability Guiding Plan – Millennium bcp

Source: Millennium bcp 2021 Sustainability Report, p. 17

Figure 8.13 – Sustainability Management – Altri

Source: Altri 2020 Sustainability Report, p. 61

Figure 8.15 – Areas of acting and commitments to the SDGs – Delta Cafés

Source: Our sustainability stories, published in 2018, by Delta Cafés, p. 9

Figure 8.16 – Our contribution toward the 2030 Agenda

Source: Fidelidade 2020 Sustainability Report, p. 14/15

Highlights in this good practice:

- Emphasis on the idea of complementarity, unity, and integration between the company's strategic pillars and the SDGs, which the use of a circle image;
- Highlighting how to relate the company's

strategy and its priorities with the different SDGs, using the latter's base identity;

- How to justify the choice of each SDG based on business strategy and its illustration through caption, which can detail the strategic axes or the company's activity and their relation to the SDGs.

Structuring of Practical Cases related to the SDGs

8.3

The Structuring of Practical Cases related to the SDGs' good practice refers to how the companies present SDG Practical Cases in their Non-Financial Report. The cases that stand out are the ones which, besides the initiative's description, identify 1) the problem on which they act, 2) the proposed solution, 3) the SDGs and associated targets, 4) the goals of the developed case, and 5) the achieved results. In this case, two good practices stand out:

Accenture – Structure of the "Successful Cases"

In their report, Accenture highlights what they identify as good practices as being "Successful Cases," which are presented according to the same structure: 1) the challenge and its context, 2) the company's proposed solution, 3) results obtained, and 4) the SDGs to which the initiative contributes, concerning the SDGs' targets.

By presenting the information with this amount of detail, the company can justify the importance of its case, seeing as it is based on a specific problem, relating it to a global challenge (SDGs), and to which it contributed with a solution in an organized, committed, and monitored way (with set goals and measured results).

Figure 8.18 illustrates this structure by presenting the "Efficiency and Safety in energy supply" example, an initiative developed by EDP to implement a data-driven approach to optimize the planning of maintenance and optimization of investment decisions of high-tension distribution network actives.

Figure 8.17 – Successful Case #3: Efficiency and Safety in energy supply – Accenture

Source: Accenture 2020 Sustainability Report Portugal, p. 68

Highlights in this good practice:

- Clear presentation of a global challenge (and its context) that the company proposes to develop;
- Presentation of a specific solution offered by the company through the core of its activity;

- Presentation of clear goals which the company proposes to reach;
- Measuring of results and progress evolution;
- Initiative/project's contribution to the SDGs and its targets.

Teixeira Duarte – "Highlighted Initiatives" Structure

The "Highlighted Initiatives" presented by Teixeira Duarte in their Non-Financial Report always follow the same structure: 1) identifying the main SDGs impacted by the project; 2) identifying the challenge, 3) the project's acting context, 4) at whom it is aimed, 5) the project's characterization/description, 6) company sectors involved, and 7) its impacts.

This set of information allows a greater understanding of the project and its contribution to the progress of the 2030 Agenda. For example, the "Fazer Pescar" project aims to develop the professional skills of young people who are a part of the communities in which Teixeira Duarte is a part, in Angola, later promoting their integration into companies of the Teixeira Duarte Group.

Highlights in this good practice:

- Presenting a social challenge close to the community in which the company develops its activities and how the organization proposes to develop a solution to it;
- Presentation of a specific solution offered by the company, which ends up benefitting the core business by fundraising and training for qualified work;
- Measuring and presenting the project's impacts, as well as the identification of its beneficiaries;
- Project's contribution toward the SDGs.

Figure 8.18 – Highlighted Initiative: Fazer Pescar – Teixeira Duarte

Source: Teixeira Duarte 2021 Sustainability report, p. 37

Communication of Cases related to the SDGs **8.4**

In this section, the Observatory companies' projects and initiatives are identified, considering the alignment with the SDGs and respective communication in Non-Financial Reports. The good practices identified are related to different themes mapped according to the SDGs they impact. Concerning each theme and respective SDG, the companies' different cases, which show how they impact them effectively, positively, and aligned with their core business, are given below.

The identified themes are:

- Sustainable water management
- Protecting life below water
- Reducing carbon emissions
- Protecting life on land: Portugal's forests
- Promoting sustainable agricultural practices
- Building more sustainable cities
- Developing alternative energies
- Promoting access to health
- Promotion of equity and social inclusion
- Circular economy and value chain
- Sustainability in the financial sector

Sustainable water management

SDG#6 – Clean Water and Sanitation aims to guarantee the availability and sustainable management of clean water and sanitation for all.

According to the analysis of the Portuguese context described in Chapter 4.2, this SDG still presents some challenges in Portugal, despite having a favorable evolution. In the context of droughts and the threat of future droughts, this SDG is more and more important for our country.

Concerning water treatment and reuse, three examples stand out from the companies from the Observatory :

Águas de Portugal – 100% Virtual Telemanagement Project

The 100% Virtual Telemanagement Project represents a significant technological advance for managing Águas do Douro e Paiva, a company belonging to the Águas de Portugal Group. The project comprises a 100% virtual water consumption management system, allowing the company to switch off its physical management systems. This system, adopted in 2020, has increased the resiliency of the water supply to 1,6 million people and bodies, minimizing inefficiencies and water leaks by means of preventive management and network renovation. It, therefore, helps Águas de Portugal to better serve their clients, promoting efficient water consumption. This project integrates

one of the company's strategic goals – "Preventing and reducing physical water losses". It thus contributes toward SDG#6 by a greater efficiency in consuming and using water.

Águas de Portugal – Algarve Golf courses and public gardens watered with recycled water

In 2021 about 800 thousand cubic meters of ApR (Água para Reutilização - Water for Reutilization) were used, from the Quinta do Lago and Albufeira Poente wastewater treatment plans, to water golf courses and public gardens, respectively, the São Lourenço e Salgados Golf courses and the Empresa Municipal Infraquinta gardens. The rise in recycled water use in the Algarve region translates into a clear reduction of captured volume and, therefore, a greater safeguard of water resources, which will be available in the environment, and eventually for more noble purposes, such as producing water for human consumption. The need for directing efforts toward using ApR is a strategy identified in the Algarve's Water Efficiency Regional Plan, allowing the safeguarding of the availability of water reserves in the region, which will ensure a more significant balance between demand and availability of water.

Figure 8.19 – 100% Virtual Telemanagement – Águas de Portugal

Source: Águas de Portugal 2020 Sustainability Report, p. 77

Life below water

SDG#14 –Life Below Water aims to conserve and sustainably use the oceans, seas, and marine resources. This SDG, as shown in the analysis of the Portuguese context (Chapter 4.2) and in answer to the question "Which SDGs are incorporated into your company's strategy?" in Chapter 7.1, is considered to be a current challenge, highlighting the importance of protecting the oceans that represents an important part of Portugal's identity.

Based on this SDG relevance for Portugal – one of the SDGs the country defined as a priority in its Voluntary National Report - cases were identified in which its progress impacts the companies' core activity. Preserving and sustainably using water resources is of the utmost importance for wholesalers, who adopted commitments and strategies such as:

- **Auchan –** Sustainable Trade Policy on Fish. This policy included initiatives such as giving buying privileges to national suppliers and buying in lots, raising the fish product offer with CCL (Comprovativo de Compra em Lota – Lot Invoice), besides privileging sustainable fishing or with lower risk for biodiversity and lower, suspend, or cease the sale of endangered species. The company's efforts to analyze 100% of its fish offer sustainability stand out. This policy integrates the company's strategy of developing the national economy and offering sustainable fish.

- **Jerónimo Martins - Sustainable Fishing Strategy.** Based on a periodical evaluation of the state of conservation of all wild fish species marketed in their stores and considering the level of extinction

risk according to the IUCN - International Union for Conservation of Nature's Red List, Jerónimo Martins set a sales strategy for this category. The company states commitments prohibiting the buying and selling of "critically in danger" species and limiting promotional actions involving species classed as "vulnerable." It is a strategy guided toward the protection of life below water which integrates the commitment of guaranteeing that the wild fish it sells does not contribute to over-exploitation, depletion, or species extinction. This initiative also contributes to SDG#12 - Responsible Consumption and Production.

- **Sonae MC - Fishing Sustainability Policy.** Sonae MC was the first wholesaler in Portugal to get the MSC label (Marine Stewardship Council for their fish retailers) for sustainable fishing and the ASC responsible aquaculture label (Aquaculture Stewardship Council), consolidating their commitment to offering products coming from sustainable fisheries. Through its Fishing Sustainability Policy, the company aims to minimize the impact of fishing activities on marine biodiversity and promote the adoption of sustainable practices. The company uses the "Traffic Light System" tool to evaluate fish purchases according to the fishing level of sustainability. The tool identifies the used fishing method through the colors red, yellow, or green, simplifying the gathering of the main fishing practice. This identification allows MC to privilege suppliers who use lower-impact methods.

Carbon emissions reduction

The growing concern with climate change related to greenhouse gas emissions is the reason for companies' growing adoption of policies concerning emissions and mitigating the effects of their operations on the climate. These actions are associated with SDG#13 - Climate Change, which encourages the adoption of measures to fight climate change and its effects, which was set as one of Portugal's priority SDGs in its Voluntary National Report.

As a means of illustrating the Practical Cases related to this theme, the following are examples of companies that are acting in different sectors:

Caixa Geral de Depósitos - Low-Carbon Program

Since 1876, Caixa Geral de Depósitos has stated that their goal is to contribute toward a better society, making products and banking services available to improve families' well-being and the business sector's development. With this purpose of future and responsibility, Caixa Geral de Depósitos has come to guide their activity to give an efficient, innovative, and integrated answer to the main challenges society faces, be they economic, environmental, or social. A part of the "Climactic Risk Management" pillar in their Sustainability Strategy for the 2021-2024 quadrennium, the Low-Carbon Program materializes Caixa Geral de Depósitos's ambitions to prevent, manage, and mitigate the effects of climate change.

The program, created in 2007, not only aims to reduce the environmental impact of Caixa Geral de Depósitos's activities, but also to promote sustainable development and foster good practices with their interested parties. Four acting vectors boost the program:

1) Low-Carbon Economy financing, by making financial solutions available that contribute toward a low-carbon economy in areas like energy efficiency, renewable energies, and sustainable mobility;

2) Greenhouse Gas Emissions Reduction by monitoring and inventorying the emissions associated with its value chain. Concerning banking, installing a thermal solar power plant in the headquarters' building stands out, allowing energy production for self-consumption. Downstream from the value chain, Caixa Geral de Depósitos calculates the emissions related to the loan portfolio (framework 3) in order to guide their business strategy in alignment with the climactic action goals;

3) Environmental Risk Mitigation by developing a methodology for the identification, evaluation, and mitigation of environmental aspects associated with the Caixa Geral de Depósitos's activities;

4) Transparency and sensitization, through awareness actions with their stakeholders, as well as a continuous and transparent communication of voluntary commitments and other obligatory requirements concerning reporting key management indicators.

Bosch - Carbonic neutrality

Bosch was the first industrial company on a global level to reach carbonic neutrality in 2020. The company identifies four levers to support its actions in the next decade: 1) improving energy efficiency, mainly by reducing electricity consumption and optimization of management systems; 2) using renewable energies, for example, by installing photovoltaic systems; 3) acquiring electric energy produced from renewable sources; in 2020, 83% of electricity consumed by the group was green energy; 4) compensating emissions by buying carbon credits, a temporary solution to make up for unavoidable emissions.

Siemens - Reducing the carbon footprint on the value-chain

In 2015, Siemens committed to reaching carbonic neutrality by 2030 and set a goal of reducing carbon emissions by 50% until 2020. This goal was surpassed by the company, which managed to reduce the carbon footprint on its value chain by 54% between 2015 and 2020.

The SBTi's (Science Based Targets initiative) commitment made in 2019 highlighted the goal of reducing the carbonic footprint by 2030 in their operations (scopes 1 and 2), focusing on:
1) Occupying carbon-neutral buildings (EP100) and therefore investing in energetic efficiency programs;
2) Exclusively using energy that comes from renewable sources (RE100);
3) Electrified vehicle fleet (EV100).

For example, the project to make the Alfragide campus more intelligent and resilient from an energy point of view stands out in Portugal. In addition to the application of Siemens technology to reduce consumption and increase energy efficiency, a photovoltaic plant and energy storage system were installed, as well as the development of a digital twin of the electrical network (technology that allows the company to simulate the conditions performance of its solutions in a virtual environment). The company also undertook the installation of a microgrid management system, the acquisition and consumption of 100% renewable energy, and the renewal of the fleet.

One of the themes in Siemens' sustainability commitments is decarbonization, which also covers all emissions produced by their suppliers (scope 3). The company developed a tool named *Carbon Web Assessment (CWA),* which allows their suppliers to identify, among their operations, the ones with higher CO2 emissions and understand how they can sustainably reduce these emissions. It can also be highlighted as good practice Siemens' initiative of integrating the indicators associated with the company's performance concerning the ESG metrics in the financial compensation policy of the Executive Commission's members.

TAP Air Portugal - Sustainability Initiative: Voluntary Compensation of CO2 Emissions Program

TAP Air Portugal was, in 2009, the first airline company in the world to launch a CO2 Emissions Compensation Program, partnered with IATA (International Air Transport Association). The program allows customers to compensate for the carbon dioxide emissions resulting from their trip. For this, TAP provides information about the amount of CO2 emitted by each passenger per flight and the compensation cost. The resulting amount of the project is invested in sustainable projects. This measure, by 2009, was relevant for its pioneering character and for being followed by several airline companies until the recent news that JetBlue, in the U.S.A., became the first airline company to compensate for the emissions of all their domestic flights in 2020. To the date of this report, the measure adopted by TAP in 2009 may be considered mainstream for having been incorporated by all the world's leading airline companies. Suppose regulation - namely the European Union's - became more demanding concerning emissions from the aviation industry. In that case, it is also true that the pioneering and first-mover example that TAP shows well how simple measures promoted by a company often have the power to boost disruptive changes in a whole industry's policies and encourage social and environmental progress.

Concerning Logistics operations and SDG#13, and taking into account the relevance of these activities on the ecologic footprint, the two following examples stand out:

CTT - Sustainable Fleet and Green Deliveries

Associated with looking for sustainable and economically efficient solutions, the CTT expanded its fleet of alternative vehicles, especially electric vehicles. Today, the fleet has around 500 vehicles, thus being one of the least pollution among Portugal's most significant car fleets. These vehicles are used in Green Deliveries, a service that allows customers in Lisbon to get their posts with CTT electric vehicles. It is a good practice that calls for expansion. The CTT also has four 100% electric Postal Distribution

Centers: two in Lisbon (Arroios and Junqueira), one on the Porto Santo island, one in the Autonomous Region of Madeira, and one on the Graciosa island, one in the Autonomous Region of Azores, thus reinforcing the commitment to sustainability on all the national territory. This project is important, not only because it is one of the most significant projects in Portugal related to green fleets but also because it is directly connected to the core of the company's operation.

Volkswagen Autoeuropa's logistic solutions: from the gigaliner to the use of the railway service

Volkswagen Europe developed a logistic solution, the Gigaliner - a three-axis truck attached to a semi-trailer (an independent unit attached to the truck which eases the process of cargo flow) and a dolly (equipment which has the auxiliary function in the truck's weight capacity) - which saves 70 tons of CO2 per year, reducing CO2 emissions by 30% in the route used by this new model of transportation. This solution allows for the reduction of the number of trucks needed for transportation and reduces the traffic of trucks per

week by 30% to 40% on this route - which translates into a direct effect on the environment and the sustainability and logistics strategy of the company itself.

Still concerning logistics, Volkswagen Autoeuropa, partnered with Seat plc, took a step forward in their decarbonization strategy with a new railway service that connects the Seat factory in Martorell, in Spain, to the Volkswagen Autoeuropa factory, in Palmela. This service is more advantageous than the train as an ecological, profitable, and efficient means of transport, reducing CO2 emissions by 43%.

Figure 8.20 - Sustainable Fleet - CTT

Source: CTT 2020 Integrated Report, p. 42

Figure 8.21 - Logistics toward Zero Impact - Volkswagen Autoeuropa

Source: Volkswagen Autoeuropa **Website**

Protecting life on land: Portugal's forests

SDG#15 - Protecting Life on Land's primary goal is to protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, and combat desertification, thus preserving biodiversity. According to the Portuguese context analysis described in Chapter 4.2, there is a clear need to act on this SDG and its targets in the country.

Concerning the theme of forest preservation, three examples are highlighted:

The Navigator Company - Programa Premium

The *Premium Program* is a free technical support program aimed at forest eucalyptus producers, whether they are Navigator wood suppliers or not. In collaboration with RAIZ - Forest and Paper Research Institute, the program aims to support forest owners

in solving their main difficulties concerning the management and exploration of eucalyptus. This support is fulfilled in various ways and involves an initial visit from a team to the location to make a diagnosis and evaluate the situation so that they can identify solutions and recommend solutions for the problem. This involves, for example, the preparation of a forest project, recommendations of forestry techniques, and good practices in forest operations that minimize environmental and social impacts.

The program focuses on enhancing sustainable property management and promoting healthy forest areas with responsible management. The program does not entail any costs for the owner. It offers other benefits, such as making them closer to the different forest management entities, seeking to ensure the regular monitoring of the areas for a continued improvement of forest management, besides fostering approval of national wood supply. The proximity between the different sector actors is an opportunity to divulge and boost other industry projects for improving forest management, including the increase of area with certified management.

This initiative also stands out for touching on SDG#12, associated with sustainable consumption and production and, more specifically, targets 12.1, 12.8, 15.1, and 15.2, integrating the company's Forest Policy and the 2030 Roadmap, with a great impact on its core business, seeing as it is concerned with preserving the necessary natural resources for the business' viability.
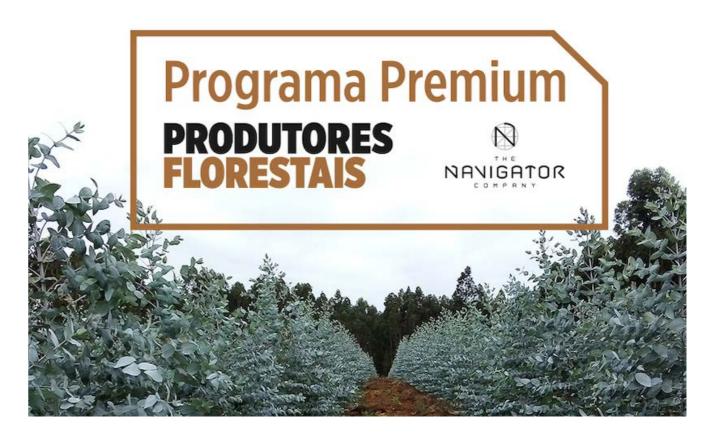
Figure 8.22 - Forest Products Premium Program - The Navigator Company

Source: Forest Producers **Website**

Altri - B4EST Project

The B4EST project is incorporated into Altri's R&D activity scope, which is a part of the consortium financed by Horizon 2020 to study the "adaptive reproduction for productive, sustainable and resilient forests under climate change." The project's goal is to supply producers, forest owners, managers, and policymakers with a better scientific understanding to deal with the problems caused by climate change and its consequences, such as the bigger vulnerability to damage and disease to which forests are exposed, and the reduction of health and forest productivity.

B4EST is a joint effort of 18 partners from 9 European countries and integrates Altri's business strategy concerning operational investigation in forest production. The project studies eight species of trees, among which are the eucalyptus (raw material and core

for Altri's business), to find opportunities of raising the survival, health, resilience, and productivity of the forest in areas previously suboptimal.

Among other activities of this project, a set up of 180 dendrometers (an automatic gauge of tree diameter) is installed in 30 different genotypes (part of the genetic constitution) to measure the daily variation of the growth in diameter, of which half has an irrigation system. This study's conclusions will make possible a better understanding of some issues in this area of knowledge and the advancement of this study toward its main goal: promoting more resilient and productive forests.
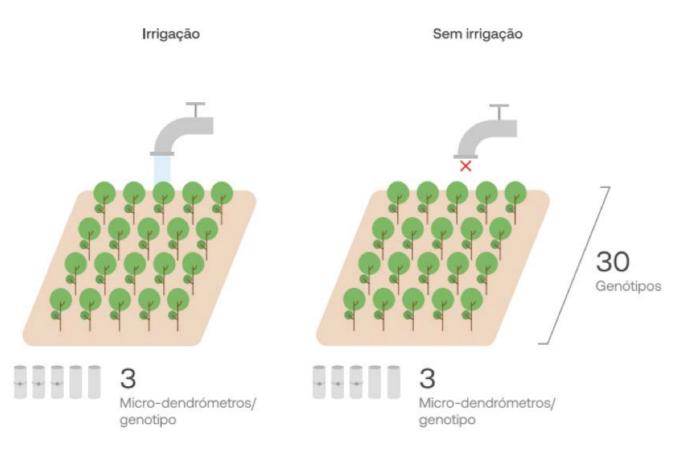
Figure 8.23 - B4EST Project - Altri

Source: Altri 2020 Sustainability Report, p. 73

Figure 8.24 - Cork oak Preservation - Corticeira Amorim

Source: Corticeira Amorim **Website**

Corticeira Amorim - Cork oak preservation

Corticeira Amorim won the Best Raw Materials Sustainability Europe 2020 Prize, an award given by Capital Finance Internation (CFI.co). This distinction emphasizes the company's pioneering role and commitment to preserving the cork oak, considered Portugal's National Tree, and its ecosystem. Seeing as the cork's transformation is a part of Corticeira Amorim's inception, the conservation of the cork oak, from which the main raw material for its activity is extracted, constitutes a crucial part of the company's core business, being its preservation essential for the business' sustainability.

Preserving the cork oak forest and the ecosystems' services make up one of the company's strategic pillars, the Environmental Pillar, and is a part of its strategic plan, "Naturally sustainable," by 2030. This initiative contributes positively toward the other SDGs, such as SDG#11, which is concerned with preserving the country's natural heritage, SDG#12, contributing to assuring standards of sustainable consumption and production; and SDG#13, for the cork oak and its ecosystems' importance in climate regulation.

Corticeira Amorim's efforts and ambitions for contributing toward the cork oak forest's vitality and the availability of quality raw materials are a part of the **Forestry Intervention Project (PIF)**. PIF is a project developed by Corticeira Amorim partnered with forest producers, academic and scientific institutions, and local authorities. It possesses three key areas: 1) Forest Management, to foster new plantations and offer technical support to the owners in forestry fields; 2) Applied Forest R&D, which aims to be a center of excellence in cork oak research and good management practices, and 3) Fundamental Forest R&D, which focuses on new methods of cork oak production more adapted to the emerging climactic scenarios and plagues/diseases.

Promotion of sustainable agricultural practices

One of the SDG#2 – Zero Hunger goals is to promote more sustainable agriculture, which encourages the rise in agricultural productivity and the improvement of income of small producers, besides guaranteeing the implementation of more resilient agricultural practices which help preserve the ecosystems. This is

one of the SDGs that most needs progress in Portugal, taking into account the need for improvement in the efficiency of food production and its sustainability (see Chapter 4.2)

Concerning this issue, four companies' Practical Cases are highlighted:

Bayer - Better Life Farming

SDG#2 is part of Bayer's core business and main strategy. Through the Better Life Farming initiative - a long-term partnership between Bayer, the IFC (International Finance Corporation), and Netafim (a world-leading company in precision irrigation). This initiative develops digital solutions for small farmers in countries of low and average income, who face challenges from lack of access to credit lines to a greater vulnerability of exposition to climate change. The Better Life Farming initiative involves the participation of various stakeholders who offer different types of support for small farmers, with a holistic approach that goes from preparing the soil, and supplying more resistant seeds, to specific

precautions during and after the harvest. The initiative promotes the creation of small farmer clusters who, together, manage their own Better Life Farming center, where they can sell their products, have access to training, and train young people to work in agriculture. The initiative aims to empower small farmers and guarantee their financial sustainability, thus guaranteeing a long-term impact on the communities.

Bayer identified 12 crucial elements for the fieldwork used in this program and organized them into three acting areas: 1) create digital and technological solutions to support agricultural development, to guarantee the harvests, 2) reduce losses and improve the products' quality, and 3) the proactive management of natural resources, such as the creation of digital solutions for drop by drop irrigation and developing strategic partnerships.

Figure 8.25 - Better Life Farming - Bayer
Source: Bayer **Website**

Nestlé - Generation Regeneration

Under the motto "Generation Regeneration," Nestlé is taking the first steps in supporting and promoting regenerative agricultural practices in Portugal, with a focus on the transition to a regenerative food system that aims at protecting, renovating, and restoring the environment, besides improving the farmer's livelihood, resilience, and well-being of agricultural communities. This campaign reinforces the importance the company attributes to sustainability in guaranteeing the resilience of uses of resources sources. The "It is Time to Regenerate" initiative is, therefore, at the company's core, directly related to the SDG#2's efforts to guarantee sustainable and resilient systems of agricultural production.

Think Global, act Local: in Portugal, Nestlé is partnering with Portuguese farmers to implement practices that value and strengthen the ecosystems' capacity. One of the actions is guaranteeing that part of the wheat used to produce milk flour is grown in Alentejo fields, according to traditional practices which respect local nature: the land is fertilized with the remains of the previous harvest; the sowing and the harvest are made in months most suitable for the plant's natural development, watered only with rainwater. This practice differs from others in considering the farmer's knowledge of the soil and Alentejo's climate and valuing the use of local practices to guarantee more efficient management of resources.

Figure 8.26 - Time to Generate - Nestlé
Source: Nestlé's Creating Shared Value and Sustainability Report 2021, p. 29

Building more sustainable cities

Increasing sustainable urbanization is one of the prerequisites of **SDG#11 - Sustainable Cities and Communities**, which aims to make cities and communities inclusive, safe, resilient, and sustainable.

On this issue, some good practices were identified.

Sonae Sierra - Sonae Tech Hub and sustainability services

Through a holistic and integrated approach, Sonae Sierra offers sustainability services that cover the whole life-cycle of a building, offering an array of solutions, from evaluation to risk mitigation to drafting and implementing the best sustainability strategy for the business to a regulatory evaluation of sustainability and optimization of resource use. These

services reinforce the business' core concerning conceiving and effective management of buildings, crucial for the company's activity portfolio, committed to serving real estate investors' needs.

Sonae Tech Hub, one of Sonae's buildings set up in Maia, accommodating the group's technological areas, was certified in 2020 as the most sustainable in Portugal. Sonae Tech Hub was distinguished with e LEED Certification - Leadership in Energy & Environmental Design, with a "Platinum" level, awarded by the US Green Building Council, one of the most recognized world entities for real estate project certification. The building was awarded the highest score given to a building in Portugal until today, being recognized as the most eco-efficient newly constructed building in the country and the top 100 globally. This award reaffirms the group's commitment to sustainability. The environmental principles adopted in the first stages of the project contributed to the high levels of eco-efficiency reached by the company, among which are: the architecture which privileges natural light, utilizing or recycling construction residues, and investing in sustainable materials and equipment which register a higher performance on an environmental level. Sonace Tech Hub has 570m2 of solar panels installed, which allow for a 40% decrease in electricity consumption, 100% low energy consumption LED lighting, efficient use of water with the utilization of rainwater, and a concept that privileges an interior environment of excellence, namely concerning the air quality and thermal comfort.

Figure 8.27 - Sonae Tech Hub - Closed Real Estate Investment Fund managed by Sierragest - Gestão de Fundos, SGOIC, plc

Source: Sonae **Website**

Grupo Pestana - Iniciativa de Sustentabilidade: **Eco-Resort and Heritage Preservation**

Still concerning SDG#11, the aim of strengthening the efforts to protect and safeguard the world's cultural and natural heritage is identified.

In this sense, we present Grupo Pestana's initiatives as an example, namely, the creation of an eco-resort in Tróia, the Pestana Tróia Eco-Resort, built under key principles of minimizing impact, using materials with a low ecological footprint, rationing energies and natural resources, besides guaranteeing environmental monitorization to preserve the local ecosystem.

Therefore, the eco-resort stands out for materializing Grupo Pestana's efforts for sustainability by integrating the building with the local environment and ecosystem. In addition to SDG#11, this project

also contributes toward other SDGs, such as #14 and #15, concerning protecting land biodiversity and the coastal ecosystem.

Also of note are the efforts made concerning preserving and restoring the Portuguese cultural heritage, focusing on restoring historic buildings and their change for public service. This initiative is embodied in the "Pousadas de Portugal" brand, which focuses on restoring historic buildings such as monasteries, castles, convents, and mansions, turning them into hotels to serve the public and encourage tourism. In addition to its positive contribution to the local economy, this initiative has allowed for the expansion of Grupo Pestana's core business activities and the growth of the business. Millions of euros are invested annually in recovering and preserving classified heritage to build Pestana units. An example is the Vale Flor Palace, where since 2001, the Pestana Palace Lisbon has been located, a National Monument of cultural value for Portugal.

Figure 8.28 - Pestana Palace Lisbon - Grupo Pestana
Source: Pestana Palace Lisbon **Website**

Figure 8.29 - EDP floating solar panel in Alqueva - EDP
Source: EDP **Website**

Development of alternative energies

7 AFFORDABLE AND CLEAN ENERGY

SDG#7 aims to guarantee access to reliable, sustainable, and modern energies for all. Among its targets is substantially raising the share of renewable energies in the global energy matrix. This is one of the best-performing SDGs in Portugal, as seen in Chapter 4.2. In this context, some examples identified in this study are:

EDP - Floating solar park in Alqueva

Sustainability is incorporated into EDP's strategy, which sees in SDG#7 two of the company's key concepts, namely the use of renewable energies and the principles of energy saving. The company promotes using renewable energy sources and clear and more efficient energy technologies, having recently launched the largest floating solar park in Europe, with around 12 thousand solar panels, located in Alqueva. The energy produced can provide for over 30% of the population in the region of Alentejo. The project also stands out for its concept of hybridization, which allows the joining of solar and hydro energy of the Alqueva dam. In addition, it stands out for its innovation in the floats supporting the solar panels: the recycled plastic was joined with cork composites, a solution resulting from a partnership with Corticeira Amorim, which helps reduce the project's CO2 footprint by around 30%.

Health promotion and access

3 GOOD HEALTH AND WELL-BEING

Concerning the strategic implementation of **SDG#3 - Good Health,** which has as its goal to guarantee access to quality health and promote everyone's well-being, some examples of Good Practice are presented here:

Brisa - Highways of Portugal - Reducing road accidents

Brisa - Highways of Portugal's strategy rests on three pillars: 1) Partnership for the mobility Agenda, 2) Efficiency program and 3) Infrastructure modernization. In the third pillar, the company's contribution toward SDG#3 stands out specifically, to reduce by half the number of fatalities and injuries caused by road accidents. The company's commitment to this target is embodied in its investments in the maintenance and modernization of the roads and their infrastructure, in addition to implementing traffic management systems and improving prevention and mitigation of accident systems.

By optimizing the roads, the company is improving access and mobility in the national territory, which has a positive impact on other Goals of the Sustainable Development Agenda, such as SDG#10, concerning inclusion and land cohesion, SDG#11, by improving road safety, and SDG#17, seeing as this commitment rests on the "Partnership for the mobility Agenda."
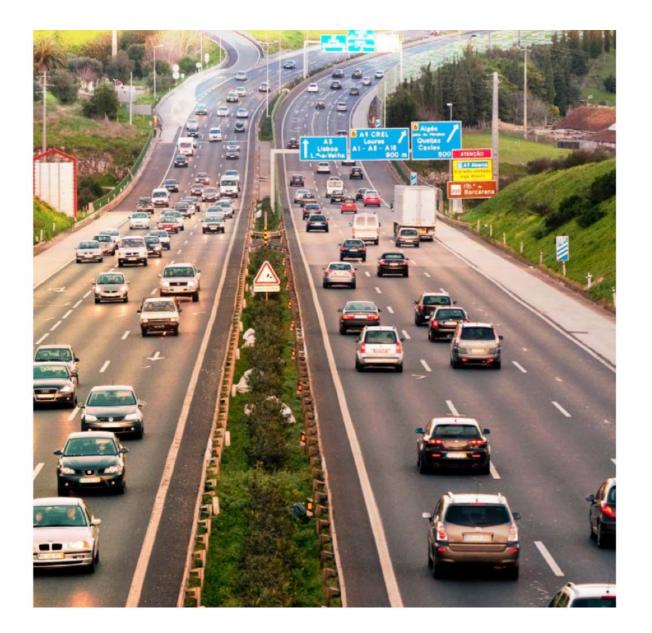
building new facilities, expanding their production capacity, and new technologies with a focus on women's health.

This initiative contributes toward the progress of different SDGs, as besides promoting health, it seeks to contribute toward reducing poverty conditions associated with SDG#1 and #2, in addition to contributing toward SDG#5, by allowing women to have antenatal planning.

This example shows how one company's contribution and commitment to an SDG impacts other goals of the Sustainable Development Agenda, promoting the simultaneous progress of several agendas.

This practical case entirely relates to Bayer's core business, grounded on its "Health for all, hunger for none" vision and its commitment to promoting inclusive access to healthcare.

Figure 8.30 - Highways - Brisa - Highways of Portugal
Source: Brisa's 2021 Integrated Report, p. 32

Figure 8.31 - Empowering women globally - Bayer
Source: Bayer **Website**

Bayer - Promoting access to women's health

Inside Bayer's efforts to promote access to primary medical care are the programs developed with a focus on women's health, which seek to guarantee access to modern family planning methods for women in vulnerable situations. The company committed to providing access to modern contraceptives to 100 million women in countries with medium and low income by 2030. For this, they have invested in

Equity and social inclusion promotion

Many efforts have been made surrounding SDG#5 - Gender Equality and SDG#10 - Reduced Inequalities in and between countries - and both have been set as priority SDGs for Portugal in their Voluntary National

Report -, as well as surrounding SDG#16, which aims at promoting more solid, more responsible, and more inclusive societies and institutions. In this context, some identified Good Practices stand out related to promoting Equity and Social Inclusion:

Fidelidade - 70+ Senior Home Assistance

Fidelidade offers domestic care services for people over 70 to ease and give everyday support. The service gained prominence in the pandemic context due to mobility restrictions and safety issues to that older people were more exposed. SDG#10 highlights the importance of creating solutions that benefit groups of people not always thought of in company offers. In this sense, this project stands out for positively

impacting this part of the population and promoting their inclusion. It aligns with the company's core business as it is a widening in their offer of services which, in addition to positively benefitting society, helps their portfolio grow.

Teleperformance - Diversity as a driver for performance and innovation

People are a structural part of Teleperformance's DNA and core business, based on interactions it establishes with its customers. The company states that "good interactions depend on mutual understanding, tolerance, and acceptance of differences." The company adopts diversity as a fundamental characteristic to guarantee its strategic positioning and strengthen its competitive advantage.

Teleperformance emphasizes SDGs that are a part of the "social" dimension, such as #1, #5, and #10, identified in their Non-Financial Report as the ones toward which the company has the most capacity to contribute. The company has an ongoing series of

initiatives to promote diversity and inclusion in the workspace, adopting a holistic policy of diversity and inclusion promotion in the fields of gender, disability, sexual orientation, ethnicity, and local context. This policy translates, for example, into guidelines for hiring new employees, in addition to codes of conduct and creating an integrative corporate culture. Although it can be considered a mainstream characteristic, in this case, the strategy stands our for being a lever for improving performance and, consequently, the company's financial performance, which benefits all of its stakeholders, in addition to promoting social progress of the 2030 Agenda.

VdA - Vieira de Almeida & Associados - Mobilization and network creation

In addition to the commitment to SDG#5, recently reinforced by the adherence to the UN Women's Empowerment Principles and Target Gender Equality, VdA stands out for its role in network creation, contributing toward the progress of SDG#16 and #17, making institutions more efficient, by promoting synergies and the mobilization of people and organizations to boost impact, in answer to the main social and environmental challenges we currently face as a society

In this context, among other relevant initiatives, VdA's drive in creating the Pro Bono Alliance stands out, an informal network of lawyers that has as its goal to consolidate the offer of pro bono legal assistance in Portugal and, in this way, contribute toward mitigating inequalities and promoting a greater (and better) access to justice in Portugal, particularly by people with no resources to access quality legal assistance. Through VdA's participation in the Alliance, VdA

contributes positively and in an aligned way with its core business for promoting justice, reducing inequalities, and social progress.

In the context of GRACE - Responsible Company's Presidency, VdA led the creation of the Legal Cluster, which gathers the ten law firms which are a part of that company network, and in 2020 joined up for, among other things, sharing good practices and identifying and working together on opportunities of advocacy to improve current legislation and contribute toward adopting public policies with a positive impact on sustainable development. Once again, an initiative that promotes the advancement of different SDGs and benefits society and VdA by allowing the practice of its activities with a positive impact through networking to promote the advancement of the 2030 Agenda.

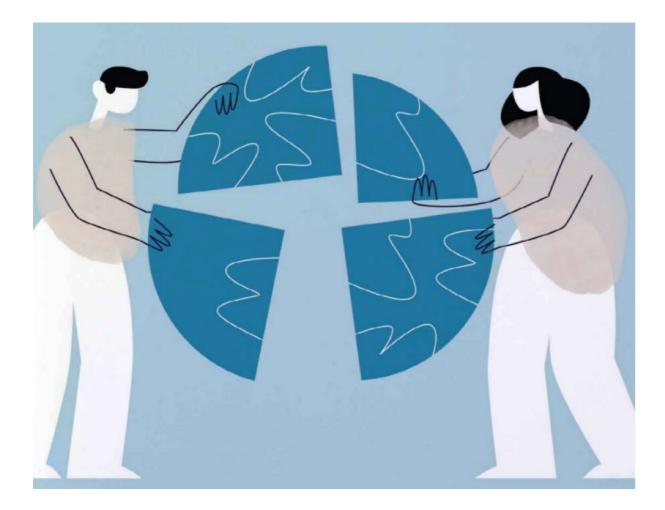SDGS' OBSERVATORY IN PORTUGUESE COMPANIES

Figure 8.32 - Power of Partnerships - VdA - Vieira de Almeida & Associados
Source: VdA - Vieira de Almeida & Associados 2020 Corporate Responsibility and Sustainability Report, p. 57

Circular economy and value chain

SDG#12 - Responsible Consumption and Production indicates the relevance of the circular economy associated with the value chain, highlighting the supply chain and sustainable products. SDG#12 aims to guarantee sustainable consumption and production standards and is identified as one of Portugal's main challenges.

Águas de Portugal - Ceramic Tiles and Circularity

Through the Ceramic Tiles project, Águas do Douro e Paiva, a Grupo Águas de Portugal company, promotes the circularity of sludges from water clarification, the residue produced in greater quantity in the water treatment process. The solution reached, which arises from a partnership with the Faculty of Engineering of the University of Porto and with the Technological Centre of Ceramics and Glass, consists in transforming the sludge into raw material for the ceramics industry, thus contributing positively toward waste management and its reuse. The project integrates one of the strategic goals of the AdP group - valuing Water Treatment Plants' sludge -, contributes toward SDG#12, and is also related to SDG#11 by promoting the rise of sustainable urbanization. This initiative has a positive environmental impact by reducing the amount of residue deposited in sanitary landfills, being an excellent practical example of the Circular Economy directly associated with Águas de Portugal's operations core.

Figure 8.33 - Ceramic tiles - Águas de Portugal
Source: Águas de Portugal 2020 Sustainability Report, p. 90

Altri, Auchan, Jerónimo Martins, and Sonae MC - Investing in national suppliers:

Altri, in order to promote sustainability in its value chain, implemented a process of supplier management which consists in selecting, monitoring, and evaluating the suppliers. In 2020, 92% of total expenditures on suppliers were spent on national suppliers.

Auchan takes on the support of local and national production as its brand's strategic axis, having implemented the PickUp Local initiative during the lockdown period associated with the COVID-19 pandemic, made up of a collection point in Auchan stores so that small local producers' customers could pick up their orders. More recently, the Training Plan for Local Producers was launched, through which they can freely access training in the fields of Environment, Customer Service, Face-to-face Sales, English, and Food Safety, among others. This access is processed in two ways: (1) Access to the e-learning platform used by Auchan Retail Portugal employees; (2) Participation in IEFP training sessions with mixed classes of employees.

Jerónimo Martins opts for buying from local suppliers whenever possible, maximizing the products' freshness and shortening the distance from stores and distribution centers. In this way, costs and carbon emissions related to transportation are reduced, decreasing food waste and promoting the economic development of the regions of which it is a part.
The company follows this strategy in the three countries it operates. In Portugal, 82% of purchases are made with national suppliers. In addition, since 2012, the company has had a unique policy of support to small and medium producers who are members of the Confederacy of Farmers of Portugal, anticipating the payment deadline to, on average, ten days. This initiative also contributes toward SDG#8 - Decent Work.

Sonae MC has a vast network of national suppliers and has developed a set of initiatives to foster the development of a more transparent and responsible supply network. A good example of this is the Continente Producers Club, which brings together a wide array of producers whose Sustainability Declaration, grounded on 11 principles, aims to boost the transition toward a more just and sustainable food system.

Delta Cafés - Sustainability Initiative: partnership with Nãm Mushroom

The awareness of the need to preserve the environment and Through innovation and transformation, the project gives new life to coffee grounds. Preparing coffee only uses 1% of its biomass, the remaining 99% being considered waste. The grounds represent a substratum that is clean and rich in nutrients which, in this partnership, is used for producing organic mushrooms and natural fertilizer at Nãm Mushroom, the first urban farm in Lisbon.

The project's goal is to minimize food waste and promote a circular economy, thus directly contributing toward the progress of SDG#12 and SDG#2. For Delta, this partnership allows for the diversification of their sustainability strategies, expanding their impact initiatives portfolio, specifically in promoting the circularity of their core product, coffee. The reduction of residues closes the product's life cycle and reduces the company's environmental effects while producing economic and social value through entrepreneurship.

Figure 8.34 - Nãm Mushroom Cycle - Delta Cafés and Nãm Mushroom

Source: Nãm Mushroom **Website**

Concerning the **value chain associated with innovation,** the following Good Practices stand out:

Accenture - Retailers Sustainability ID

Given customer demands for defining 100% sustainable strategies, Accenture Portugal, in partnership with Fraunhofer, created an Artificial Intelligence Excellence Center (AI Store) for the Retail sector with an impact on sustainability, guided by innovation. The AI Store developed initiatives such as Retailers Sustainability ID, which consists of a gamification App that aims at quantifying the retailer's sustainable footprint over the whole of their value chain, measuring the impact caused by their stakeholders, and rewarding agents of change with a more significant contribution toward decarbonization.

This initiative allows Accenture to promote new sustainability solutions, an aligned action aligned with their Responsible Business strategy, which seeks to promote organizational sustainability. This initiative also generates value for the partners and clients of the company, making new solutions they can benefit from available to them while also impacting society by the applied use of technology which offers solutions that help retailers to have better control over their operations, thus guaranteeing better management efficiency. This initiative impacts SDG#9 daily by promoting sustainable industrialization and fostering innovation.

Unilever FIMA - Sustainable Supply

Unilever committed to having a supply chain with no deforestation by 2023. For this, they are investing in developing technologies such as geolocation, blockchain, and AI to build new approaches for raw material monitoring and traceability, guaranteeing they come from fair trade, which respects people and the planet. This initiative aims to guarantee that the supply of commodities such as palm oil, cocoa, and soy, among others, is fair, valuing the worker and the environment, thus avoiding financing illegal activities such as deforestation and labor exploitation.

It is a pilot project which aims at increasing traceability and transparency in the world supply chain of palm oil, which was undertaken successfully in Indonesia by Unilever and SAP. The company used GreenToken, a blockchain technology by SAP, to trace over 188 000 tons of palm fruit. The technology captures characteristics connected to the raw material's source, allowing the companies to know the percentage of palm oil products they buy that come from sustainable sources. In this case, it helped Unilever to locate, verify, and report the source and route of the palm oil in almost real-time on its long and complex supply chain until it reached the end customer.

Figure 8.35 - Forest Protection - Unilever
Source: Unilever FIMA **Website**

Figure 8.36 - SmartGrow - Bosch
ource: 2021 Sustainability Report | Bosch highlights, p. 24

Within **innovative products with an eco-design,** the following Practical Cases are highlighted:

Bosch - Sustainable Home and garden

Bosch develops innovative products that stand out for their relevance and technology, making the company's commitment to a circular economy more tangible, the latter being one of its strategic acting pillars. Such is the case with SmartGrow, the first automatized internal cultivation system which allows the cultivation of 50 different kinds of 100% natural herbs, salads, and fruits, indoors, with no need for additives or pesticides. All materials used in SmartGrow's production were projected onto the circular economy and present a modular design so that they can be reused, reprocessed or recycled, which shows the company's concern with the product's afterlife. During the product formulation phase, the potential costumers were consulted to guarantee their demands were met. The product stands out for its innovative character and how sustainability was used throughout all the creation stages. This innovation has a positive impact on society by using recycled products as raw materials and by guaranteeing that, at the end of its useful life, the product can also be recycled, guaranteeing a closed loop.

Siemens - Robust Eco Design

The Robust Eco Design integrates Siemens' strategic approach, based on the DEGREE framework, and refers to the efficient management of resources, indicating the conscious use of limited resources as a key part of Siemens' structure. The robust eco-design sets a new standard for developing an ecologically correct portfolio, whose main characteristic is improving the company products, solutions, and services' environmental impact, focused on three main fundamental commitments: 1) guaranteeing that 100% of Siemens' relevant products are made based on eco-design; 2) dissociating between producing new products and solutions, and the consumption of natural resources (virgin raw materials), increasing the purchase of secondary raw materials (metals and plastics); 3) guaranteeing circularity by reducing by 50% the residues sent to a landfill by 2030.

This kind of innovation is at Siemens' core, which continuously invests in R&D activities to guarantee market competitiveness. In its Non-Financial Report, the company, which has technology and innovation as key pillars, sets its purpose as "supplying innovations which improve the quality of life and benefit people around the world, thus contributing toward several SDGs and the implementation of acting areas related to the portfolio." Through the DEGREE framework, Siemens show their commitment to the SDGs and how they embody its strategy to fulfill the goals set by the United Nations.

Figure 8.37 - Robust Eco Design Approach - Siemens

Source: 2021 Siemens Sustainability Report, p. 90

Jerónimo Martins - Ocean plastic packaging

To promote more circular products, Jerónimo Martins introduced a new washing-up liquid whose packaging was developed with plastic taken from the ocean. This initiative is a part of the company's strategy to reduce virgin plastic consumption and to incorporate at least 25% of recycled plastic in their products' own brands' packaging by 2025. Each Kraft (in Poland) and Ultra Pro (in Portugal) washing-up liquid bottle is made

with 100% recycled PET, 11% of which comes from sea waste and 89% from post-consumption plastic.

With this project, using around 10 tons of virgin plastic per year is avoided, and marine pollution is reduced, contributing toward SDG#14 - Protect Life Below Water.

Figure 8.38 - 100% recyclable Ultra Pro Package - Jerónimo Martins

Source: Pingo Doce **Website**

Decathlon - Sustainability Initiative: Eco-Design and Minimal Waste Project

Concerned with Decathlon's mission of turning the pleasures and benefits of sport accessible to all in a sustainable way, the company developed an eco-design approach that considers the products' whole life cycle, and their environmental impact, especially its carbon footprint. The company thus presents the environmental ranking on some of its products, which allows for comparing the impact of products of the same family, contributing to sustainable choices. The company has already designed over 1100 products according to this methodology. This initiative contributes positively to the business - by embodying its sustainability strategy through the business' core activity, producing sporting goods - and to society by guaranteeing a reduced environmental impact in making articles and reducing carbon emissions.

Figure 8.39 - A Product's Life Cycle - Decathlon

Source: Decathlon **Website**

Sustainability in the financial sector

While it is one of the main promoters of economic development, the financial sector has a key role in structuring and enhancing a more sustainable economy, whether by creating credit products, funding lines for indexed projects, or managing sustainability indicators, among others. These initiatives aligned with (i) SDG#8 in promoting inclusive and sustainable economic growth, as well as strengthening the financial institutions' ability to encourage the expansion of access to a bank, insurance, and financial services to all; (ii) SDG#9, concerning the companies' access to accessible credit, besides facilitating the infrastructure's modernization and supporting technological development; and with (iii) SDG#17, by strengthening the mobilization of internal resources and promoting multisectoral partnerships.

In this sense, the alignment of companies identified in this study's Banks & Financial Services sector is made clear, as well as projects and initiatives which directly promote and impact the SDGs.

Green bonds (green emissions or bonds) are representative debt instruments that aim to finance projects with a positive environmental impact. Therefore, the use of this financial instrument is directly related to the development of projects which are good for the environment, which guarantees their direct contribution toward promoting the 2030 Agenda and the SDGs' progress.

EDP contributed toward Portugal's pioneering spirit in green bond emission. They were the first Portuguese issuer to emit their first green bond in 2018, with a total of 600 million euros and was recognized by Climate Bond (2019 Green Bond Pioneer Awards). In addition, this kind of emissions has contributed

toward recognizing that the company is on the road toward decarbonization. Since then, they have emitted over 7,8 billion green bonds, in line with their sustainability strategy. The feature was used to finance and refinance wind and solar technology projects, as established by EDP's Green Bond Framework created in 2018 for this purpose, which follows the International Capital Market Associations' voluntary principles of green bond emission, aligned with the ICMA 2021's principles, 2021 green loan principles (LMA GLP), and European Taxonomy. In their annual sustainability report, EDP delivers annual reports to their investors on how their obtained financing was allocated and draws up a report on financed (or refinanced) activities through green bond emission.

In 2019, **Altri** emitted its first green bond and partnered with BPI. The 50 million euros were used to finance the building of a new biomass-based thermoelectric plant in Figueira da Foz, which aims at lowering external dependency and negative environmental impacts of using fossil fuels.

Both projects positively impact SDG#7 and #13 by guaranteeing the financing of new sources of alternative energy. They are also part of the companies' core business and guarantee the diversification of their portfolio and the rise of their market competitiveness.

Sonae Sierra was the first real estate company in Portugal to emit sustainability-related bonds, i.e., the Sustainability Linked Bonds. The company refinanced part of its corporate debt, of 50 million euros, by emitting bonds indexed to their performance with two sustainability indicators: 1) reducing the company's greenhouse gas emissions and 2) raising the recycling rate of residues in their shopping centers.

This initiative reinforces the company's commitment to sustainability, strengthening its strategy and guaranteeing a positive environmental impact through its alignment with SDGs #12 and #13.

Good partnership practices between the companies from the Observatory

8.5

The partnerships are crucial for the 2030 Agenda, which entails coordinated action between stakeholders to guarantee the progress and fulfillment of the Sustainable Development Goals - as dictated by SDG#17. In this sense, examples of partnerships between companies studied at the Observatory, promoting the advancement of the 2030 Agenda through joint action, are presented..

1st NOS and Grupo Luz Saúde 5G Hospital

In order to boost their corporate strategy's main pillars, "Leading in 5G unequivocally", and seeking to show the use of this new technology to serve the community, NOS established countless demonstration initiatives in the most varied sectors of society.

The 1st 5G Hospital project, partnered with Grupo Luz Saúde, aims at shows 5G's potential in the context of a hospital in the technological transformation of the process of healthcare provision, basing itself on connectivity and the help of artificial intelligence. This partnership opens up doors for hospitals of the future, enhancing technological advances in healthcare and medical research through simulations of remote operations and remote training for doctors.

The project is being implemented in the Hospital da Luz in Lisbon. At an early stage, 5G will be seen in the hospital's students' and professionals' training through enhanced virtual reality applications to create

new scenarios and virtual environments for training, diagnosis, and treatment. The same technologies can be used in the hospital's palliative care - providing a connection between the patients and their homes and more extensive proximity to their families. 5G will also allow for more extensive agility in the hospital's operational and technical functioning, which will be turned into a "smart building", whose systems can be monitored and controlled remotely, optimizing costs and time.

This project highlights both companies' business cores by using the NOS technology to improve the provision of health services offered by Luz Saúde. Both companies strengthen their business while creating benefits for society by acting together, contributing toward the progress of the 2030 Agenda.

Figure 8.40 - The First 5G Hospital - NOS and Luz Saúde

Source: NOS **Website**

Figure 8.41 – Programme Tablet of ASA - J.P. Sá Couto and Altice Portugal

Source: Câmara Municipal de Valongo **Website**

This project directly contributes toward SDG#3, SDG#9 (one of the SDGs set as a priority for Portugal in its Voluntary National Report), SDG#11, and SDG#17.

ASA Program - We believe in Senior Actives at JP Sá Couto and Altice Portugal

JP Sá Couto and Altice Portugal were responsible for developing the technological solution of the ASA 4.0 project of the Valongo Council, a digital literacy program for people over 65. This project aims to digitally integrate the older population, improving their quality of life and fighting social isolation. Valongo Council purchased 800 tablets temporarily given to the program's participants. The tablets, developed by Observatory companies, were created explicitly for senior people, allowing them to access online classes and choose different (free) applications to access news, movies, books, and communication channels, among others. It is noteworthy that the beneficiaries were consulted during the development process to meet their target audience's demands. This partnership touches the involved companies' core, as it focuses on creating a technological product to promote social change through digital integration, promoting more inclusion and connectivity.

This project directly contributes toward SDG#3, SDG#4 (an SDG the country set as a priority), SDG#10 (also a priority for Portugal), and SDG#17.

This chapter's primary goal is to present some of the good practices identified in the Portuguese companies studied in the Observatory of the Sustainable Development Goals in Portuguese companies.

However, this chapter is limited, and some interesting cases may not have been mentioned. If your company has a practical case that is of interest or if you know of any case worth sharing, you can send it directly to our team, and we would be delighted to analyze it.

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Conclusion

The first Report of the Observatory of the SDGs in Portuguese companies offers a view on the implementation of the 2030 Agenda in the world, in our country, and in Portuguese companies. It aims to be the first public access instrument, among others that will follow it, in fulfilling this project's main mission, which is speeding up the Portuguese private sector's contribution toward the Sustainable Development Goals.

This report explored themes as wide-ranging as the importance of these goals, their evolution on a global and national scale, and their adoption by Portuguese companies. It was concluded that, mainly, the companies being studied have a high alignment with the sustainable development principles proposed by the 2030 Agenda. However, there is still a long road ahead, mainly in implementing the SDGs.

Through questionnaires and interviews made with 163 Large and Small and Medium-Sized Portuguese Companies, it was possible to conclude that the private sector's motivations for their involvement with the SDGs are varied. They are related to intrinsic motivations of impacting the industry as a leader in sustainability and developing the business and extrinsic motivations, such as complying with legislation. The main obstacles identified are associated with a lack of knowledge of the SDGs, their operationalization, the SDG report, and the lack of resources for their application. For this reason, the great majority of the Portuguese companies in this study mention they "are not where they would like to be" when comparing their ambition to the level of implementation of the SDGs.

Although the Portuguese Large Companies show considerable involvement with the SDGs and reporting, the Portuguese SMEs' journey is still in its early stages. This reality is also a consequence of a more active attitude from the Large Companies concerning the 2030 Agenda, mirrored in a more significant strategic alignment, a bigger commitment of the Executive Commissions and CEOs, and a greater knowledge of the SDGs in these companies. Notwithstanding, the SMEs' motivation for a greater alignment with the SDGs is clear, despite the smaller amount of legal pressure that these companies suffer with these issues. Scientifically exploring the dichotomy between Large Companies and SMEs can be a future matter of interest.

The analysis of the information gathered over the project's first year allows us to see that, despite the different levels of involvement with the 2030 Agenda, both Large Companies and SMEs have challenges concerning the implementation of the SDGs. These conclusions open up a vast landscape of scientific and practical work needed for the SDGs and sustainability to be an integral part of our country's managerial strategies. In this sense, we start the second year of this project with the incentive to develop a closer work with Portuguese companies: not only so they can be leaders in sustainability in Portugal for the Globe,

but also so that they develop successful businesses, confident that creating value for society is their best business strategy.

In times of current instability and uncertainty concerning the future of the Globe's economy and geopolitics, the companies will undoubtedly face unexpected challenges. In addition, the proof that exploring natural resources has limits opens doors to new ways of living and business management. In these trying times, the leaders stand out for their ability to dream and bring about a better world, which we all hope to have. This better world, where no one is left behind, where companies thrive in harmony with society (SDG#8 and #9), where everyone is equal before the law, respecting individual dignity (SDG#10), where we respect the planet and all that is on it (SDG#13, #14, #15), is already laid out in the 2030 Agenda for Sustainable Development, agreed upon between countries, companies, and civil society in September 2015.

For this reason, the SDG Agenda is a global agenda for humanity. It is based on principles agreed upon by all and allows for individual liberties to be respected, the government serves its citizens, businesses are financially healthy and create value, and the main principles for a fair and prosperous society are promoted. In this way, the Observatory of the SDGs in Portuguese companies commits to work together with Portuguese companies so that the latter can aspire to manage with a purpose aligned with sustainable human development principles.

To that end, the Observatory will assure the continuity of this study and will provide practical and effective support for Portuguese companies on the sustainable development journey. Hoping this first step may be helpful and instructive to them, we count on them all toward a future where companies can be responsible leaders in a society in which we are all proud to live!

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