



2022 ANNUAL REPORT

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 (Lemos, 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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