

# 5

## Evolutionary Analysis of the Study

Chapter 5 aims to present the analysis of data collected during Year 3 of the Observatory of the SDGs in Portuguese Companies. It also includes a comparative analysis with data collected in Year 1 and Year 2 of the project. All data in this chapter are presented in aggregate form, analyzing the data from questionnaires conducted with 58 Large Companies (LCs) and 132 small and medium-sized enterprises (SMEs), as well as interviews conducted with 18 Large Companies and 10 SMEs.

This chapter also includes a comparative analysis between the different industries in which the Large Companies operate, as well as an in-depth analysis of the gaps in Large Companies and SMEs. The goal is to address one of the study's most pertinent questions, namely the relationship between the adoption of the SDGs by Portuguese companies and their strategic positioning regarding Sustainability.

This project provides for a longitudinal analysis of the data, which will involve more questionnaires and interviews in Year 4 to expand the database.

# 5.1.

## Key Findings

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### Large Companies

In Large Companies, there appears to be greater incorporation of the SDGs into business strategies, with a higher percentage of Large Companies reporting that they define their strategies according to the SDGs. There was also greater agreement with the statement, “Sustainability has already changed the way my company conducts its business.”

Additionally, companies are increasingly considering the value chain when selecting strategic SDGs, and these are more frequently factored into innovation processes and as support for decision-making processes.

A slight increase was also observed in the percentage of companies viewing the SDGs as a business opportunity.

No differences were detected in the percentage of companies that agree that Sustainability will bring business benefits or improve the company’s competitiveness.

There was an increase in awareness of new reporting obligations (CSRD - Corporate Sustainability Reporting Directive), with more companies appointing personnel responsible for its implementation.

For Large Companies, the three main motivations for adopting the SDGs are: (1) having an impact on the industry as a leader in Sustainability, (2) solving social problems, and (3) generating business opportunities. Compared to Year 2, compliance with legislation and solving social problems have become stronger motivations for adopting the SDGs.

The perception that the SDGs are too distant from business language and a lack of knowledge about the SDGs were considered the strongest barriers to SDG adoption.

In the comparative analysis across different industries, in general, industries position themselves similarly regarding Sustainability and the SDGs, although there is always room for improvement, especially in the Sales, Technology & Telecommunications, Manufacturing, and Construction & Real Estate industries.

Finally, no gap was detected between the importance and the implementation of the SDGs in business strategy, unlike in Year 2 of the study, where an increase in SDG incorporation into company strategy was observed. However, a gap was found between the importance (higher values) and performance in the different dimensions of Sustainability (environmental, economic, social, and governance), with the gap being largest in the environmental dimension. The gap between the importance that each company assigns to each SDG and the company’s contribution to them (i.e., higher assigned importance than contribution) varies depending on the SDG in question. This gap is smaller for SDGs 1 (No Poverty), 2 (Zero Hunger), 6 (Clean Water and Sanitation), 10 (Reduced Inequalities), and 11 (Sustainable Cities and Communities), which directly impact the lives of employees and the communities where companies operate. This indicates that the company’s contribution to these SDGs is more aligned with the importance assigned to them. The SDGs considered most important by Large Companies are SDG 8 (Decent Work and Economic Growth), followed by SDG 13 (Climate Action), SDG 5 (Gender Equality), and SDG 7 (Affordable and Clean Energy). SDG 13 shows the largest gap, where the contribution is not aligned with the importance assigned by companies.

### SMEs

The incorporation of the SDGs into business strategies increased slightly, although this increase was not statistically significant. This stagnation may be related to barriers identified by SMEs, such as the lack of specialized human resources dedicated to this topic or the lack of knowledge about how to develop and implement a Sustainability-focused strategy.

It was also identified that more SMEs began to define their strategy according to the SDGs and their ambitions, and to view the SDGs as a business opportunity.

No differences were found regarding agreement with the statements: (1) “Sustainability will bring benefits to my business” and (2) “Sustainability could substantially improve my company’s competitiveness.”

An increase was observed in the perception of knowledge about the 169 SDG targets.

There was also an increase in seeking partnerships, as well as greater incorporation of Sustainability indicators and their monitoring and reporting in SMEs’ Sustainability Reports. Additionally, the importance assigned to environmental and economic Sustainability increased.

For SMEs, the three main motivations for adopting the SDGs are: (1) gaining a competitive advantage, (2) business growth opportunities, and (3) talent acquisition and retention. During interviews, some SMEs revealed that they implement initiatives related to the SDGs, often driven by social responsibility. These initiatives ultimately have a positive impact on talent retention. The motivation “Having an impact on the industry as a leader” stands out for its increase over the years of the study.

The percentage of SMEs that see the SDGs as a business opportunity has increased; however, this increase was not statistically significant. Additionally, employee motivation for the SDGs seems to be increasing.

The lack of knowledge about the SDGs and how to operationalize them were identified as the greatest barriers for SMEs. Consistent with the previous paragraph, the barrier “We do not see a business growth opportunity” has decreased.

Finally, unlike Large Companies, a gap was detected between the importance and the implementation of the SDGs in business strategy. A gap was also found between the importance and performance in different dimensions of Sustainability (environmental, economic, social, and governance), with the largest gap in the environmental dimension (similar to Large Companies). The importance assigned always shows a higher value than implementation or performance. The gap between the importance assigned to each SDG versus the contribution to it varies by SDG, being smaller for SDGs 1 (No Poverty), 2 (Zero Hunger), 5 (Gender Equality),

6 (Clean Water and Sanitation), 7 (Affordable and Clean Energy), 8 (Decent Work and Economic Growth), and 10 (Reduced Inequalities), which directly impact the lives of employees and communities. This indicates that the company’s contribution to these SDGs is more aligned with the importance assigned to them. The SDGs considered most important by SMEs are SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure), followed by SDG 7 (Affordable and Clean Energy) and SDG 12 (Responsible Consumption and Production).

## 5.2.

# Implementation of Sustainability and the SDGs in Companies — Longitudinal Analysis (Year 1, Year 2, Year 3)

## 5.2. Implementation of Sustainability and the SDGs in Companies – Longitudinal Analysis (Year 1, Year 2, Year 3)

This chapter presents some of the responses from Large Companies and SMEs to the Year 3 questionnaire (the remaining responses are available in the Annex). It also includes a comparison between the responses of Large Companies and SMEs over the three years of the study.



### 5.2.1. Perception of Sustainability and the SDGs in the Company

#### Sustainability will bring benefits to my business

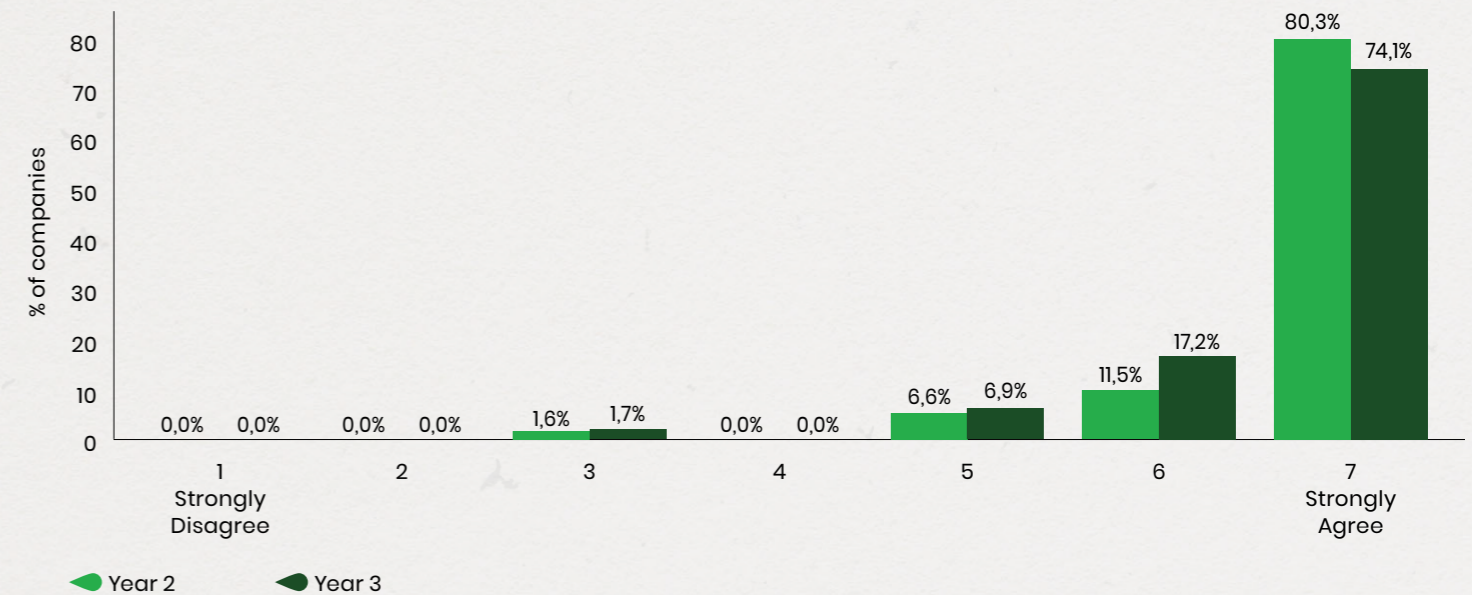


Figure 5.2.1.1. (61 GEs Year 2, 58 GEs Year 3, Question 5.1)

The majority of Large Companies (98,2%) agree with the statement "Sustainability will bring benefits to my business" (6,9% + 17,2% + 74,1%). The percentage of companies that strongly agree decreased slightly from Year 2 to Year 3, with no significant differences identified (log odds ratio = 0,3, p-value = 0,2).

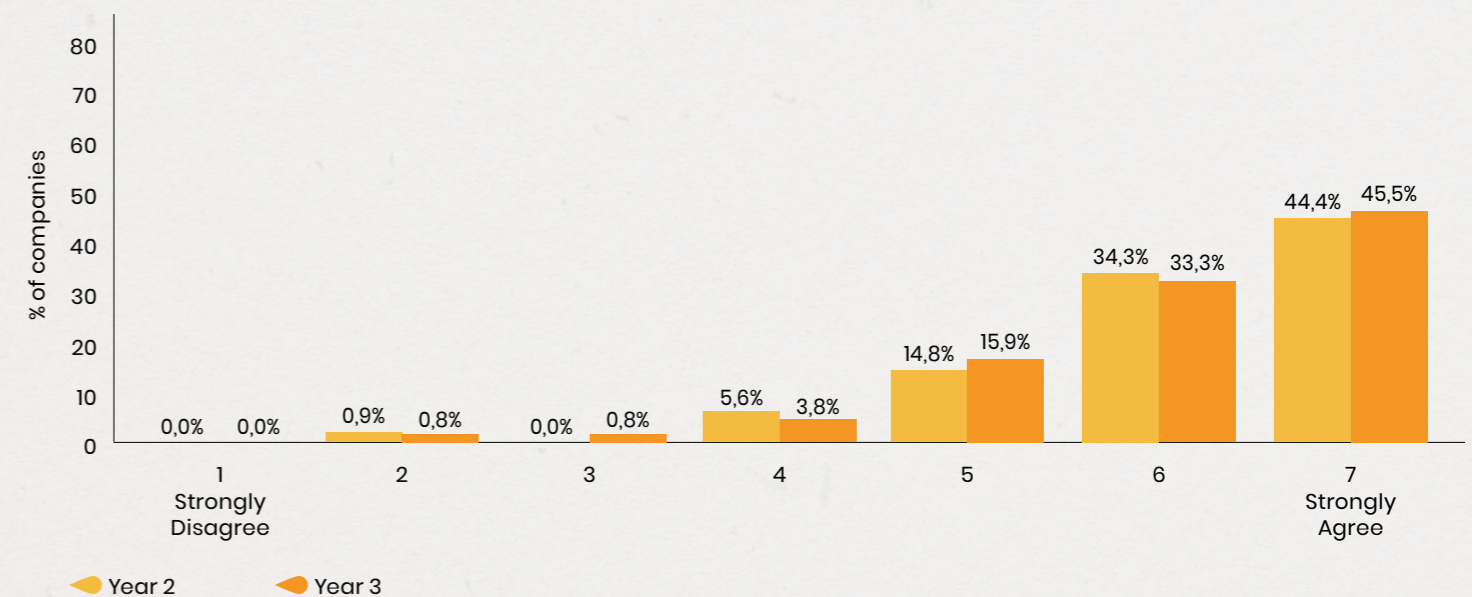


Figure 5.2.1.2. (108 SMEs Year 2, 132 SMEs Year 3, Question 21.1)

The majority of SMEs (94,7%) agree that "Sustainability will bring benefits to my business" (15,9% + 33,3% + 45,5%), and 45,5% of SMEs strongly agree. The responses between Year 2 and Year 3 are very similar, with no significant differences identified (log odds ratio = 1,0, p-value = 0,9). The responses from SMEs are more dispersed across different values compared to Large Companies, whose responses are more concentrated on the right side of the chart.

## Sustainability can substantially improve my company's competitiveness

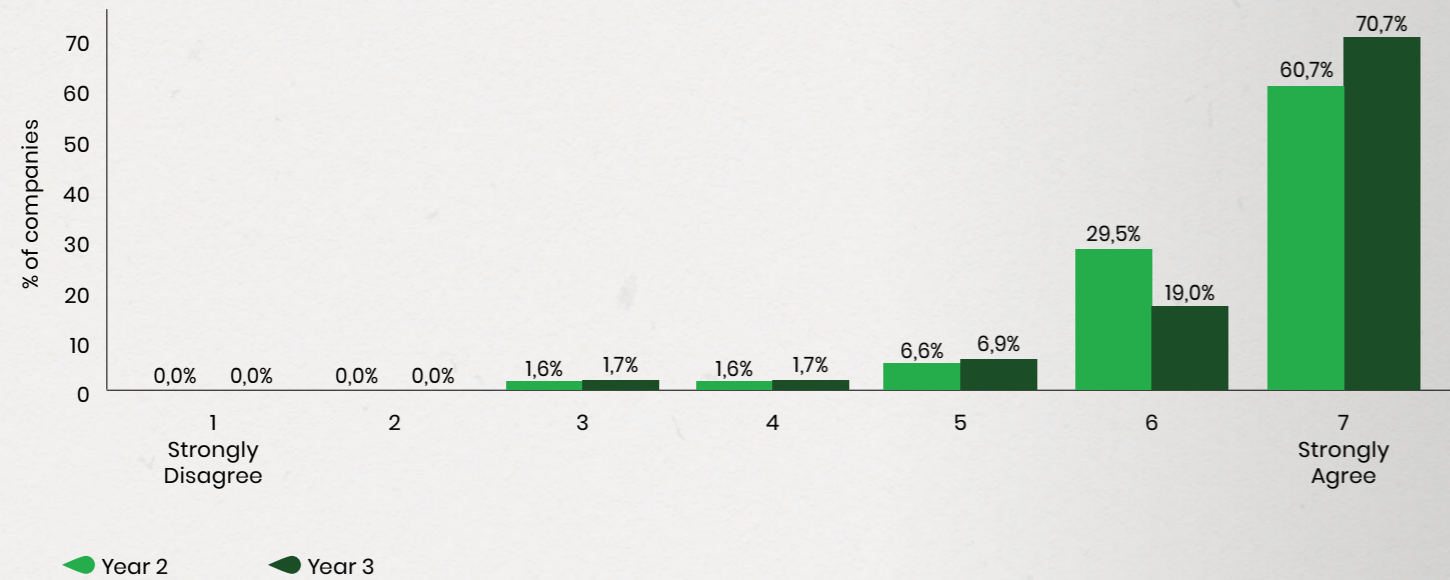


Figure 5.2.1.3. (61 LCs Year 2, 58 LCs Year 3, Question 5.2)

The majority of Large Companies (70,7%) strongly agree that Sustainability can increase the company's competitiveness. The percentage of companies that strongly agree increased from Year 2 to Year 3, but no significant differences were identified (log odds ratio = 1,8, p-value = 0,2).

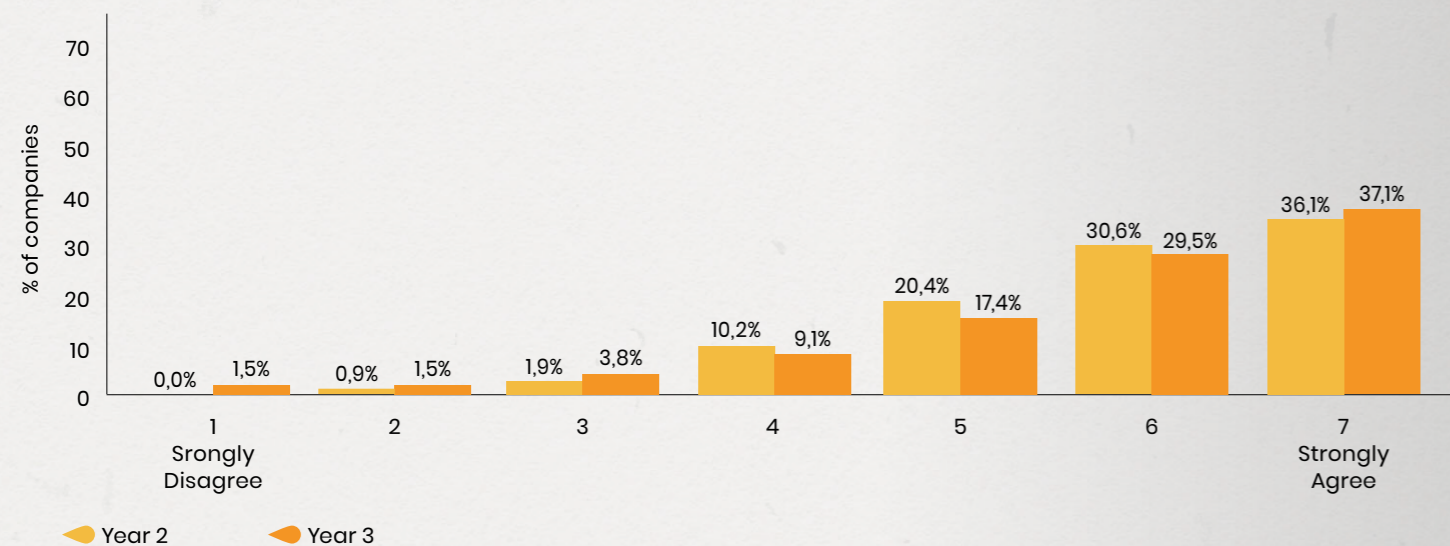


Figure 5.2.1.4. (108 SMEs Year 2, 132 SMEs Year 3, Question 21.2)

The majority of SMEs (84%) agree that Sustainability can increase the company's competitiveness (17,4% + 29,5% + 37,1%). 37,1% of SMEs strongly agree. The responses between Year 2 and Year 3 are very similar, with no significant differences identified (log odds ratio = 1,0, p-value = 0,9). Similar to the previous question, the responses from SMEs are more dispersed compared to Large Companies.

## Sustainability may jeopardize my company's viability

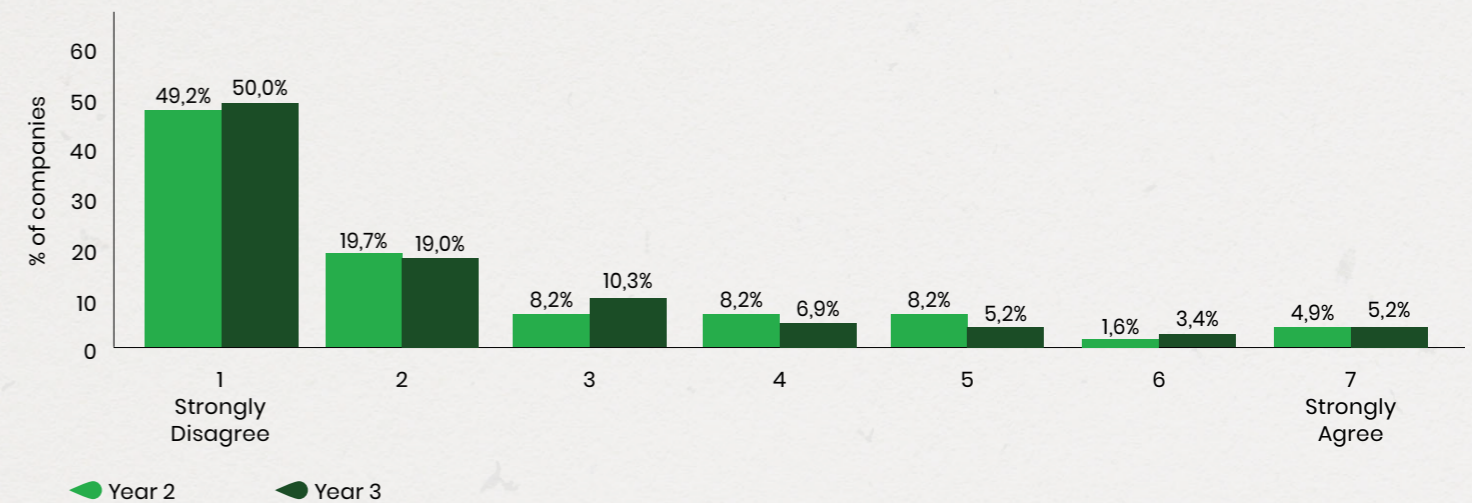


Figure 5.2.1.5. (61 LCs Year 2, 58 LCs Year 3, Question 5.4)

The majority of Large Companies (79,3%) disagree with the statement "Sustainability may jeopardize my company's viability" (50% + 19% + 10,3%), with 50% strongly disagreeing. No significant differences were found between the responses in Year 2 and Year 3 (log odds ratio = 1,02, p-value > 0,9).



Figure 5.2.1.6. (108 SMEs Year 2, 132 SMEs Year 3, Question 21.4)

The majority of SMEs (80,3%) disagree with the statement "Sustainability may jeopardize my company's viability" (44,7% + 24,2% + 11,4%), with 44,7% strongly disagreeing. No significant differences were found between Year 2 and Year 3 (log odds ratio = 1,4, p-value = 0,2). Although the percentage is slightly lower in Year 3, the number of companies that strongly disagree with the statement is similar due to the larger number of companies sampled in Year 3.

## Sustainability may change the way my company conducts its business

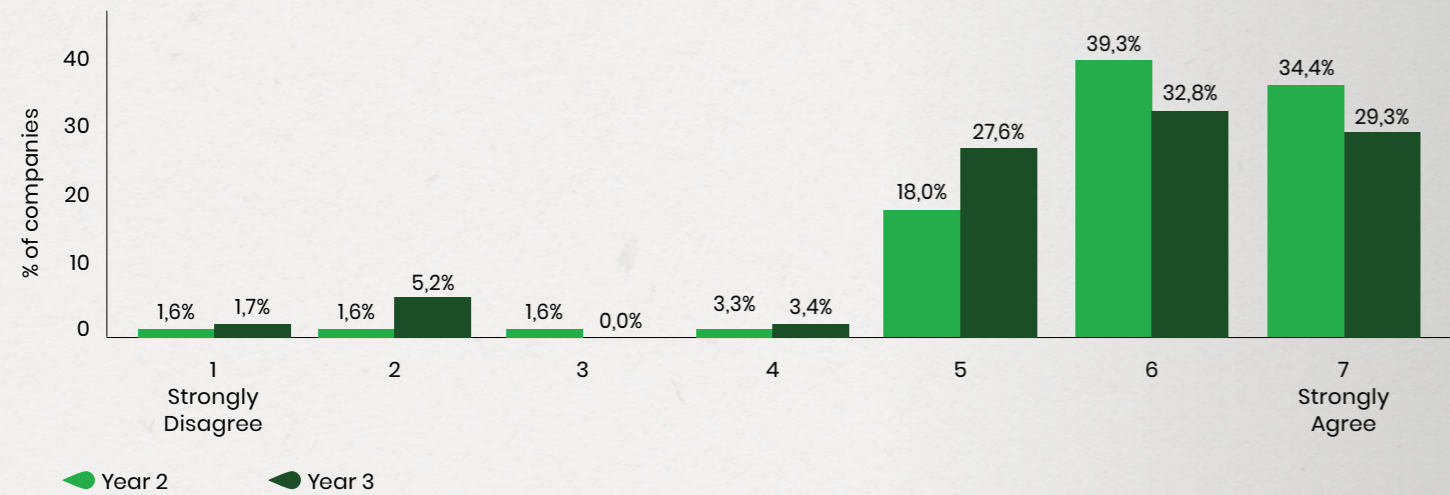


Figure 5.2.1.7. (61 LCs Year 2, 58 LCs Year 3, Question 5.5)

The majority of Large Companies (89,7%) agree that Sustainability may change the way they conduct business (27,6% + 32,8% + 29,3%), with 29,3% of companies strongly agreeing with the statement. This question also shows a shift in responses to the left, indicating that companies agree less with this statement. However, no significant differences were found between Year 2 and Year 3 (log odds ratio = 0,6, p-value = 0,1). These results may reflect the fact that Large Companies have already been on a Sustainability journey for some time, and their business has already undergone changes due to Sustainability (see the following question, which supports this suggestion).

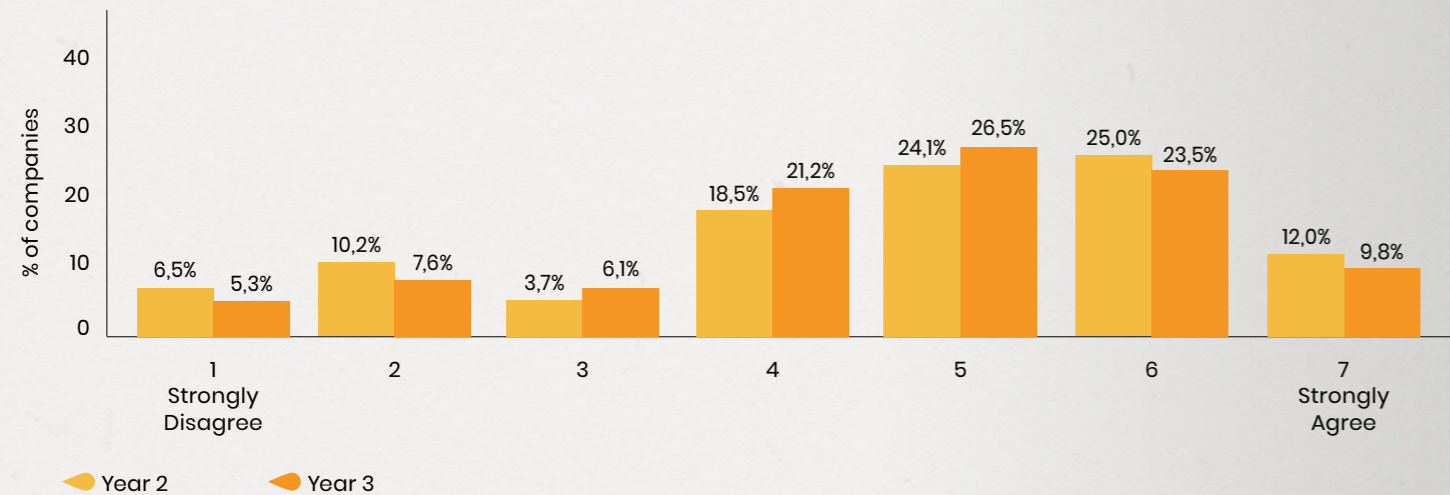


Figure 5.2.1.8. (108 SMEs Year 2, 132 SMEs Year 3, Question 21.5)

The majority of SMEs (59,9%) agree that Sustainability may change the way they conduct business (26,5% + 23,5% + 9,8%), with 9,8% of SMEs strongly agreeing. No significant differences were found between Year 2 and Year 3 (log odds ratio = 0,9, p-value = 0,8). Compared to Large Companies, the responses from SMEs are more dispersed across different values.

## Sustainability has already changed the way my company conducts its business

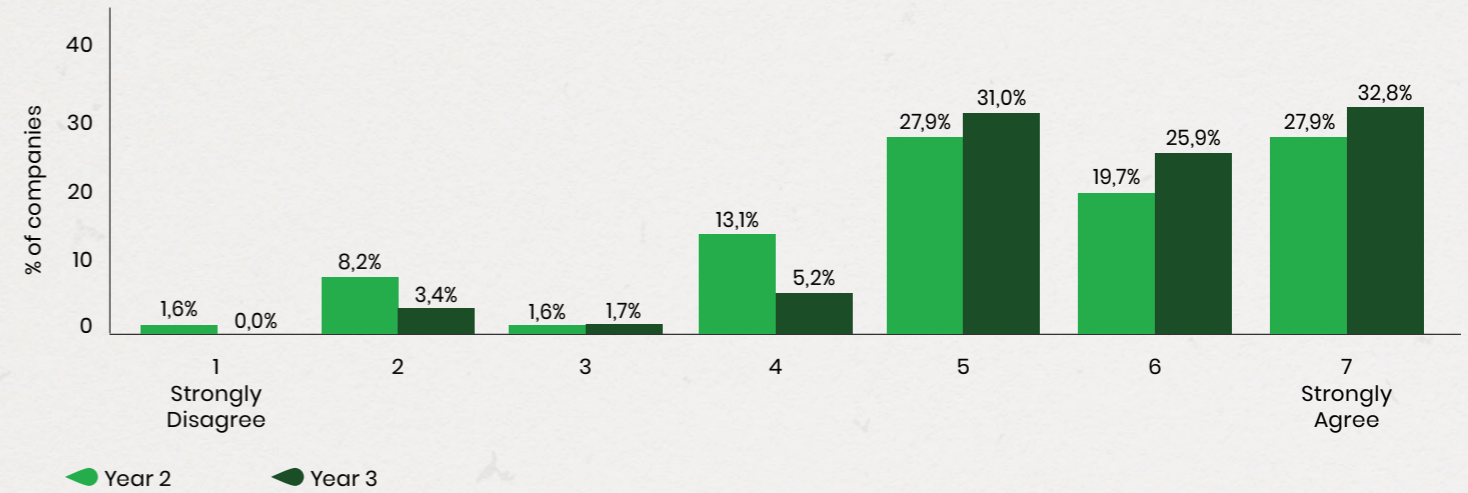


Figure 5.2.1.9. (61 LCs Year 2, 58 LCs Year 3, Question 5.6)

The majority of Large Companies (89,7%) agree that Sustainability has already changed the way they conduct business (31% + 25,9% + 32,8%), with 32,8% strongly agreeing. The responses increased between Year 2 and Year 3, which may explain the results of the previous question. Fewer companies agree with the statement "Sustainability may change the way my company conducts its business" because they are already implementing Sustainability practices. In fact, there appears to be a significant difference between the two years (log odds ratio = 2,2, p-value = 0,04). These results support the interpretation of the previous response, indicating that more companies have already transitioned their business due to Sustainability.

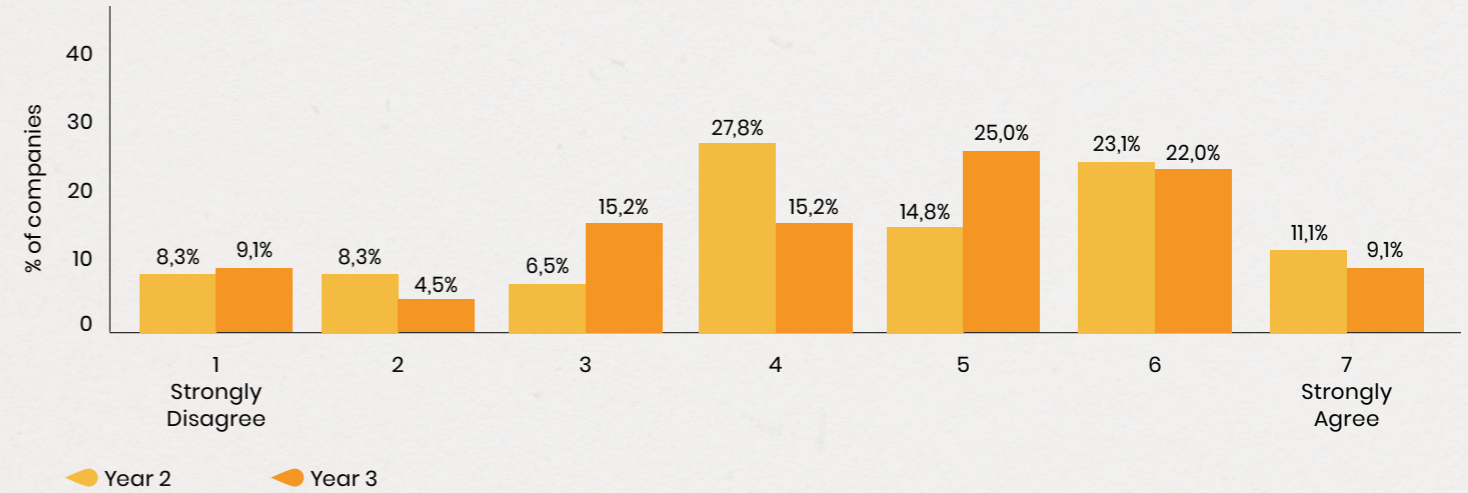


Figure 5.2.1.10. (108 SMEs Year 2, 132 SMEs Year 3, Question 21.6)

The majority of SMEs (56,1%) agree that Sustainability has already changed the way they conduct business (25% + 22% + 9,1%), but only 9,1% of SMEs strongly agree, suggesting that there is still progress to be made. The responses between Year 2 and Year 3 are very similar, with no significant differences identified (log odds ratio = 0,9, p-value = 0,8).

## Business Transformation through Sustainability

For half of the Large Companies (nine out of 18) interviewed, Sustainability is integrated into the company's strategy. One company noted that "Sustainability is clearly reflected in [its] values," while another stated that "[its] business is Sustainability." This shift in business practices involves incorporating Sustainability into operations (two companies), "meeting customer needs" by offering more Sustainable products (two companies), and aiming for or achieving carbon neutrality (four companies). Concrete examples of business changes include obtaining certifications (four companies), implementing circular economy practices (two companies), developing new products (three companies), and evaluating suppliers' footprints (two companies). Two companies also indicated that "Sustainability is a competitiveness factor," driving changes in business practices. Additionally, two companies stated that ESG requirements prompted changes, leading to greater attention to impact measurement and reporting. Finally, four large companies reported that Sustainability has not significantly changed their business practices, either because they are just beginning this journey or due to the nature of their business.

Among the SMEs interviewed, three out of 10 consider Sustainability to be at the core of their business or "embedded in the company's DNA" and "in its essence." Four SMEs reported that Sustainability has changed their business, including extending product life cycles, focusing on the circular economy, investing in renewable energy, and providing training. These changes also include managing internal resources through free market-available training and adopting new communication/reporting methods. However, there is still "much more to be done." Customer pressure was cited by two SMEs as a key factor driving the inclusion of Sustainability in their business. Only one SME stated that Sustainability "has not impacted business practices" because, although they are pursuing Sustainability, they do not feel customer pressure.

## What is your perception of the level of knowledge of the SDGs in your company?

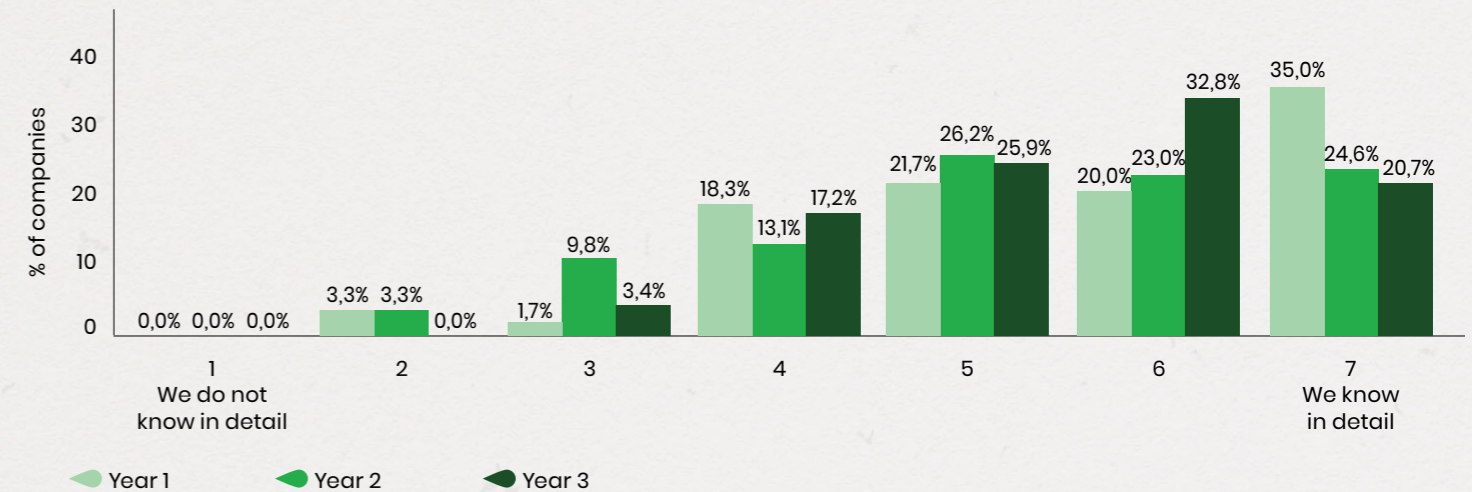


Figure 5.2.1.11. (60 LCs Year 1, 61 LCs Year 2, 58 LCs Year 3, Question 8)

The majority of Large Companies (79,4%) believe they are familiar with the SDGs (25,9% + 32,8% + 20,7%), but only 20,7% consider that they know the SDGs in detail. The response for 7 decreased by about 4 percentage points, while the response for 6 increased by about 10 percentage points compared to Year 2. No significant difference was detected in the perception of the average level of SDG knowledge over the three years (Year 1 vs. Year 2: log odds ratio = 0,6, p-value = 0,1; Year 1 vs. Year 3: log odds ratio = 0,7, p-value = 0,4).

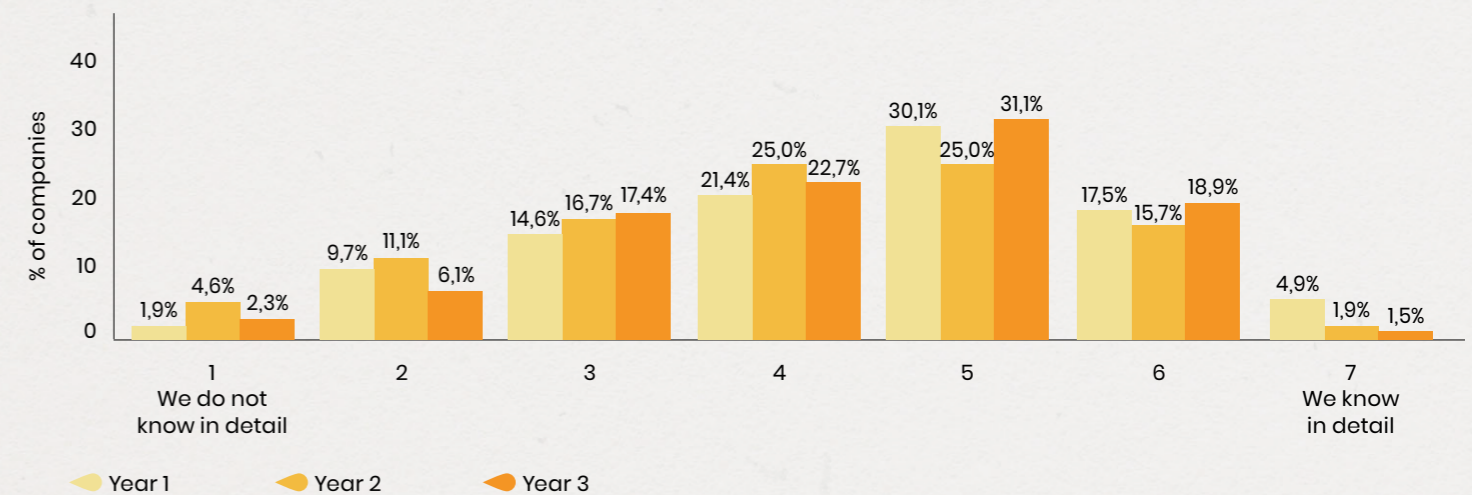


Figure 5.2.1.12. (103 Year 1, 108 SMEs Year 2, 132 SMEs Year 3, Question 24)

About half of SMEs believe they are familiar with the SDGs (31,1% + 18,9% + 1,5%), but only 1,5% consider that they know the SDGs in detail, which is significantly lower compared to Large Companies. The perception of the average level of SDG knowledge did not change between Year 2 and Year 3 (log odds ratio = 1,5, p-value = 0,1).

## What is your perception of the level of knowledge of the 169 SDG targets in your company?

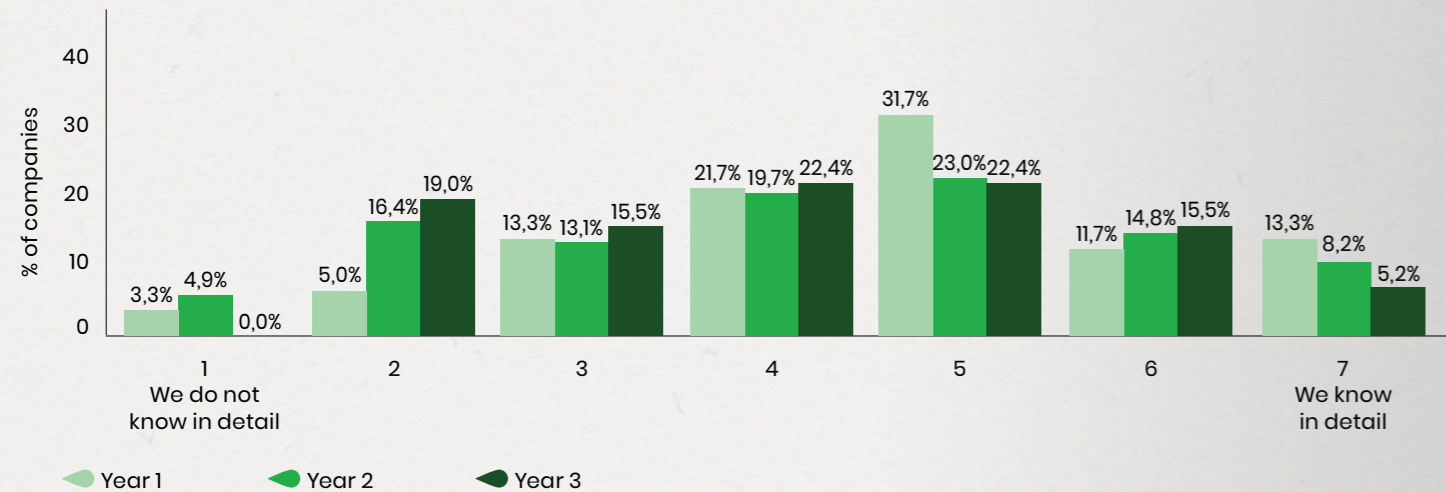


Figure 5.2.1.13. (60 LCs Year 1, 61 LCs Year 2, 58 LCs Year 3, Question 9)

Almost half of Large Companies (43,1%) believe they are familiar with the SDG targets (22,4% + 15,5% + 5,2%), but only 5,2% consider that they know the targets in detail. Overall, there was an increase in the percentage of companies giving lower responses (2, 3, and 4) and a decrease in responses 5 and 7. In fact, a decreasing trend was detected in the perception of the average level of knowledge of the SDG targets over the three years (Year 1 vs. Year 2: log odds ratio = 0,5, p-value = 0,04; Year 1 vs. Year 3: log odds ratio = 0,5, p-value = 0,03). Similar to the previous year, these results may reflect greater awareness of the various SDG targets, leading companies to feel they have less knowledge, which may not actually be the case.

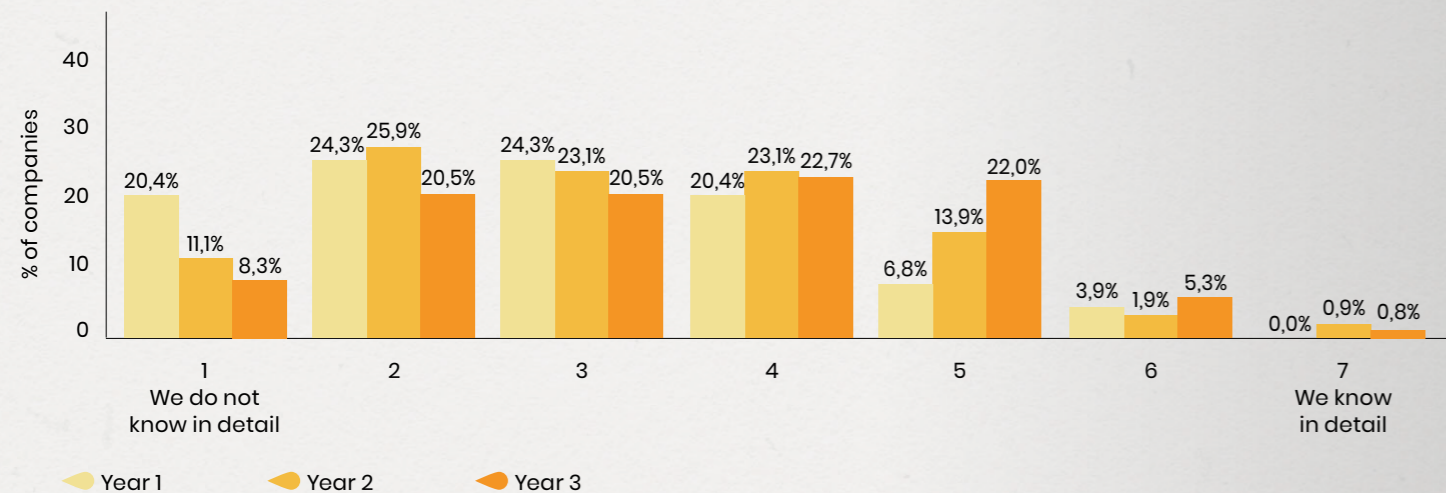


Figure 5.2.1.14. (103 Year 1, 108 SMEs Year 2, 132 SMEs Year 3; Question 25)

Only 28,1% of SMEs believe they are familiar with the 169 targets (22% + 5,3% + 0,8%), and only 0,8% consider that they know the targets in detail, which is significantly lower compared to Large Companies. The perception of the average level of knowledge of the 169 targets appears to have increased between Year 2 and Year 3 (log odds ratio = 1,9, p-value = 0,03).

## Comparison between ESG and SDGs: Companies' Perspective

All 18 large companies interviewed stated that there is a difference between the ESG concept and the SDGs. However, four companies highlighted that most of their employees do not perceive this difference: "for the majority who do not work with these topics, both are synonymous with Sustainability."

Six companies see the SDGs as a more global concept. Of these, four interpret ESG as a financial mechanism to translate the SDGs – "The goal of ESG is financial, while the SDGs aim to change the world" – and two believe ESG is applied more directly to companies. Another five companies consider ESG and SDGs to be different but integrated and complementary.

Regarding focus, responses also varied: two companies believe the SDGs are aimed at countries, nations, and improving populations, while ESG serves as a way to "enter the business and corporate universe." One company holds almost the opposite view, stating that the SDGs are global objectives for companies and countries, while ESG is a framework for "organizing internal processes in ways that are more easily absorbed."

Additionally, two companies believe ESG is a way to organize or operationalize the SDGs, or that ESG is the strategy while SDGs are the means of materializing that strategy. Another interpretation is that ESG serves as a methodology, while the SDGs represent specific goals. Two companies also mentioned that SDGs and ESG function as frameworks for reporting and analyzing Sustainability.

Finally, one company indicated that they work with SDGs and ESG in parallel.

According to the majority of SMEs (80%), there is a difference between ESG and the SDGs. For four out of 10 SMEs interviewed, ESG and the SDGs are "different concepts addressing distinct issues." Another four SMEs state that the SDGs and ESG are different matrices for reporting and analysis, "one complements the other." Three SMEs believe that ESG is a way to organize the SDGs, which are goals, while ESG represents "three broad themes."

The remaining 20% did not know how to answer this question.

For more on this topic, refer to Chapter 3 of the Year 2 Report [\[here\]](#).

## 5.2.2. Implementation of Sustainability and the SDGs in the Company

To what extent would you say the SDGs are incorporated into your company's strategy?

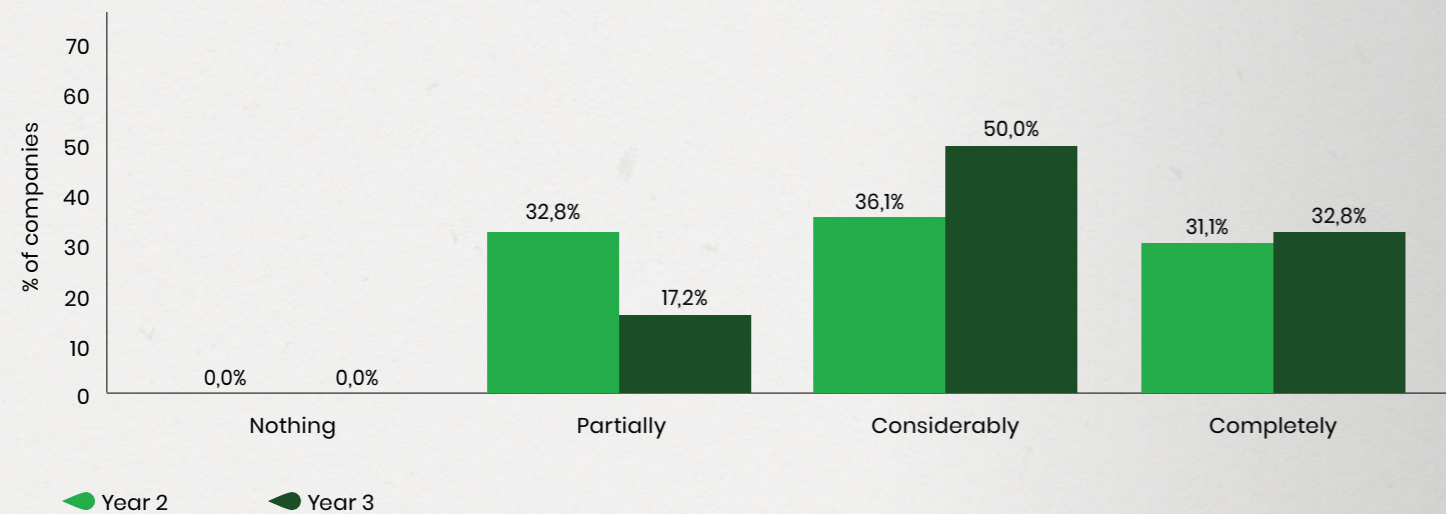


Figure 5.2.2.1. (61 LCs Year 2, 58 LCs Year 3, Question 18)

Half of the Large Companies (50%) consider that they incorporate the SDGs considerably into their company's strategy, 32,8% believe they incorporate them completely, and 17,2% believe they incorporate the SDGs partially into their company's strategy. A trend of increasing incorporation of the SDGs into company strategy was observed between Year 2 and Year 3 (log odds ratio = 2,2, p-value = 0,07).

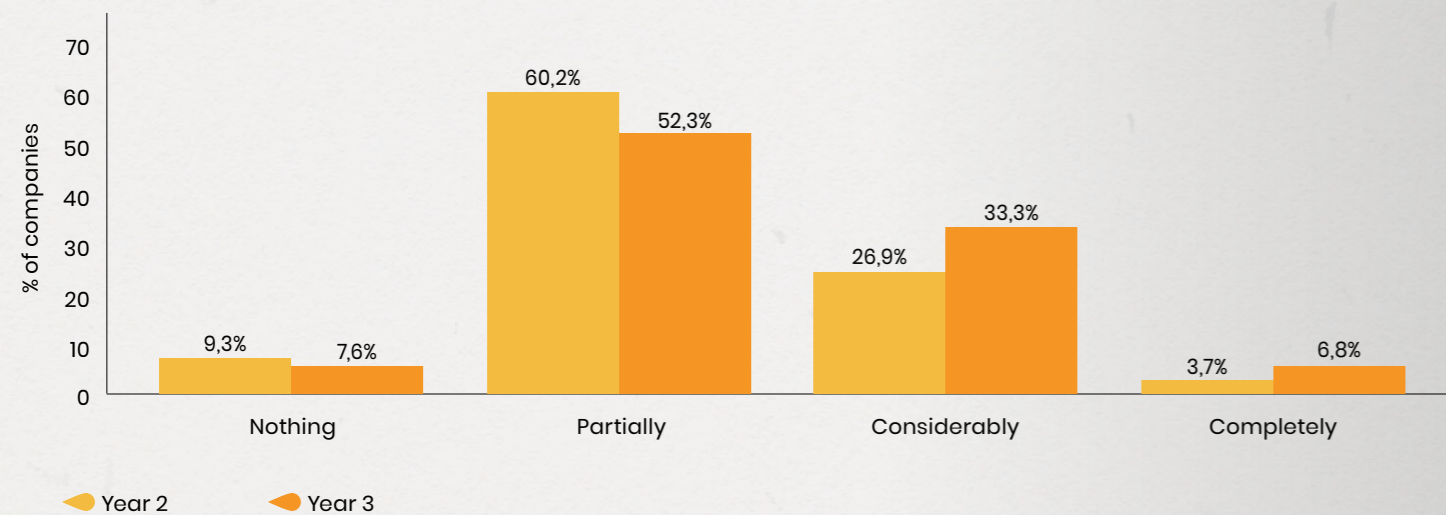


Figure 5.2.2.2. (108 SMEs Year 2, 132 SMEs Year 3, Question 34)

The majority of SMEs (52,3%) consider that they partially incorporate the SDGs into their company's strategy, 33,3% believe they incorporate them considerably, and only 6,8% consider that they completely incorporate the SDGs into their company's strategy. Although no significant differences were found in the incorporation of the SDGs into company strategy between Year 2 and Year 3 (log odds ratio = 1,5, p-value = 0,4), an increase can be seen in the percentage of SMEs that incorporate the SDGs considerably or completely. SMEs lag behind in comparison to Large Companies, where the most common response is "Considerably," while for SMEs, it is "Partially."

## Integration of the SDGs into Corporate Strategy

The responses from Large Companies in Year 3 (total of 18 LCs interviewed) stand out from those in Year 2 due to greater clarity and methods for identifying and/or incorporating strategic SDGs.

Seven companies identified their strategic SDGs by aligning their corporate strategy with the SDGs; six companies incorporated the SDGs into their materiality analysis (or, in some cases, double materiality) or cross-referenced material topics with the SDGs; and five companies identified SDGs linked to the core of their activities, selecting those they could impact most and for which they felt "greater responsibility." It is worth noting that a single company may have adopted more than one approach.

For two companies, the decision to select SDGs involved consulting or working alongside stakeholders. Two other companies opted to follow published methodologies to identify SDGs aligned with their activities and/or strategy.

The responses regarding SDG integration into strategy for SMEs are similar to those of the previous year. Three out of 10 SMEs interviewed do not have a formal process for choosing SDGs, and the SDGs are not yet incorporated: "there is no strategy that considers Sustainability." Four SMEs believe they lack a formal selection process for SDGs, stating they are implicitly part of their business. One SME reflected on its company practices and realized "how the SDGs could align with what we were already doing." Finally, two companies identified SDGs where they could make a difference or have an impact. For some SMEs, understanding "where we can make a difference," "what more we can do," and "where we can have the greatest impact" is considered fundamental, especially given that "we have a planet with an end in sight."

## Which statement best describes how the SDGs are incorporated into your company's strategy?

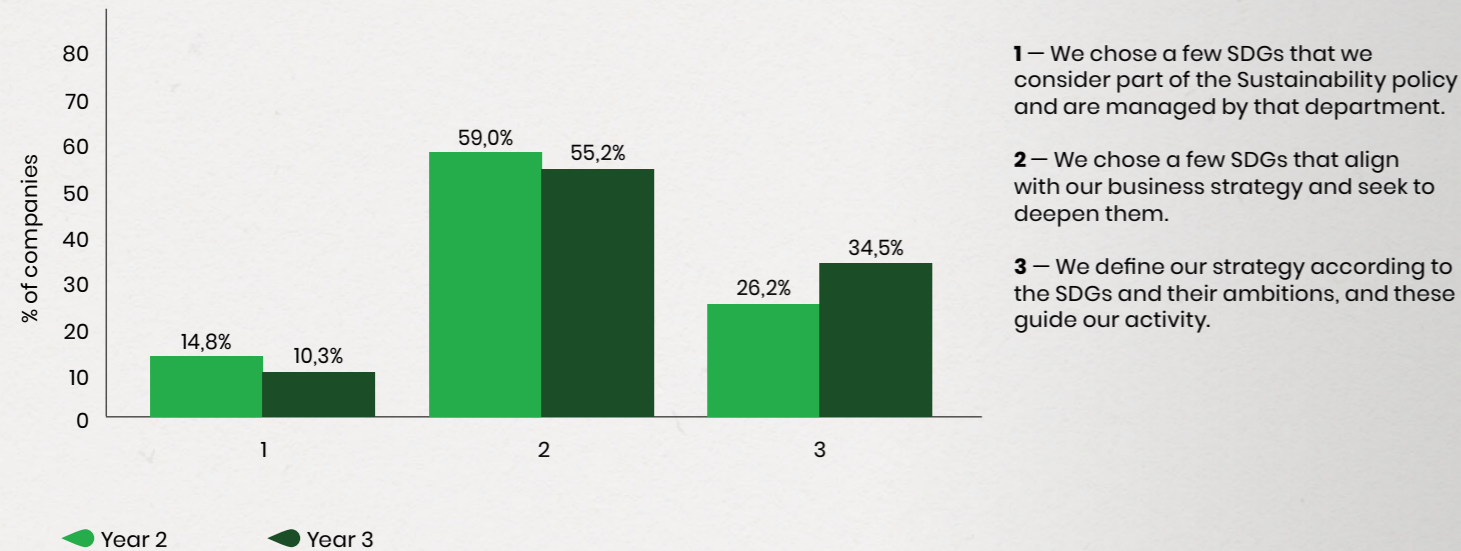


Figure 5.2.2.3. (61 LCs Year 2, 58 LCs Year 3, Question 18.A)

About half of Large Companies (55,2%) identify with the statement “We chose a few SDGs that align with our business strategy and seek to deepen them.” 34,5% define their strategy according to the SDGs and their ambitions, and 10,3% chose a few SDGs that they consider part of the Sustainability policy. An increasing number of companies are defining their strategy according to the SDGs and their ambitions between Year 2 and Year 3.

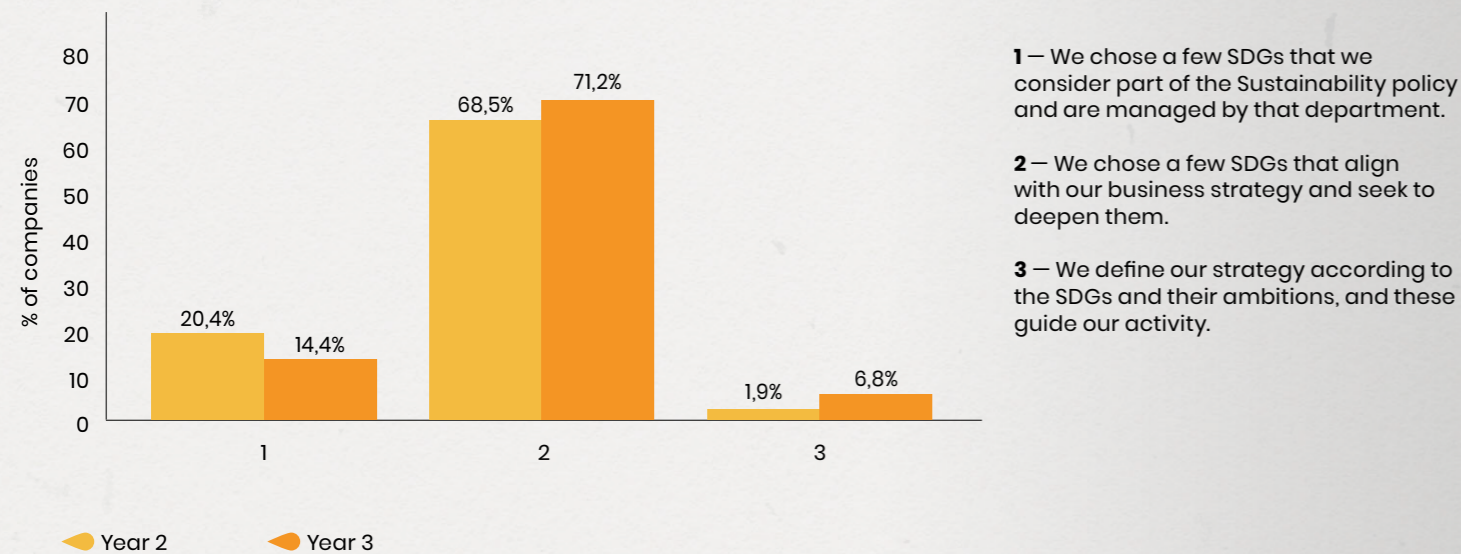


Figure 5.2.2.4. (108 SMEs Year 2, 132 SMEs Year 3, Question 34.A)

The majority of SMEs (71,2%) identify with the statement “We chose a few SDGs that align with our business strategy and seek to deepen them.” 14,4% chose a few SDGs that they consider part of the Sustainability policy, and only 6,8% define their strategy according to the SDGs and their ambitions.

## When selecting the strategic SDGs for our company:

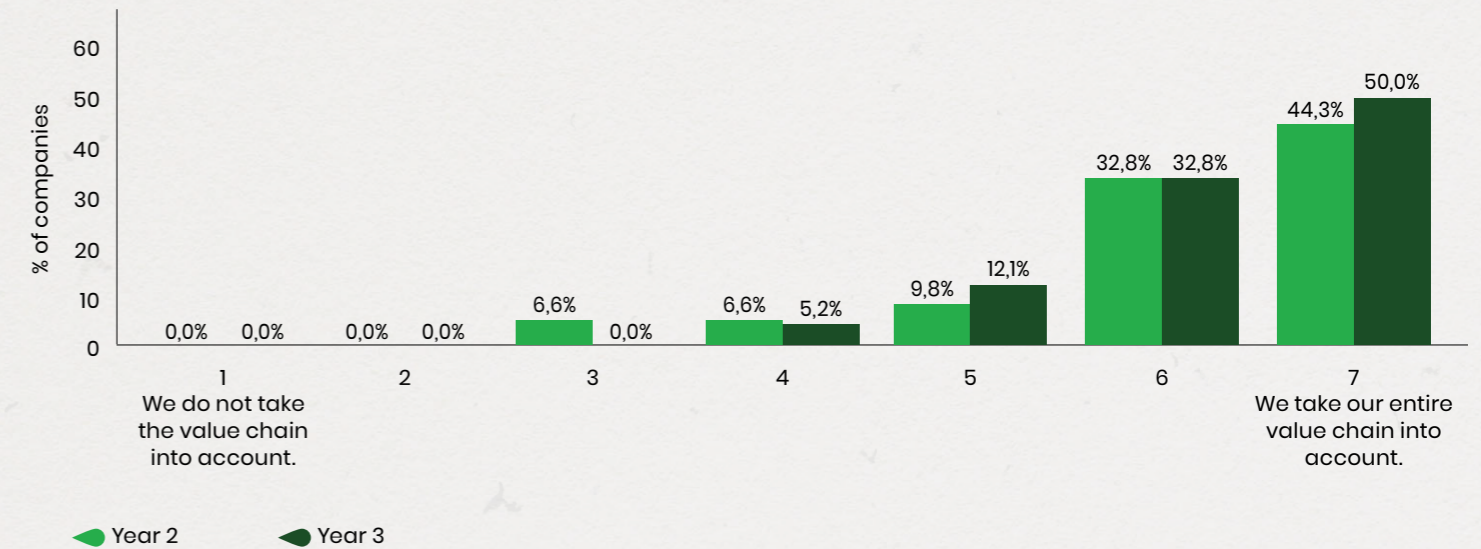


Figure 5.2.2.5. (61 LCs Year 2, 58 LCs Year 3, Question 20)

Half of Large Companies (50%) fully consider the value chain when selecting their company's strategic SDGs. A marginally significant difference was found between Year 2 and Year 3 (log odds ratio = 2,2, p-value = 0,06) for companies considering the value chain more in Year 3.

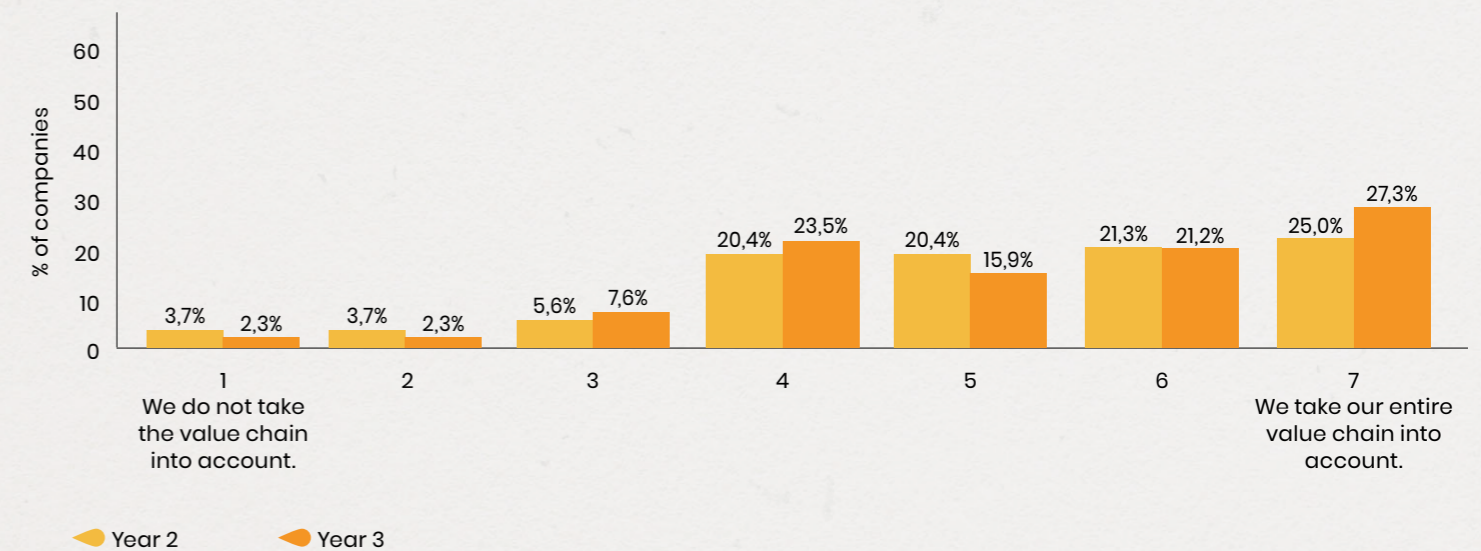


Figure 5.2.2.6. (108 SMEs Year 2, 132 SMEs Year 3, Question 36)

The majority of SMEs (64,4%) consider the value chain when selecting their company's strategic SDGs (15,9% + 21,2% + 27,3%), with 27,3% fully considering the value chain. No differences were found between Year 2 and Year 3 (log odds ratio = 1,1, p-value = 0,8). The responses from SMEs are much more dispersed compared to those of Large Companies.

## How do you involve internal stakeholders in the selection and implementation of SDGs?

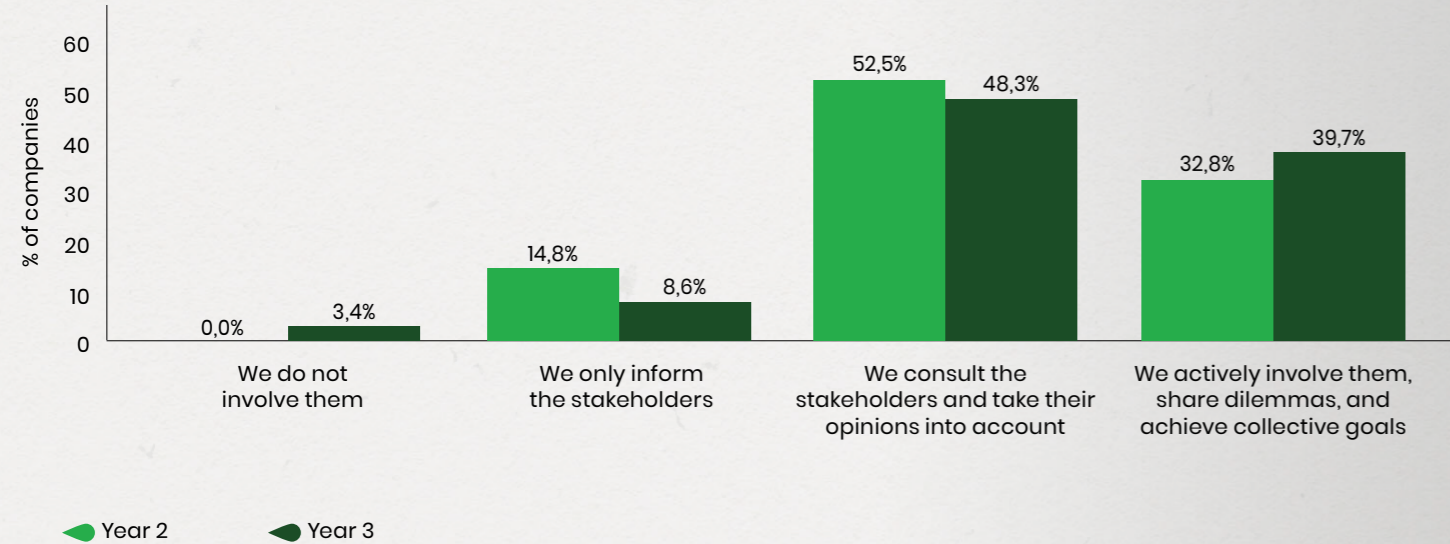


Figure 5.2.2.7. (61 LCs Year 2, 58 LCs Year 3, Question 22)

About half of Large Companies (48,3%) consider that they consult internal stakeholders and take their opinions into account. 39,7% actively involve stakeholders, with this percentage increasing by about 5% compared to Year 2.

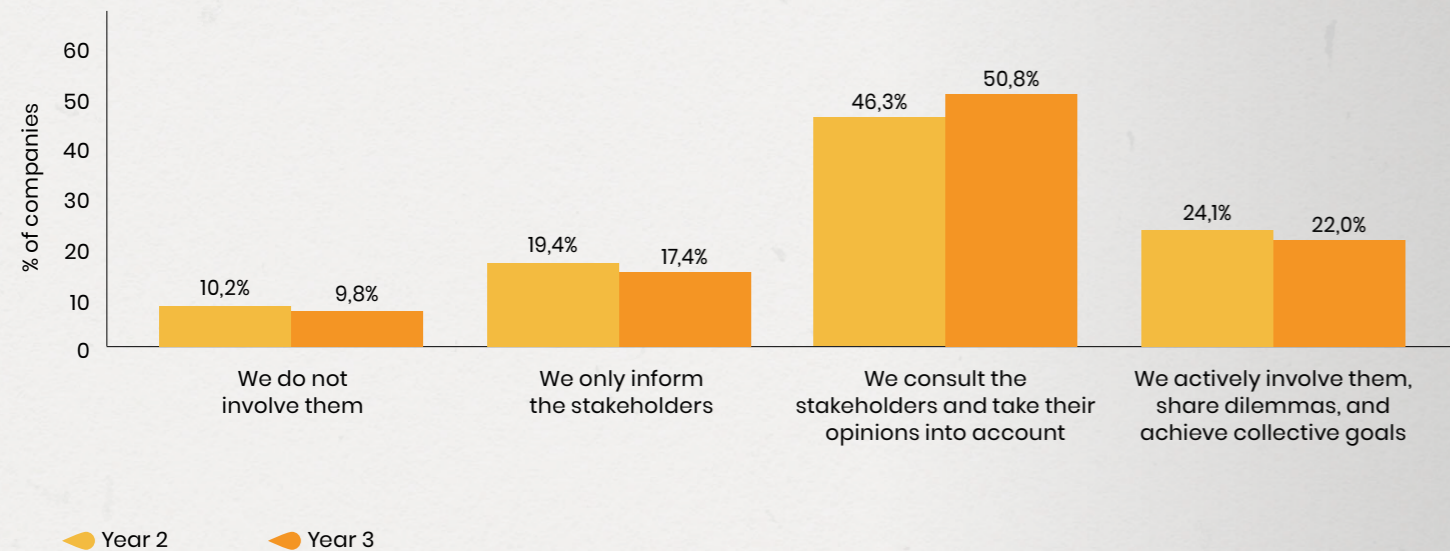


Figure 5.2.2.8. (108 SMEs Year 2, 132 SMEs Year 3, Question 38)

About half of SMEs (50,8%) consider that they consult internal stakeholders and take their opinions into account. Only 22% actively involve stakeholders. These results are similar to those of Year 2. The overall response pattern of SMEs is similar to that of Large Companies.

## How do you involve external stakeholders in the selection and implementation of SDGs?

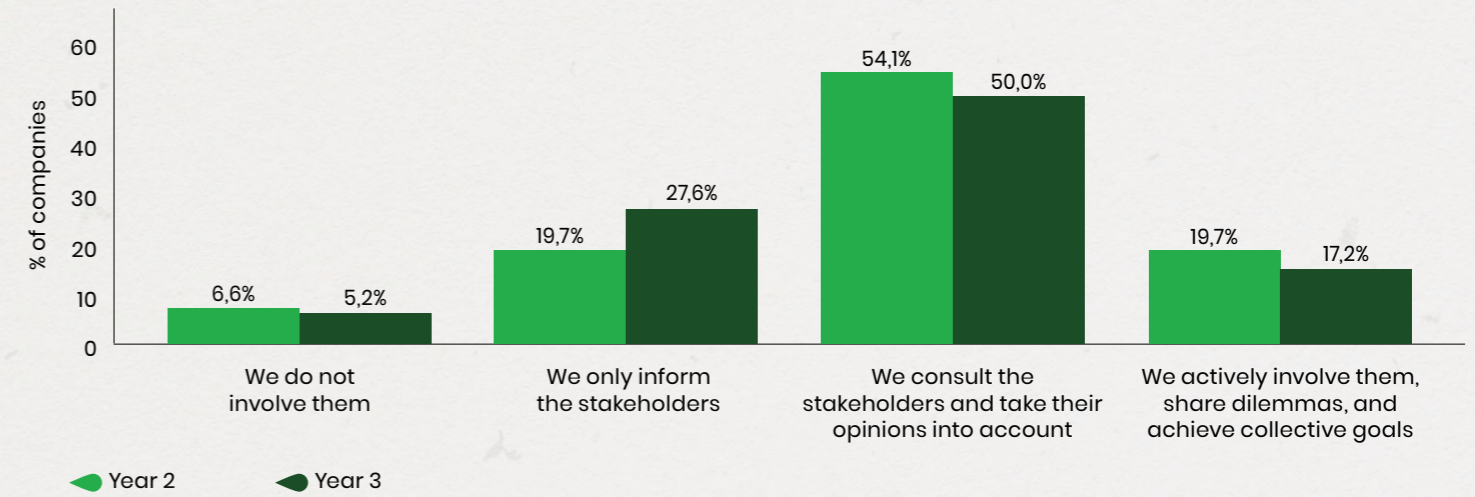


Figure 5.2.2.9. (61 LCs Year 2, 58 LCs Year 3, Question 23)

Half of Large Companies (50%) consider that they consult external stakeholders and take their opinions into account. 27,6% only inform stakeholders, 17,2% actively involve them, and 5,2% do not involve them at all. The percentage of companies that only inform stakeholders about the SDG selection and implementation policy increased by about 8%.

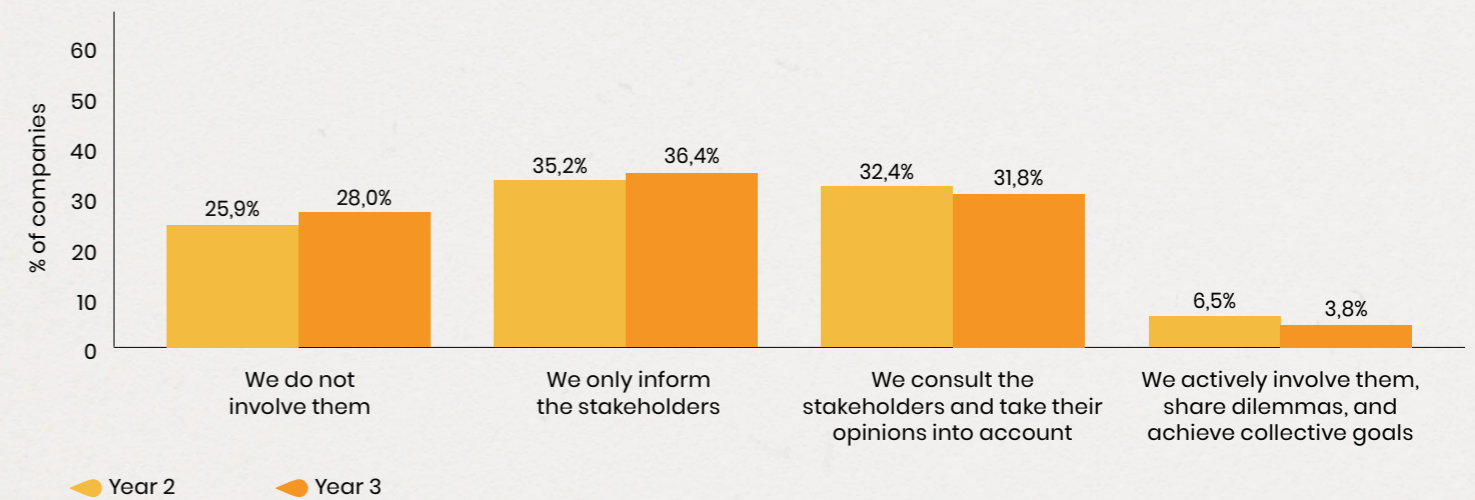


Figure 5.2.2.10. (108 SMEs Year 2, 132 SMEs Year 3, Question 39)

Only 3,8% of SMEs actively involve external stakeholders, 31,8% consult them and take their opinions into account, 36,4% only inform them, and 28% do not involve external stakeholders in the SDG selection and implementation policy. Although the percentage is slightly lower in Year 3, the number of companies that actively involve stakeholders is similar due to the larger sample size in Year 3. The first two responses show a higher percentage of SMEs ( $28\% + 36,4\% = 64,4\%$ ), almost double compared to Large Companies ( $5,2\% + 27,6\% = 32,8\%$ ).

### 5.2.3. Communication and Reporting

#### Does your company publish a report with Sustainability information?

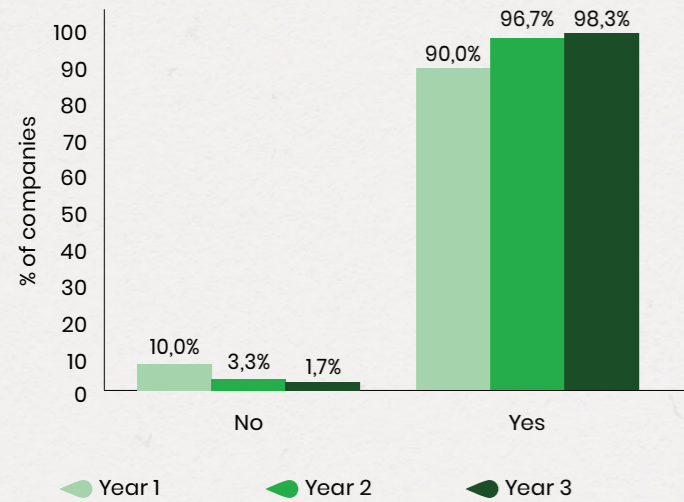


Figure 5.2.3.1. (60 LCs Year 1, 61 LCs Year 2, 58 LCs Year 3, Question 28)

Similar to previous years, the vast majority of Large Companies (98,3%) publish a report with Sustainability information, showing a slight increase over the years.

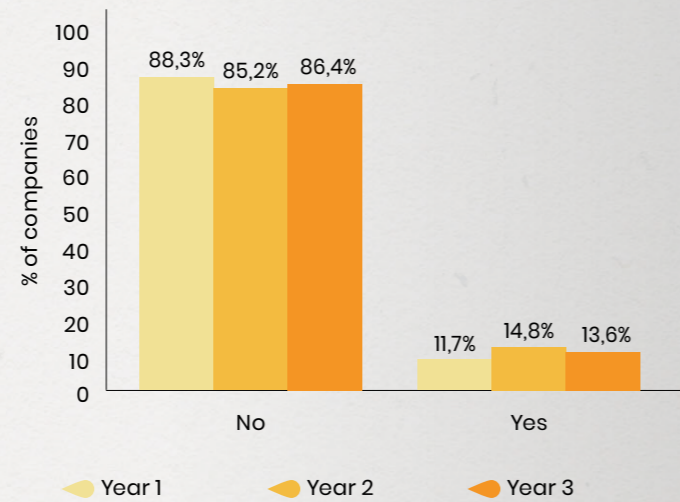


Figure 5.2.3.2. (103 SMEs Year 1, 108 SMEs Year 2, 132 SMEs Year 3, Question 44)

Only 13,6% of SMEs publish this type of report. The percentage of SMEs that publish a report with Sustainability information has remained stable over time. Although the percentage is slightly lower in Year 3, the number of companies that publish reports is very similar due to the larger sample size in Year 3. The response pattern for SMEs is the inverse of that for Large Companies.

#### Is there any reference to the SDGs in the Sustainability Report?

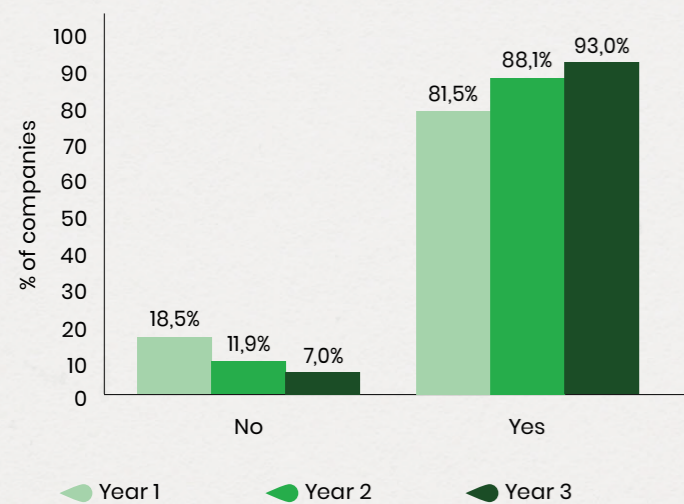


Figure 5.2.3.3. (54 LCs Year 1, 59 LCs Year 2, 57 LCs Year 3, Question 28.B)

Similar to Year 2, the majority of Large Companies (93%) refer to the SDGs in their Sustainability report.

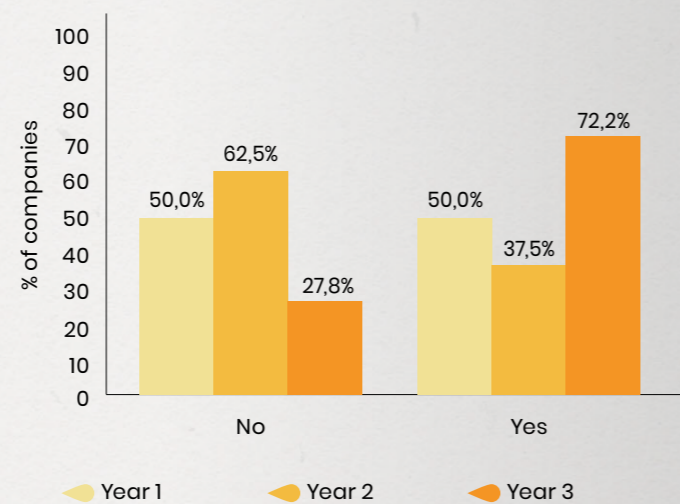


Figure 5.2.3.4. (12 SMEs Year 1, 16 SMEs Year 2, 18 SMEs Year 3, Question 44.B)

The percentage of SMEs that refer to the SDGs in the Sustainability report increased from 37,5% in Year 2 to 72,2% in Year 3, approaching the response levels of large companies.

#### Does your company include Sustainability indicators in the Sustainability Report?

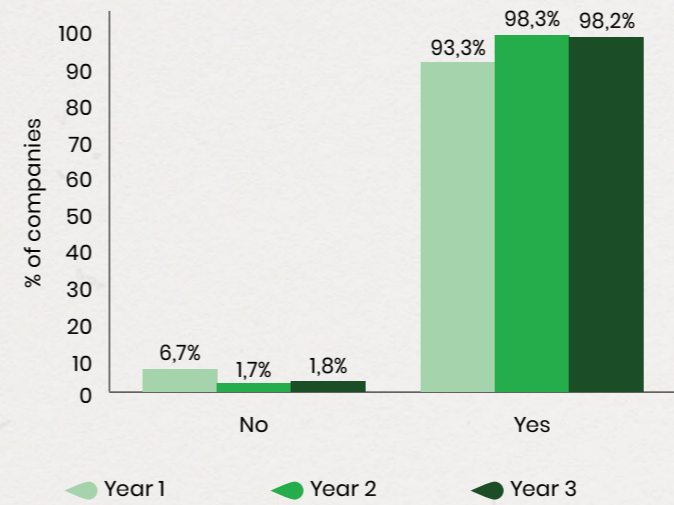


Figure 5.2.3.5. (54 LCs Year 1, 58 LCs Year 2, 57 LCs Year 3, Question 28.C)

Similar to Year 2, the majority of Large Companies (98,2%) include Sustainability indicators in their report.

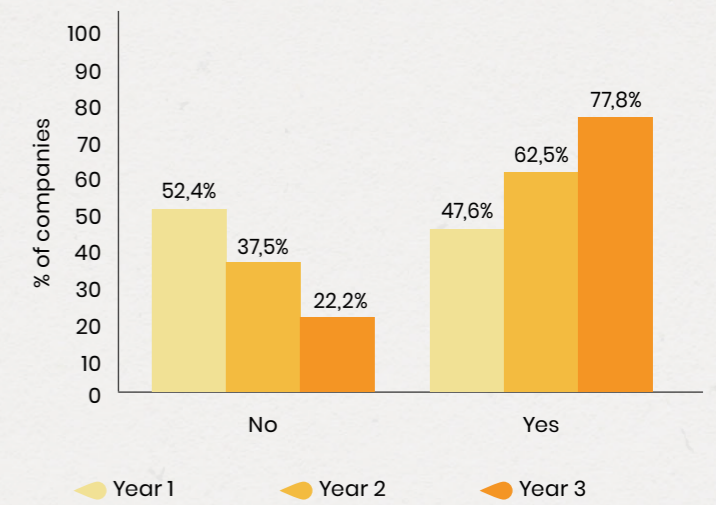


Figure 5.2.3.6. (12 SMEs Year 1, 16 SMEs Year 2, 18 SMEs Year 3, Question 44.C)

The percentage of SMEs that include Sustainability indicators in their report has increased over the years, rising from 62,5% in Year 2 to 77,8% in Year 3, approaching the response levels of Large Companies.

#### Are these indicators monitored and reported over time?

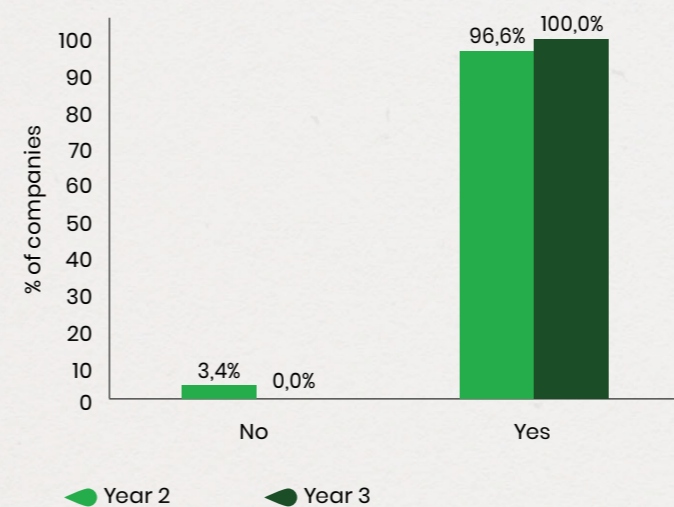


Figure 5.2.3.7. (58 LCs Year 2, 56 LCs Year 3, Question 28.C.1)

All Large Companies (100%) that include Sustainability indicators in their report monitor and report them, an increase of 3,4% compared to Year 2.

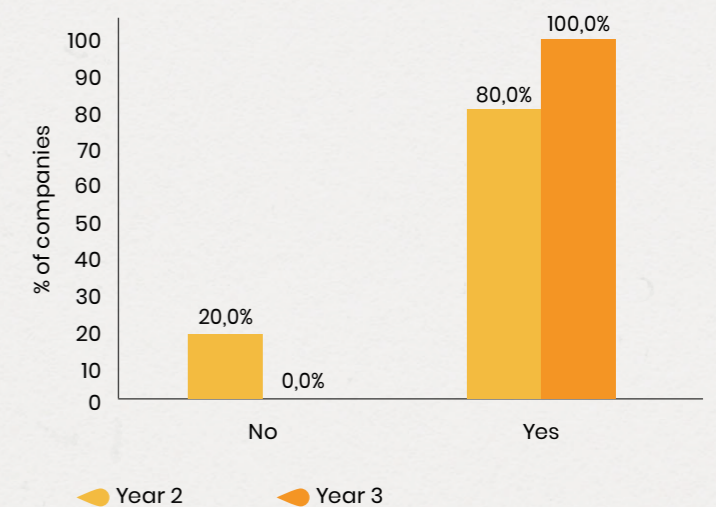


Figure 5.2.3.8. (10 SMEs Year 2, 14 SMEs Year 3, Question 44.C.1)

Similarly, the percentage of SMEs that monitor and report indicators over time increased, with 100% of SMEs responding positively in Year 3, matching Large Companies.

## Are these indicators associated with:

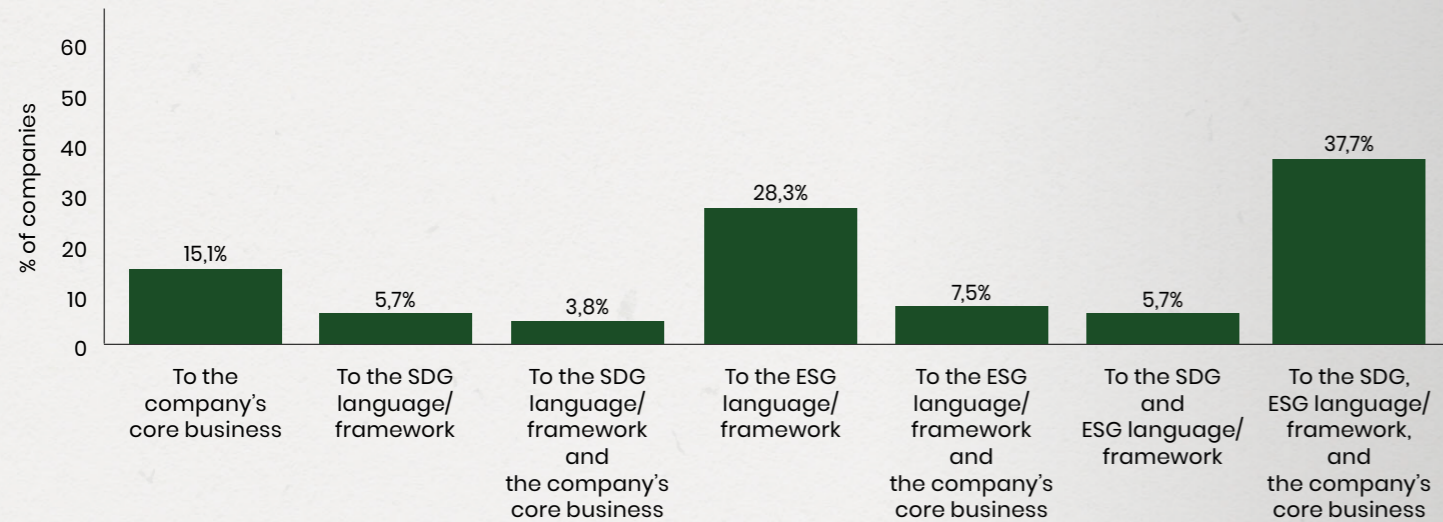


Figure 5.2.3.9. (55 LCs Year 3, Question 28.C.2.1)

79,2% of Large Companies associate indicators with the ESG framework (28,3% + 7,5% + 5,7% + 37,7%), 64,1% with the company's core business (15,1% + 3,8% + 7,5% + 37,7%), and 52,9% with the SDG framework (5,7% + 3,8% + 5,7% + 37,7%). Additionally, 54,7% of companies have indicators associated with two or more frameworks (3,8% + 7,5% + 5,7% + 37,7%).

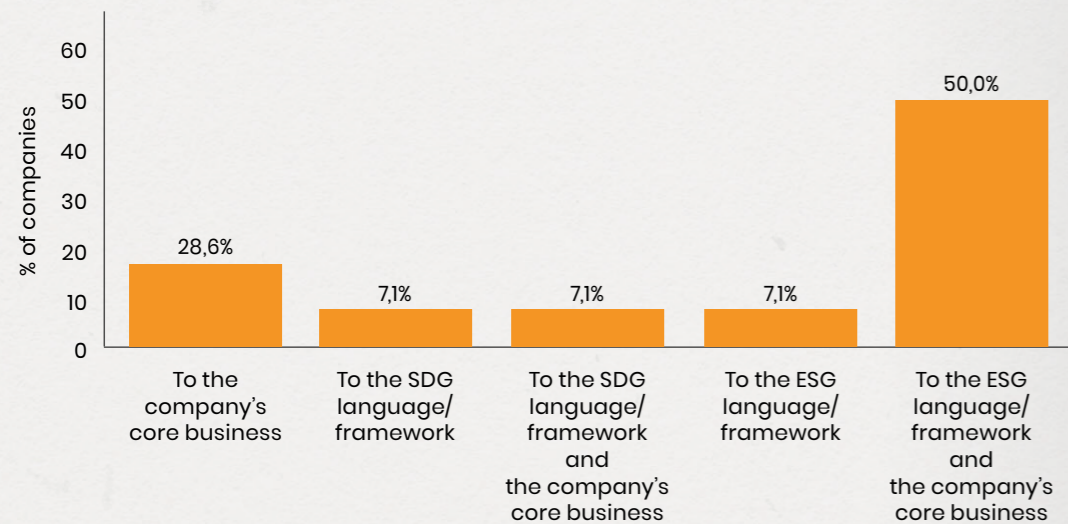


Figure 5.2.3.10. (14 SMEs Year 3, Question 44.C.2.1)

For SMEs, 85,7% have indicators associated with the company's core business (28,6% + 7,1% + 50%), 57,1% with the ESG framework (50% + 7,1%), and 14,2% with the SDG framework (7,1% + 7,1%). Additionally, 57,1% of companies have indicators associated with two frameworks (7,1% + 50,0%).

## Do these indicators refer to the SDGs (17 goals) or go down to the target level (169 targets)?



Figure 5.2.3.11. (59 LCs Year 1, 58 LCs Year 2, 29 LCs Year 3, Question 28.C.2.2)

34,5% of Large Companies have indicators at the target level. This number has increased compared to previous years, suggesting that companies are becoming more detailed in their indicator selection.

Figure 5.2.3.12. (10 SMEs Year 2, 5 SMEs Year 3, Question 44.C.2.2)

In Year 3, 100% of SMEs use indicators referring to the SDGs. However, the sample only includes 5 companies (those that publish a Sustainability Report and include SDG-related indicators).

## Are you aware of the new reporting obligations included in the European Corporate Sustainability Reporting Directive (CSRD)?

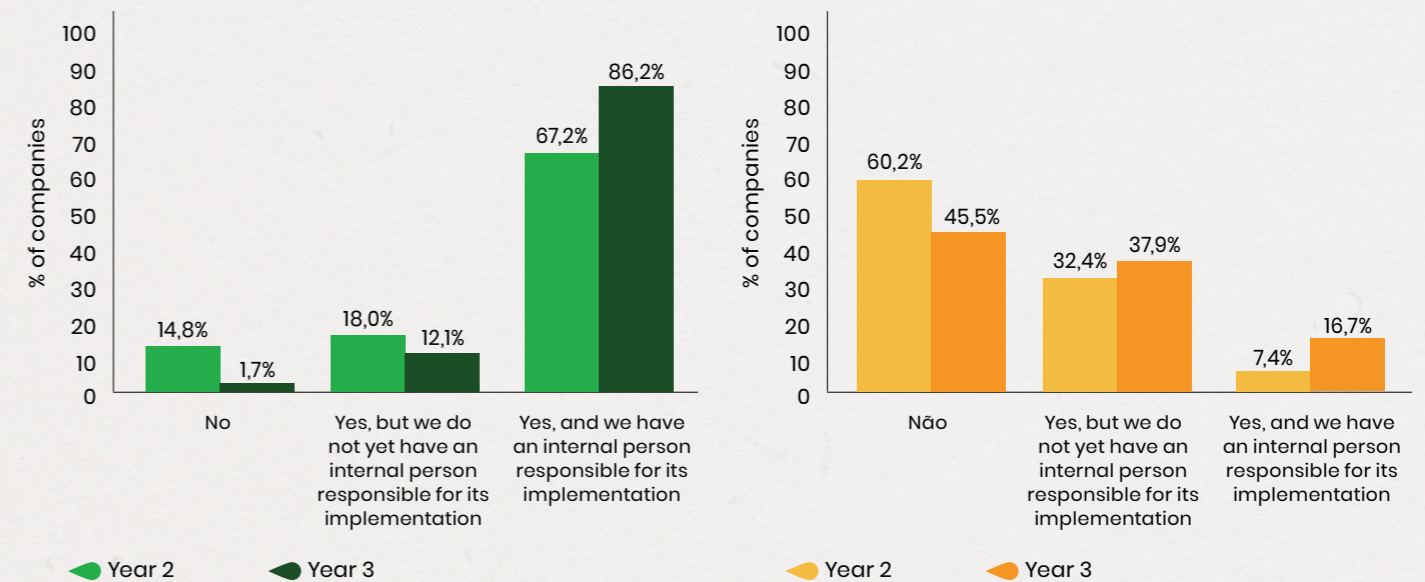


Figure 5.2.3.13. (61 LCs Year 2, 58 LCs Year 3, Question 29)

The majority of Large Companies (86,2%) are aware of the new reporting obligations (CSRD) and have a person responsible for implementation, showing a 20 percentage point increase from Year 2 to Year 3.

Figure 5.2.3.14. (108 SMEs Year 2, 132 SMEs Year 3, Question 45)

More SMEs are becoming familiar with CSRD reporting obligations, with a 15 percentage point decrease in companies unfamiliar with them. From Year 2 to Year 3, there was a 10 percentage point increase in SMEs that not only know about the obligations but also have a responsible person for implementation.

## How prepared does your company feel for this reporting?

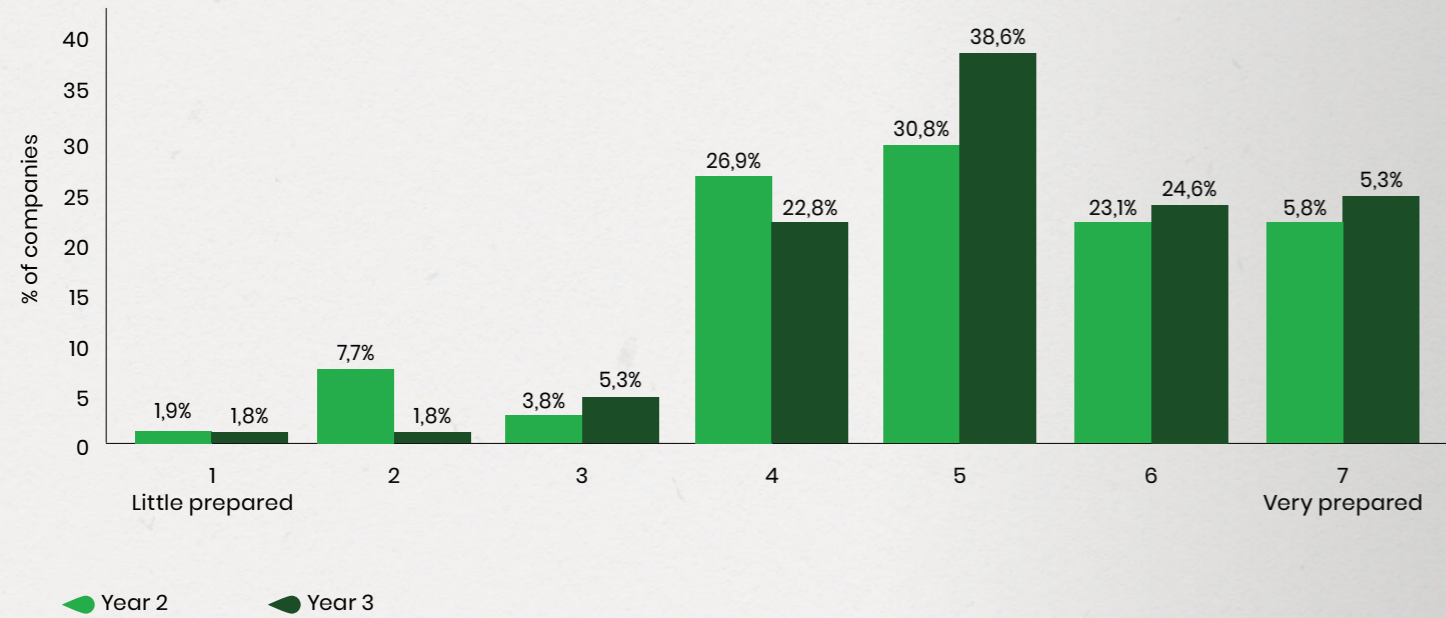


Figure 5.2.3.15. (52 LCs Year 2, 57 LCs Year 3, Question 29.A)

The majority of Large Companies (68,5%) report at least some degree of preparation for CSRD reporting (38,6% + 24,6% + 5,3%), up by 10 percentage points from Year 2 (30,8% + 23,1% + 5,8% = 59,7%). However, no significant differences were found between Year 2 and Year 3 (log odds ratio = 1,4, p-value = 0,4).

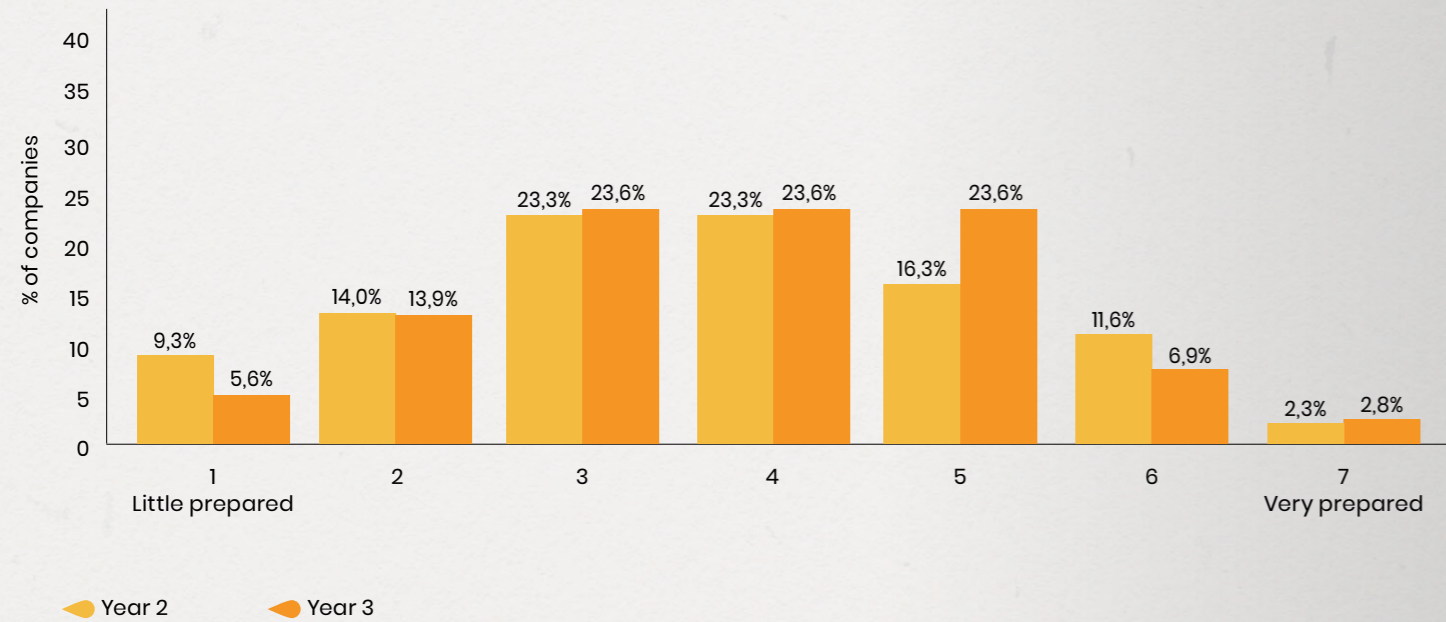


Figure 5.2.3.16. (43 SMEs Year 2, 72 SMEs Year 3, Question 45.A)

In Year 3, 33,3% of SMEs reported at least some degree of preparation for CSRD reporting (23,6% + 6,9% + 2,8%), similar to Year 2 (16,3% + 11,6% + 2,3% = 30,2%). No significant differences were found between Year 2 and Year 3 (log odds ratio = 0,9, p-value = 0,8).

## Which topics does your company feel most prepared to report on under the CSRD?

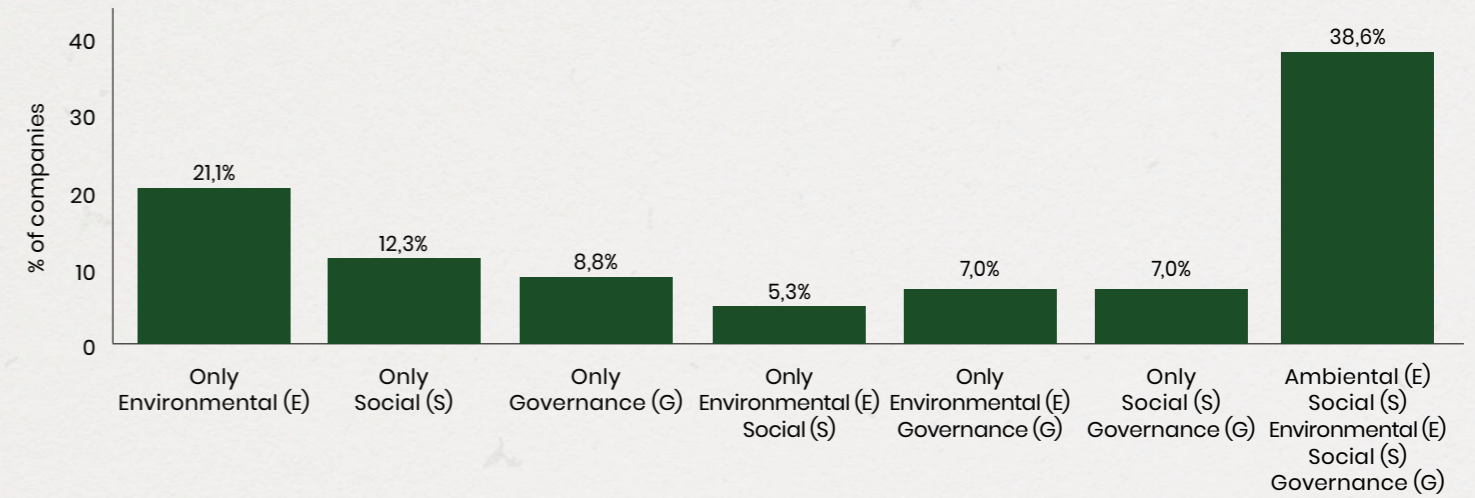


Figure 5.2.3.17. (57 LCs Year 3, Question 29.B)

38,6% of Large Companies consider themselves prepared to report on all three topics (Environmental, Social, and Governance). 72% of companies included the Environmental topic in their response (21,1% + 5,3% + 7% + 38,6%), 63,2% included the Social topic (12,3% + 5,3% + 7% + 38,6%), and 61,4% included the Governance topic (8,8% + 7% + 7% + 38,6%).

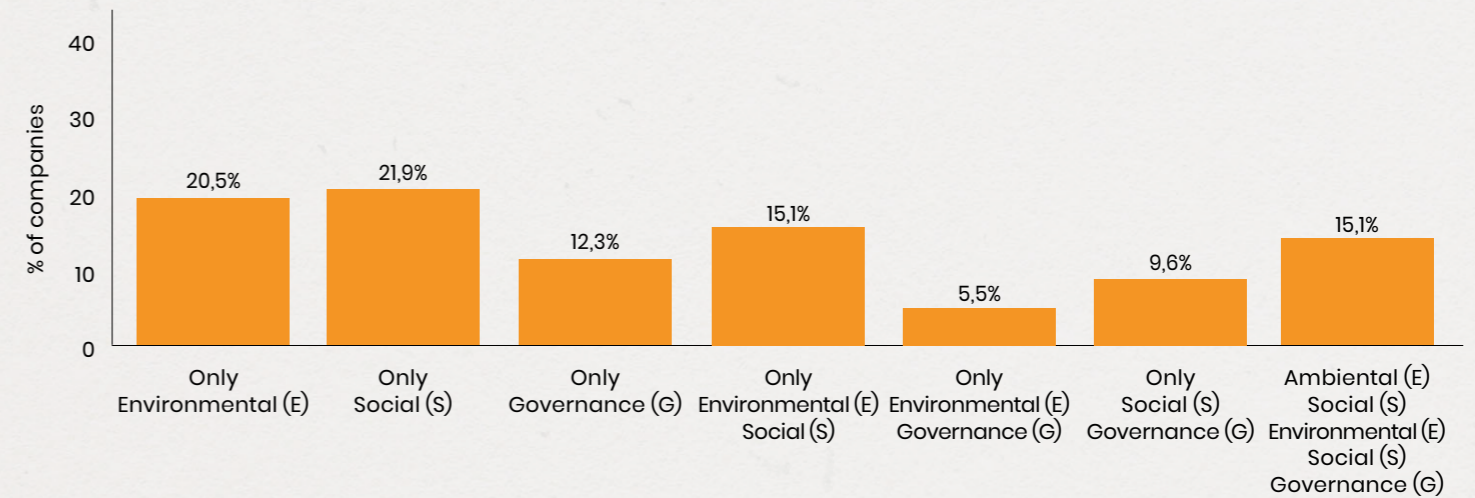


Figure 5.2.3.18. (73 SMEs Year 3, Question 45.B)

61,7% of SMEs included the Social topic in their response (21,9% + 15,1% + 9,6% + 15,1%), 56,2% included the Environmental topic (20,5% + 15,1% + 5,5% + 15,1%), and 42,5% included the Governance topic (12,3% + 5,5% + 9,6% + 15,1%). Only 15,1% of SMEs feel prepared to report on all three topics.

## Are you aware of the obligations of the new Corporate Sustainability Due Diligence Directive (CSDDD)?

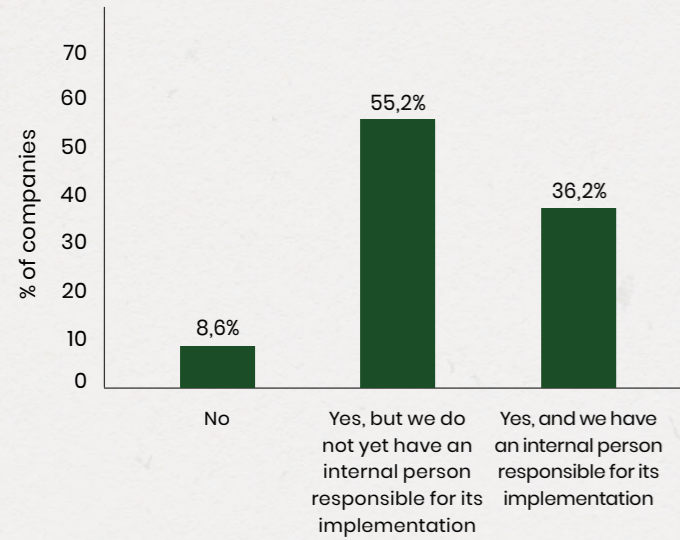


Figure 5.2.3.19. (58 LCs Year 3, Question 30)

About half of the Large Companies (55,2%) are aware of the CSDDD obligations but do not yet have a person responsible for its implementation, while 36,2% have a person responsible for implementing the new CSDDD obligations.

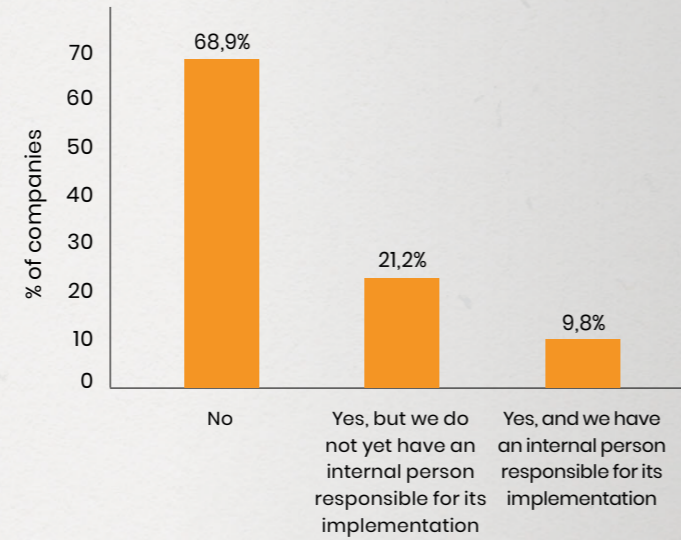


Figure 5.2.3.20. (132 SMEs Year 3, Question 46)

The majority of SMEs (68,9%) are not aware of the new CSDDD obligations. 21,2% are aware but do not yet have a person responsible for implementation, and only 9,8% have a person responsible for implementing the new CSDDD obligations.

## How prepared does your company feel for this reporting?

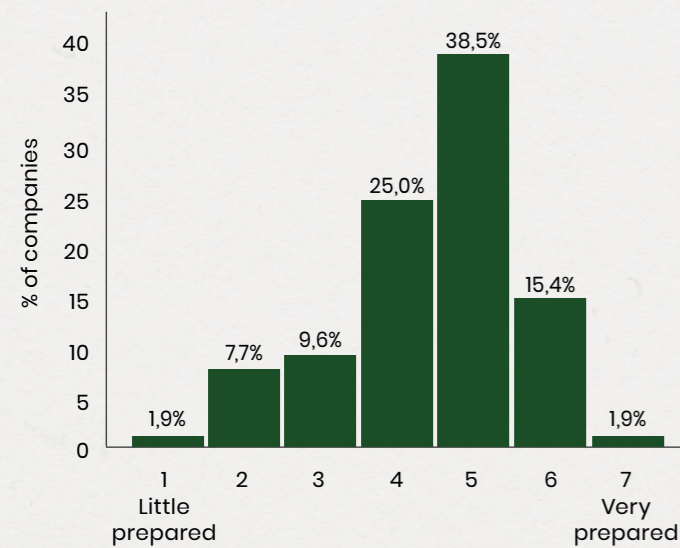


Figure 5.2.3.21. (52 LCs Year 3, Question 30.A)

About half of the Large Companies (55,8%) report at least some degree of preparation for CSDDD reporting (38,5% + 15,4% + 1,9%), with only 1,9% feeling very prepared.

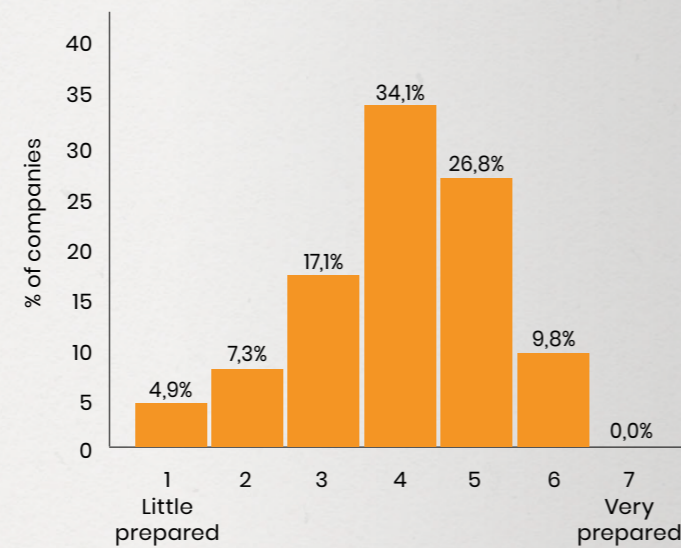


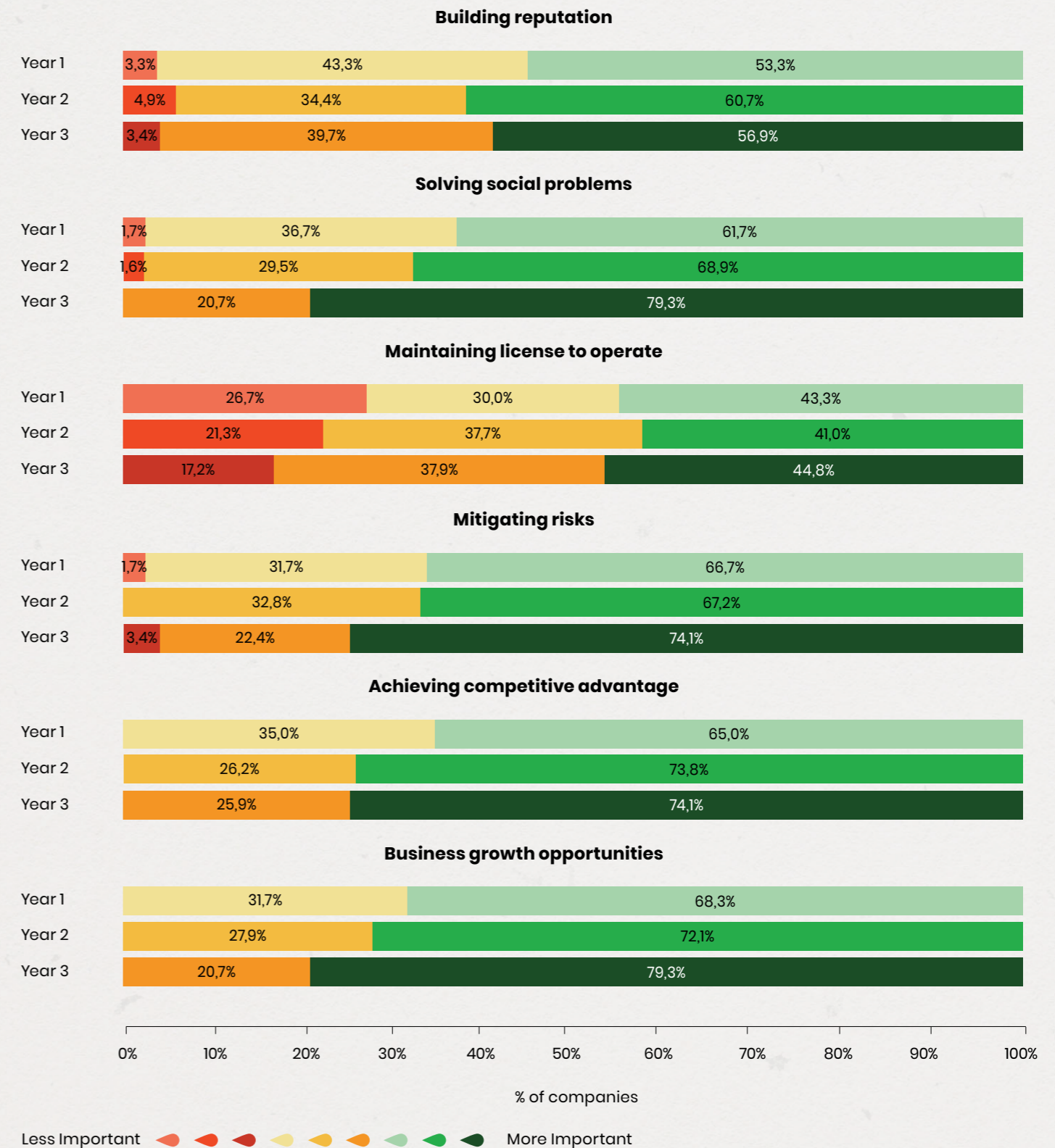
Figure 5.2.3.22. (41 SMEs Year 3, Question 46.A)

36,6% of SMEs feel prepared for CSDDD reporting (26,8% + 9,8%), while 29,3% do not feel prepared to any extent (4,9% + 7,3% + 17,1%).

## 5.2.4. Motivations for Adopting the SDGs

### What is the importance of the following factors for motivating your company to adopt the SDGs?

#### Large Companies



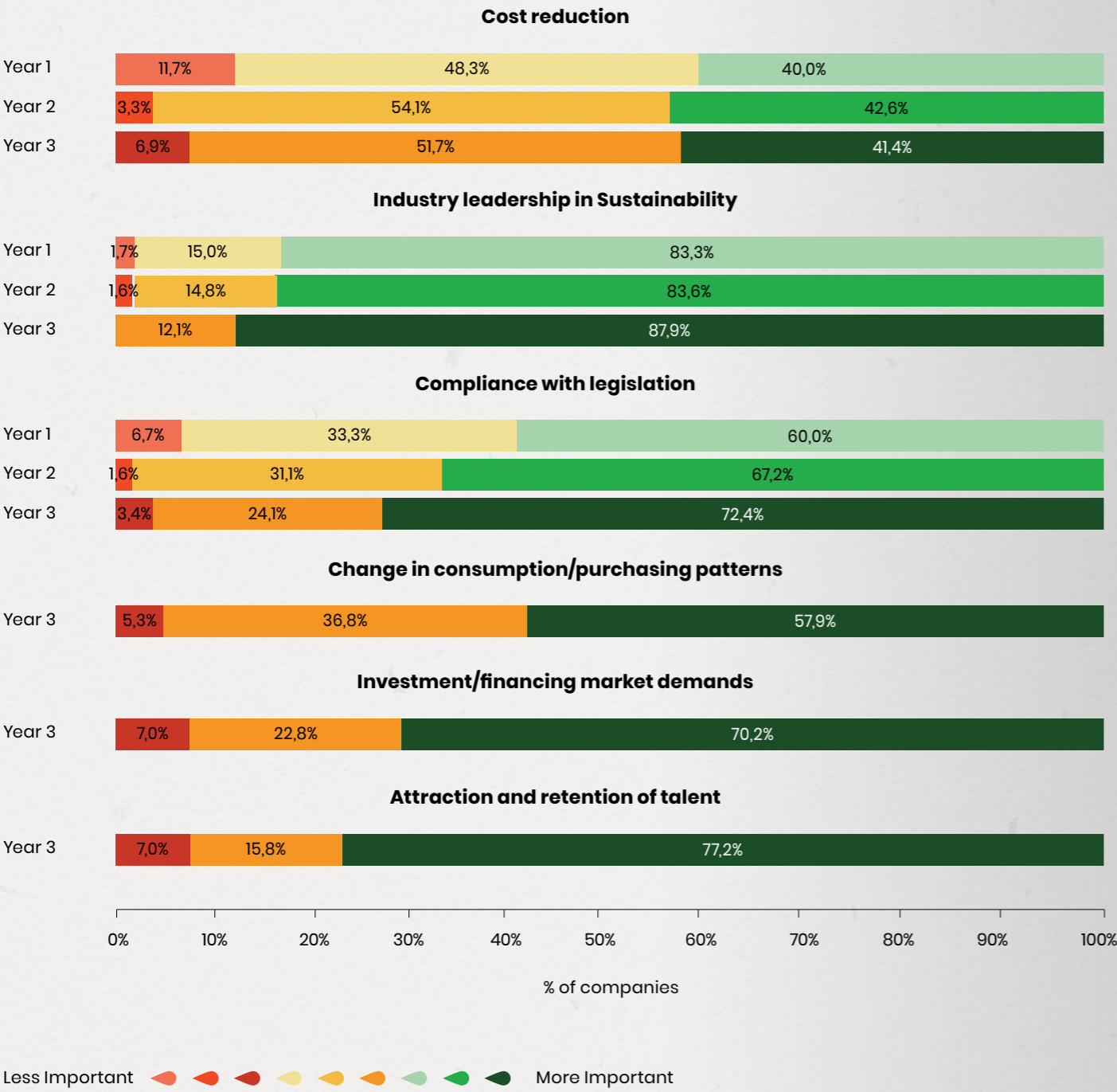


Figure 5.2.4.1. (60 LCs Year 1, 61 LCs Year 2, 58 LCs Year 3, Question 33)

For Large Companies, the main motivations for adopting the SDGs, in descending order, are: (1) having an impact on the industry as a leader in Sustainability, (2) solving social problems, and (3) creating business growth opportunities. Compliance with legislation has become a stronger motivation for Large Companies compared to previous years (Table 5.2.4.1). Additionally, solving social problems and achieving a competitive advantage also seem to be motivating companies to adopt the SDGs more.

Table 5.2.4.1.

Motivation	Log odds ratio	p-value
Building reputation		
Year 1 vs Year 2	1,5	0,3
Year 1 vs Year 3	1,4	0,4
Solving social problems		
Year 1 vs Year 2	1,9	0,09
Year 1 vs Year 3	2,3	0,03
Maintaining license to operate		
Year 1 vs Year 2	1,0	>0,9
Year 1 vs Year 3	1,2	0,6
Mitigating risks		
Year 1 vs Year 2	1,0	0,9
Year 1 vs Year 3	1,2	0,6
Achieving competitive advantage		
Year 1 vs Year 2	1,9	0,09
Year 1 vs Year 3	2,2	0,04
Business growth opportunities		
Year 1 vs Year 2	1,1	0,9
Year 1 vs Year 3	1,3	0,4
Cost reduction		
Year 1 vs Year 2	1,7	0,1
Year 1 vs Year 3	1,5	0,2
Industry leadership in Sustainability		
Year 1 vs Year 2	0,6	0,2
Year 1 vs Year 3	1,2	0,7
Compliance with legislation		
Year 1 vs Year 2	1,8	<0,01
Year 1 vs Year 3	2,5	<0,01

SMEs

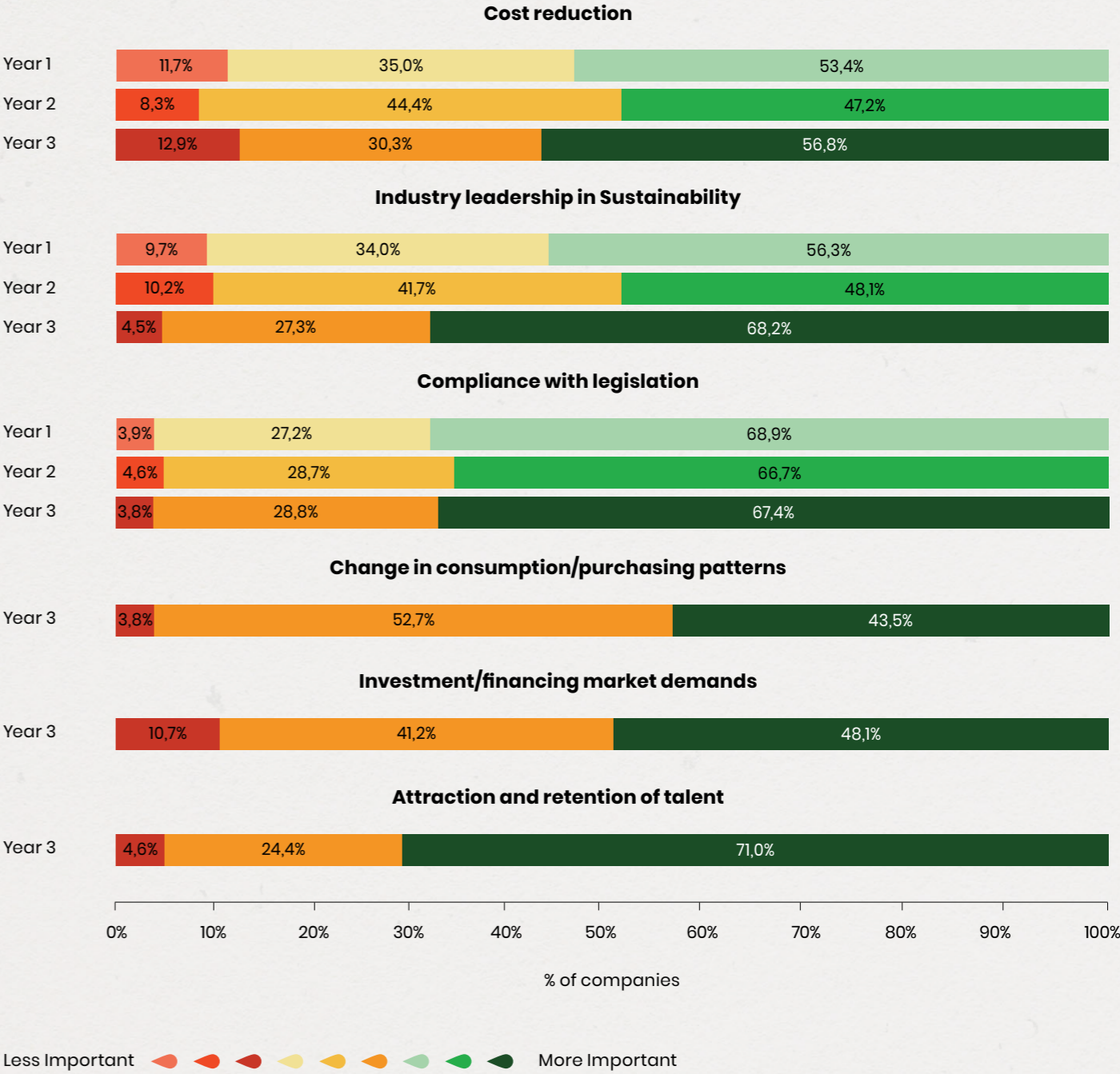
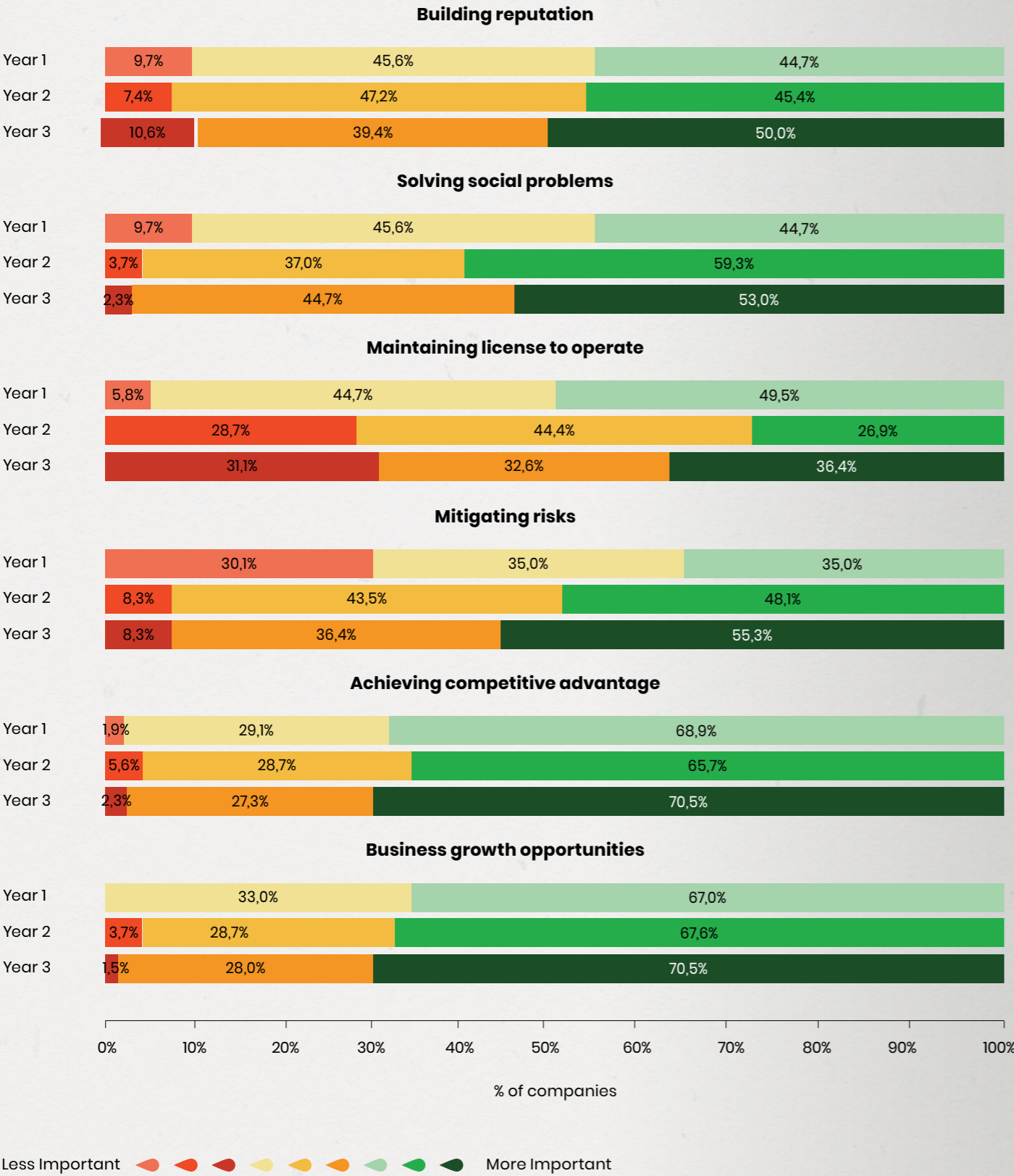


Figure 5.2.4.2. (103 SMEs Year 1, 108 SMEs Year 2, 132 SMEs Year 3, Question 49)

For SMEs, the main motivations for adopting the SDGs, in descending order, are: (1) attracting and retaining talent, (2) business growth opportunities, and (3) achieving a competitive advantage. Interestingly, having an impact on the industry as a Sustainability leader has become a stronger motivation compared to Year 2 (Table 5.2.4.2).

Table 5.2.4.2.

Motivation	Log odds ratio	p-value
Building reputation	0,6	0,9
Solving social problems	0,8	0,5
Maintaining license to operate	*	*
Mitigating risks	1,3	0,3
Achieving competitive advantage	1,3	0,3
Business growth opportunities	1,2	0,6
Cost reduction	1,4	0,2
Industry leadership in Sustainability	2,0	<0,01
Compliance with legislation	1,0	0,9

*\*The characteristics of the sample did not meet the necessary assumptions, making it impossible to model this variable.*

Motivations for Engaging with the SDG Agenda

For five out of the 18 Large Companies interviewed, the main motivations for engaging with the SDG Agenda are the inherent importance of the Agenda itself, as exemplified by statements such as: “it is the right thing to do,” “the SDGs are a universal agenda for the world, and we want to align with these priorities and understand how to contribute to these goals and have a greater impact.” Customer concerns with Sustainability and certifications motivate five companies to engage with the SDGs. For four companies, the primary motivations for engaging with the SDG Agenda are social responsibility, community impact, the Sustainability of businesses and the planet, and “an opportunity for us and for humanity.” The aspect of communication is also a motivational factor for four companies: “the SDGs are the world’s strategic plan, where everyone speaks the same language,” “reflecting the strategy in a universal language.”

Having Sustainability as part of the company’s purpose or DNA (four companies), or as part of the strategy/strategic advantage (four companies), makes the Agenda an intrinsic motivation.

Two companies mentioned the following motivations: concern about the impact of climate change on business; legal and reporting obligations; minimizing potential negative aspects and maximizing positive aspects. Additionally, one company cited motivations related to internal and external pressure—external pressure from customers who increasingly make demands and set requirements to continue supplying products, and internal pressure to stay updated on obligations. Other motivations included the SDGs helping to operationalize ESG, and transparency and external communication.

For SMEs, the main motivations for engaging with the SDG Agenda are social responsibility and

community impact (four out of 10 SMEs), as noted by one interviewee who stated, “since we are all active members of society, it is a sense of responsibility.” Other motivations include internal factors such as improving efficiency, reducing costs, fulfilling reporting obligations, and talent retention. External factors include climate change, concerns about water scarcity and deforestation, increasing competitive advantage, and customer concerns with Sustainability and certifications.

Do you see the SDGs as a business opportunity?

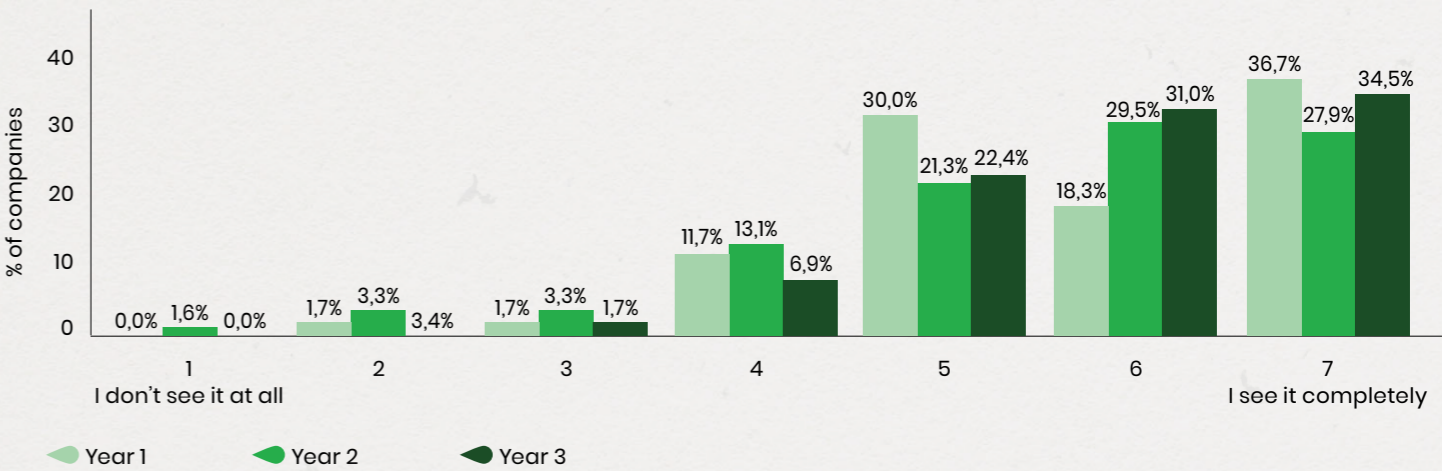


Figure 5.2.4.3. (60 LCs Year 1, 61 LCs Year 2, 58 LCs Year 3, Question 34)

The majority of Large Companies (87,9%) see the SDGs as a business opportunity (22,4% + 31% + 34,5%). The percentage of companies that see the SDGs as a business opportunity increased from Year 2 (21,3% + 29,5% + 27,9% = 78,7%) to Year 3. However, no significant differences were found in how companies view the SDGs as a business opportunity over the years (Year 1 vs Year 2: log odds ratio = 0,6, p-value = 0,1; Year 1 vs Year 3: log odds ratio = 1,1, p-value = 0,7).

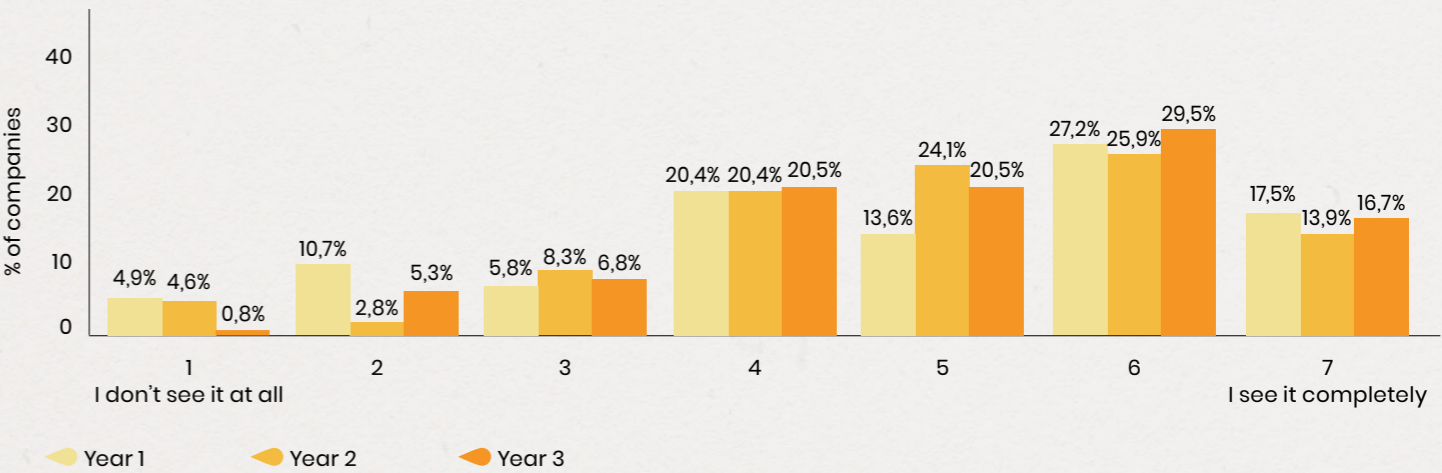


Figure 5.2.4.4. (103 SMEs Year 1, 108 SMEs Year 2, 132 SMEs Year 3, Question 50)

The majority of SMEs (66,7%) see the SDGs as a business opportunity (20,5% + 29,5% + 16,7%). The percentage of companies that see the SDGs as a business opportunity increased, but no significant differences were found between Year 2 and Year 3 (log odds ratio = 1,3, p-value = 0,3).

## Business Opportunities in the SDGs

All 18 Large Companies interviewed see a business opportunity in the SDGs. Among the identified opportunities, 66% are related to business management and operations, while 34% are linked to the societal impact generated by the company's activities. Regarding business management and operations, the most cited opportunity (by six companies) was the development of new businesses or new products, followed by cost reduction/greater efficiency (five companies); innovation and modernization (four companies); circularity/sustainable packaging (three companies); and business advantages, such as enabling comparisons through the SDG framework or establishing lasting partnerships and cooperation (two companies each). Other opportunities mentioned by one company each include: building reputation and recognition; developing people (new skills and well-being); gaining a competitive edge in the industry; and meeting consumer demands.

Opportunities related to the societal impact of company activities most frequently mentioned were those associated with climate change, biodiversity, water, renewable energy, energy efficiency, emissions, and/or decarbonization (five companies). Other opportunities cited by one company each include social inclusion and impact, healthy food, and initiatives aimed at increasing public access to the company's products.

SMEs view the SDGs not just as an ethical commitment but also as a significant source of business opportunities. These opportunities can be explored both internally, in company management, and externally, in market strategies. Internally, companies identify cost reduction and innovation as key benefits of the SDGs. Implementing sustainable practices can lead to resource optimization and adopting clean technologies, such as electric mobility, promoting internal process modernization. In the market, the SDGs offer the chance to differentiate products and services, highlighting the company's commitment to Sustainability. This includes promoting sustainable products, developing new products that meet environmental criteria, and improving brand reputation and recognition. These aspects are seen as strategic advantages that can increase market share and strengthen the company's competitive position. While some companies do not yet see clear opportunities in the SDGs (two out of 10), most leverage the advantages to align their business and operational practices with these global goals, seeking benefits such as operational efficiency, innovation, and brand strengthening (eight out of 10).

## What is your perception of the Executive Board's alignment with the SDG Agenda?

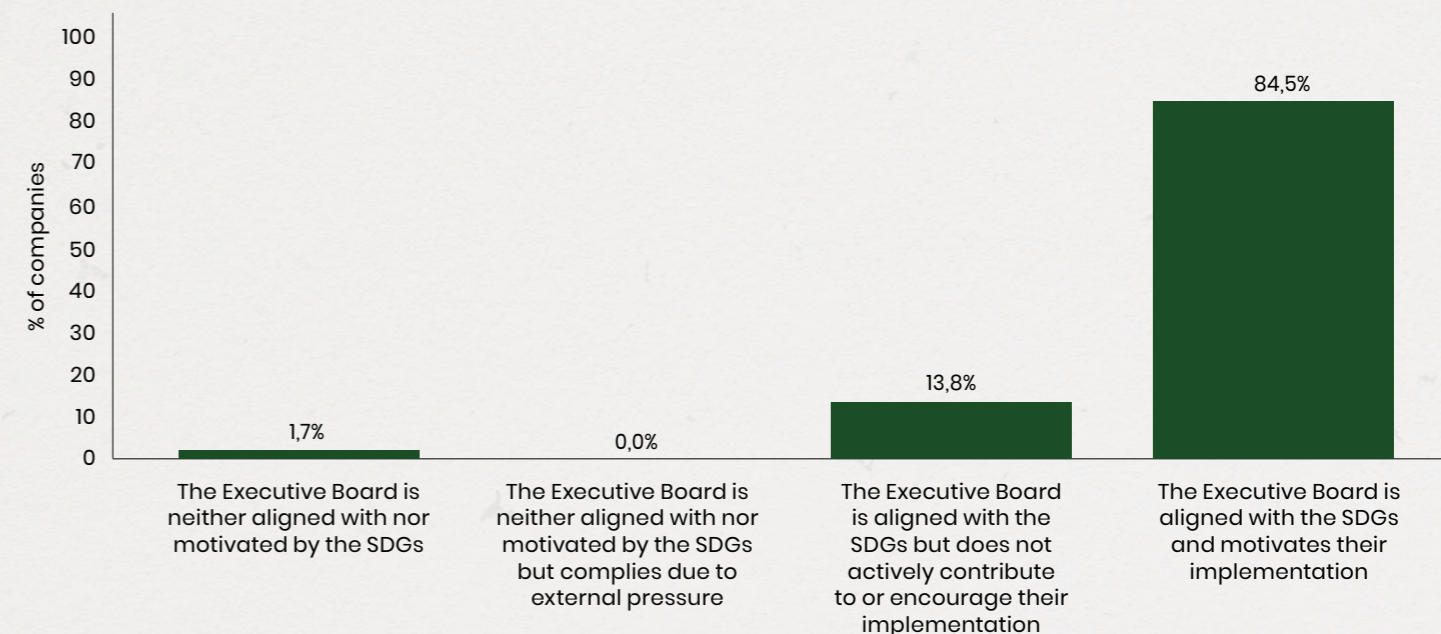


Figure 5.2.4.5. (58 LCs Year 3, Question 35.A)

The majority of Large Companies (84,5%) believe that their Executive Board is aligned with the SDGs and motivates their implementation.

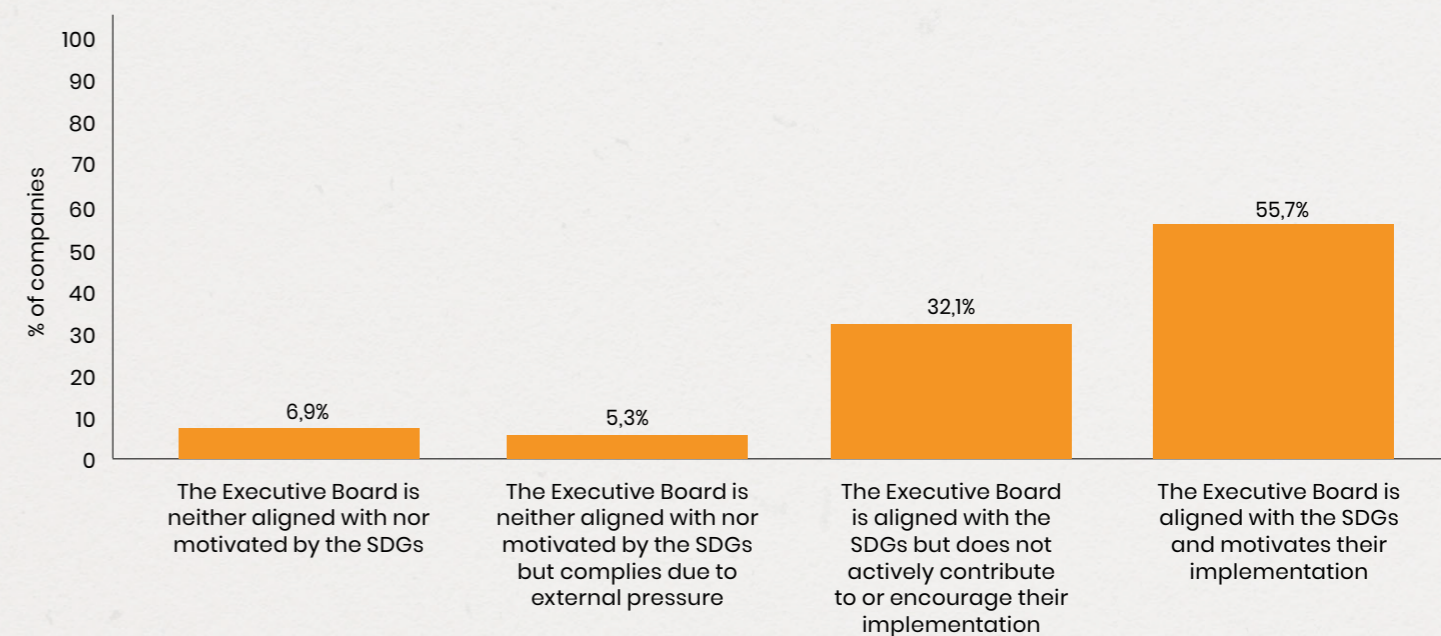


Figure 5.2.4.6. (131 SMEs Year 3, Question 50.A)

More than half of SMEs (55,7%) believe that their Executive Board is aligned with the SDGs and motivates their implementation. 32,1% believe their Executive Board is aligned with the SDGs but does not contribute to their implementation. The response pattern is similar to that of Large Companies.

## What is your perception of the Executive Board's alignment with ESG?

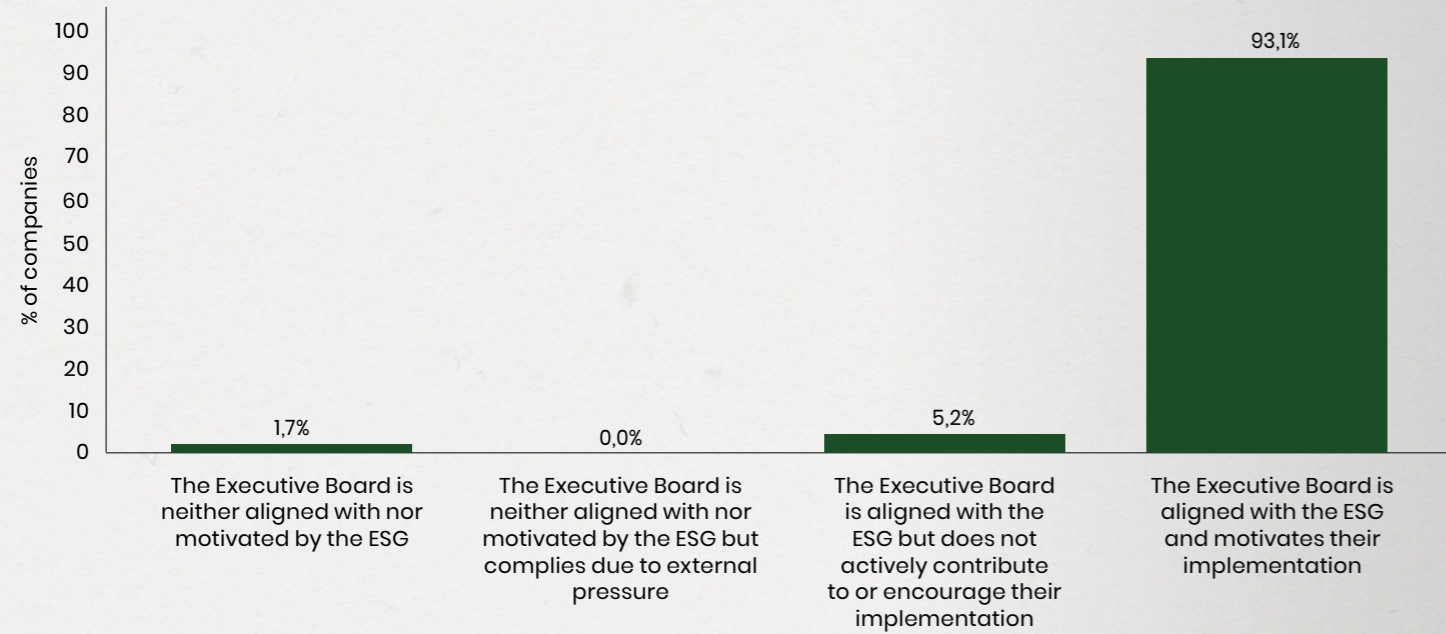


Figure 5.2.4.7. (58 LCs Year 3, Question 35.B)

The vast majority of Large Companies (93,1%) believe that their Executive Board is aligned with ESG and motivates their implementation.

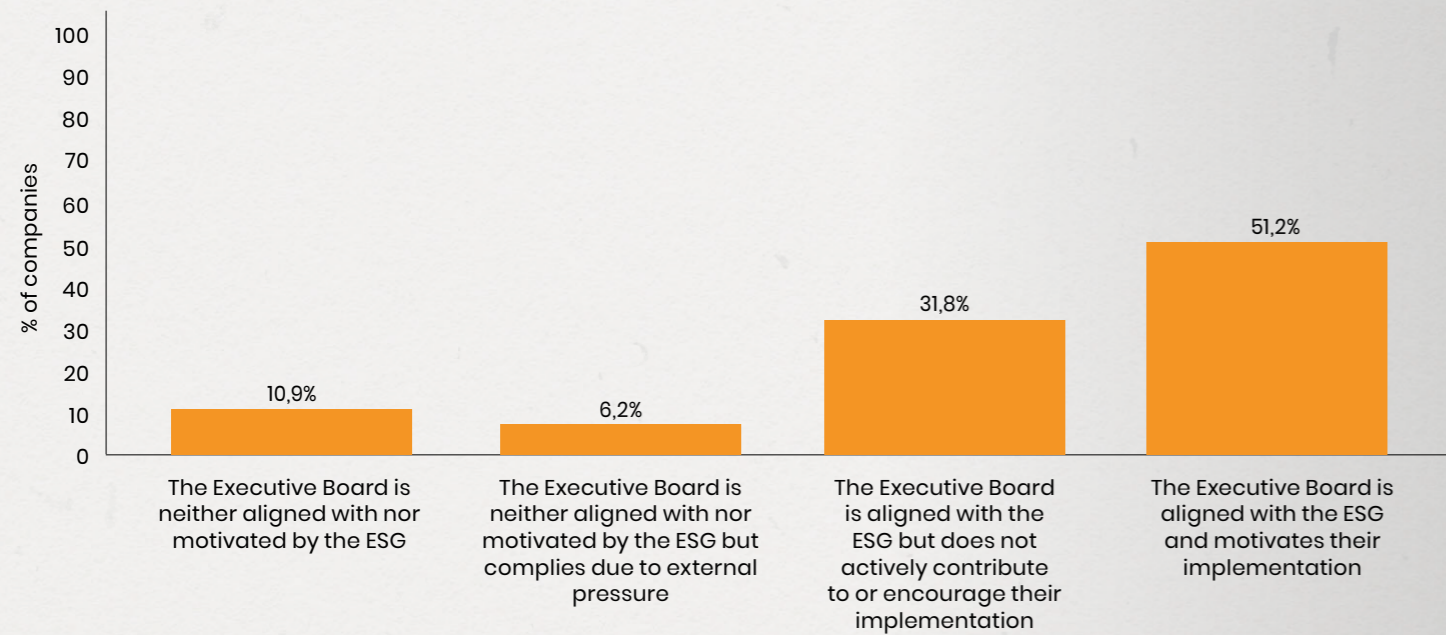


Figure 5.2.4.8. (129 SMEs Year 3, Question 50.B)

About half of SMEs (51,2%) believe that their Executive Board is aligned with ESG and motivates their implementation. 31,8% believe their Executive Board is aligned with ESG but does not contribute to their implementation. The response pattern is similar to that of Large Companies.

## Do the SDGs your company considers most strategic support decision-making processes?

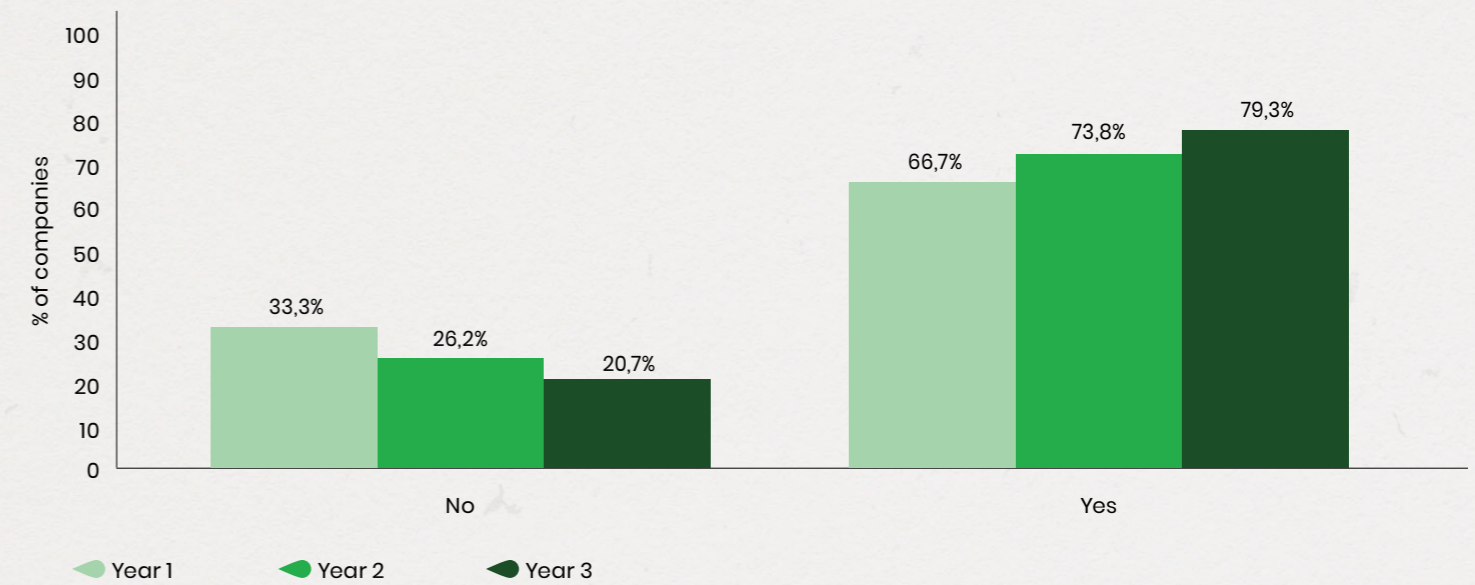


Figure 5.2.4.9. (60 LCs Year 1, 61 LCs Year 2, 58 LCs Year 3, Question 37)

The majority of Large Companies (79,3%) believe that the most strategic SDGs support their decision-making processes. There was an increase of about 5 percentage points from Year 2 to Year 3.

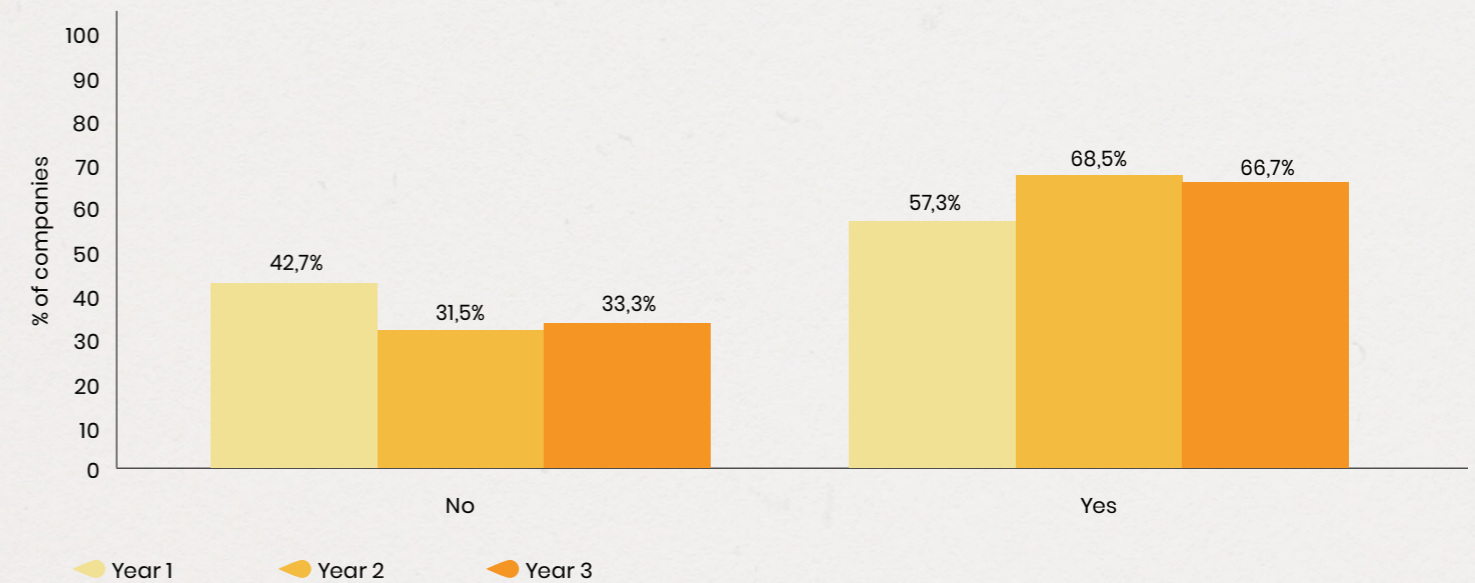


Figure 5.2.4.10. (103 SMEs Year 1, 108 SMEs Year 2, 132 SMEs Year 3, Question 52)

66,7% of SMEs believe that the most strategic SDGs support their decision-making processes. Although the percentage is slightly lower in Year 3, the number of companies that believe the most strategic SDGs support decision-making is higher due to the larger sample size in Year 3.

## To what extent does your company consider the strategic SDGs in its innovation process?

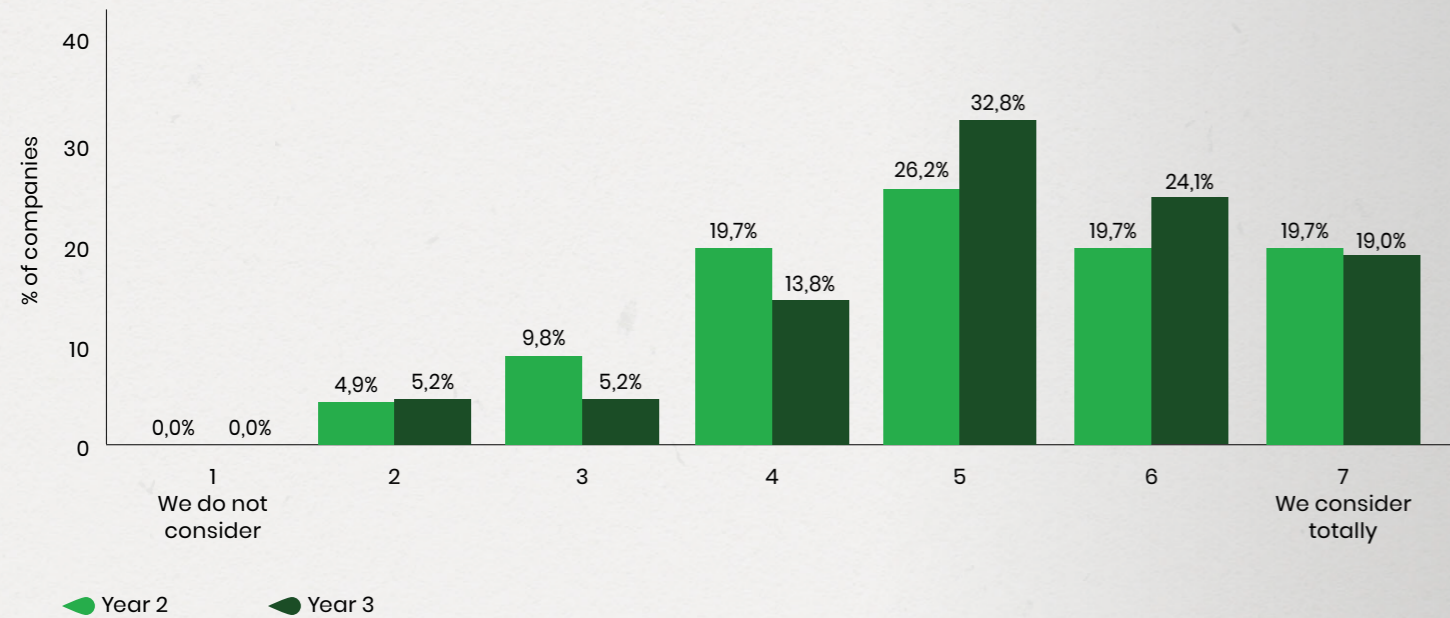


Figure 5.2.4.11. (61 LCs Year 2, 58 LCs Year 3, Question 38)

The majority of Large Companies (75,9%) believe they integrate strategic SDGs into their innovation process (32,8% + 24,1% + 19%), with only 19% fully integrating the SDGs into the innovation process. From Year 2 to Year 3, more companies believe they integrate strategic SDGs into their innovation process (log odds ratio = 1,5, p-value < 0,01).

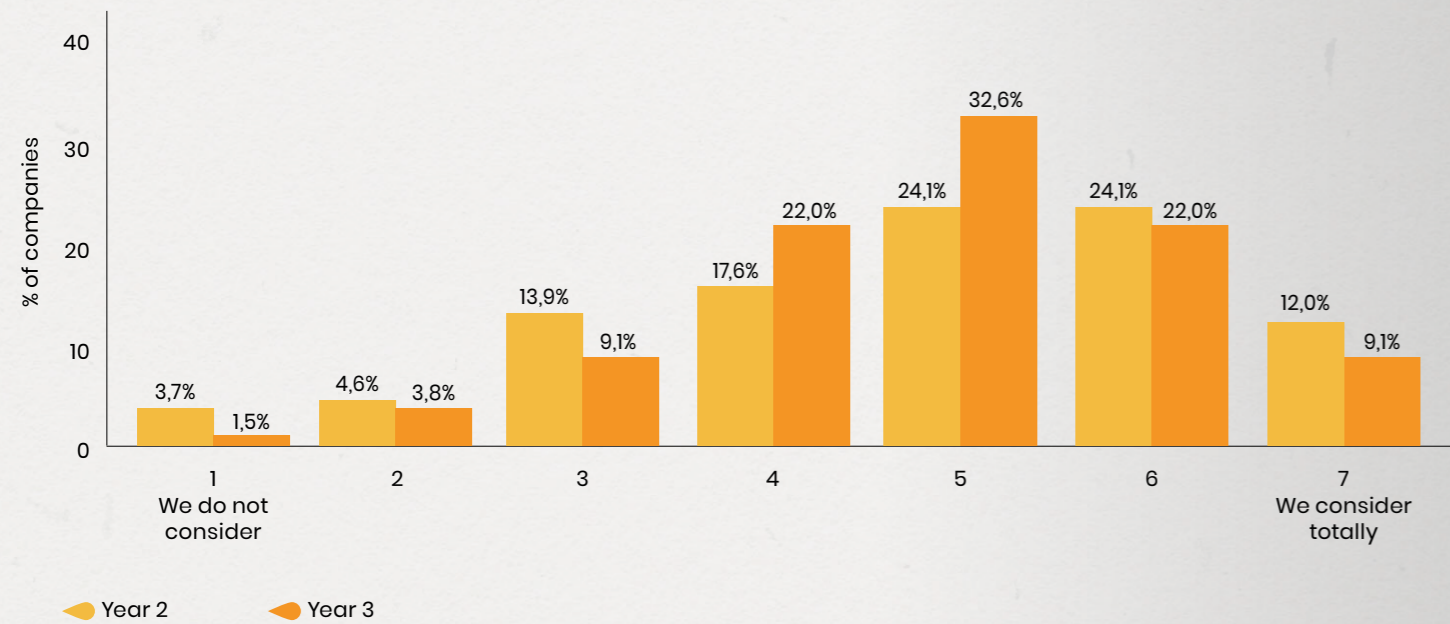


Figure 5.2.4.12. (108 SMEs Year 2, 132 SMEs Year 3, Question 53)

63,7% of SMEs believe they integrate strategic SDGs into their innovation process (32,6% + 22% + 9,1%), with only 9,1% fully integrating the SDGs into the innovation process. Although the percentage is slightly lower in Year 3, the number of companies that fully integrate strategic SDGs into their innovation process is similar due to the larger sample size in Year 3. No significant differences were found between Year 2 and Year 3 (log odds ratio = 1,0, p-value = 0,9).

## How important is it for your company that the SDGs are incorporated into your strategy?

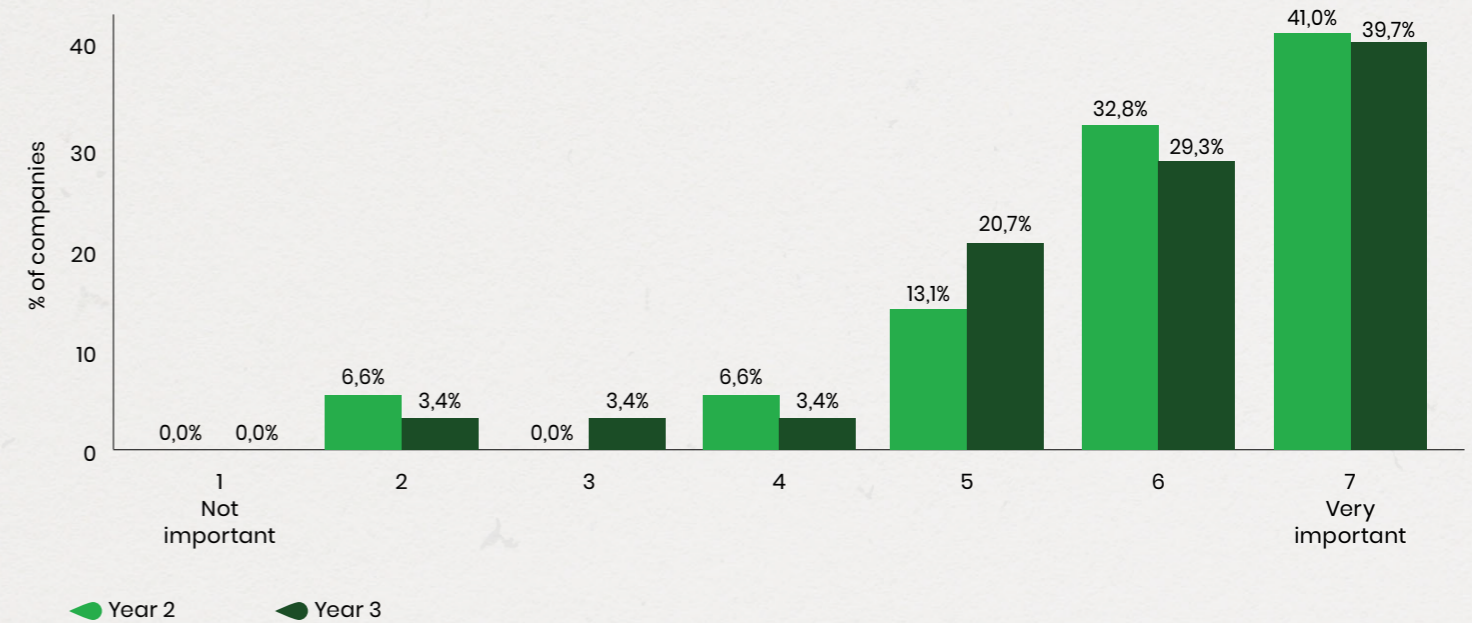


Figure 5.2.4.13. (61 LCs Year 2, 58 LCs Year 3, Question 40)

The majority of Large Companies (89,7%) believe it is important for the SDGs to be incorporated into the company's strategy (20,7% + 29,3% + 39,7%), with 39,7% considering it very important. The percentage of companies giving higher ratings (6 and 7) decreased, though this decline was not significant (log odds ratio = 0,8, p-value = 0,9).

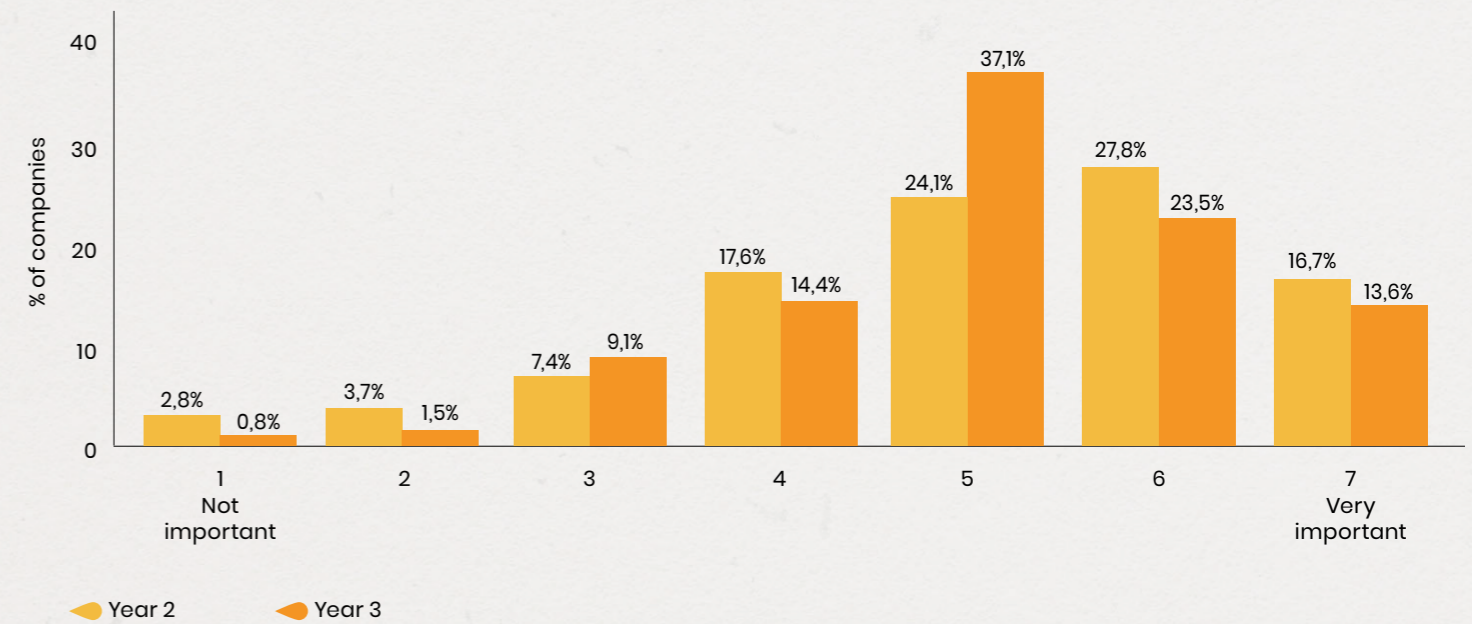


Figure 5.2.4.14. (108 SMEs Year 2, 132 SMEs Year 3, Question 55)

The majority of SMEs (74,2%) believe it is important for the SDGs to be incorporated into the company's strategy (37,1% + 23,5% + 13,6%), with 13,6% considering it very important. No significant differences were found between Year 2 and Year 3 (log odds ratio = 1,0, p-value = 0,9). Interestingly, similar to Large Companies, the percentage of SMEs selecting 5 increased while 6 and 7 decreased.

## To what extent are the SDGs incorporated and implemented into your company's strategy?

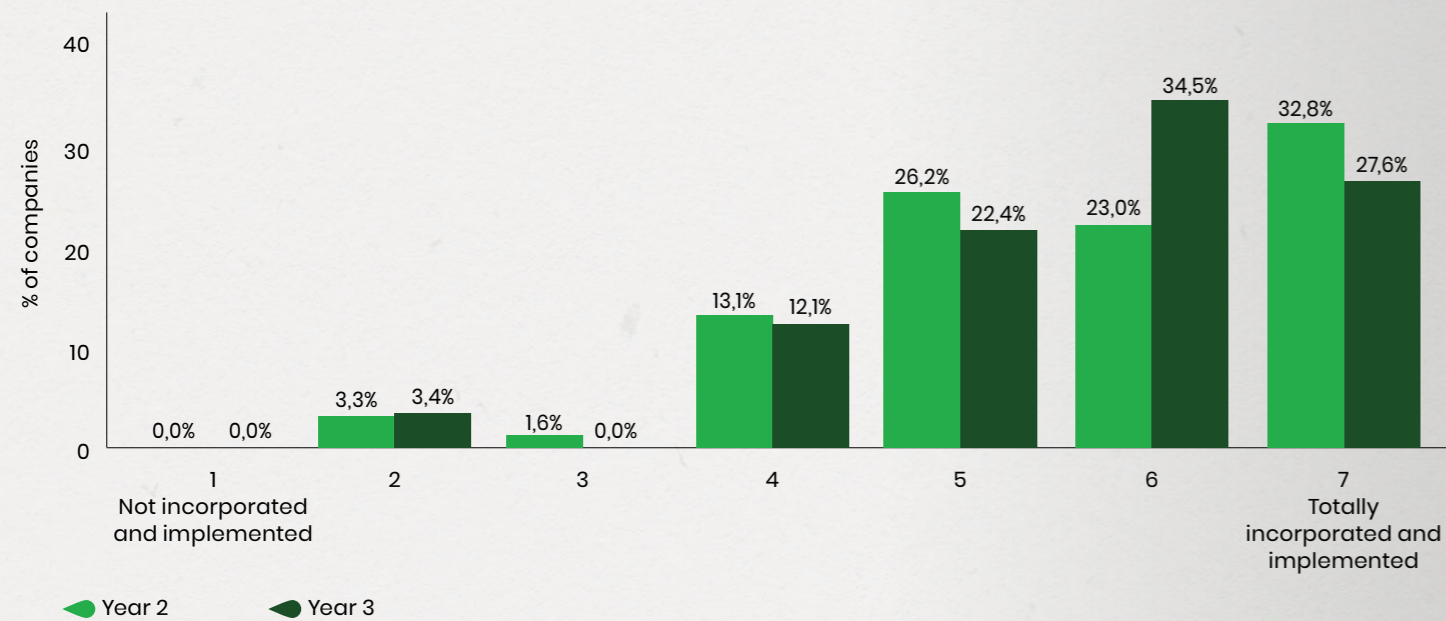


Figure 5.2.4.15. (60 LCs Year 1, 61 LCs Year 2, 58 LCs Year 3, Question 41)

The majority of Large Companies (84,5%) believe the SDGs are incorporated and implemented into the company's strategy (22,4% + 34,5% + 27,6%), but only 27,6% believe the SDGs are fully incorporated and implemented. No significant differences were found between Year 2 and Year 3 (log odds ratio = 1,1, p-value = 0,9). However, there was a decrease in responses 4, 5, and 7, and an increase of nearly 10 percentage points in response 6.

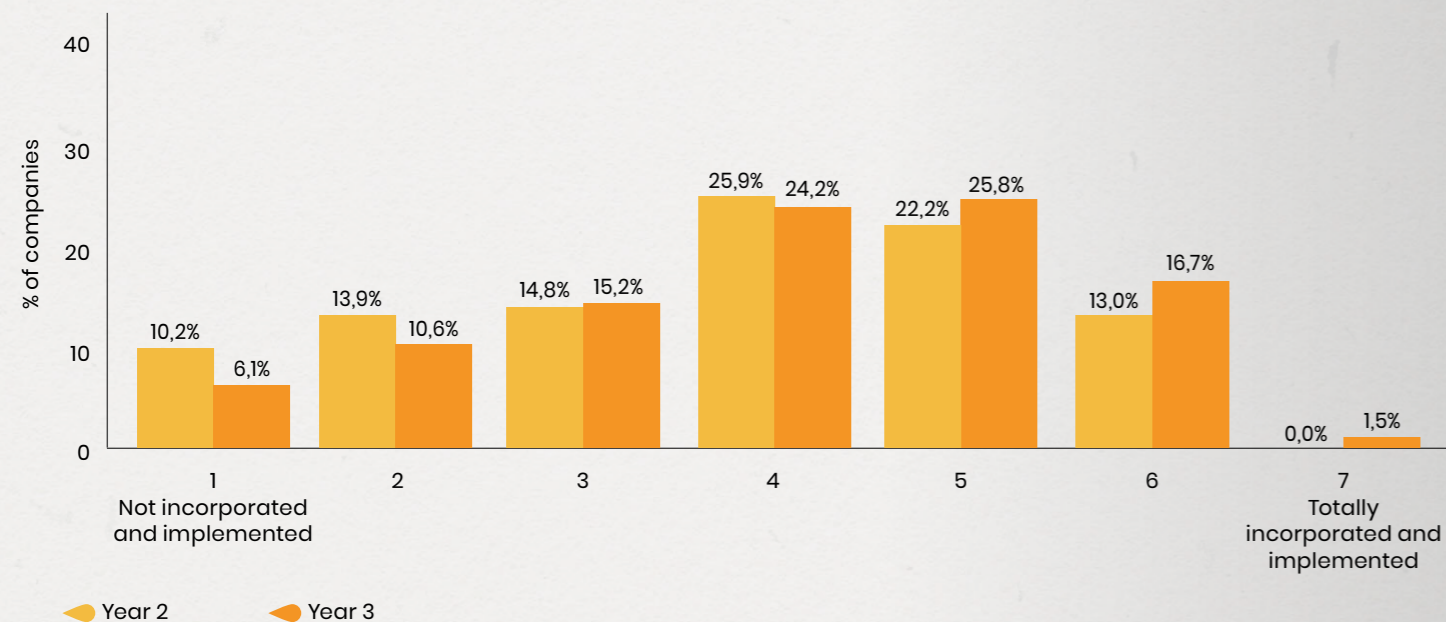


Figure 5.2.4.16. (108 SMEs Year 2, 132 SMEs Year 3, Question 56)

44% of SMEs believe the SDGs are incorporated and implemented into the company's strategy (25,8% + 16,7% + 1,5%), but only 1,5% believe the SDGs are fully incorporated and implemented. There is a trend toward increased incorporation and implementation of the SDGs into the company's strategy between Year 2 and Year 3 (log odds ratio = 1,7, p-value = 0,07).

## 5.2.5. Barriers to Adopting the SDGs

### Which of the following options best describes your company?

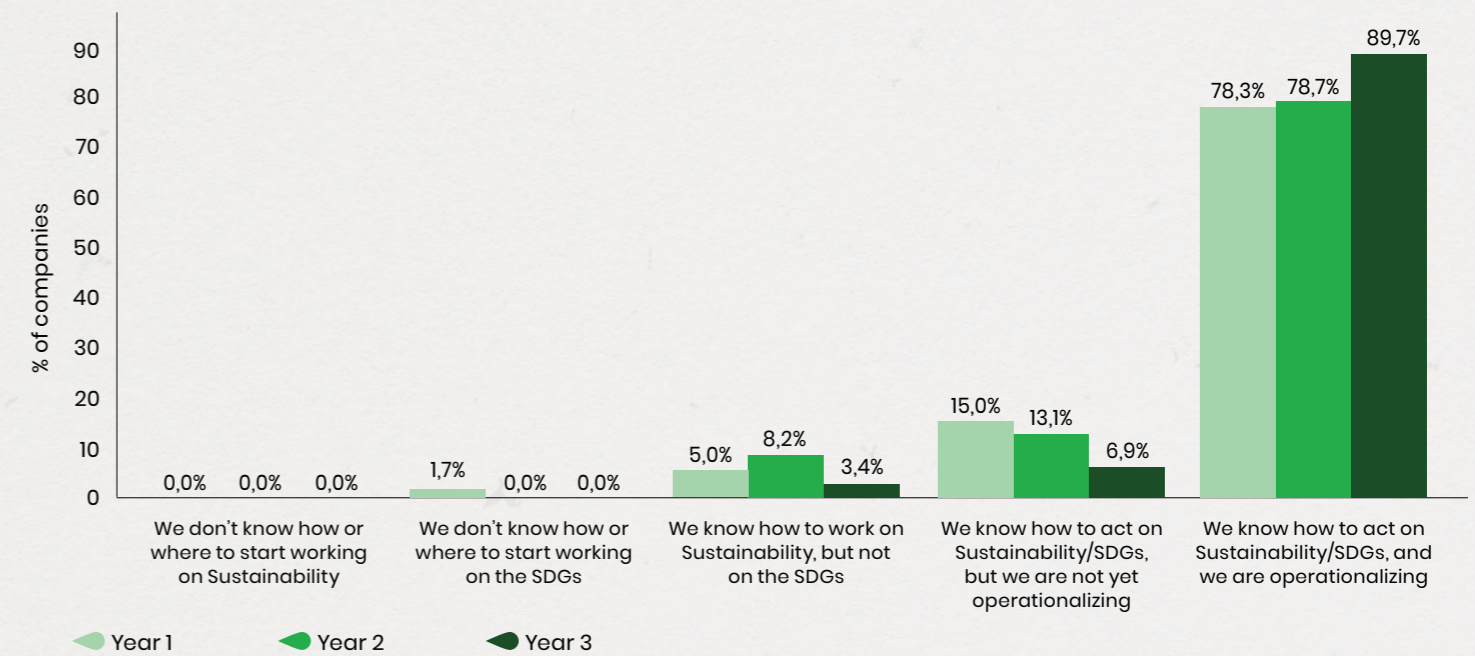


Figure 5.2.5.1. (60 LCs Year 1, 61 LCs Year 2, 58 LCs Year 3, Question 42)

The majority of Large Companies (89,7%) know how to act on Sustainability/SDGs and are operationalizing, an increase of about 10 percentage points compared to Year 2.

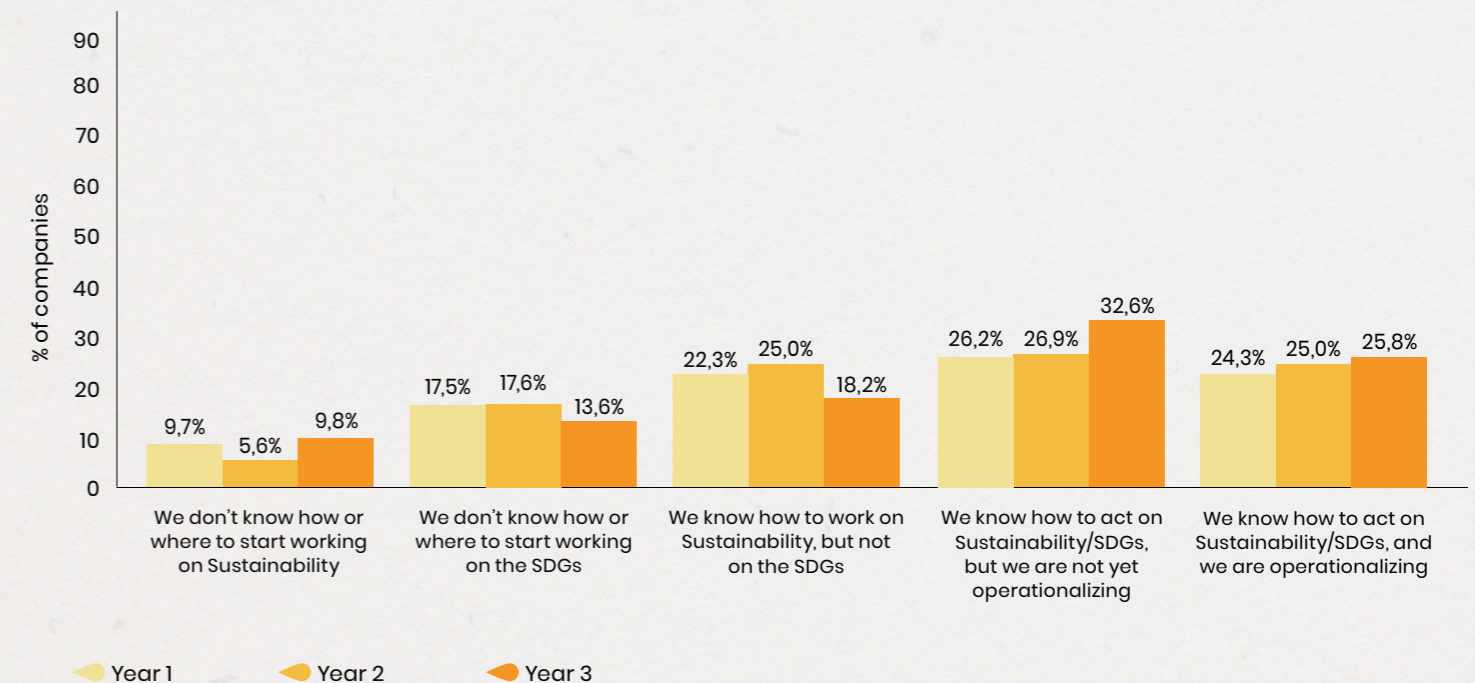


Figure 5.2.5.2. (103 SMEs Year 1, 108 SMEs Year 2, 132 SMEs Year 3, Question 57)

25,8% of SMEs know how to act on Sustainability/SDGs and are operationalizing, while 32,6% know how to act but are not operationalizing. In this latter case, there is an increase of about 6 percentage points compared to Year 2.

We presented several barriers to adopting the SDGs. Please rate their importance for your company.

Large Companies

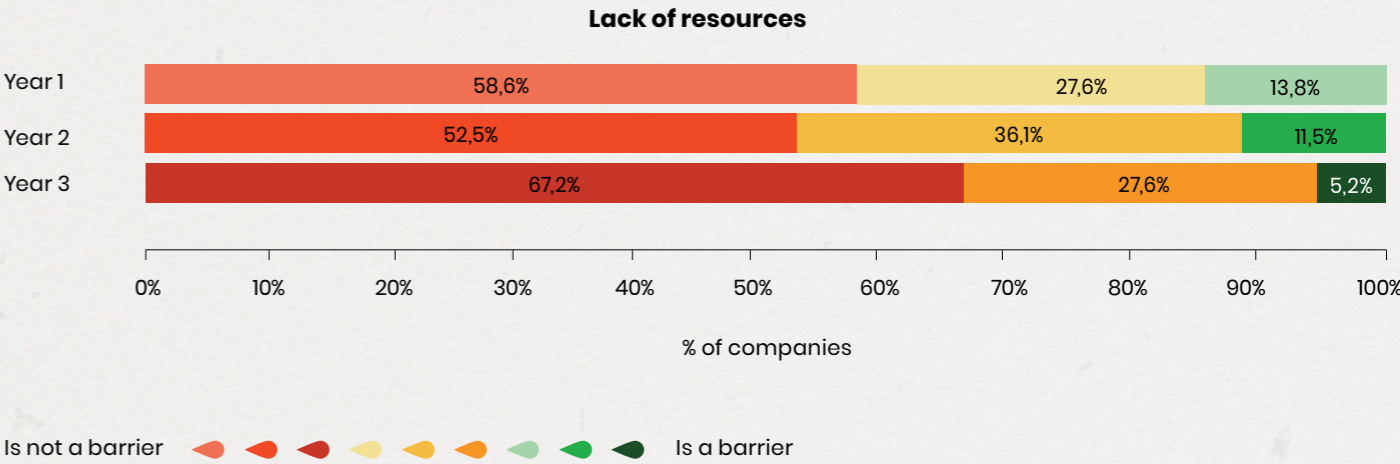


Figure 5.2.5.3. (60 LCs Year 1, 61 LCs Year 2, 58 LCs Year 3, Question 43)

Large Companies consider the main barriers (identified in the graph by the color green) to be: the SDGs are distant from business language and lack of knowledge about the SDGs. The lack of knowledge for reporting SDGs and the absence of partners do not represent barriers for most companies (about 80%, red color). The limitation of not seeing the SDGs as a business opportunity seems to be decreasing. No significant differences were found between Year 2 and Year 3 regarding the importance companies attribute to the remaining barriers.

Table 5.2.5.1.

Barriers	Log odds ratio	p-value
Lack of knowledge about the SDGs		
Year 1 vs Year 2	1,2	0,7
Year 1 vs Year 3	0,9	0,7
Lack of knowledge on how to operationalize		
Year 1 vs Year 2	1,1	0,8
Year 1 vs Year 3	0,7	0,3
No business opportunity seen		
Year 1 vs Year 2	0,8	0,4
Year 1 vs Year 3	0,5	0,05
SDGs are too distant from our language		
Year 1 vs Year 2	1,4	0,4
Year 1 vs Year 3	0,9	0,7
Lack of knowledge for reporting		
Year 1 vs Year 2	1,0	0,9
Year 1 vs Year 3	0,8	0,7
Cannot find partners		
Year 1 vs Year 2	1,9	0,09
Year 1 vs Year 3	1,2	0,7
Lack of resources		
Year 1 vs Year 2	1,5	0,2
Year 1 vs Year 3	1,0	>0,9

SMEs

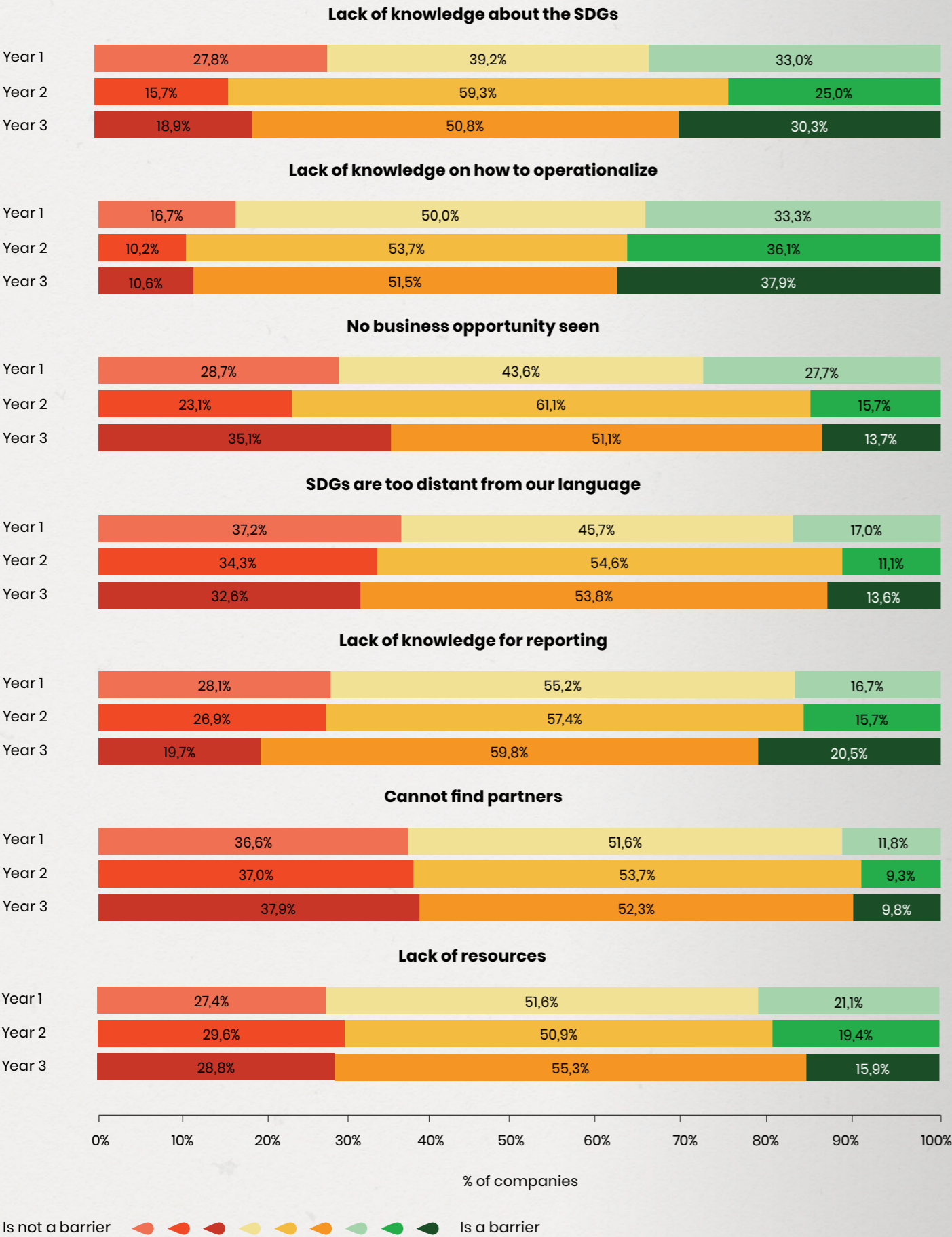


Figure 5.2.5.4. (103 SMEs Year 1, 108 SMEs Year 2, 132 SMEs Year 3, Question 58)

For SMEs, the lack of knowledge about the SDGs along with the lack of knowledge on how to operationalize them were considered the greatest barriers. Similar to Large Companies, for SMEs, the limitation of not seeing the SDGs as a business opportunity seems to be decreasing. No significant differences were found between Year 2 and Year 3 regarding the importance companies attribute to the remaining barriers.

Table 5.2.5.2.

Barriers	Log odds ratio	p-value
Lack of knowledge about the SDGs	1,0	0,9
Lack of knowledge on how to operationalize	1,0	0,9
No business opportunity seen	0,6	0,03
SDGs are too distant from our language	1,2	0,4
Lack of knowledge for reporting	1,4	0,1
Cannot find partners	0,8	0,5
Lack of resources	1,0	1,0

Barriers to Engaging with the SDG Agenda

The largest barrier identified by Large Companies is the “lack of internal and/or external information” (seven out of 18). Four companies consider that the language of the SDGs is too distant from business language. Three companies mentioned that the “excess” of legislation is often a constraint in implementing the SDGs. Four companies identified the difficulty of bringing suppliers into Sustainability issues and/or the “broad scope of the value chain” as a barrier, making it hard to align all parts with the SDGs.

Sometimes the nature of the industry (two companies) or the lack of technology with lower impact, which has not yet been developed/created (two companies), hinders engagement with the SDG Agenda.

Interestingly, several barriers were reported, each represented by only one company, such as: inability to address all SDGs, consumer resistance to changing habits, difficulty finding partners, and the fact that change is not always aligned with government policies. Finally, one company believes “there are no barriers.”

The most commonly identified barrier for SMEs (five out of 10 interviewed) is the lack of human resources: they are small companies that cannot dedicate a team to this topic. The lack of human resources can also be linked to difficulties in retaining talent, making it hard to “maintain a stable team and work environment.” Two SMEs cite the “lack of practical information on what companies need to do and show” as a barrier. Costs associated with implementing the SDGs and lack of government support were considered a barrier by one SME. One SME believes internal engagement with the SDG Agenda is not a priority and that it “implies a change in the company’s organizational culture.” Two SMEs feel the local community is their biggest barrier, such as through a lack of cooperation. Finally, two SMEs consider the SDGs are not a priority for the company.

## Resources and Support for Better Implementation of the SDGs in Companies

The two most selected types of support by Large Companies were: help to (1) understand legislation, and (2) disseminate “knowledge of the SDGs and the objectives and targets behind them.”

Interestingly, many of the supports identified as relevant are represented by only one large company, such as: larger teams, adapting SDG language, reformulating the company’s base strategy, sector-specific knowledge and/or tools, time for “organizing priorities,” government funding recognizing “that companies are crucial to achieving strategic goals,” financial support for decarbonization, external support for “closer guidance from those familiar with the SDG topic,” and strengthening cross-sector collaboration. Finally, four companies stated they do not currently need any support.

In line with the identified barriers, four SMEs would like specialized resources for better SDG implementation. Three SMEs want external support or a methodology for SDG implementation. Similarly, two SMEs would like more training on the topic. Three SMEs seek government financial support or incentives, aware that “money doesn’t solve everything, but it would help,” especially for implementing various initiatives. Finally, one SME wants more partnerships in the value chain, such as with suppliers.

## Emerging Sustainability Concerns

The most cited concern among interviewed companies relates to the new dimension of Sustainability reporting imposed by the CSRD. Eight companies mentioned concerns about compliance and regulatory burdens. Another concern linked to the CSRD is the value chain, highlighted by six companies, particularly the ability of suppliers to adapt to new requirements, such as data availability, supplier policies, resource management, and human rights issues.

Other critical points cited by six companies, focusing on external factors, include decarbonization, emissions, and water use. Artificial intelligence and technology were mentioned by two companies. Other concerns cited by one company each include misinformation; lack of clarity on Portugal’s goals and company expectations; agility to meet market demands; and community issues (education and labor shortages). Internally, social concerns related to employees and talent retention (six companies) stand out. Other concerns cited by one company each include the marketed product, governance, investment decisions, and recycling efforts.

SMEs face several internal and external challenges when integrating Sustainability practices into their operations. Internally, three out of 10 SMEs expressed significant concerns about social issues, such as talent retention and attraction, improving processes (one SME), and ensuring financial sustainability (four out of 10). Externally, concerns extend to effectively communicating sustainable practices to the market (one SME), selecting suppliers aligned with sustainable standards (two SMEs), and strategically positioning Sustainability at the core of business strategies (one SME).

# 5.3.

## Analysis by Industry

## 5.3. Analysis by Industry

In this subchapter, an analysis by industry is conducted, considering only the Large Companies in the sample. This study identifies nine industries:

- Healthcare
- Utilities — includes the Energy and Utility Services Industry
- Manufacturing — composed of companies associated with the production of essential goods
- Technology and Telecommunications
- Construction and Real Estate — includes part of the Industrial Products Industry (companies in the Construction and Materials sector) and the Real Estate Industry
- Financial Services — composed of companies engaged in financial and insurance activities
- Retail — composed of companies that sell essential goods
- Basic Materials — composed of companies whose activity is related to the extraction of natural resources
- Industrial Products/Services — includes part of the Industrial Products Industry (companies related to providing Industrial Goods and Services)

### 5.3.1. Perception of Sustainability and SDGs in the Company

#### Sustainability will benefit my business

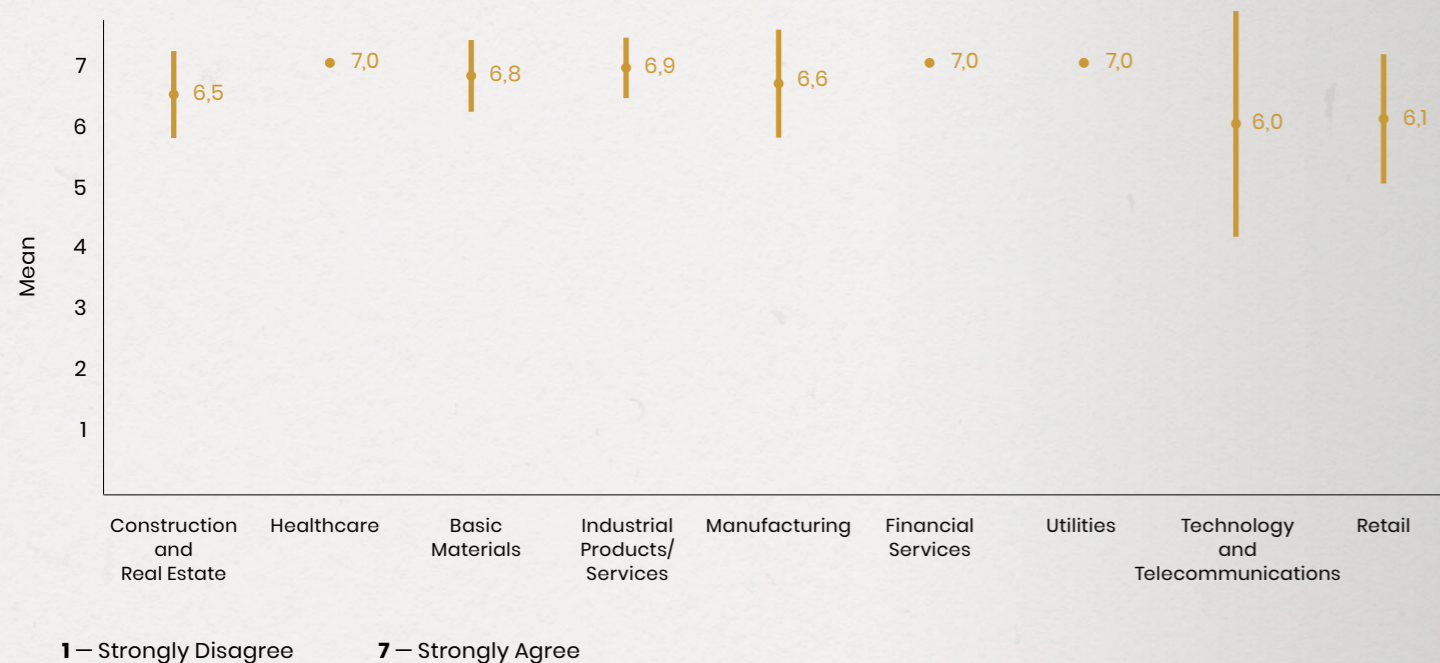


Figure 5.3.1.1. (58 LCs Year 3, Question 5.1)

The graph shows the average responses by industry as well as the data dispersion around the average. All industries have an average equal to or above 6 (on a scale of 1 to 7), considering that Sustainability will benefit the business. The Technology and Telecommunications Industry has a slightly lower average but a high dispersion in responses. This may be due to the nature of the industry, where the link between Sustainability and business might be harder or less obvious.

#### Sustainability could substantially improve my company's competitiveness

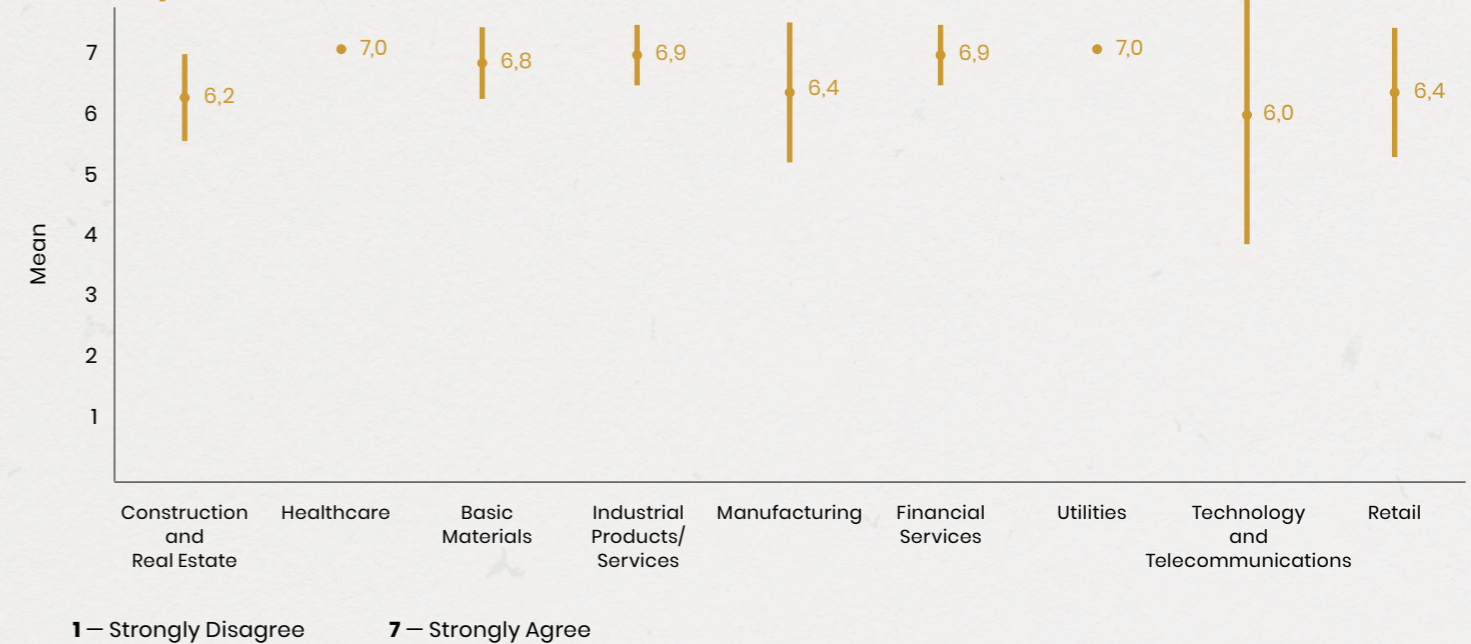


Figure 5.3.1.2. (58 LCs Year 3, Question 5.2)

All industries have an average equal to or above 6 (on a scale of 1 to 7), considering that Sustainability could substantially improve the company's competitiveness. The Technology and Telecommunications Industry shows high variability in responses.

#### Sustainability may jeopardize my company's viability

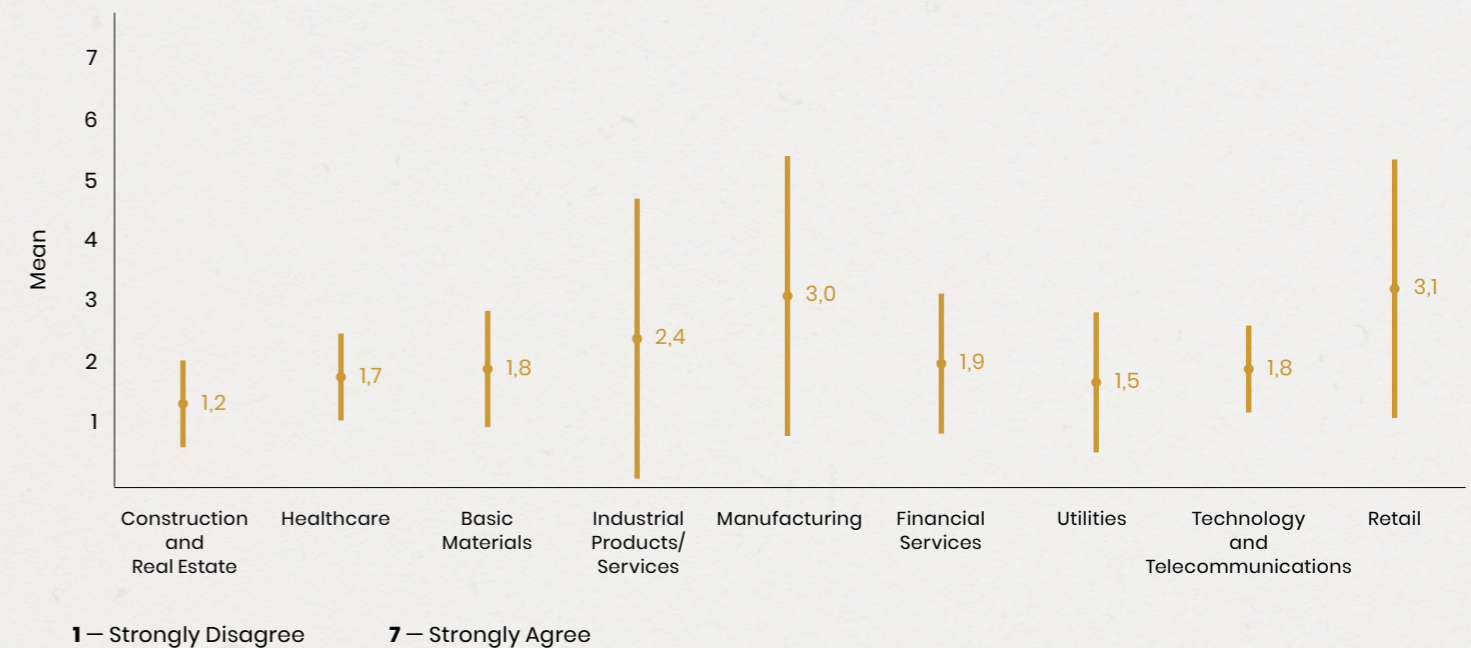


Figure 5.3.1.3. (58 LCs Year 3, Question 5.4)

The Retail Industry has the highest average (3.1 on a scale of 1 to 7), indicating the least disagreement with the statement "Sustainability could jeopardize my company's viability". The Construction and Real Estate Industry, followed by the Utilities Industry, show the lowest averages, indicating the most disagreement with the statement.

Sustainability could change the way my company does business

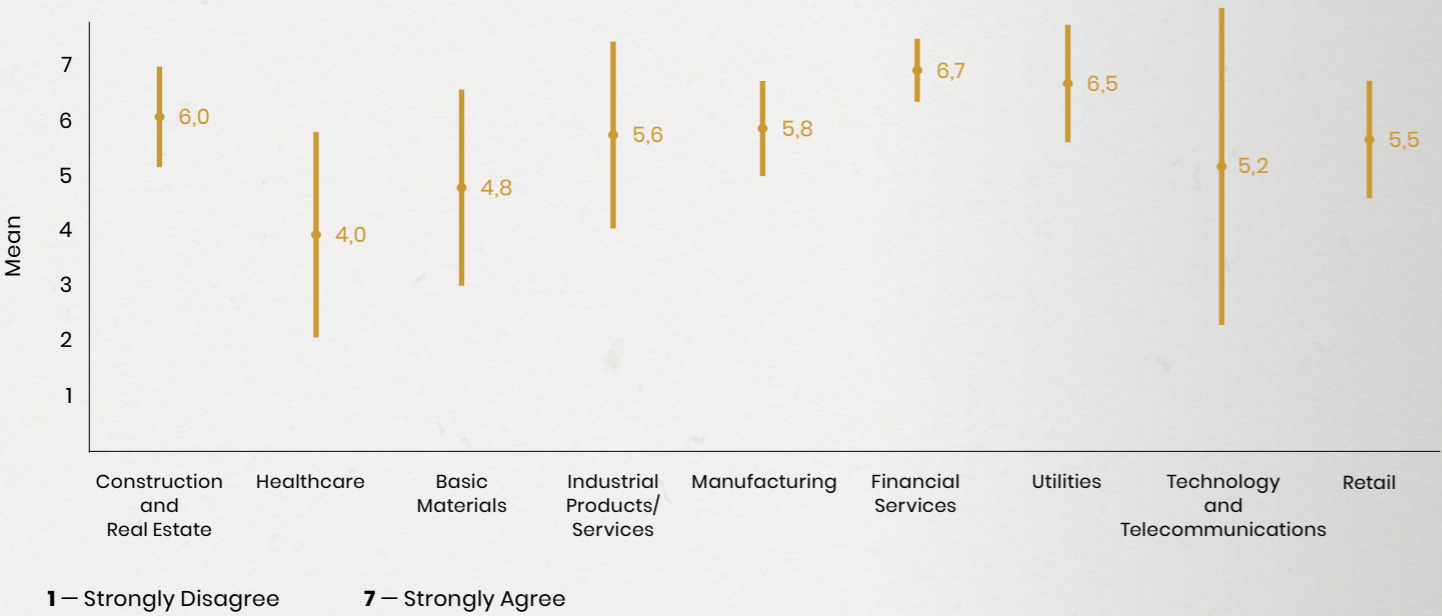


Figure 5.3.1.4. (58 LCs Year 3, Question 5.5)

Most industries have an average above 5 (on a scale of 1 to 7), showing agreement with the statement that Sustainability could change the way the company does business. The Healthcare and Basic Materials Industries have the lowest averages.

Sustainability has already changed the way my company does business

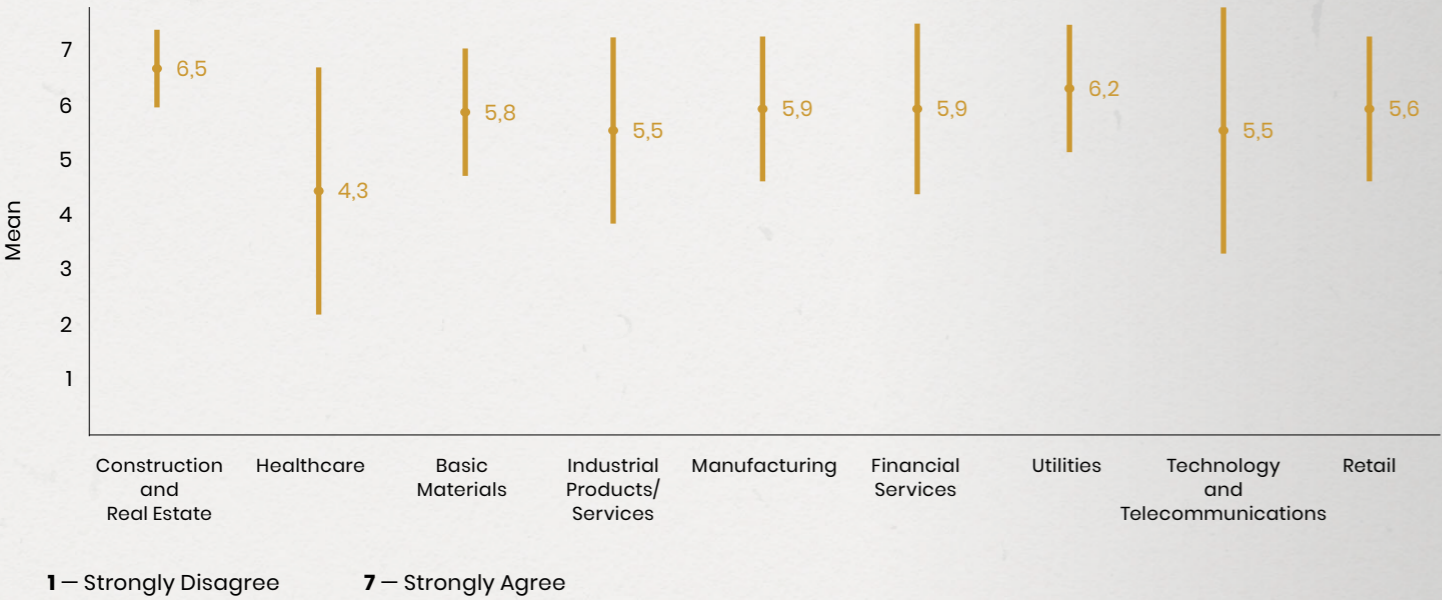


Figure 5.3.1.5. (58 LCs Year 3, Question 5.6)

Most industries have an average above 5 (on a scale of 1 to 7), showing agreement with the statement "Sustainability has already changed the way my company does business". The Construction and Real Estate Industry shows the highest average. Similar to the previous response, the Healthcare Industry shows the lowest average.

What is your perception of the level of knowledge of the SDGs in your company?

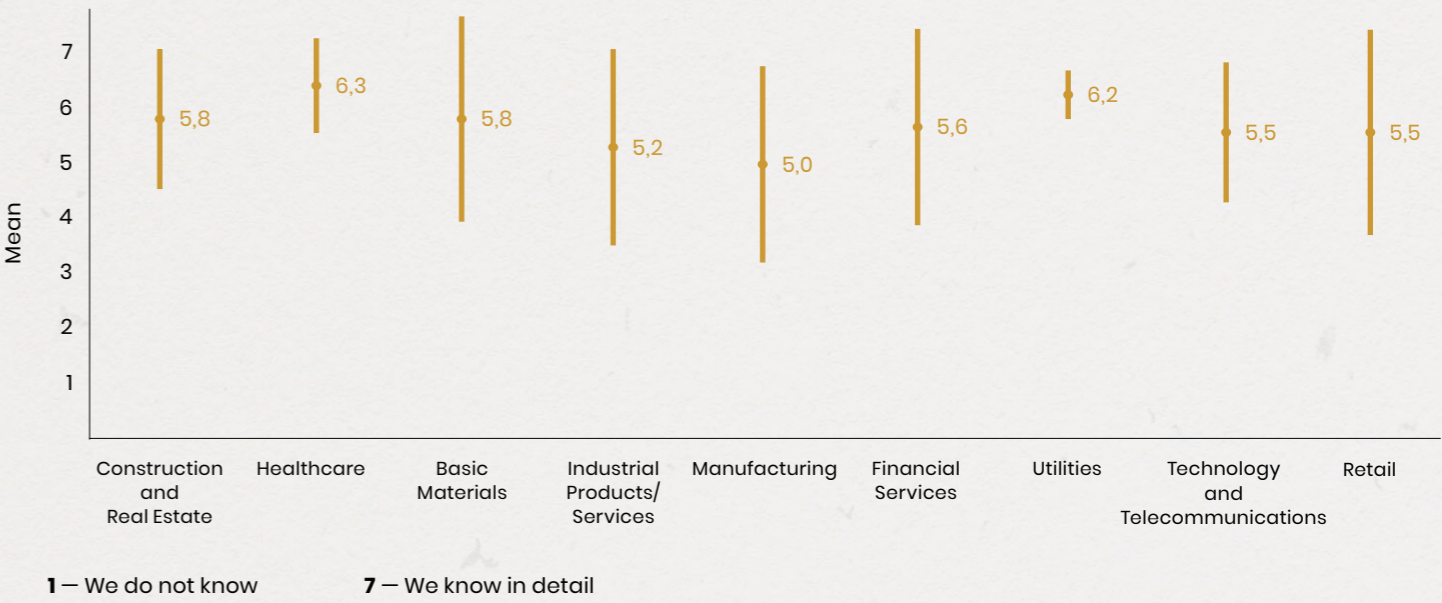


Figure 5.3.1.6. (58 LCs Year 3, Question 8)

All industries have an average equal to or above 5 (on a scale of 1 to 7), indicating that they are familiar with the SDGs. The Healthcare and Utilities Industries have the highest averages (6.3 and 6.2, respectively). The Manufacturing and Industrial Products/Services Industries have the lowest averages (5 and 5.2, respectively).

What is your perception of the level of knowledge of the 169 SDG targets in your company?

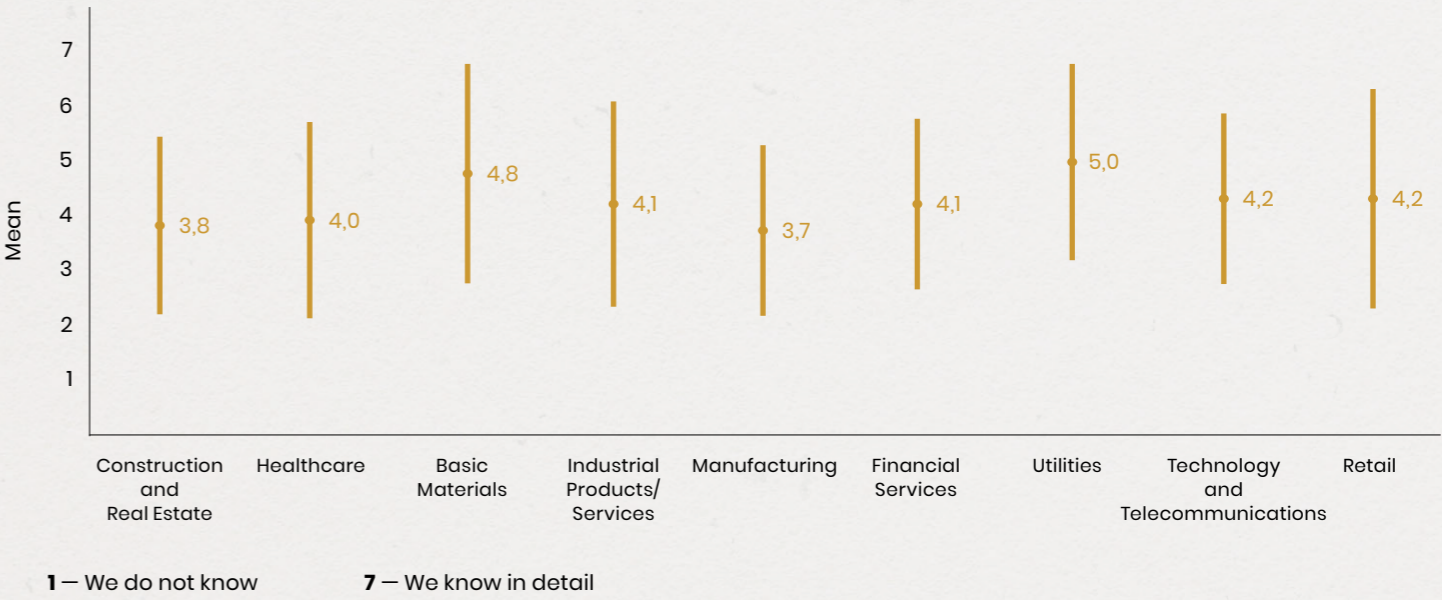


Figure 5.3.1.7. (58 LCs Year 3, Question 9)

Although industry averages are lower (indicating less familiarity with the 169 SDG targets compared to the SDGs), the response pattern is similar, with the Utilities Industry having the highest average (5) and the Manufacturing Industry having the lowest average (3.7).

### 5.3.2. Implementation of Sustainability and the SDGs in the Company

To what extent are the SDGs incorporated into your company's strategy?

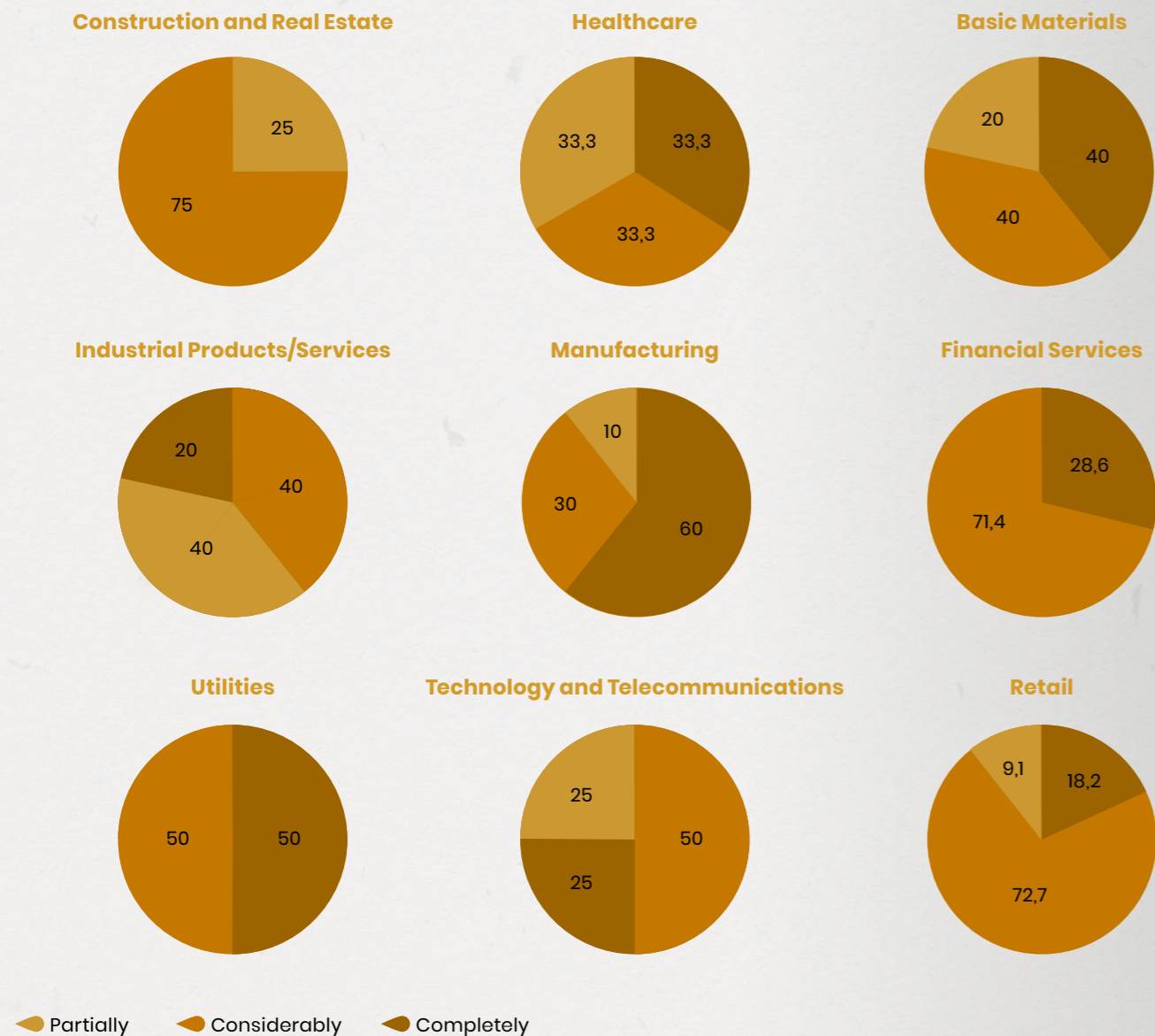


Figure 5.3.2.1. (58 LCs Year 3, Question 18)

All companies in the Financial Services and Utilities Industries incorporate the SDGs significantly or fully. Some industries show greater diversity in responses, including Healthcare, Basic Materials, Industrial Products/Services, Manufacturing, Technology and Telecommunications, and Retail. The Construction and Real Estate Industry consists of companies that incorporate the SDGs significantly or partially.

Which phrase best describes how the SDGs are incorporated into your company's strategy?

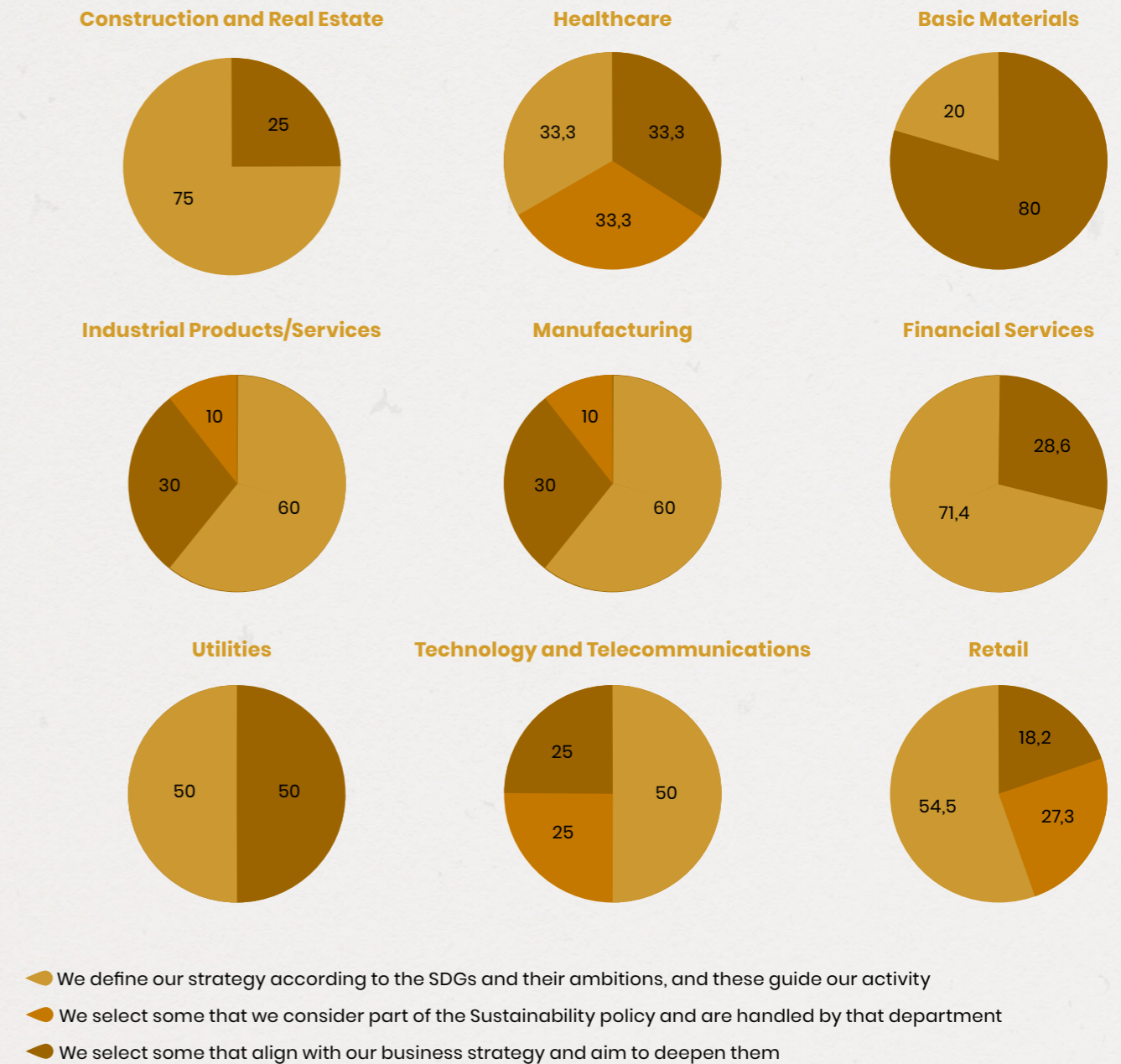
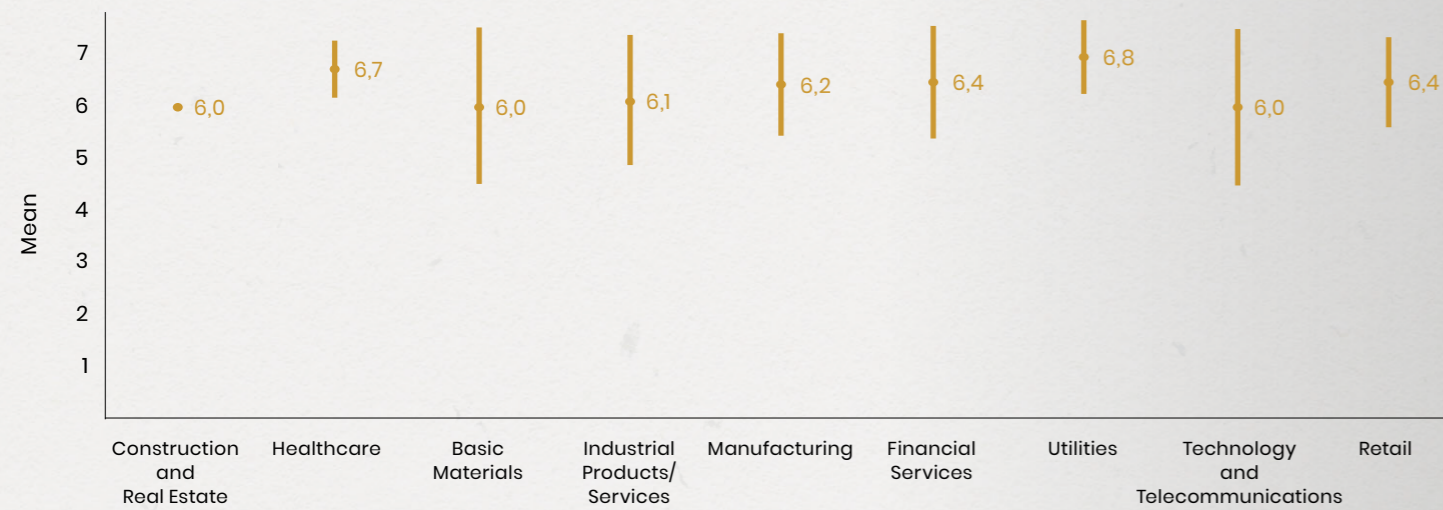


Figure 5.3.2.2. (58 LCs Year 3, Question 18.A)

80% of companies in the Basic Materials Industry, 50% in Public Utilities, 33,3% in Healthcare, 30% in Industrial Products/Services and Manufacturing, 28,6% in Financial Services, 27,3% in Retail, and 25% in Construction and Real Estate selected the statement: "We define our strategy according to the SDGs and their ambitions, and they guide our activities". 33,3% of companies in Healthcare, 25% in Technology and Telecommunications, 18,2% in Retail, and 10% in Industrial Products/Services and Manufacturing chose the statement: "We select some SDGs that we consider part of the Sustainability policy and are addressed by that department". Finally, 75% of companies in the Construction and Real Estate Industry, 33,3% in Healthcare, 20% in Basic Materials, 60% in Industrial Products/Services and Manufacturing, 71,4% in Financial Services, 50% in Public Utilities, 50% in Technology and Telecommunications, and 54,2% in Retail selected the statement: "We choose SDGs aligned with our business strategy and aim to integrate them".

## When choosing the strategic SDGs for your company:



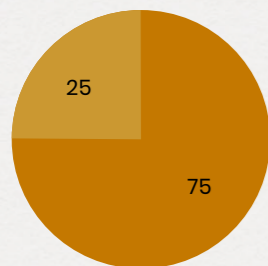
1 — We do not take the value chain into account. 7 — We take our entire value chain into account.

Figure 5.3.2.3. (58 LCs Year 3, Question 20)

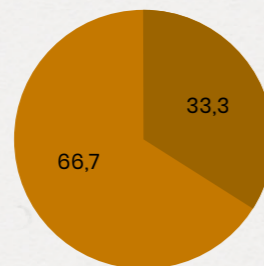
All industries consider the value chain when choosing their company's strategic SDGs (average equal to or above 6 on a scale of 1 to 7).

## How do you engage internal stakeholders in the selection and implementation of the SDGs?

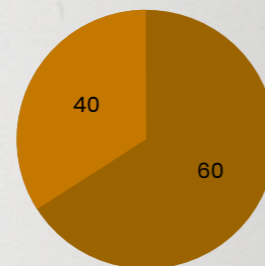
Construction and Real Estate



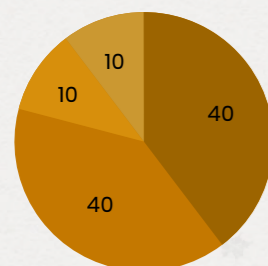
Healthcare



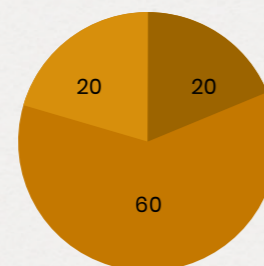
Basic Materials



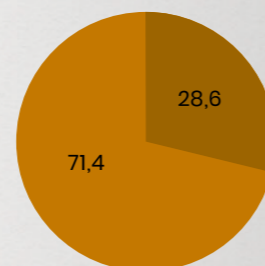
Industrial Products/Services



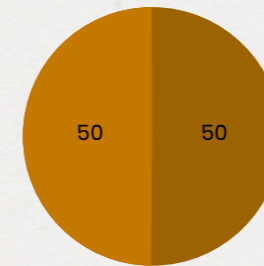
Manufacturing



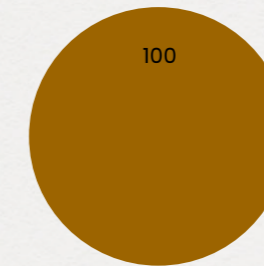
Financial Services



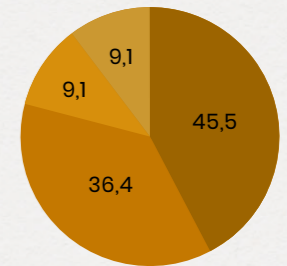
Utilities



Technology and Telecommunications



Retail



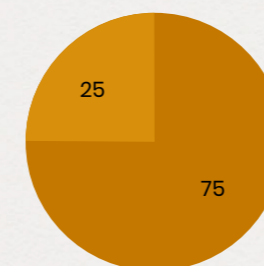
- We do not involve them
- We only inform the stakeholders
- We consult the stakeholders and take their opinions into account
- We actively involve them, share dilemmas, and achieve collective goals

Figure 5.3.2.4. (58 LCs Year 3, Question 22)

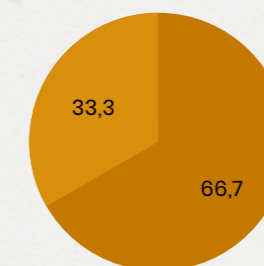
The Technology and Telecommunications Industry actively engages internal stakeholders. The Basic Materials (60% + 40%), Utilities (50% + 50%), Healthcare (33.3% + 66.7%), and Financial Services (28.6% + 71.4%) Industries consult or actively engage stakeholders. The Construction and Real Estate Industry consults or merely informs internal stakeholders. The remaining industries show greater variability in responses.

## How Do You Engage External Stakeholders in the Selection and Implementation of the SDGs?

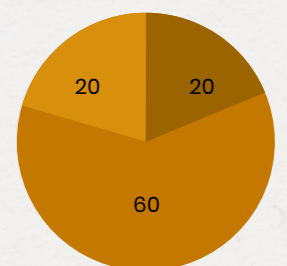
Construction and Real Estate



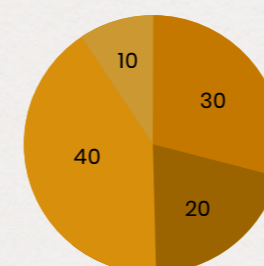
Healthcare



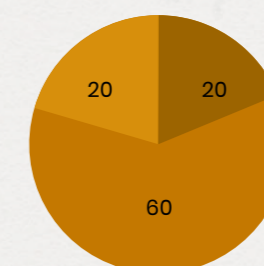
Basic Materials



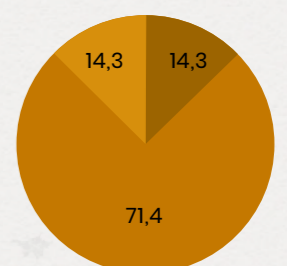
Industrial Products/Services

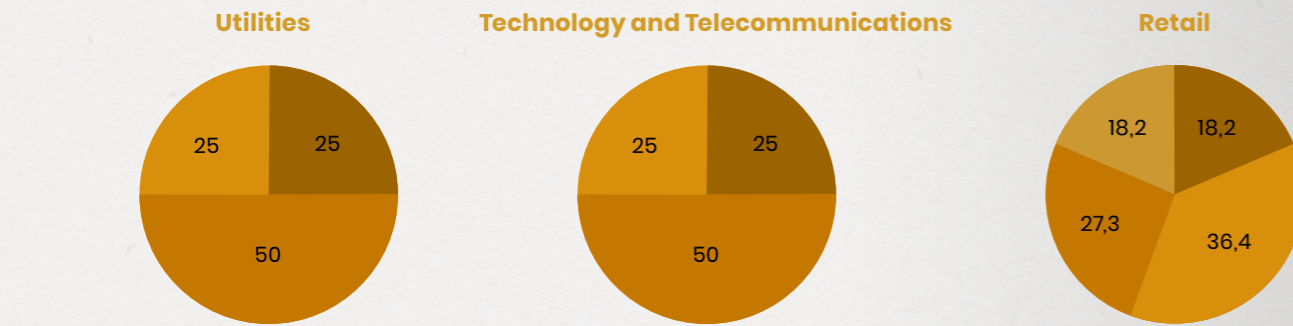


Manufacturing



Financial Services





- ◌ We do not involve them
- ◌ We only inform the stakeholders
- ◌ We consult the stakeholders and take their opinions into account
- ◌ We actively involve them, share dilemmas, and achieve collective goals

Figure 5.3.2.5. (58 LCs Year 3, Question 23)

80% of companies in the Basic Materials and Manufacturing industries (20% + 60%), 85,7% of companies in the Financial Services industry (14,3% + 71,4%), 75% of companies in the Utilities (25% + 50%) and Technology and Telecommunications (25% + 50%) industries, 50% of companies in the Industrial Products/Services industry (20% + 30%), and 45.5% of companies in the Retail industry (18,2% + 27,3%) consult external stakeholders or actively engage them. Compared to the previous question, the variability in responses by industry is greater.

### 5.3.3. Communication and Reporting

#### Does your company publish a report with Sustainability information?

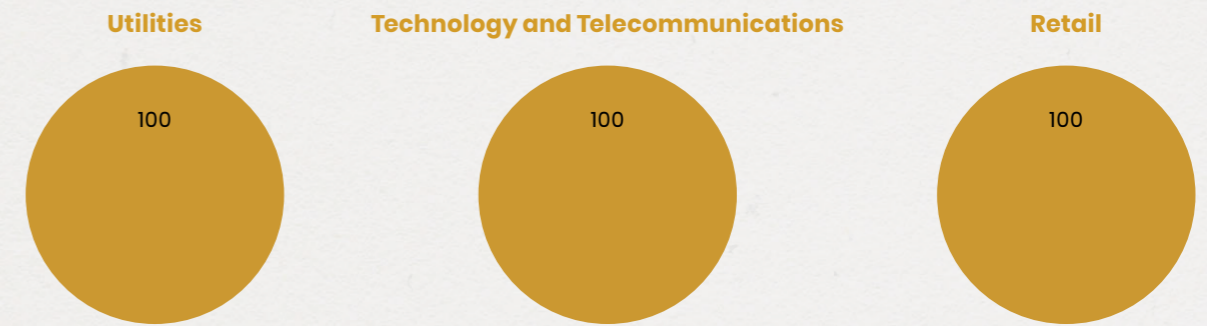
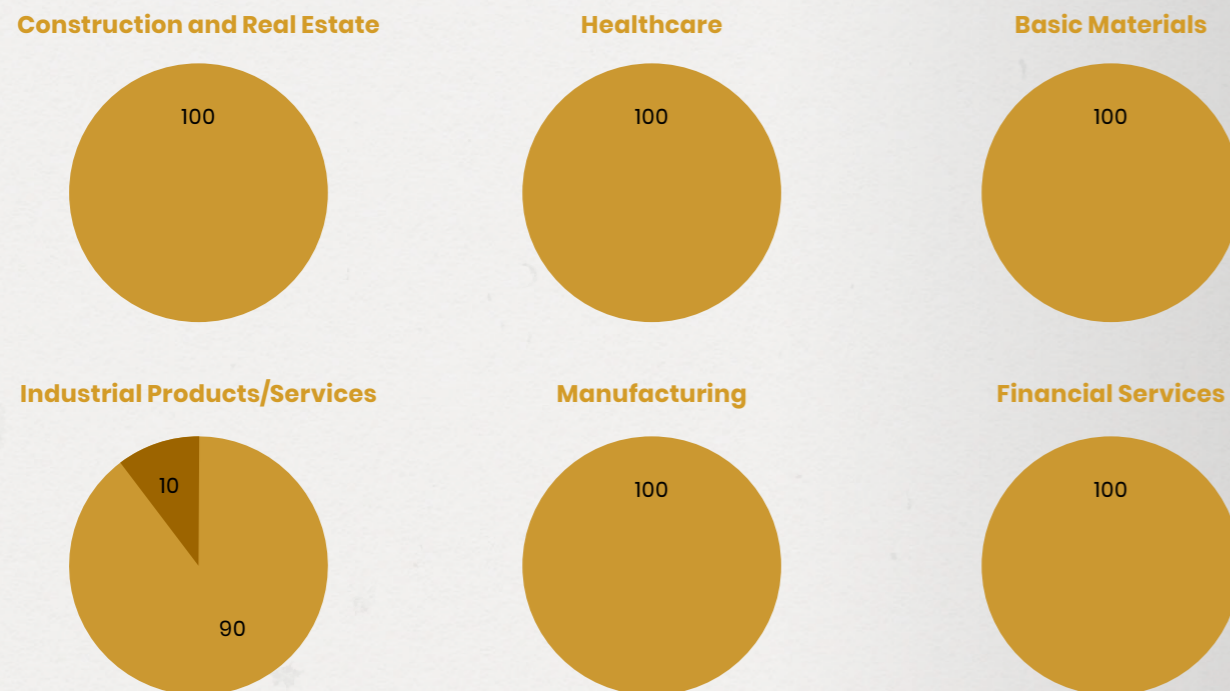


Figure 5.3.3.1. (58 LCs Year 3, Question 28)

Almost all industries studied are represented by companies that publish a Sustainability report. Only 10% of companies in the Industrial Products/Services industry do not publish a Sustainability report.

#### Is there a reference to the SDGs in the Sustainability report?

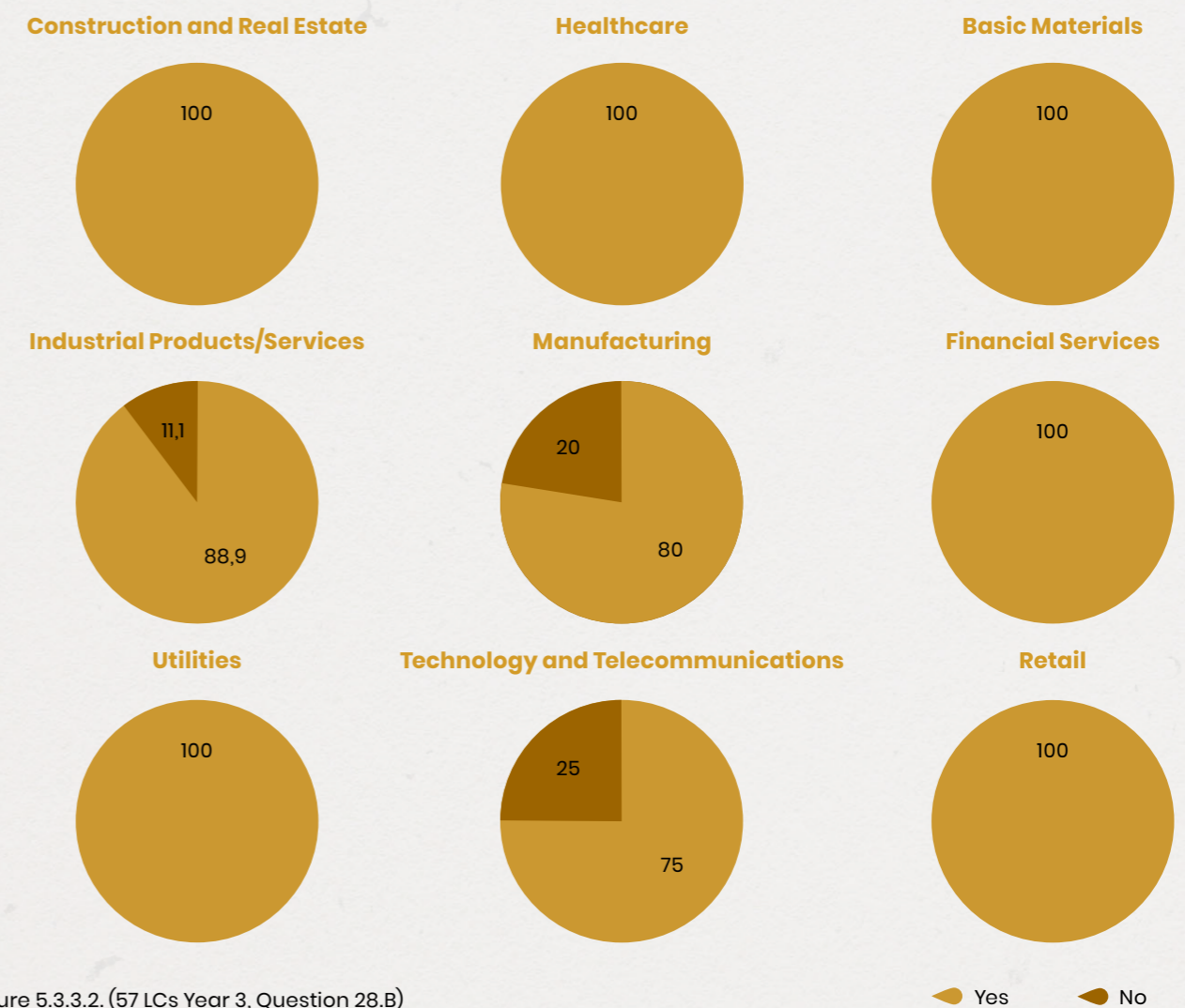
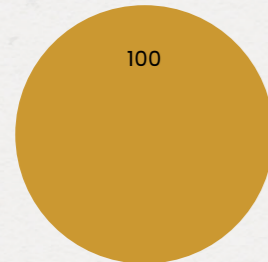


Figure 5.3.3.2. (57 LCs Year 3, Question 28.B)

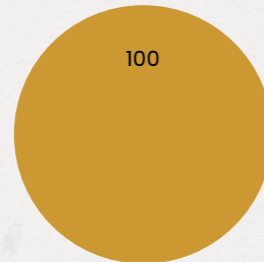
Almost all industries studied are represented by companies that refer to the SDGs in their Sustainability Report. The Technology and Telecommunications, Industrial Products/Services, and Manufacturing industries include some companies that do not mention the SDGs in their Sustainability Report.

## Does your company include Sustainability indicators in the Sustainability report?

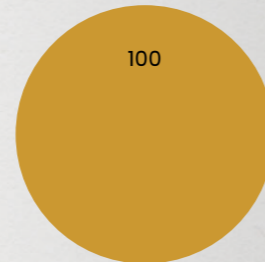
### Construction and Real Estate



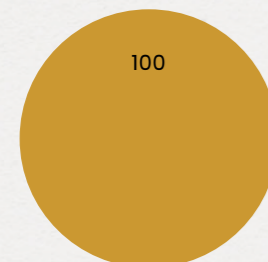
### Healthcare



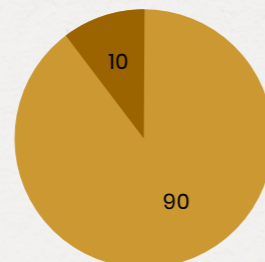
### Basic Materials



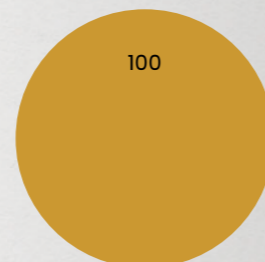
### Industrial Products/Services



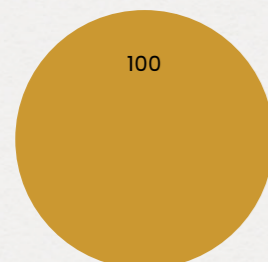
### Manufacturing



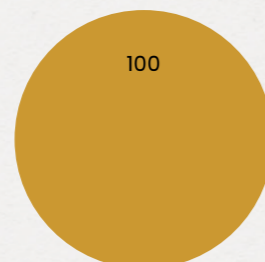
### Financial Services



### Utilities



### Technology and Telecommunications



### Retail

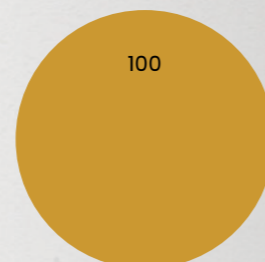
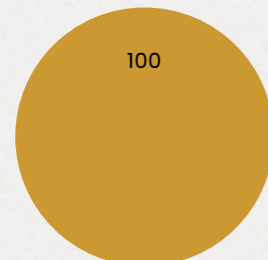


Figure 5.3.3.3. (57 LCs Year 3, Question 28.C)

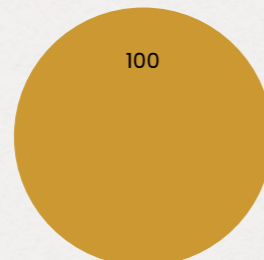
Almost all industries studied are represented by companies that include Sustainability indicators in their report. 10% of companies in the Manufacturing industry do not publish a report with Sustainability indicators.

## Are these indicators monitored and reported over time?

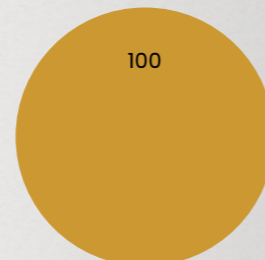
### Construction and Real Estate



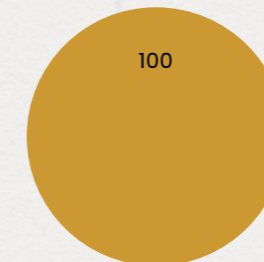
### Healthcare



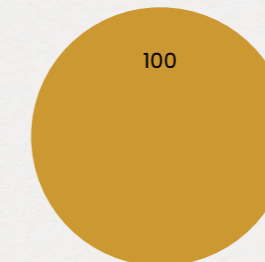
### Basic Materials



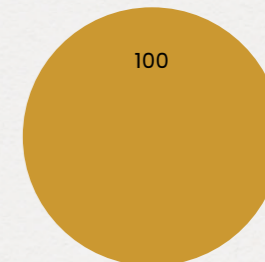
### Industrial Products/Services



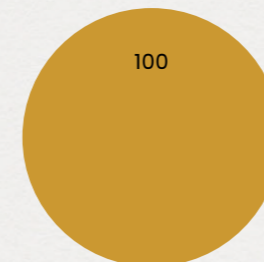
### Manufacturing



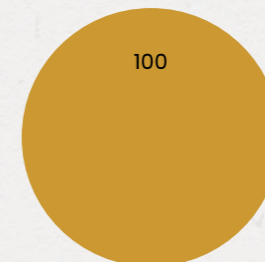
### Financial Services



### Utilities



### Technology and Telecommunications



### Retail

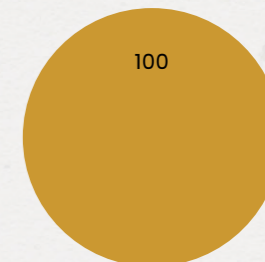


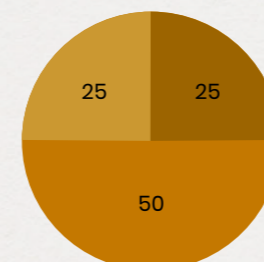
Figure 5.3.3.4. (56 LCs Year 3, Question 28.C.1)

All industries studied are represented by companies that monitor and report indicators. This analysis applies only to companies that present Sustainability indicators in the report, hence the sample size is slightly smaller.

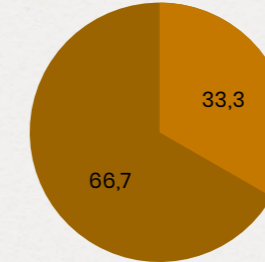
Yes No

## Are these indicators associated with:

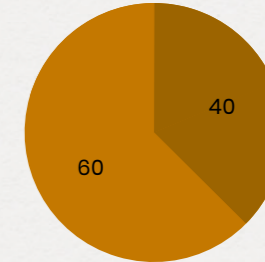
### Construction and Real Estate



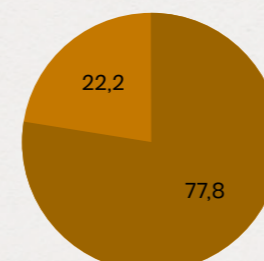
### Healthcare



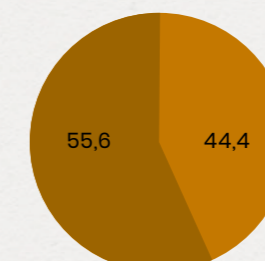
### Basic Materials



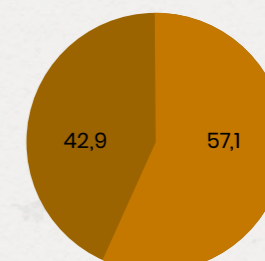
### Industrial Products/Services



### Manufacturing



### Financial Services



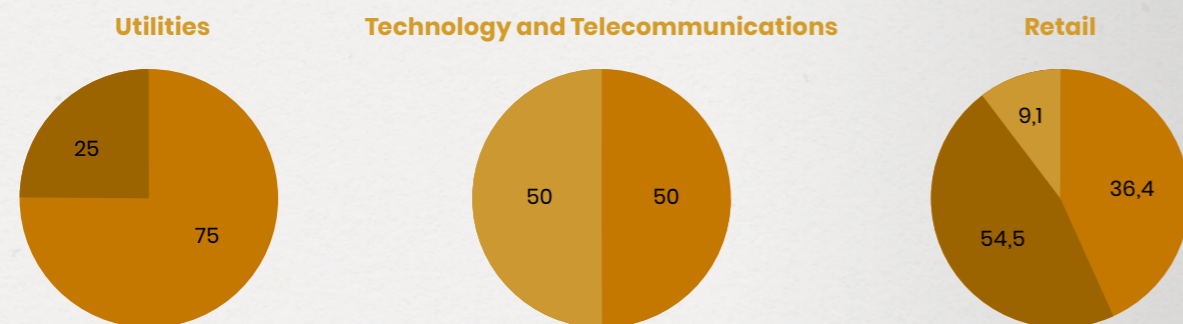
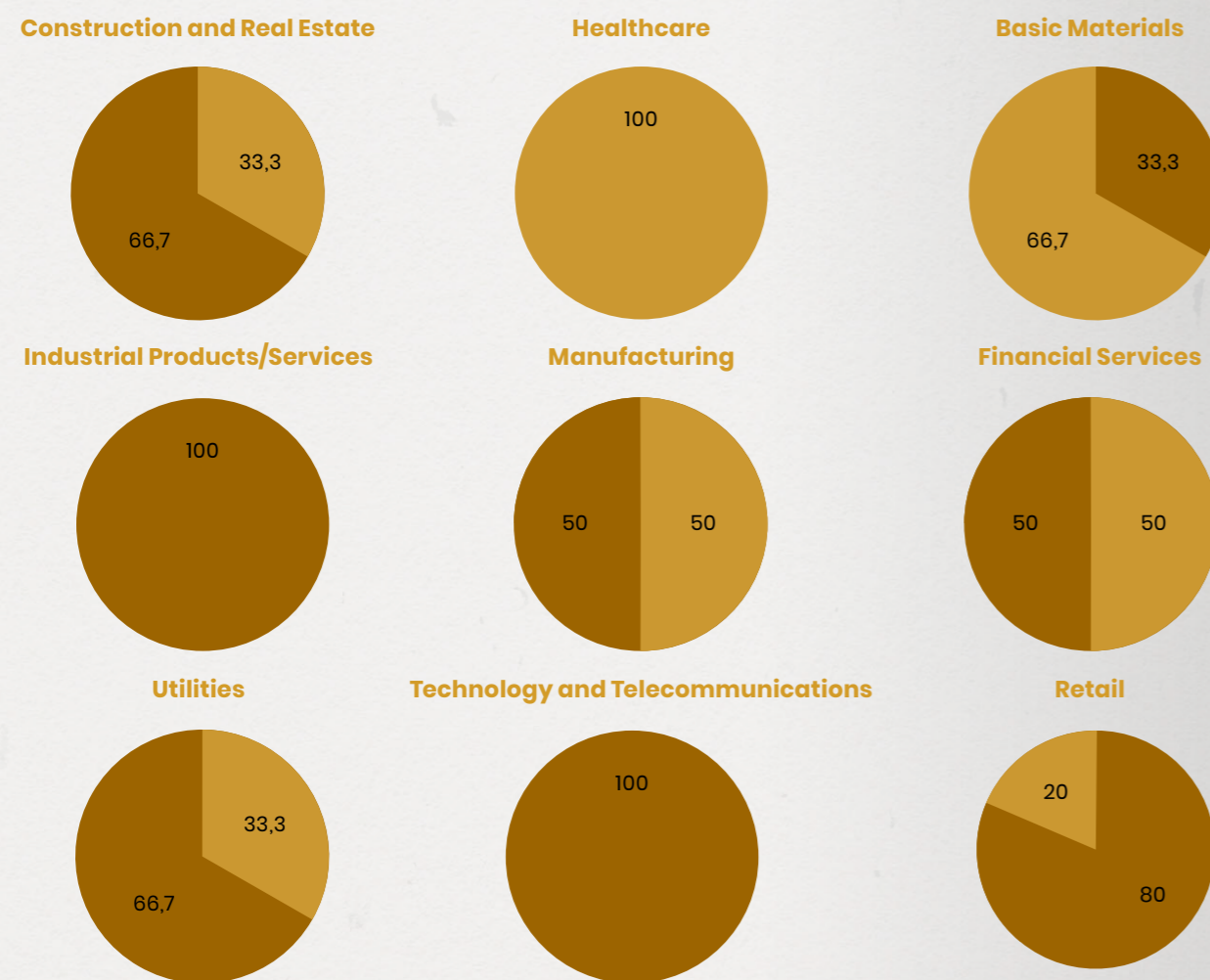


Figure 5.3.3.5. (55 LCs Year 3, Question 28.C.2.1)

All companies in the Technology and Telecommunications industry have indicators associated with SDG language. 25% of companies in the Construction and Real Estate and Utilities industries do not include indicators associated with SDG language. This circumstance is even more notable in the Industrial Products/Services (77,8%), Healthcare (66,7%), Manufacturing (55,6%), and Retail (54,5%) industries.

### Do the indicators refer to the SDGs (17 Goals) or go to the target level (169 Targets)?



Refer to the SDGs

Go down to the target level

Figure 5.3.3.6. (29 LCs Year 3, Question 28.C.2.2)

In the Healthcare industry, all companies have indicators that go to the target level. All companies in the Industrial Products/Services and Technology and Telecommunications industries have indicators only related to the SDGs. The remaining industries consist of companies with indicators related only to the SDGs and companies whose indicators go to the target level.

### Are you aware of the new reporting requirements in the European Corporate Sustainability Reporting Directive (CSRD)?

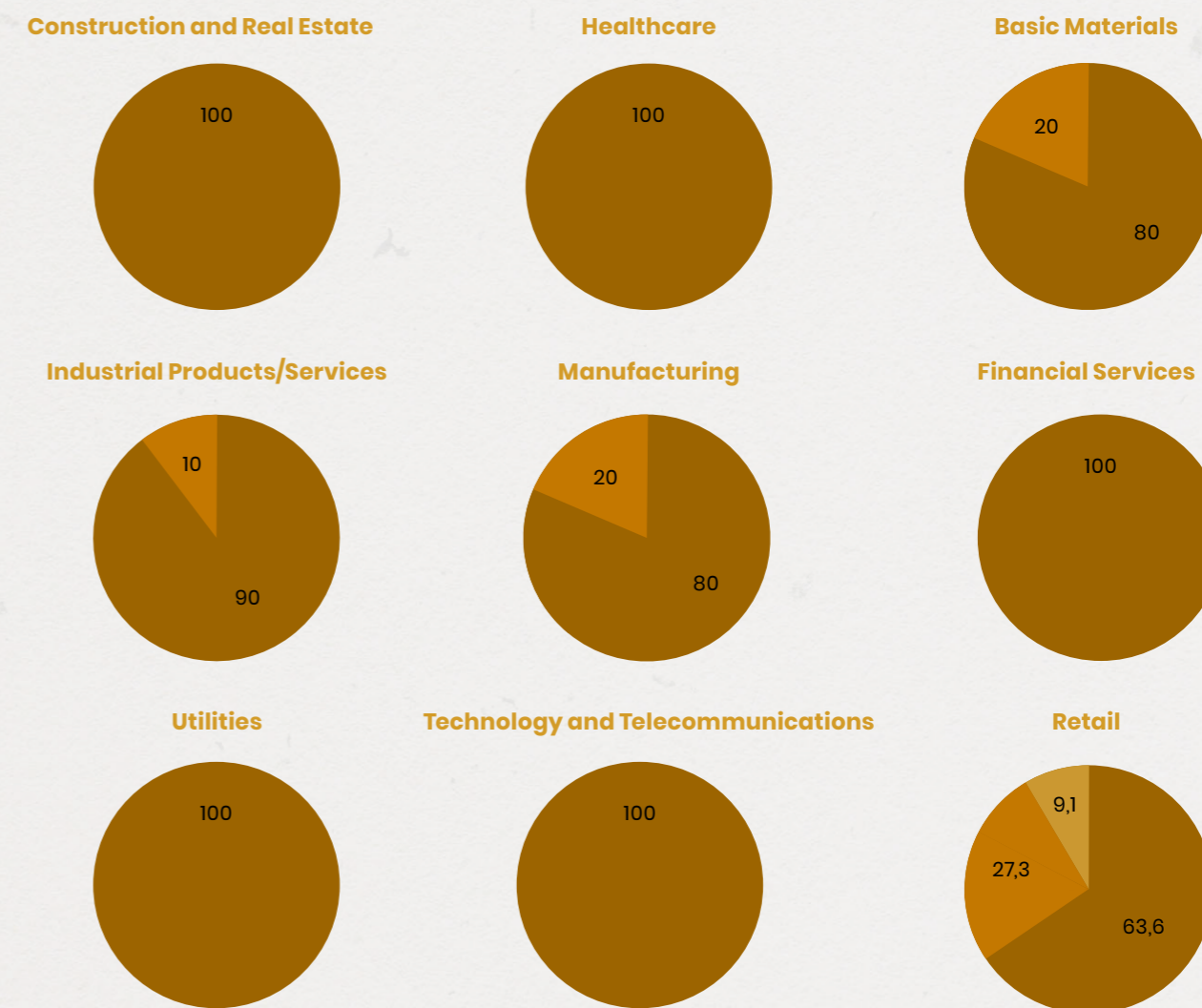


Figure 5.3.3.7. (58 LCs Year 3, Question 29)

All companies in the Construction and Real Estate, Healthcare, Financial Services, Utilities, and Technology and Telecommunications industries are aware of the new CSRD reporting requirements and have an internal person responsible for implementation. The Retail industry is the only one that includes companies (9,1%) unfamiliar with this directive.

No

Yes, but we do not yet have an internal person responsible for its implementation

Yes, and we have an internal person responsible for its implementation

## How prepared does your company feel for this reporting?

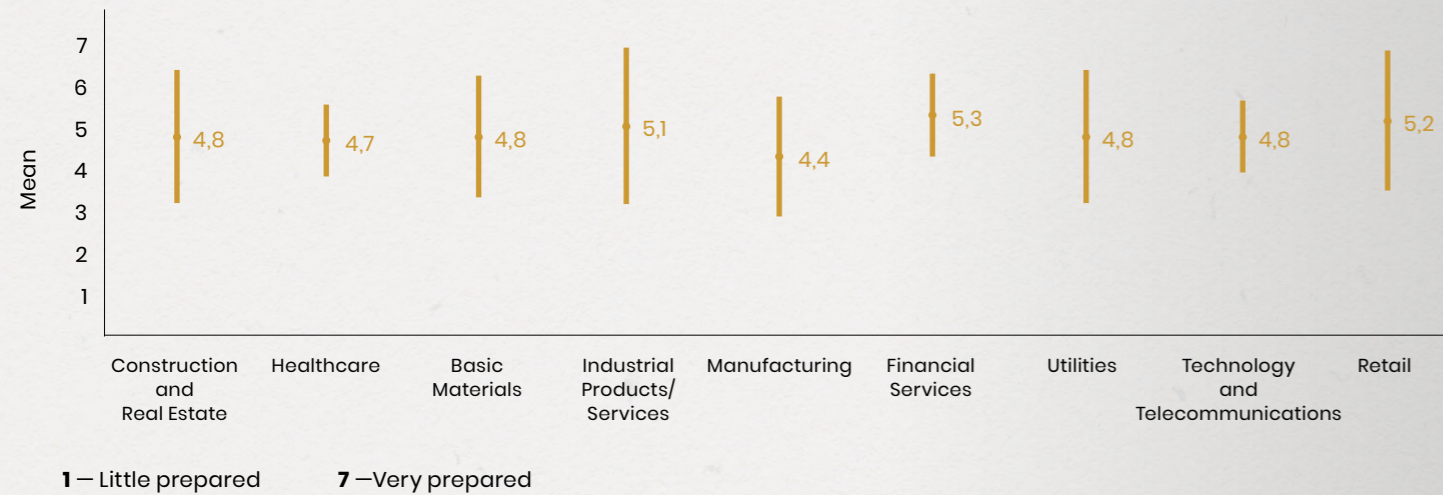


Figure 5.3.3.8. (57 LCs Year 3, Question 29.A)

The Financial Services and Retail industries feel the most prepared, with an average of 5,3 and 5,2, respectively. The Manufacturing industry (4,4) feels the least prepared.

## Which topics are you most prepared to report on under the CSRD?

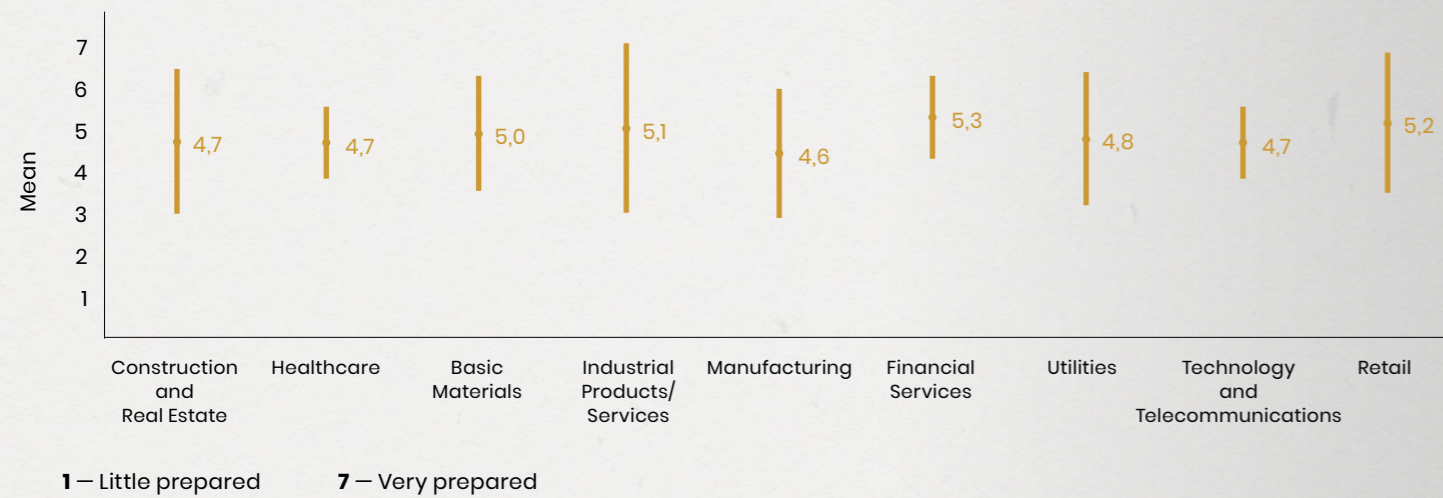


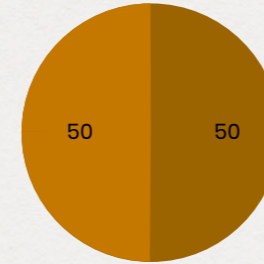
Figure 5.3.3.9. (57 LCs Year 3, Question 29.B)

For the Environmental topic, the industries that feel the most prepared are Manufacturing (90%), Basic Materials (80%), and Industrial Products/Services (80%). For the Social topic, the most prepared industries are Construction and Real Estate (75%) and Technology and Telecommunications (75%). Finally, for the Governance topic, the most prepared industries are Basic Materials (80%), Construction and Real Estate (75%), and Utilities (75%).

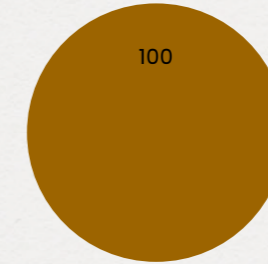
The sum of percentages by industry may exceed 100% because each company could select more than one topic.

## Are you aware of the new Corporate Sustainability Due Diligence Directive (CSDDD)?

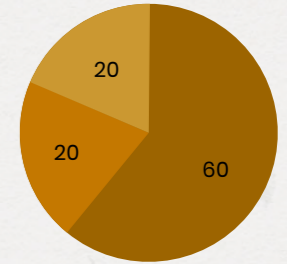
### Construction and Real Estate



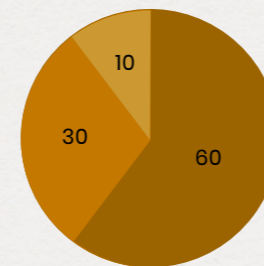
### Healthcare



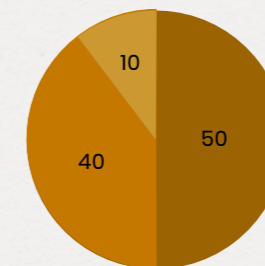
### Basic Materials



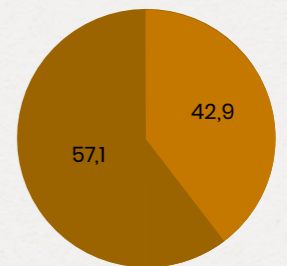
### Industrial Products/Services



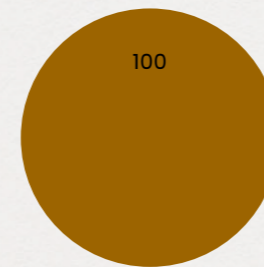
### Manufacturing



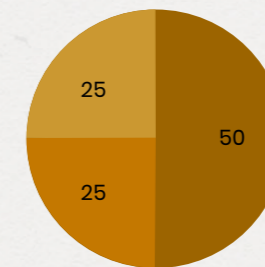
### Financial Services



### Utilities



### Technology and Telecommunications



### Retail

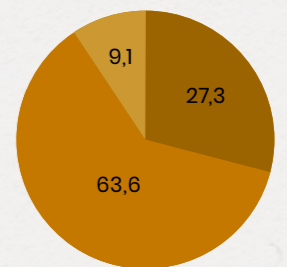
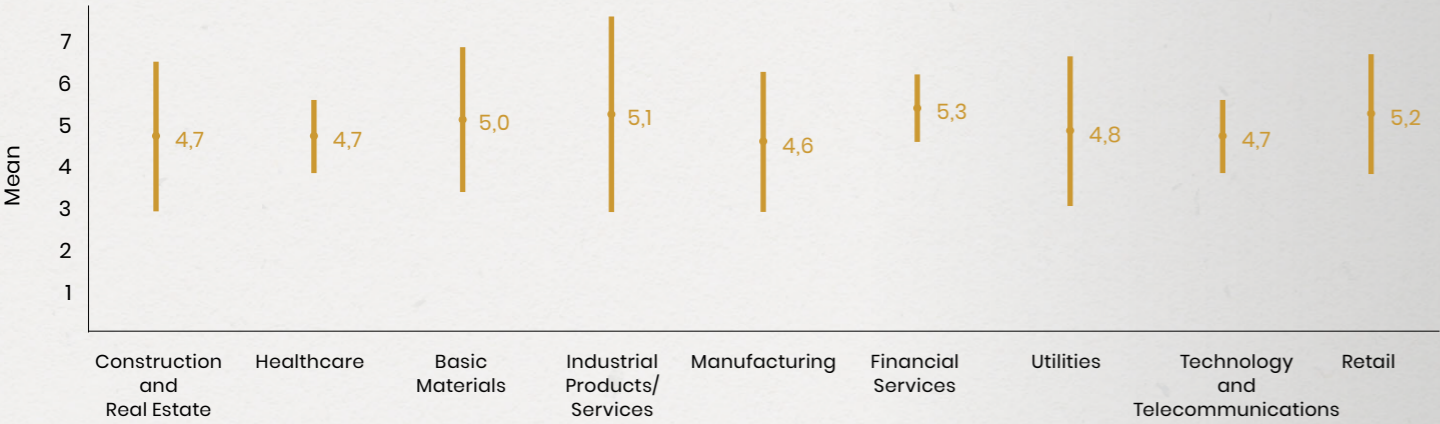


Figure 5.3.3.10. (58 LCs Year 3, Question 30)

Companies in the Healthcare and Utilities industries are aware of the new CSDDD requirements and have an internal person responsible for implementation. Companies in the Construction and Real Estate and Financial Services industries are aware of the CSDDD obligations, whether or not they have an internal person responsible for implementation.

- No
- Yes, but we do not yet have an internal person responsible for its implementation
- Yes, and we have an internal person responsible for its implementation

How prepared does your company feel for this reporting?



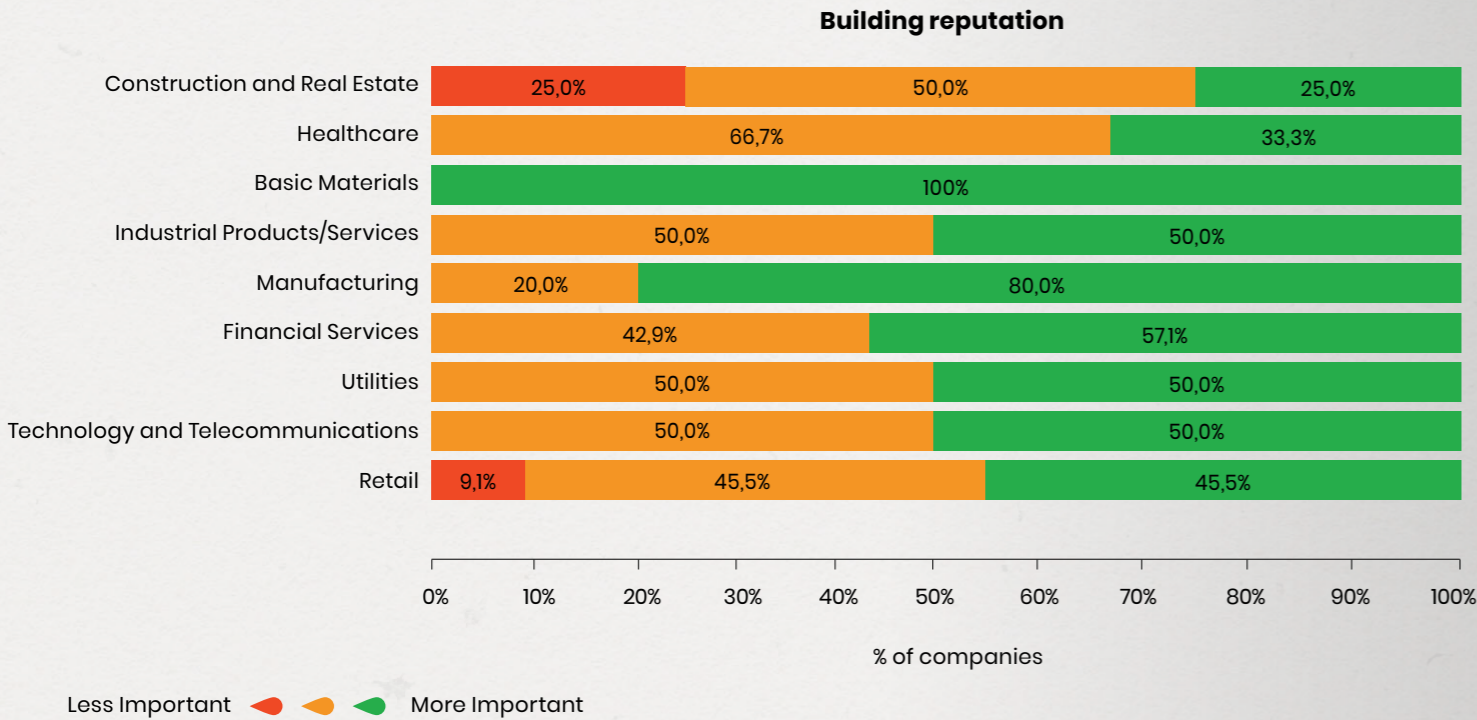
1 — Pouco preparada 7 — Muito preparada

Figure 5.3.3.II. (52 LCs Year 3, Question 30.A)

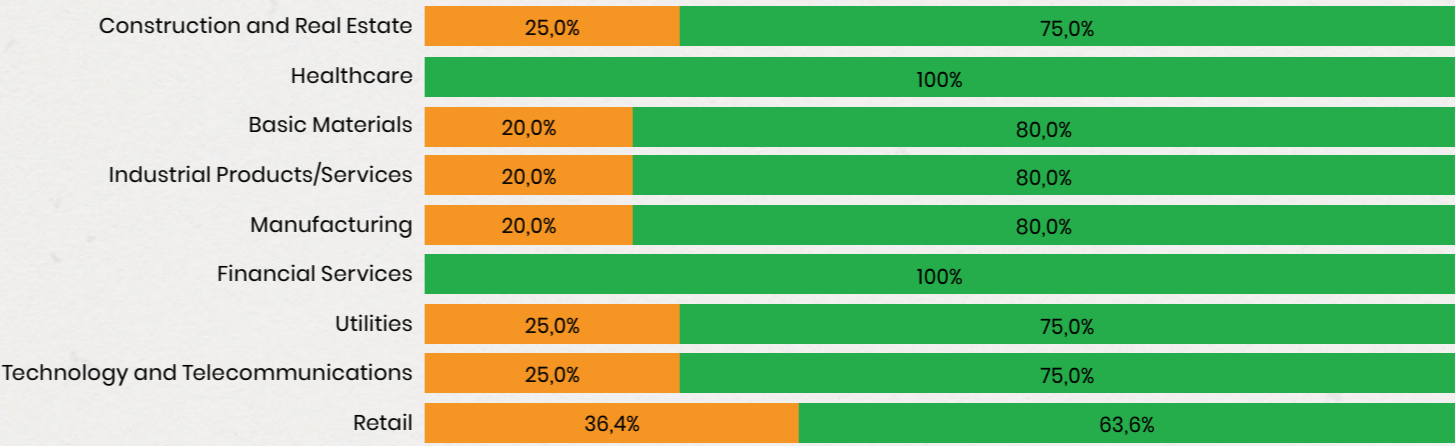
The Financial Services and Retail industries feel the most prepared, with an average of 5,3 and 5,2, respectively. The Manufacturing industry (4,6) feels the least prepared.

5.3.4. Motivations for Adopting the SDGs

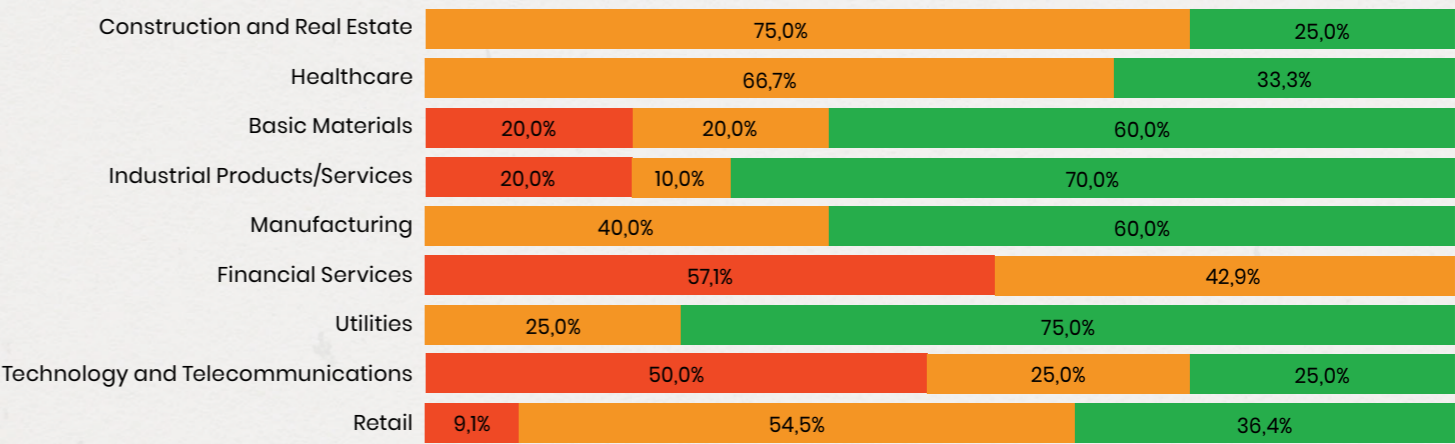
How important are the following factors for your company's motivation to adopt the SDGs?



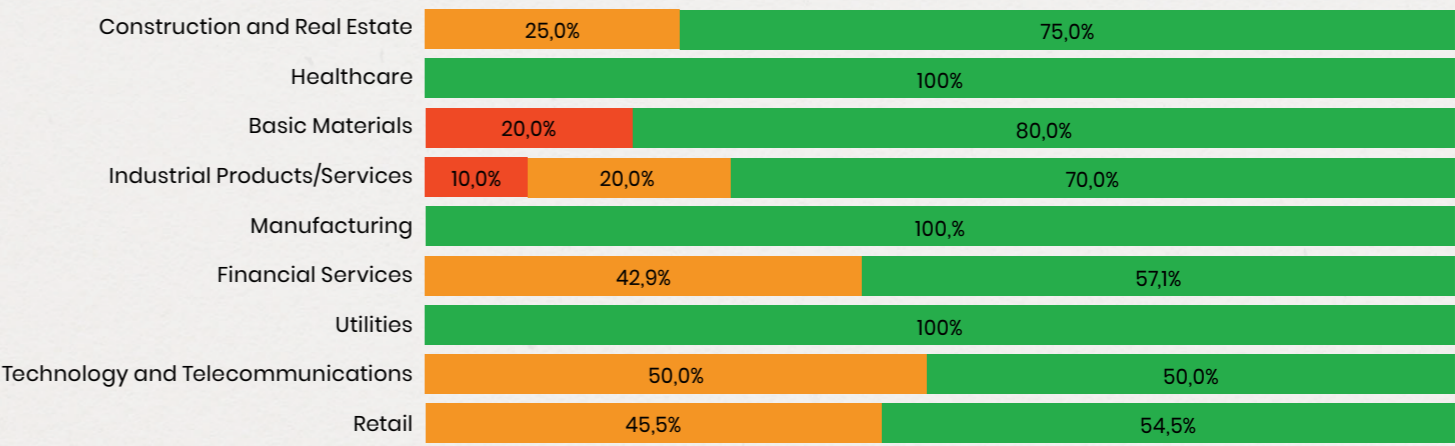
Solving social problems



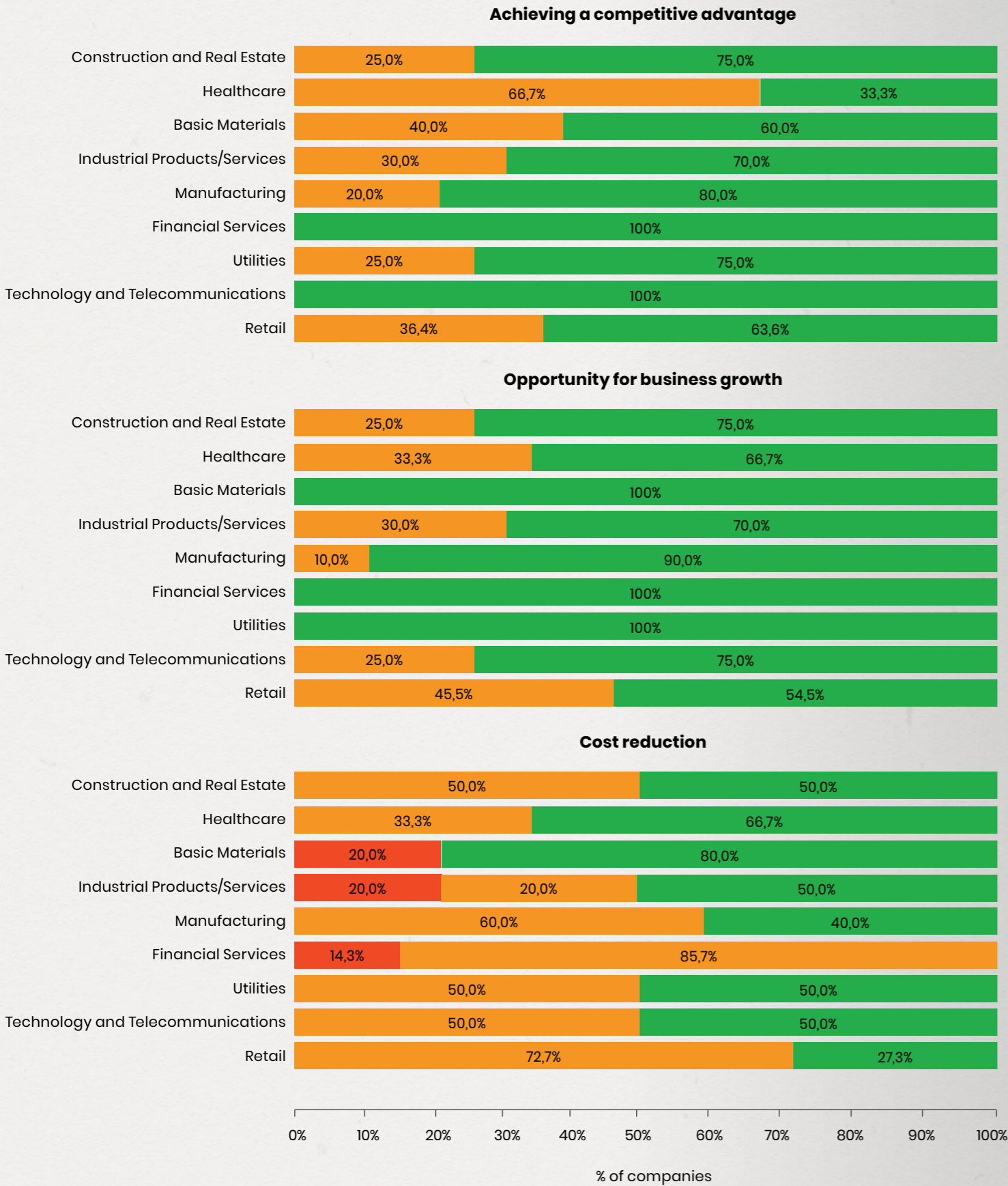
Maintaining the license to operate



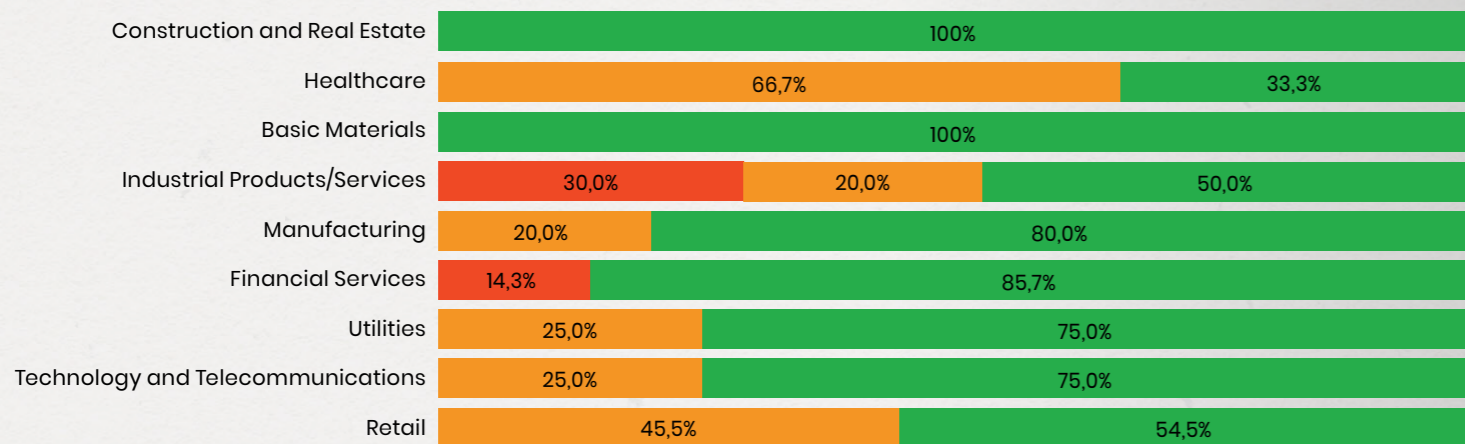
Risk mitigation



Less Important More Important More Important



## Investment market demands



## Attracting and retaining talent

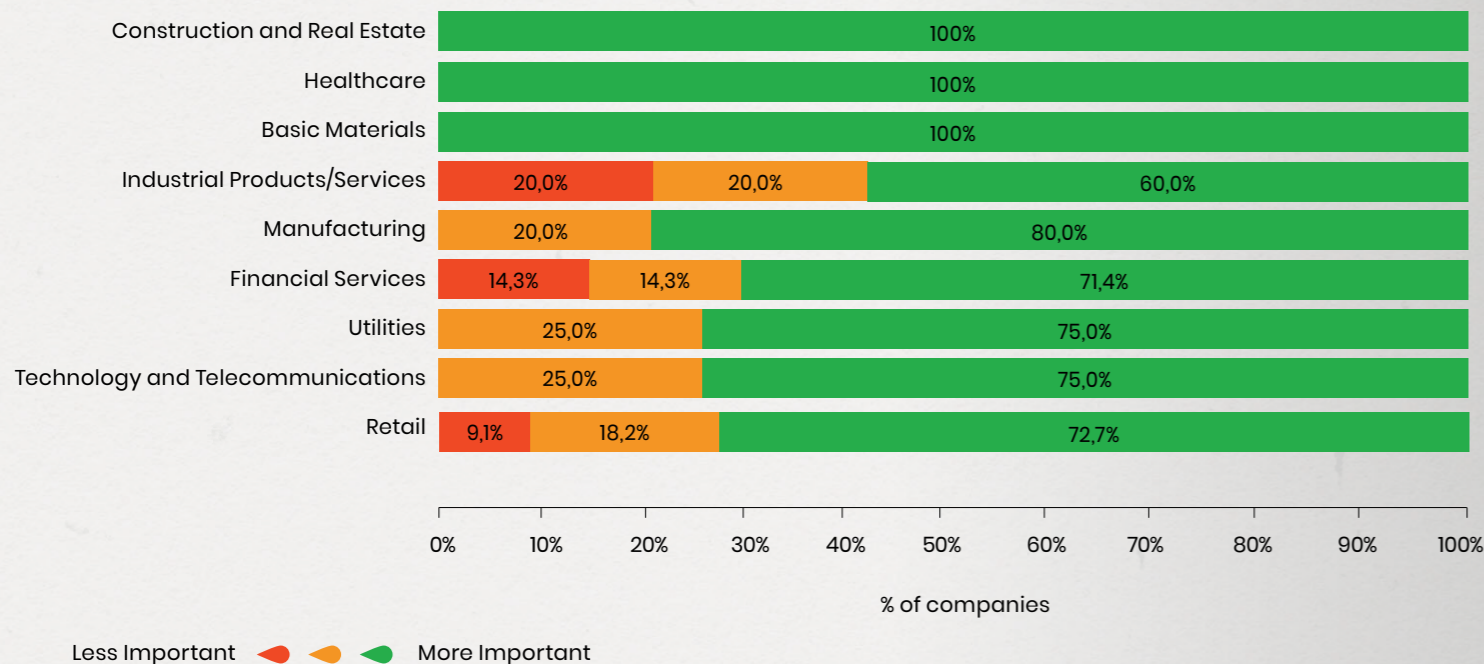


Figure 5.3.4.1. (58 LCs Year 3, Question 33)

**Building reputation** is a stronger motivator for the Basic Materials industry, followed by the Manufacturing industry. **Solving social problems** is a stronger motivator for the Healthcare and Financial Services industries. **Maintaining the license to operate** is more motivating for the Utilities industry, followed by the Industrial Products/Services industry. The industries most motivated by **risk mitigation** are Healthcare, Manufacturing, and Utilities. **Achieving a competitive advantage** is a major motivation for the Financial Services and Technology and Telecommunications industries. The **opportunity for business growth** is more motivating for the Basic Materials, Financial Services, and Utilities industries. **Cost reduction** does not appear to be as strong a motivation as the previously described factors, but it is more represented in the Basic Materials and Healthcare industries. **Having an impact on the industry as a sustainability leader** motivates many industries, specifically Healthcare, Basic Materials, Manufacturing, and Financial Services. **Compliance with legislation** is a stronger motivator for the Healthcare industry. **Changing consumption/purchasing patterns** is a strong motivator for the Construction and Real Estate and Basic Materials industries. **Investment market demands** are more motivating for the Construction and Real Estate and Basic Materials industries. Finally, **attracting and retaining talent** is a strong motivator for the Construction and Real Estate, Healthcare, and Basic Materials industries.

## Do you see the SDGs as a business opportunity?

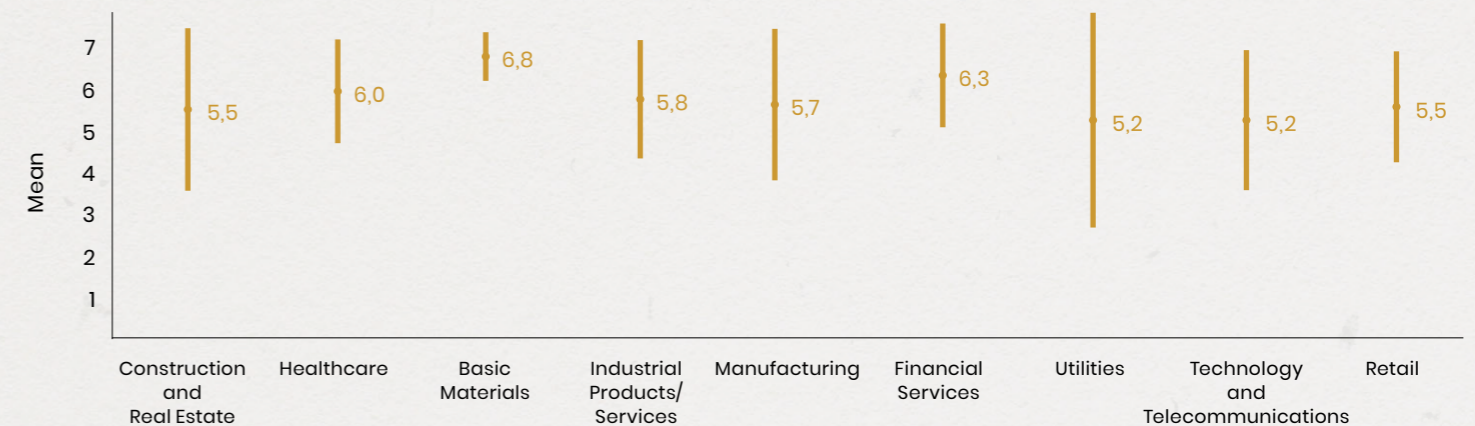


Figure 5.3.4.2. (58 LCs Year 3, Question 34)

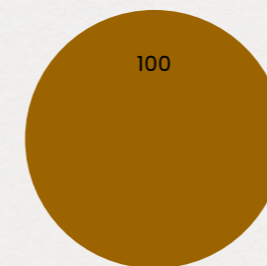
All industries have an average score above 5, indicating they see the SDGs as a business opportunity.

1 – I don't see it at all

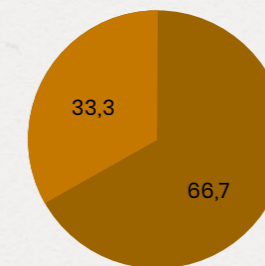
7 – I see it completely

## What is your perception of the Executive Board's alignment with the SDG Agenda?

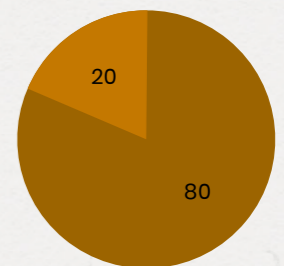
## Construction and Real Estate



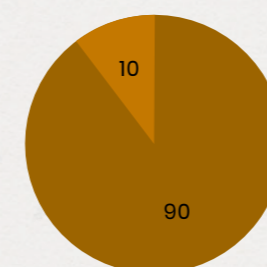
## Healthcare



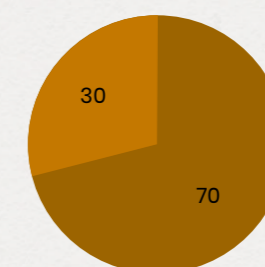
## Basic Materials



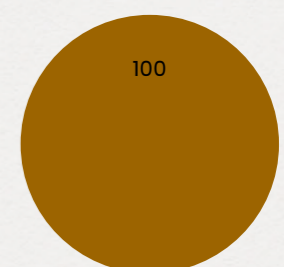
## Industrial Products/Services



## Manufacturing



## Financial Services



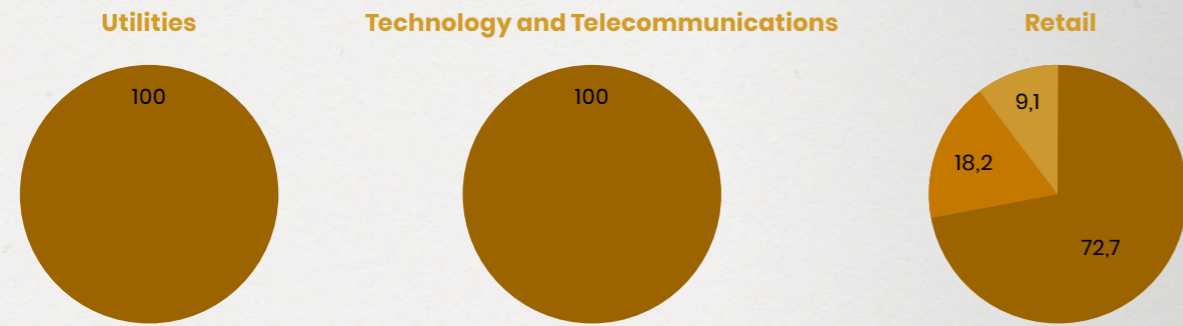


Figure 5.3.4.3. (58 LCs Year 3, Question 35.A)

Four industries (Construction and Real Estate, Financial Services, Utilities, and Technology and Telecommunications) have 100% of companies with Executive Management aligned with the SDGs and motivating their implementation. Four industries (Healthcare, Basic Materials, Industrial Products/Services, Manufacturing) have companies with Executive Management aligned with the SDGs, though they may or may not actively contribute to implementation. Finally, the Retail industry is the only one with some companies (9.1%) where Executive Management is neither aligned with nor motivated by the SDGs.

- The Executive Board is neither aligned with nor motivated by the SDGs
- The Executive Board is aligned with the ESG but does not actively contribute to or encourage their implementation
- The Executive Board is aligned with the ESG and motivates their implementation

### What is your perception of the Executive Board's alignment with the ESG?

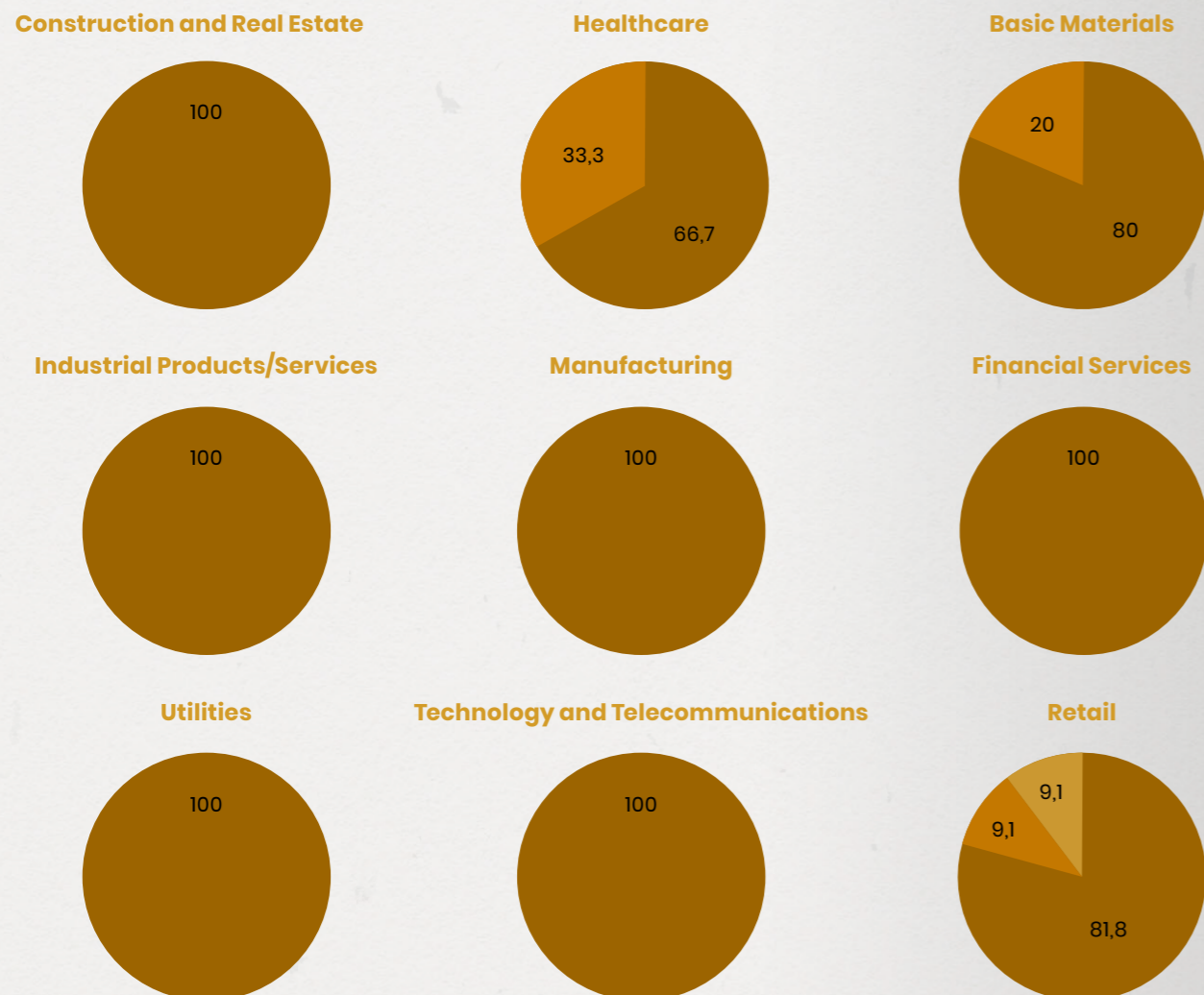


Figure 5.3.4.4. (58 LCs Year 3, Question 35.B)

Six industries (Construction and Real Estate, Industrial Products/Services, Manufacturing, Financial Services, Utilities, and Technology and Telecommunications) have companies with Executive Management aligned with ESG and motivating its implementation. Two industries (Healthcare and Basic Materials) have companies with Executive Management aligned with ESG, though they may or may not actively contribute to implementation. Finally, the Retail industry is the only one with some companies (9.1%) where Executive Management is neither aligned with nor motivated by ESG.

- The Executive Board is neither aligned with nor motivated by the SDGs
- The Executive Board is aligned with the ESG but does not actively contribute to or encourage their implementation
- The Executive Board is aligned with the ESG and motivates their implementation

### Do the SDGs your company considers most strategic support the decision-making process?



Figure 5.3.4.5. (58 LCs Year 3, Question 37)

Two industries (Healthcare, Utilities) are represented solely by companies that consider the most strategic SDGs as supporting the decision-making process. In the remaining industries, there is always a percentage of companies that do not use the SDGs to support decision-making (ranging between 9% and 45%).

- No
- Yes

## To what extent does your company consider the strategic SDGs in its innovation process?

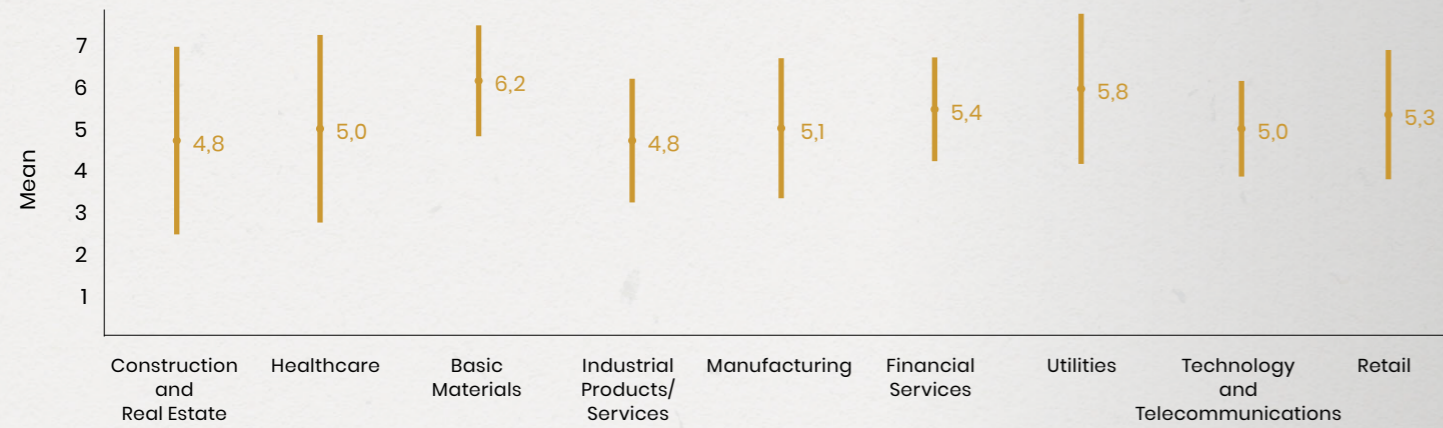


Figure 5.3.4.6. (58 LCs Year 3, Question 38)

Most industries have an average score equal to or above 5, considering the SDGs strategic in the innovation process. The Basic Materials industry has the highest average (6.2). The Construction and Real Estate and Industrial Products/Services industries have averages below 5.

1 — We do not consider  
7 — We consider totally

## How important is it for your company that the SDGs are incorporated into your strategy?

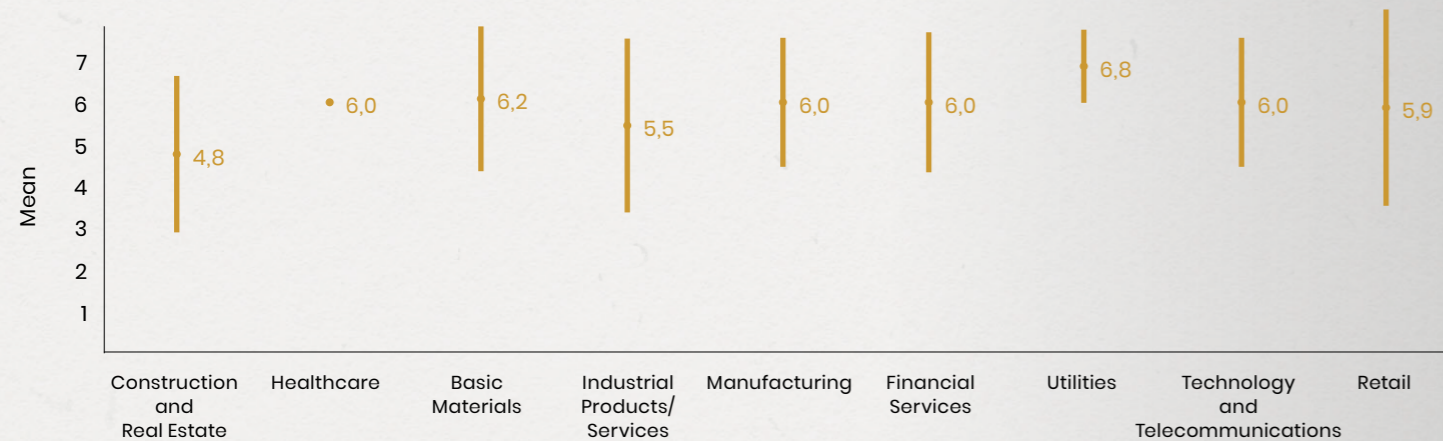


Figure 5.3.4.7. (58 LCs Year 3, Question 40)

Most industries have an average score equal to or above 6, indicating the importance of incorporating the SDGs into their strategy. The Construction and Real Estate, Industrial Products/Services, and Retail industries have averages below 6.

1 — Not important  
7 — Very important

## To what extent are the SDGs incorporated and implemented in your company's strategy?

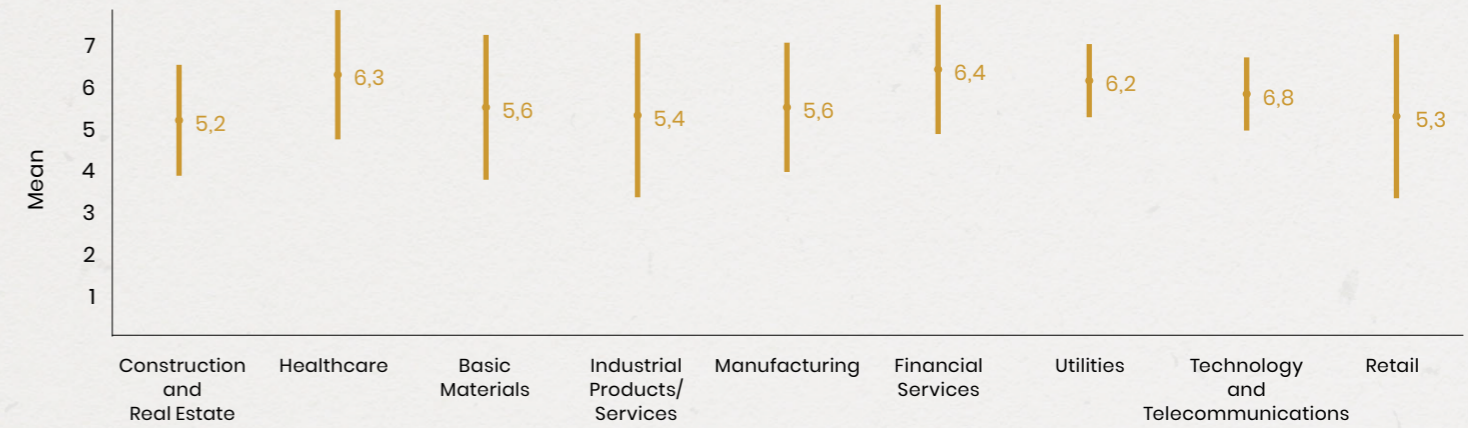


Figure 5.3.4.8. (58 LCs Year 3, Question 41)

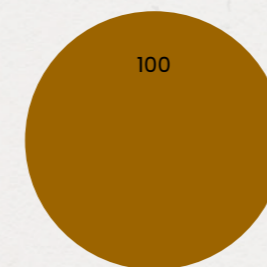
All industries have an average score above 5, indicating that the SDGs are incorporated and implemented in their strategy. The Construction and Real Estate and Retail industries have the lowest averages.

1 — Not incorporated and implemented  
7 — Totally incorporated and implemented

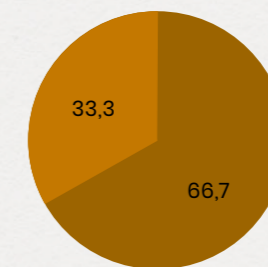
## 5.3.5. Barriers to Adopting the SDGs

### Which of the following options best describes your company?

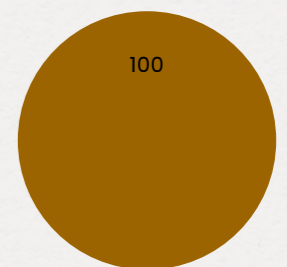
Construction and Real Estate



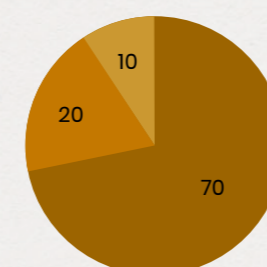
Healthcare



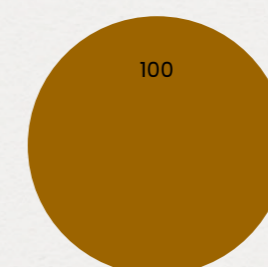
Basic Materials



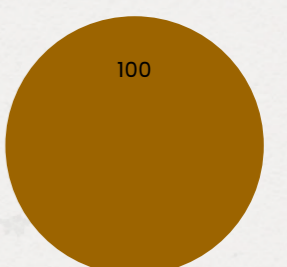
Industrial Products/Services



Manufacturing



Financial Services



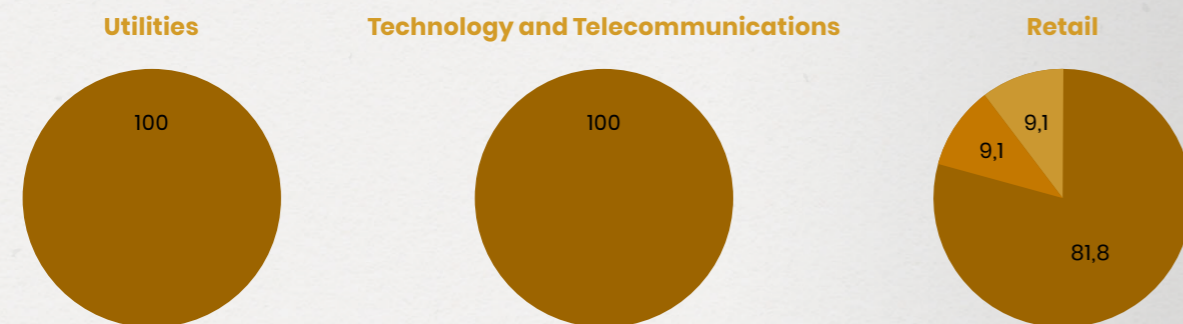


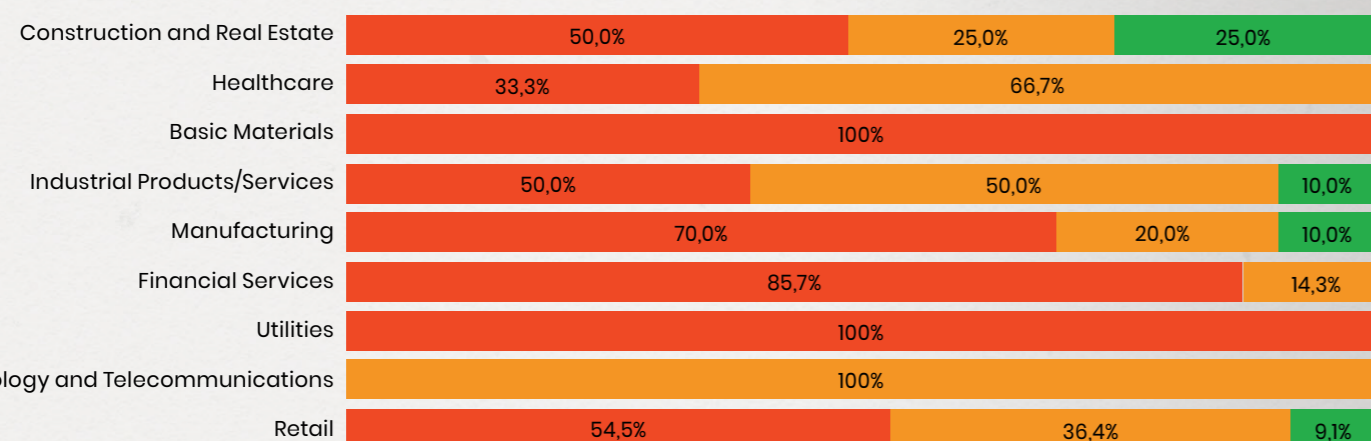
Figure 5.3.5.1. (58 LCs Year 3, Question 42)

Six industries (Construction and Real Estate, Basic Materials, Manufacturing, Financial Services, Utilities, and Technology and Telecommunications) know how to act on Sustainability/SDGs and are operationalizing them. Companies in the Healthcare industry know how to act on Sustainability/SDGs, but may or may not be operationalizing them. Some companies in the Retail and Industrial Products/Services industries indicated that they do not know how to work with the SDGs.

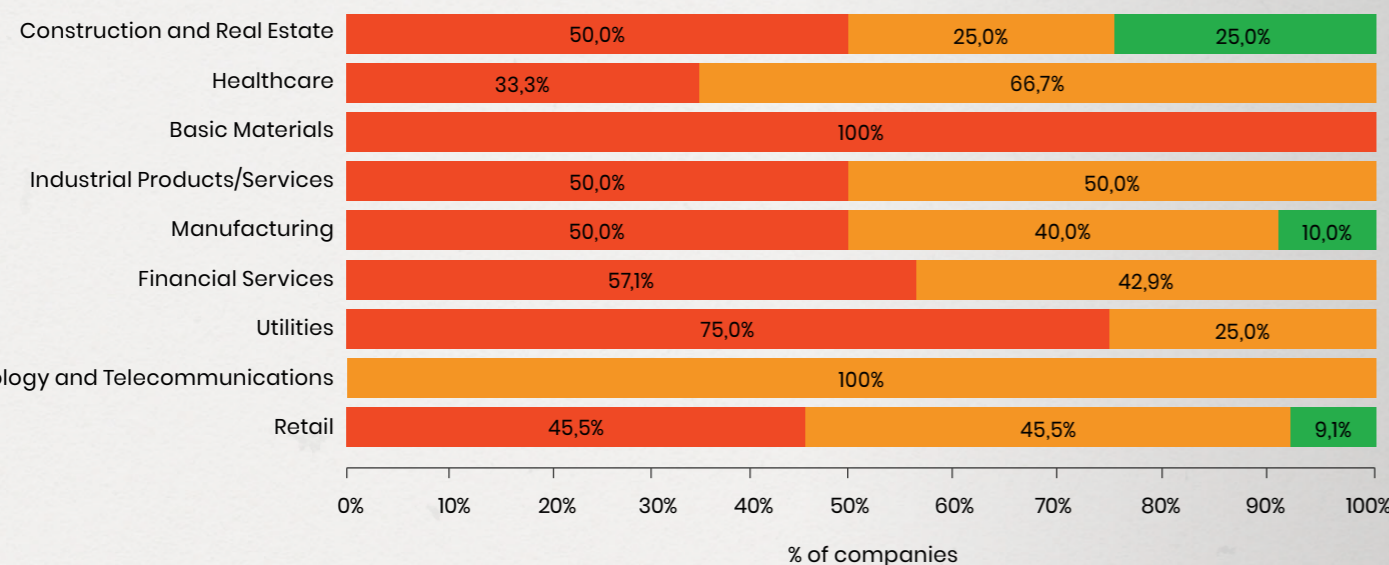
- We know how to work on Sustainability, but not on the SDGs
- We know how to act on Sustainability/SDGs, but we are not yet operationalizing
- We know how to act on Sustainability/SDGs, and we are operationalizing

## We presented several barriers to adopting the SDGs. Please rate their importance for your company.

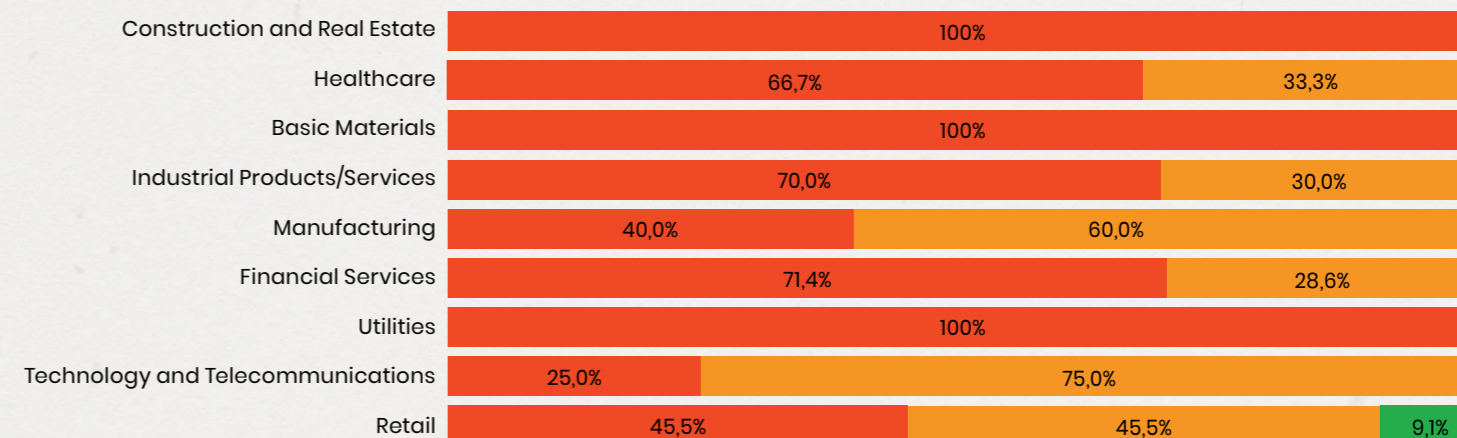
### Lack of knowledge about the SDGs



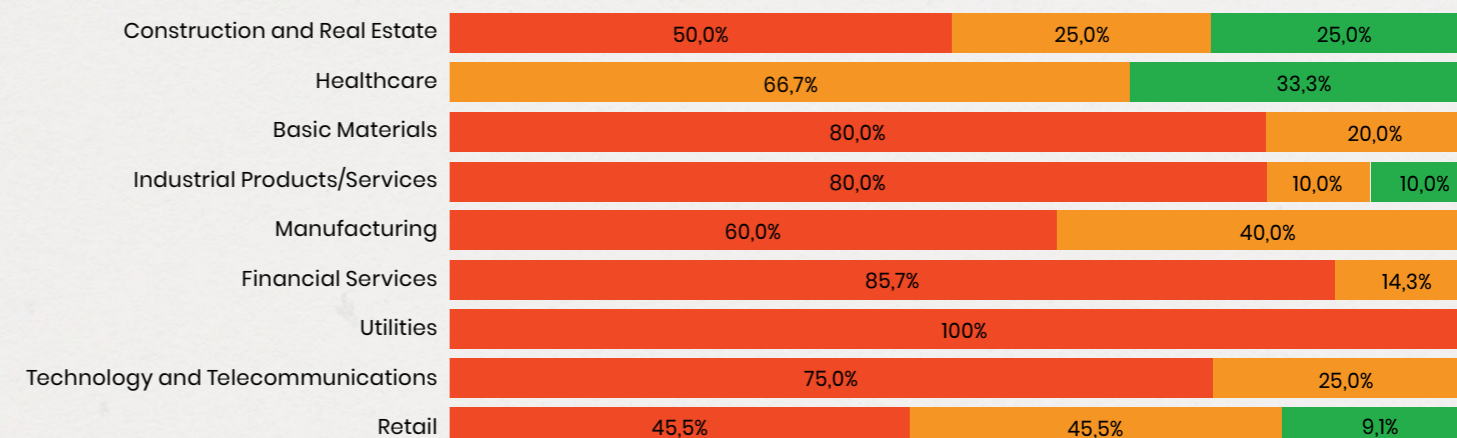
### Lack of knowledge on how to operationalize



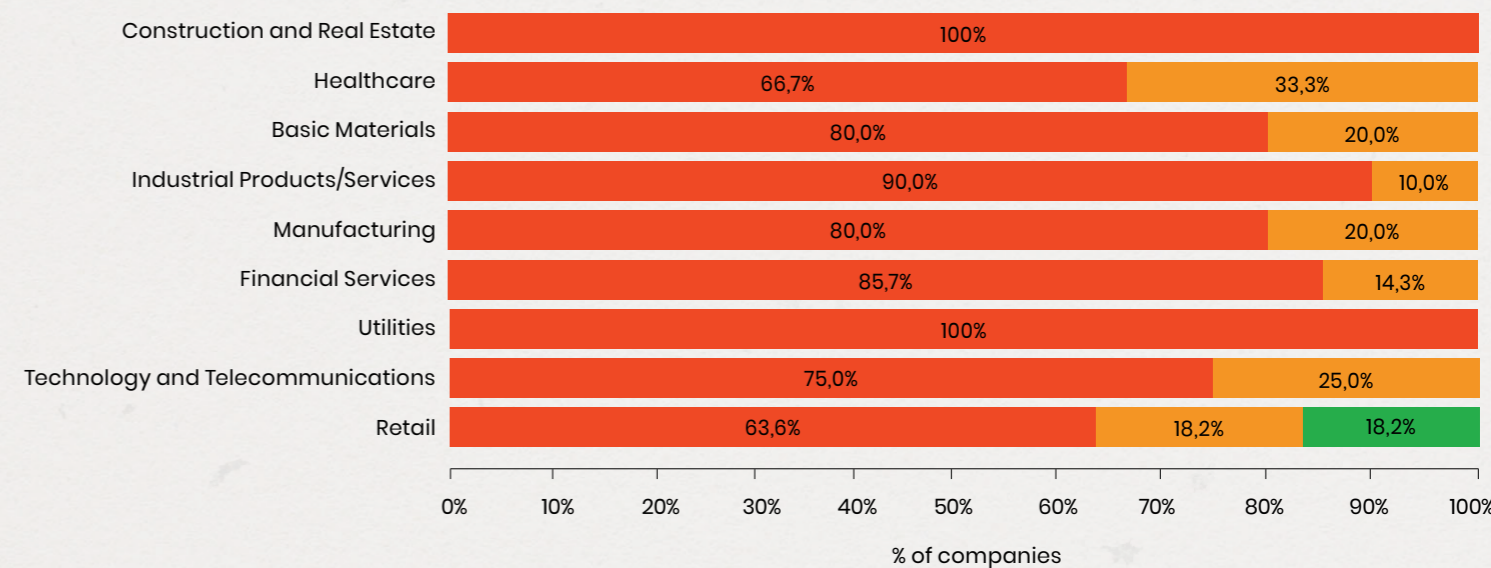
### No business opportunity seen



### SDGs are too distant from our language



### Lack of knowledge for reporting



Is not a barrier ● Is a barrier

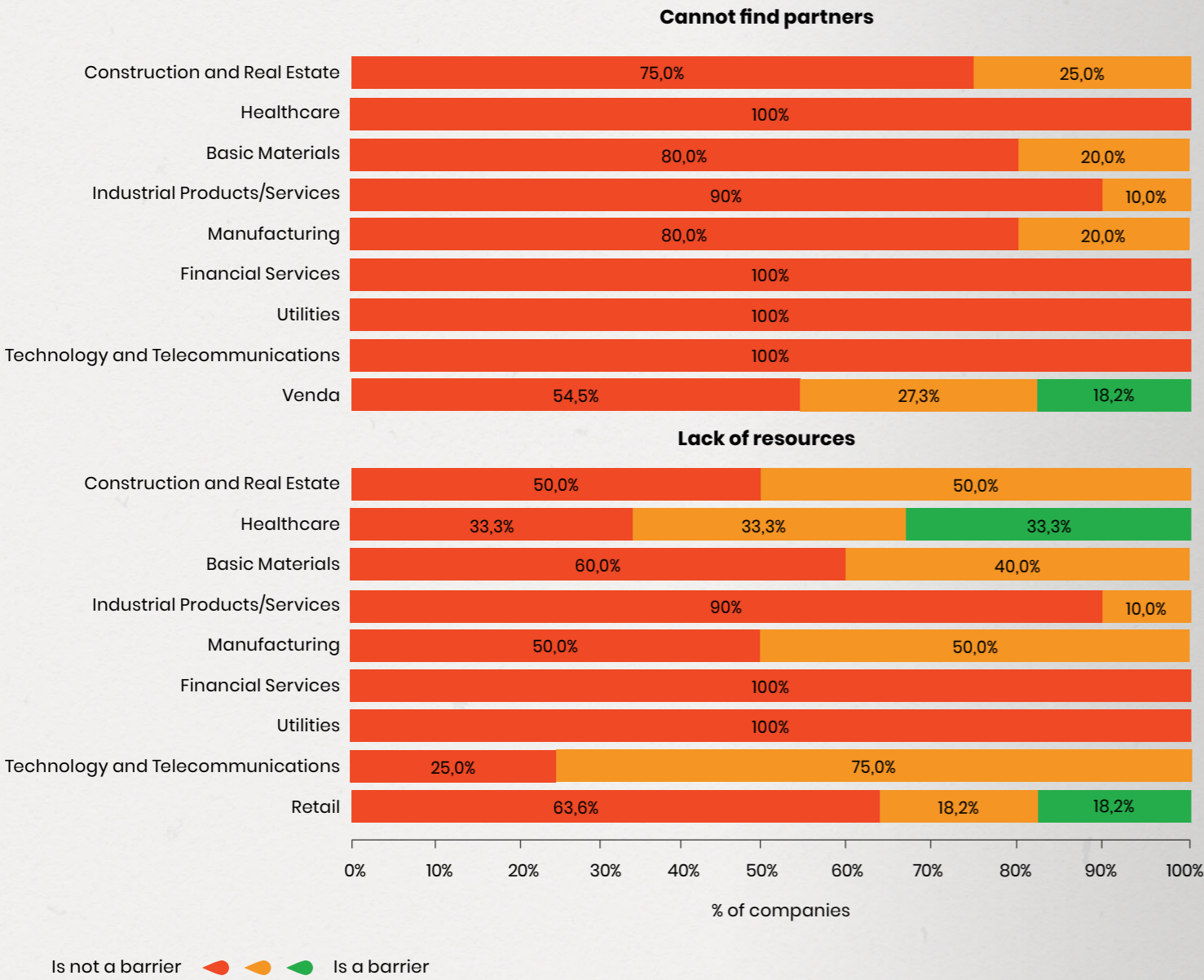


Figure 5.3.5.2. (58 LCs Year 3, Question 43)

The **lack of knowledge about the SDGs** is not considered a strong barrier by most industries. The Construction and Real Estate industry perceives it as a stronger barrier compared to other industries. This pattern is repeated concerning the **lack of knowledge on how to operationalize the SDGs. Not seeing a business opportunity** is considered a more significant barrier by the Retail industry. The barrier “**The SDGs are too distant from our language**” is stronger for the Healthcare and Construction and Real Estate industries. The lack of knowledge about **SDG reporting** is not seen as a major barrier by most industries, though the Retail industry considers it a stronger barrier compared to others. This finding is similar for the difficulty in **finding partners**. Finally, the barrier of a **lack of resources** is stronger for the Healthcare and Retail industries.

# 5.4.

## Gap Analysis

## 5.4. Gap Analysis

The main objective of this section is to assess potential gaps between the importance attributed to Sustainability and the SDGs and their effective implementation in companies. For this purpose, several questions from the questionnaire were analyzed, comparing:

1. Potential impact vs. effective impact of Sustainability ("Sustainability may change the way my company conducts its business" vs. "Sustainability has already changed the way my company conducts its business")
2. Importance of incorporating SDGs in company strategy vs. effective implementation ("How important is it for your company that the SDGs are incorporated into your strategy?" vs. "To what extent are the SDGs incorporated and implemented in your company's strategy?")
3. Importance vs. Performance/Value Creation in Different Dimensions of Sustainability ("How important does your company consider each of the following dimensions?" vs. "How do you perceive your company's performance/value creation in each of these dimensions?")

To identify the gaps mentioned in points 1 to 3, paired Wilcoxon tests were performed, based on selected questionnaire questions. For each potential gap, two questions were analyzed first for Large Companies and then for SMEs.

Subsequently, an analysis was conducted to determine whether different SDGs indicate these gaps.

### 5.4.1. Gap 1 | Potential Impact vs. Effective Impact of Sustainability

#### Large Companies

No difference was detected between the potential impact Sustainability may have on business and its current impact ( $Z = 0.01, p = 0.99$ ).

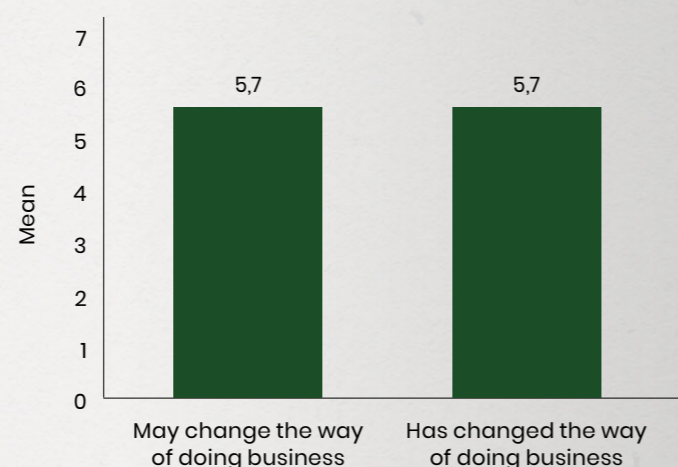


Figure 5.4.1.1. (58 LCs Year 3, Question 5)

#### SMEs

No difference was detected between the potential impact Sustainability may have on business and its current impact ( $W = 2269, p = 0.1$ ).

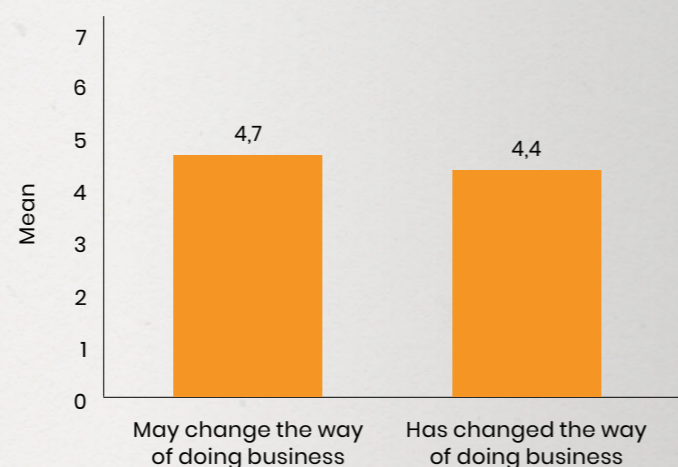


Figure 5.4.1.2. (132 SMEs Year 3, Question 21)

### 5.4.2. Gap 2 | Incorporation of SDGs in Strategy: Importance and Implementation

#### Large Companies

No difference was detected between the importance and the implementation of SDGs in company strategy ( $Z = 1.7, p = 0.09$ ). These results contrast with Year 2, where the importance attributed was higher than the incorporation/implementation of SDGs in company strategy.

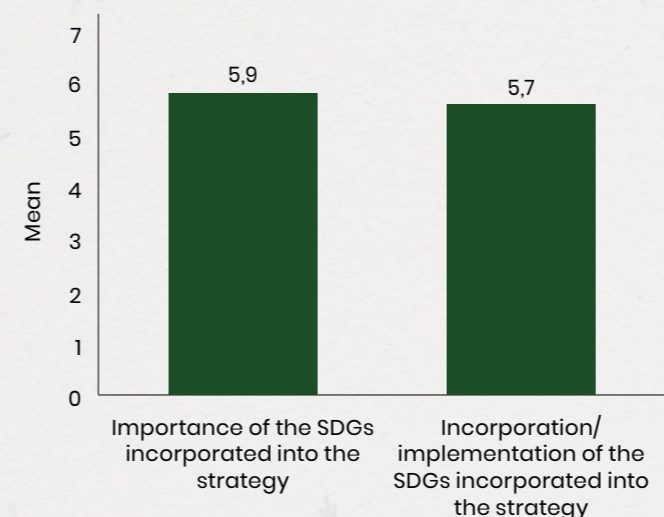


Figure 5.4.2.1. (58 LCs Year 3, Question 40/41)

#### SMEs

Similar to Year 2, a gap was detected between the importance and the implementation of SDGs in company strategy ( $W = 2250, p < 0.01$ ). The importance attributed is higher than the incorporation/implementation of SDGs in company strategy.

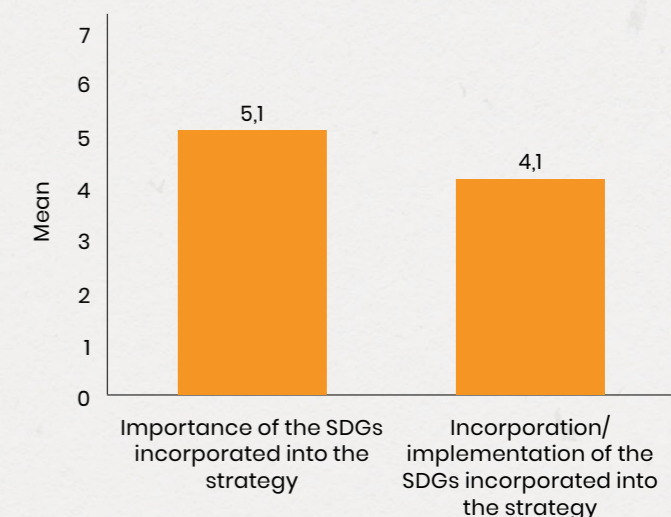


Figure 5.4.2.2. (132 SMEs Year 3, Question 55/56)

### 5.4.3. Gap 3 | Importance vs. Performance in Different Dimensions of Sustainability

#### Large Companies

As in Year 2, in all contexts, the importance attributed is significantly higher than the performance/value creation.

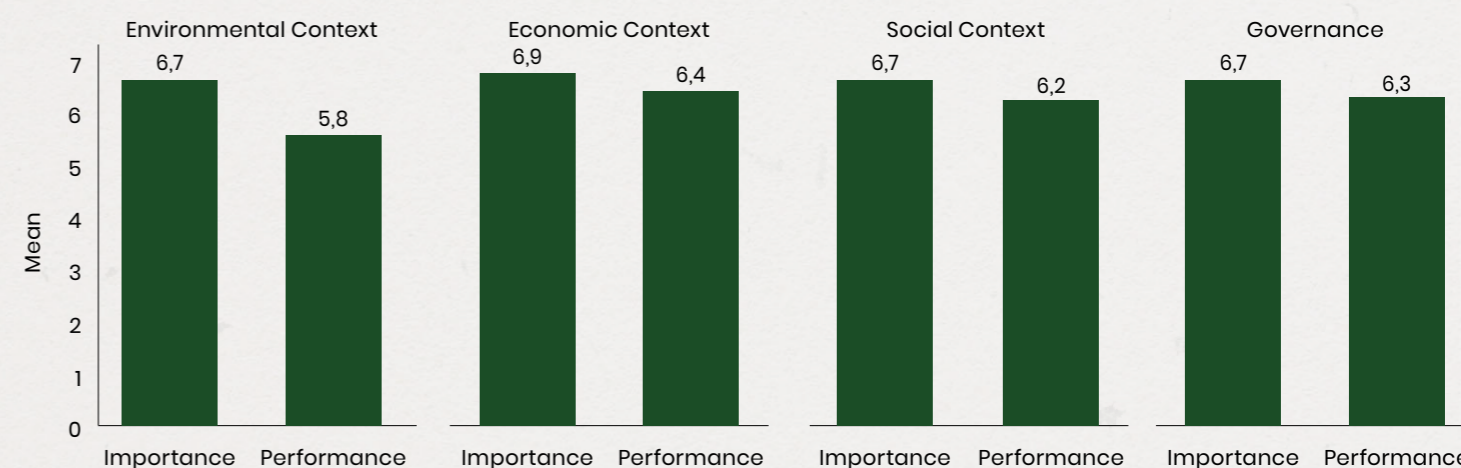


Figure 5.4.3.1. (58 LCs Year 3, Question 6/7)

Table 5.4.3.1.

Test Statistic, p-value

Environmental Context	$Z = 5,3, p < 0,01$
Economic Context	$Z = 4,8, p < 0,01$
Social Context	$Z = 4,3, p < 0,01$
Governance	$Z = 4,4, p < 0,01$

SMEs

As in Year 2, in all contexts, the importance attributed is significantly higher than the performance/ value creation.

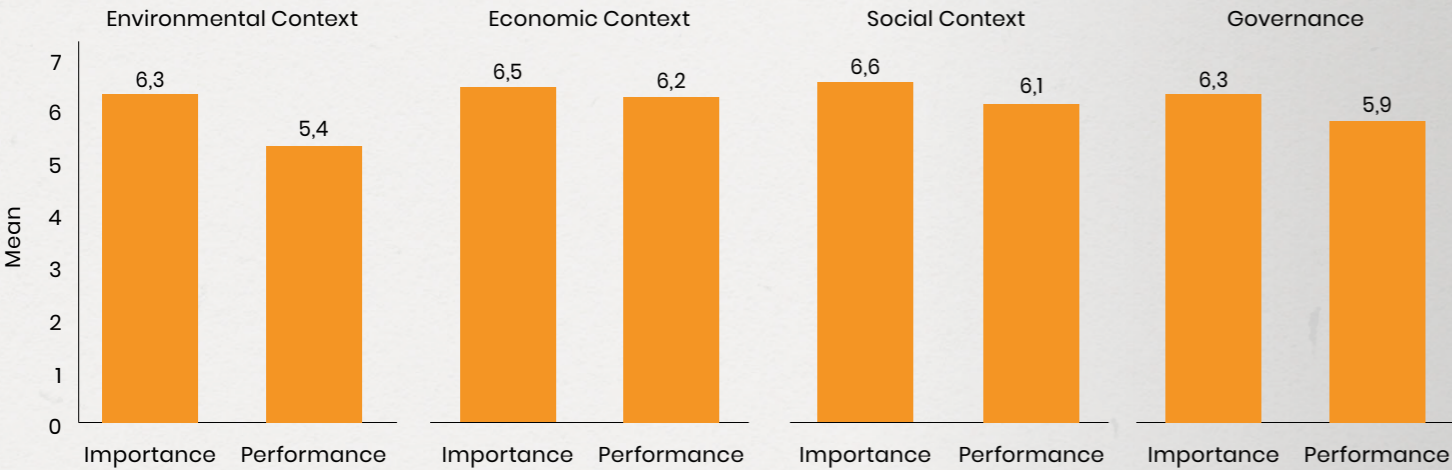


Figure 5.4.3.2. (132 SMEs Year 3, Question 22/23)

Table 5.4.3.2.

Test Statistic, p-value

Environmental Context	$W = 3215,5, p < 0,01$
Economic Context	$W = 1282,5, p < 0,01$
Social Context	$W = 1839, p < 0,01$
Governance	$W = 1646, p < 0,01$

5.4.4. Predominance of the Gap

Large Companies

The gap between the importance companies attribute to each SDG and their contribution to them varies depending on the SDG. SDG 1 is the one where LCs report no gap. In addition to SDG 1, SDGs 2, 6, 10, and 11 show smaller gaps, as they directly impact workers' lives and the communities where companies operate. The largest gaps are found in SDGs 13, 7, and 15. The figure below illustrates these gaps, showing the average difference between the importance attributed to each SDG and the contribution to them.

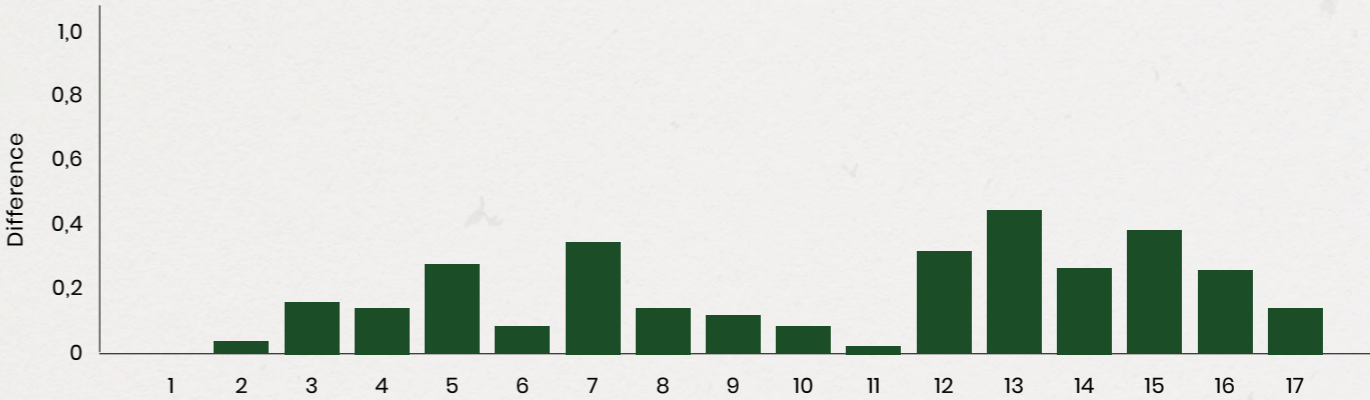


Figure 5.4.4.1. (58 LCs Year 3, Question 19)

SMEs

The gap between the importance companies attribute to each SDG and their contribution to them varies depending on the SDG. SDGs 2, 5, 6, 7, 8, and 10 show smaller gaps, as they directly impact workers' lives and the communities where companies operate. The largest gaps are found in SDGs 16, 14, and 17. The figure below illustrates these gaps, showing the average difference between the importance attributed to each SDG and the contribution to them.

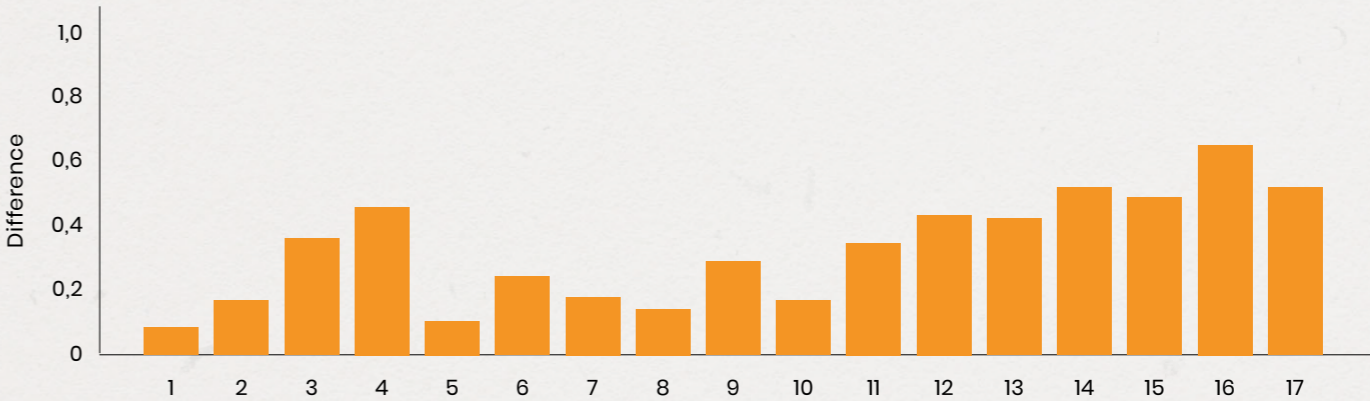


Figure 5.4.4.2. (132 SMEs Year 3, Question 35)