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The Observatory in an international context

To position the Observatory of SDGs in Portuguese companies (Observatory) in the international context and highlight its contribution to the study of the SDGs in a business context, a benchmarking was conducted with various studies that deal with the same subject: the implementation of the SDGs in companies. From a set of 28 studies analyzed, six were selected for a comparative analysis with the Observatory, according to the following criteria:

1. Addressing the SDGs in the business context
2. Use of a robust methodology ;
3. Contribution to a broader understanding of the implementation of the SDGs in companies.

¹These studies are the result of an exhaustive and systematic analysis carried out by the Observatory's team, so no other relevant research was found for analysis.

²That is, the application of a set of procedures and techniques capable of consistently generating reliable and accurate results, even in the face of variations, uncertainties, or challenges in the research conditions.

The following studies were selected:

 1 OBSERVATORIO DE LOS SDG ESADE – SPAIN	<p>The Observatorio de los SDG is an initiative of the Center for Leadership & Sustainability at Esade Business School. The project inspired the Observatory of the SDG in Portuguese companies. Its purpose is to monitor the implementation of the SDGs in a representative group of Spanish companies by sector and to promote synergies between them.</p>
 2 OBSERVATÓRIO 2030 BRAZIL	<p>The Observatório 2030 is an initiative of the UN Global Compact Network Brazil, whose aim is to monitor public business data related to the 2030 Agenda and increase the ambition of companies' targets in Brazil. It also aims to produce knowledge about the Brazilian business progress on the SDGs.</p>
 3 FROM PHILANTHROPY TO BUSINESS DENMARK	<p>The From Philanthropy to Business project is a collaboration between the Confederation of Danish Industry, the UN Global Compact, the Danish Industry Foundation, and Copenhagen Business School. The project is divided into three components: it began by communicating the SDGs and business opportunities to 3,000 Danish companies. It then shared knowledge about the SDGs among 800 companies through a networking system. Finally, 21 Danish companies were monitored, trained, and monitored for the report analyzed in this benchmarking</p>
 4 FINNISH BUSINESS AND THE SDGS: STUDYING IMPACT FINLAND	<p>The report Finnish Business and the SDGs: Studying Impact was published by the UN Global Compact Network Finland in 2023, and it presents the conclusions of the study of Finnish companies' impact on the SDGs.</p>
 5 BUSINESS ALIGNMENT TO SDGS IN INDIA INDIA	<p>The Business Alignment to SDGs in India report was prepared by UNDP India and Sattva Consulting and published on December 8, 2020. This report studied the main sustainability strategies implemented by companies operating in India in the agriculture, FMCG (Fast-moving consumer goSDG), and oil and gas sectors</p>
 6 SDG STATUS REPORT: THINKSTEP-ANZ AUSTRALIA & NEW ZELAND	<p>The SDG Status Report was developed by ThinkStep-Anz, a B Corp whose mission is to help organizations, regardless of size or sector, become leaders in sustainability. The report presents the state of implementation of the SDGs in the business sector by analyzing the Sustainability Reports of the top 50 Australian companies and the top 50 New Zealand companies. It covers the period from 2019 to 2021.</p>

The comparative analysis of the Observatory of SDGs in Portuguese companies with these six counterparts in other countries led to the following conclusions:

- The Observatory stands out for the **acomprehensiveness of its approach**, both in terms of data collection and analysis. This study incorporates many variables, which allows various conclusions to be drawn around different aspects of the implementation of the 2030 Agenda in the business sector. Examples of analyses and conclusions are the barriers and opportunities that companies see in the SDGs, how they perceive and incorporate them, and their ambitions about this Agenda, among others.
- In terms of **data collection**, the analysis shows that the Observatory incorporates the widest variety of methods used, including interviews with Large Companies (LCs) and Small and Medium companies (SMEs), questionnaires, analysis of Sustainability Reports, analysis of different national and international reports on the SDGs, as well as analysis of scientific studies and interviews with different experts on the subject. This holistic approach allows for a more complete understanding of the implementation of the SDGs, incorporating different perspectives and sources of information, making the analysis richer and more detailed.
- In terms of **the objectives of the projects studied**, the Observatory shares very similar objectives to the Spanish project since the latter served as inspiration for its development. It should be noted that these projects differ from the others as they not only focus on integrating the SDGs into business practices but also on promoting a systemic and effective change in the way companies perceive sustainability and how they implement and promote their contribution to the 2030 Agenda.

- The Observatory covers a series of actions ranging from **raising awareness to the practical incorporation** of the SDGs into the core of business strategies. The Observatory therefore serves as a source of inspiration and guidance for small, medium and large companies, as well as having a networking component. Through its events, it enables representatives from different sectors and various sizes of companies to connect, share challenges, and discuss success stories in their journey toward implementing the SDGs.
- By presenting and disseminating good practices of the implementation of the SDGs within companies, the Observatory provides **guidance and concrete examples of how companies can effectively integrate the SDGs** into their daily operations.
- The Observatory stands out for its **broad scope, long-term vision**, multi-stakeholder involvement, sharing of good practices, and promoting a sustainable business culture. These unique characteristics make the Observatory a comprehensive and effective initiative to drive the adoption of the SDGs in the Portuguese business landscape and serve as an example for the rest of the world.
- While some projects focus solely on monitoring the current implementation of the SDGs, **the Observatory aims to leverage the capacity and potential of the business sector to contribute to the 2030 Agenda**. It aims to actively involve companies, civil society, and other stakeholders in the journey of adopting the SDGs, consulting them during the data collection process, which serves to develop a platform for collaboration that goes beyond business borders, promoting a broader and more inclusive change to promote Sustainable Development.
- In addition, **the report of the Observatory includes chapters dedicated to contextualizing** the SDGs and analyzing their implementation in a global, national, and regional context. It also presents a **table that cross-references the SDGs with the various laws** and regulations and the OECD Guidelines. It also promotes **reflections on other important issues** within this context, such as the differentiation between SDGs and ESG. Additionally, it provides **information on the importance of sustainability reporting and incorporating the SDGs into this reporting** for LCs and SMEs.

It can, therefore, be concluded that the Observatory of SDGs in Portuguese companies, due to its comprehensive study of the implementation of the SDGs in companies (including a study of the status quo, good practices, and concrete measures to encourage companies to make progress) can be positioned as the most complete study of all included in this benchmark. Some points were also identified that can be considered and included in the study in the future, such as:

- Preparation of shorter, summarized guides for SMEs and LCs on the topics studied in the report
- Presentation of specific analysis by industry – the Observatory plans to launch the first analysis in 2024;
- Incorporate debates on other macro-trends and discussions that could affect the adoption of the 2030 Agenda by the business sector, as it was done this year with the incorporation of Chapter 3, “Current Topics under Analysis: ESG and the SDGs in Discussion: Where they intersect and where they differ.”
- Incorporate specific and practical suggestions for companies at the end of the report.




In addition, the Observatory presents solid research and very clear proposals for Portuguese companies with the potential to be replicated in other contexts. This potential for replicability could have an exponential effect on the implementation of the 2030 Agenda in other territories, which is why the mission of this study is to inspire the implementation of the SDGs in the business context from Portugal to the world.

Recently, the Observatory was distinguished by the United Nations (UN) as one of the 25 best practices worldwide, developed by academic institutions, being the only Portuguese project (among 6 European ones) to receive this recognition.




Table 1.1

Comparative analysis between studies



Studies investigating the implementation of the SDGs in companies	 OBSERVATORY OF SDGS IN PORTUGUESE COMPANIES – CATÓLICA-LISBON PORTUGAL	 OBSERVATORIO DE LOS SDG	 OBSERVATÓRIO 2030
Developed by	Center for Responsible Business & Leadership, da Católica Lisbon School of Business and Economics	Center for Leadership & Sustainability, da Esade — Ramon Llull University	Parceria entre a UN Global Compact Network Brazil e especialistas (académicos)
Performs longitudinal analysis			
Study period	Since 2021	Since 2016	Since 2021
Date of last publication	2023	2023	2022
Last publication	Relatório Anual 2023 	<i>La contribución de las empresas españolas a los Objetivos de Desarrollo Sostenible</i> 	<i>Estudo Ambição pelos SDG</i> 
Project status quo	In progress	In progress	In progress

 FROM PHILANTHROPY TO BUSINESS	 FINNISH BUSINESS AND THE SDGs: STUDYING IMPACT	 BUSINESS ALIGNMENT TO SDGs IN INDIA	 SDG STATUS REPORT: THINKSTEP-ANZ
Parceria entre a Confederation of Danish Industry, a UN Global Compact, a Danish Industry Foundation e a Copenhagen Business School	UN Global Compact Network Finland	United National Development Programme (UNDP) India e Sttava Consulting	ThinkStep Anz
			
2018 — 2020	Since 2023	N/A	2019 — 2021
2020	2023	2020	2021
<i>Turning the Sustainable Development Goals (SDGs) into Business Opportunities: Learnings from the Danish Industries project “From Philanthropy to Business” 2018-2020.</i> 	<i>Finnish Business and the SDGs: Studying Impact</i> 	<i>Business Alignment to SDGs in India</i> 	<i>SDG Status Report for Australia and New Zealand</i> 
This project led to the World Goals, which aims to help companies implement the SDGs in their business strategy.	Publication of the Communication on Progress report after summer 2023	Completed	Completed

			
Objective	Promote a clear understanding of the involvement of Portuguese companies with the SDGs; Promote and disseminate good practices in implementing the SDGs at the core of the corporate strategy; support companies to establish new practices by providing examples and implementation methodologies; Stimulate knowledge about the SDGs among the business community and promote their implementation in the private sector	Monitor the implementation of the 2030 Agenda through a group of Spanish companies; Promote synergies between companies; Promote social debate and public awareness of the importance of the SDGs and the role that companies play in achieving them.	Supporting the business sector with data and evidence to strengthen business actions towards the SDGs; Increasing the ambition of business targets in Brazil.
Companies under study	Portuguese companies – 61 LCs and 108 SMEs	Spanish companies – 101 LCs and 43 SMEs (sustainability leaders)	Companies operating in Brazil – 40 LCs and 24 SMEs – national companies (70%), Brazilian multinationals (13%) and foreign multinationals (12%)
Evaluation/ analysis method	Quantitative and qualitative analysis of LCs and SMEs taking into account the following themes: implementation of sustainability and the SDGs in companies; the main motivations and barriers for adopting the SDGs; and the implementation of the SDGs and their impact on the business context.	Qualitative analysis of SMEs and quantitative analysis of LCs, using the model for analyzing the quality of Sustainability Reports or annual reports according to five priority indicators : materiality, governance, prosperity, people, and planet.	Analysis of the following topics : water, climate, corruption, gender, and a decent salary.

³Indicators considered by the United Nations (UN), GRI, ISS, CDP.

⁴Priority themes of the UN Global Compact.

			
To help the companies in the study monitor the relationship between the SDGs and business opportunities To inspire other Danish companies to implement the SDGs in their business strategy.	Providing a clearer picture of the performance, strengths, and challenges of the Finnish business sector in implementing the Ten Principles of the UN Global Compact and the SDGs.	Analyze how companies operating in India are implementing the SDGs.	Analyze how the business sector in Australia and New Zealand is implementing the SDGs.
21 Danish companies that are leaders in sustainability	Finnish companies - 118 LCs and 74 SMEs	46 companies from three industries (Agriculture, FMCG [Fast-moving consumer goSDG], and Oil and gas) operating in India	<i>Top 50 Australian companies and Top 50 New Zealand companies</i>
Analysis of companies during the 2.5 years they were in the project through training, communications, individual consultancy, and financial support for pilot projects to help companies implement the SDGs.	Analysis of value creation in four dimensions: environment, health, society, and knowledge; Alignment between SDGs and products/services provided	Analysis of impact areas: emissions control and energy management, responsible water management, solid waste management, diversity, inclusion, and opportunities for decent work and growth.	Analysis of the choice of SDGs, the relationship with the business strategy, the express mention of the SDGs, and the compliance of the Sustainability Reports with the GRI guidelines, <IR> Framework, and materiality analysis.

			
Data collection method	Questionnaires; Interviews with LCs and SMEs; Interviews with experts; Analysis of the Sustainability Reports of companies in the study; Analysis of scientific studies, and national and international reports.	Interviews with SMEs; Analysis of Sustainability Reports or annual reports of LCs.	Quiz; Analysis of Sustainability Reports.
Does the project analyze companies by industry?	From year 3 (2024)	✓	✗
Does the project conduct a specific analysis of SMEs?	✓	✓	✓
Sharing of good practices	✓	✓	✓
Main conclusions	The 2022 report, the first ever carried out, concludes that 1) there is a gap between the ambition and achievement of companies in adopting the SDGs, and 2) there is a gap between LCs and SMEs. It also highlights that 1) sustainability is seen as a strategic opportunity; 2) strategic alignment with the SDGs is still incipient; 3) knowledge is higher in LCs when compared to SMEs; 4) there is a prevalence in the adoption of some SDGs over others; 5) the main motivations for adopting SDGs include having an impact on the industry as a sustainability leader, complying with legislation and the opportunity for business growth; 6) the main barriers to adopting SDGs include a lack of knowledge of how to operationalize the SDGs, a lack of knowledge of the SDGs, a lack of resources and a lack of a business case.	In the 2023 report, compared to the previous year, the following stand out: the growing trend in Sustainability Reports and the mention of ESG; the completion of the materiality analysis by 90% of the LCs; the rarity of companies detailing the actions that contribute to the SDGs; and the recognition by SMEs that sustainable and responsible leadership provides competitive advantages	In the 2022 report, companies made significant progress in prioritizing the SDGs: most companies have already integrated the SDGs into their business strategies and consider the positive and negative impacts they generate. However, there are still two challenges for companies: considering the impacts of the entire value chain and using evidence in decision-making regarding the SDGs.

			
Interviews	N/A	Analysis of Sustainability Reports or annual reports; Interviews with sustainability teams (when possible)	Analysis of Sustainability Reports was repeated five times during the study period.
✗	✗	✓	✗
✗	✓	✗	✗
✗	✓	✓	✗
Recommendations from the companies under study: 1) focus on the business opportunities that come from the SDGs (rather than compliance); 2) specify which are the value drivers; 3) focus on a few SDGs; 4) use the potential of the SDGs as a communication tool; 5) involve top management; 6) focus on the process; 7) design SDG strategies for the long term; 8) adapt the ambition of the SDGs to business capabilities.	Impact analyses based on the SDGs alone tend to be skewed towards the positive since the SDGs focus on what should be achieved rather than avoided. In addition, the SDGs guide the direction of progress but do not provide a framework for comparing companies' impact.	The report presents a set of suggested approaches for various areas to boost business opportunities. This set of approaches covers operations, the value chain, shared value creation, and partnerships in energy, water, solid waste management, diversity, and inclusion, as well as decent work opportunities and growth.	Key findings: 1) around a third of companies using the SDGs have specific KPIs related to them; 2) 38% of companies describe the SDG decision-making process; 3) the number of companies specifying their chosen SDGs increased by 20% during the study period.



<p>Curiosities / Relevant or distinctive points of the report</p>	<p>Analysis of the implementation of the SDGs in a global, national, and regional context and, in Year 2, reflections on the topic of ESG vs. SDGs to clarify issues associated with both concepts (chapter 3).</p>	<p>Considerations on macro trends, progress, and discussions affecting sustainability that have taken place in the last year (2022); Suggestion of aspects that Spain should improve.</p>	<p>N/A</p>
<p>Other relevant or distinctive points</p>	<p>Monthly newsletter, sharing news and public events. Publication of legislative tables with global, European, and Portuguese legislation and their alignment with the SDGs.</p>	<p>Publication of guides to help companies relate the SDGs to Spanish Law 11/2018⁵.</p>	<p>Free online publication of study materials: documents on the challenges, advances, and opportunities for the private sector in achieving the SDGs, as well as good practice guides.</p>

⁵ Law 11/2018: Mandatory for companies to publish non-financial reports: <https://www.pactomundial.org/leyes-directivas-normativas-sostenibilidad/ley-11-2018-de-28-de-diciembre-en-materia-de-informacion-no-financiera-y-diversidad/>







<p>Recommend actions for companies at the end of the report.</p>	<p>Aggregate calculation of SDG alignment with company revenues.</p>	<p>It addresses how to make companies' own operations more sustainable, ensure sustainable practices throughout the supply chain, leverage the business to create shared value, and initiate partnerships to achieve the SDGs.</p>	<p>Sharing SDG strategies to create business value.</p>
<p>N/A</p>	<p>N/A</p>	<p>N/A</p>	<p>N/A</p>

Other projects similar to the Observatory but which do not monitor the business sector

Other initiatives were identified in the benchmarking, which were not incorporated because they did not meet the criteria for inclusion in the comparative analysis. However, these initiatives cover some interesting points that are worth sharing:

 <p>German Sustainability Code Germany</p>	<p>The Germany Sustainable Development Council (RNE) plays the role of advising the German government on sustainability matters, as well as assisting in the development and implementation of the country's sustainability strategy. In 2010, it established the German Sustainability Code (DNK), a standardized Sustainability Report applicable to all companies. This code is based on international standards, such as GRI and UN Global Compact, and local legislation. The RNE contributes to the report's formulation and ensures its connection with the SDGs. On the website, it is possible to access the reports of all companies, which promotes scrutiny of the information and public accessibility. However, it is important to note that no studies are carried out on the state of the business sector. The initiative focuses on disseminating information about German companies.</p>
 <p>Greek Sustainability Code Greece</p>	<p>The German project mentioned above (DNK) inspired the creation of the Greek Sustainable Code project, which shares the same objectives.</p>
 <p>GSGs Observatory Greece</p>	<p>The Greek SDG Observatory aims to help Greek companies incorporate the SDGs into their business strategies. On the website, you can explore the initiatives of Greek companies that are members of this Observatory, which are aligned with practices related to the SDGs.</p>

 <p>Italian Alliance for Sustainable Development (ASviS) Italy</p>	<p>ASviS was established in 2011 to promote greater awareness among Italian society of the relevance of the 2030 Agenda and mobilize collective efforts to achieve the SDGs. It is currently an alliance of 270 member organizations, including civil society's most influential institutions and networks. In addition to the publications, podcasts, newsletters, and events promoted by ASviS, the Sustainable Development Festival (Festival dello Sviluppo Sostenibile) stands out. It is held annually to disseminate and cultivate a culture of sustainability in Italian society. ASviS is responsible for jointly organizing this festival with its members and with the support of partners over 17 days, in line with the number of SDGs in the 2030 Agenda.</p>
 <p>xSDG Lab/xSDG consortium Japan</p>	<p>In the xSDG consortium, Keio University brings together public and private entities in a three-year consortium to achieve the goals of the 2030 Agenda. One of the main purposes of this consortium is to analyze the strategies adopted by Japanese companies that incorporate the SDGs through collaborative research that involves the private sector and is based on scientific approaches</p>
 <p>Dutch Sustainable Growth Coalition (DSGC) Netherlands</p>	<p>The DSGC comprises eight LCs from the Netherlands that are leaders in sustainability. This coalition aims to share their experiences of sustainable business and to help other companies integrate the SDGs into their business models in the long term by publishing reports. The most recent, Internal Transformation to a Purpose-Driven Organization, was published in 2020. Although it does not directly mention the SDGs, the report focuses on promoting sustainability.</p>
 <p>SDG Watch Austria</p>	<p>SDG Watch Austria does not monitor the private or public sectors implementing the 2030 Agenda. It does, however, organize thematic events between companies, public bodies, NGOs, and civil society, with the aim of discussing actions to implement specific SDGs to exchange information and share knowledge. In this way, they accelerate the implementation of the SDGs, create a networking network, and share good practices between companies.</p>