



# CASE STUDY EFACEC

THE STRATEGIC IMPLEMENTATION OF THE  
SUSTAINABLE DEVELOPMENT GOALS AT EFACEC



**CATOLICA-LISBON**  
CENTER FOR RESPONSIBLE  
BUSINESS & LEADERSHIP

*This Case Study was developed by the team of Center for Responsible Business & Leadership (CRB), a unit of Católica Lisbon School of Business and Economics. The Center is a strategic initiative in CATÓLICA-LISBON's ambition to be a catalyst for impact creation, through knowledge development and innovation, in order to place responsible business at the core of the corporate strategy.*

*We gratefully acknowledge the cooperation and support of Efacec's team, specially Ângelo Ramalho, Fernando Vaz, Sandra Pombo, Cristina Godinho, Anabela Magalhães, Armando Fernandes, Miguel Vales, Cipriano Lomba, Jasmim Oliveira, Erika Duarte, and Patricia Patrício on this project implementation and the development of this case.*

Authors:

Filipa Pires de Almeida  
Natália Cantarino  
Mafalda Sarmento

## Table of Contents

1. Synopsis	4
2. The sustainability path so far	6
3. Efacec: a long history of success	8
4. How to define a sustainable path for the future?	12
5. The final decision: Efacec's SDGs, a business leap forward	29
6. The big questions now	34
7. Teaching note	35

## 1. Synopsis

Ângelo Ramalho had big decisions in his hands on that late Thursday evening of June 2021. Ângelo was the CEO of one of the most iconic Portuguese companies, founded more than 70 years ago in the northern region of Portugal. The company evolved from an electric engine company to one of the most innovative and sustainable corporations in this western European country. Yet, even though the company had highly qualified people, competitive products, and world-class innovation, they were going through a challenging moment. A shareholder crisis, associated with the previous owners reputational issues, had put the company on the market.

Ângelo and his team were deeply confident in the company's assets and competitive position for the future. They had strong business prospects, and their innovative power positioned Efacec as one of the country's most promising energy and technology corporations. Thus, his main internal debate was whether he should bet on the future sustainability of the business, considering it a strong competitive advantage, or focus on the short-term shareholder crisis that was haunting his days.

After taking advice from his team and his most trustful advisors (one of them being the Center for Responsible Business and Leadership (CRB) at CATÓLICA-LISBON), Ângelo was quite confident he would not take a rain check on his sustainability ambitions. He knew that looking for short-term accounts and finding a solution to the shareholder challenges was essential. However, he also had to urgently position the company as a leader to guarantee success to these same shareholders. That leadership position had to consider the most influential trend in the markets for the future: sustainable solutions.

At the time, however, Efacec was not satisfied with its sustainable strategy. As a company, they led responsible business initiatives since their beginnings and were an example of best practices in many areas, from employee benefits to environmentally sound solutions. Notwithstanding, they had this shared sentiment that a new level of maturity on their sustainability policies was required. Ângelo knew that their clients would ask for sustainable solutions, that they had to look up the sustainability of its supply and value chain, and that new investors would put their eyes on the sustainability of future operations. With this in mind,

he and his team felt their strategy was not sufficiently solid and that a strong alignment of the sustainability ambition and business strategy was keen for success.

At this stage, he wondered how to align their core strategy with sustainable competitive solutions for the future. **What instruments should they use? Was there a framework for action? Should they use metrics and shared objectives to work with? Should the company define a sustainability-aligned strategy following worldwide standards? And how to make all of this operational?**

Ângelo was excited about his thoughts and eager to put his hands at work. Before heading home, he messaged Sandra and Cristina: "Dear ladies, let's meet tomorrow at 9h30 at my office?" Sandra Pombo and Cristina Godinho were Angelo's "right-hand man" on these issues. Sandra Pombo was the company's Brand and Communications Director and Corporate Affairs Officer, and Cristina Godinho, the Quality Management and Sustainability Director of the company.

## 2. The sustainability path so far

Efacec had traveled a long way as a sustainable company. Their last sustainability strategic re-definition had happened four years ago, in 2017, when they decided to choose 11 SDGs (Figure 1) as the ones the company most impacted. This choice was, at the time, made with some 'not-so-structured' stakeholder consultation and mostly based on the company's areas of activity. This strategy was, by then, mostly reactive and (essentially) a positioning statement instrument. Typically, no Board member would, at any time, consult the SDG agenda to frame any of its decisions or strategies for the future of Efacec.



**Figure 1 - Efacec's alignment with the SDGs (2017 Sustainability Plan)**  
 (SDG 4, SDG 5, SDG 6, SDG 7, SDG 8, SDG 9, SDG 11, SDG 12, SDG 13; SDG 14, SDG 17)  
 Source: [Efacec's Sustainability Report 2020](#)

As many other companies, Efacec was using the SDGs with a superficial approach. As a result, they were not fully aware of this agenda potential, neither taking advantage of the business opportunities that an SDG-led strategy would imply (estimated at 12 trillion business opportunities a year (BSDC, 2017)). They were dealing with this topic inside the Sustainability Department, following a siloed approach. However, Ângelo was, as many would say at that

time, “a future driven leader”. He knew that ‘the rabbit that runs the fastest wins the parade’, so he decided to bring the sustainability topics to the core of the company’s strategic definition.

The SDGs were, at the time, the only universal language used by companies, states, and civil organizations as a roadmap for sustainable development. They represented clear business opportunities and were a concrete framework for action through which Efacec could bring around the same table all its stakeholders. Moreover, the SDGs were also a unique opportunity to align the business language and strategy with the main societal challenges (and make a profit from that!).

Ângelo was decided to act, but was worried about many other issues. The clock pointed to 9h28 when Cristina and Sandra entered his office, wondering what they had to discuss...

When Ângelo finished explaining what was in his mind, both were enthusiastic. “It is a privilege to advance this agenda forward!,” said Sandra. Everyone in the room agreed that Efacec was already a good example of a sustainable market actor. Still, they ambioned much more. They aimed for the company to be recognized as a sustainable leader in the Portuguese market and abroad and to make their new positioning a business success. Moreover, they agreed that the SDGs were a clear and powerful language for a strategic re-definition. Still, they had two barriers to action: 1) the company was not sufficiently knowledgeable of the topic yet, and 2) didn’t know how to make the SDGs operational in their core business.

Adding to what was said, Ângelo, Sandra and Cristina were confident Efacec had the internal resources to make the change. However, from past learnings, they knew engaging with their stakeholders and external experts was important to solidify this transformation. In fact, the company needed all its partners’ perspectives to make this critical step a success. This way, they ended their conversation with a clear challenge in their hands: **“How can Efacec implement the SDGs and make them a motor for the company’s strategic success?”**

## 3. Efacec: a long history of success

Efacec is a Portuguese company with over 100 years of history, dating back to the foundation, in 1905, of "A Moderna" Sociedade de Serração Mecânica, that in 1921 gave rise to Electro-Moderna, Lda. This company was already dedicated to the production of "motors, generators, transformers, and electrical accessories". This way, they were already creating the necessary skills to support the major future developments of what would become "Efacec" some years later. In 1948, EFME – Empresa Fabril de Máquinas Eléctricas, SARL – was established, as a sequence of Electro-Moderna, marking the 'birth' of Efacec.

The name "Efacec – Empresa Fabril de Máquinas Eléctricas, SARL", was born some years later, in 1962, signaling the beginning of a period of exponential growth. This period was important to make Efacec one of the first Portuguese companies to be listed on the Lisbon Stock Exchange (Bolsa de Valores de Lisboa), at the end of the sixties.

The company prospered and about 25 years later, in the context of Portugal's integration in the European Economic Community (EEC) and the sale of 65% of the company share capital by Efacec's main shareholder (Ateliers de Constructions Électriques de Charlero – ACEC), a strong international expansion period begun. It was sided by important technological developments in various fields.

In 2003, following a strategic assessment agreed by its key shareholders, Efacec defined three major areas of activity: 1) Energy Solutions, 2) Transport & Logistics Solutions, and 3) Engineering and Services Solutions. As the activity was evolving in good shape and the company signaled a path of prosperity through the future, investors were paying attention to its performance. As a result, in 2005, the group Manuel Gonçalves and José de Mello launched an OPA on Efacec 's capital, which was dispersed on the stock market.

These two shareholders were determined to keep working on the company. They wanted to guarantee the greatest success and adaption to the market demands. In 2007, they boosted a new organizational model with ten Business Units: 1) Transformers, 2) Medium & High Voltage Switchgear, 3) Energy Servicing, 4) Engineering, 5) Automation, 6) Maintenance, 7)

Environment, 8) Renewables, 9) Transport and 10) Logistics. Moreover, starting that year, Efacec decided to buy several companies worldwide. These included projects from scratch, such as the construction of a new transformer factory in the USA. At that time, the company was growing in all indicators, offering technologically advanced solutions in its fields of competence, around the world.

Later, in the 21<sup>st</sup> century, the company adopted a new strategy and positioning, which implied the resizing of the international structure and the simplification of its portfolio. At the same time, Efacec changed its name to Efacec Power Solutions, S.A. (EPS).

Because of this strategy, at the end of 2014, Efacec became a group of companies. This group brought together all the means of production, technologies, technical and human skills for the development of activities in the fields of Energy, Engineering, Environment, Transport, and Electric Mobility solutions. It also covered a vast network of subsidiaries, branches, and agents across four continents. During these years, Efacec was established as an example of unquestionable entrepreneurship. It reinvented itself continuously by innovating with technical excellence and the ability to uncover new opportunities and new challenges.

In 2015, a very important event changed Efacec's history: Winterfell Industries, a company whose ultimate beneficial owner was Isabel dos Santos, daughter of the, at the time, President of Angola, José Eduardo dos Santos, acquired Efacec. In consequence, new corporate bodies were elected. At the beginning of 2016, the group launched the Efacec 2020 program with the objective of "rethinking the group in its different aspects, namely products and services, skills, markets, customers, organization and governance model." This change aimed to grow the business volume and Efacec's position among the leading brands in the field of innovation and technology.

However, in 2020, the unexpected happened. Just prior to the pandemic caused by COVID-19, that would change people's way of living all over the world, the ultimate beneficial owner of Efacec, Isabel dos Santos, was accused of alleged mismanagement and embezzlement of Angolan public funds in her own benefit. Due to the extension of the accusations and the potential impact on the company's assets, Efacec's Board of Directors asked Isabel dos

Santos to sell her stake at Efacec, which was promptly accepted. A sale process was immediately initiated. This was the beginning of a very complex and long shareholder restructuring process, which has brought severe damages to Efacec's reputation, weakening its position in the market. In fact, due to the compliance questions related with Isabel dos Santos alleged wrongful actions, Efacec's shares, indirectly owned by her, were seized by the courts, jeopardizing what could be a timely and standard market conditions sale. This placed dark clouds over the immediate future of Efacec.

As such, the Council of Ministers of Portugal, through Decree Law 33-A / 2020, of 02 July, nationalized 71.7% of the share capital of Efacec Power Solutions, SGPS, SA, the holding company of the Efacec Group, with the goal of resolving the impasse experienced in the shareholder reconfiguration process during the first half of 2020, allowing the continuity of the company and ensuring the stability of its financial and operational value. Nationalization had a provisional character and the Nationalization Decree-Law itself determined the immediate reprivatization of the company in the shortest possible time, despite the respective process be still ongoing. Therefore, on top of the challenges caused by the pandemia, 2020 was also a year of shareholder change for Efacec.

As the Minister of State, Economy and Digital Transition of Portugal mentioned in the press in July 2020: "Efacec is an essential company to the country's energy transition path, and that is important to preserve".

The new Governing Bodies were elected on October 2, 2020. This move enabled the company's continuity and guaranteed its financial and operational value stability for some time. At that time, Ângelo Ramalho, who was already Efacec's Chief Executive Officer, was also appointed as the company's Chairman, President of the Board of Directors. In the last quarter of 2020, the Council of Ministers approved the terms of reference for the reprivatization of 71.7% of Efacec 's capital.

Despite some progress in the reprivatization process, 2021 continued to demand an enormous capacity for containment, resilience, unity and solidarity. This happened both because of the pandemic, which continued to force a readjustment of the company's teams

and people, and because of the Efacec's reprivatization process, which lasted throughout the year.

In June 2021, the shareholder crisis was not yet solved, and Ângelo had two challenges in his hands: guarantee the company's survival in the short term and build a solid and competitive business model for the future. This has led to the development and implementation of a deep and truly collaborative transformation process throughout the year of 2021..

In 2021, Efacec's activity was organized into the following eight business units<sup>1</sup>:

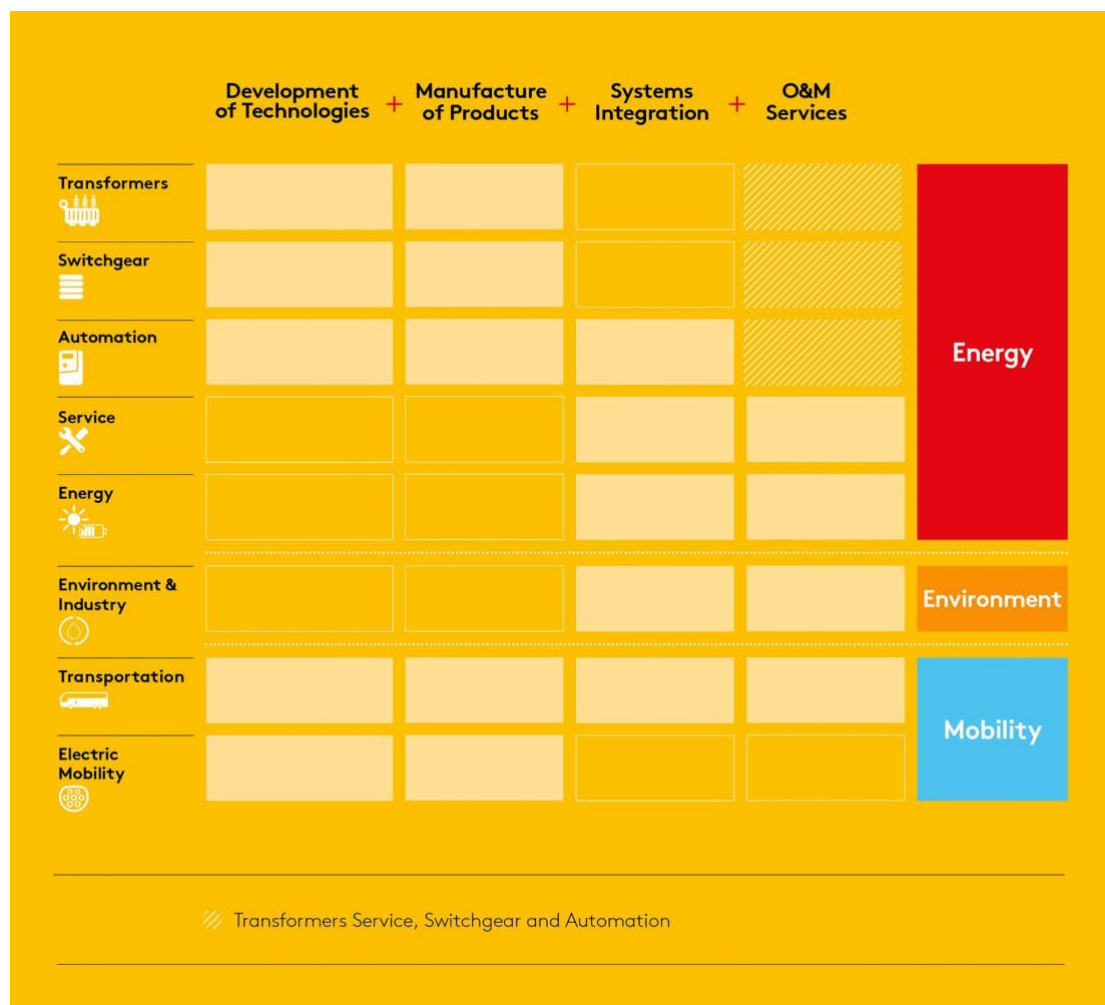


Figure 2 - Efacec's business units Source: [Efacec's Report 2020](#)

<sup>1</sup> For more information on Efacec's financial and contextual data see Annex 1.

## 4. How to define a sustainable path for the future?

Ângelo knew it was time to focus on creating a new path for Efacec, guided by the prospect of sustainability and his vision for the company's future. In June 2021, a few weeks after Ângelo, Cristina and Sandra's meeting, Efacec took the opportunity to benefit from the *Global Innovation Challenge*. The *Global Innovation Challenge* was a university program where students worldwide apply to develop collaborative consulting projects. During the program, the students received training by appointed business scholars on solving a specific transformation challenge for a business client.

The students were invited to answer the question that had been hovering Ângelo's mind: **"How can Efacec implement the SDGs and make them a motor for the company's strategic success?"**.

After some preliminary meetings and discussions with Cristina and Anabela Magalhães (Efacec's Human Resources Director, previous Head of Sustainability), the students, and the professor that was working with them, had something very clear in their minds. If the company wanted to get a competitive advantage for the future and set a clear differentiation in the energy, mobility, and environment markets, sustainability had to be integrated into the core of the company operations and in the definition of its strategic priorities. Moreover, the SDGs were the global language that would allow the company to align its operations with the world's most important ambitions. They also realized that, although some steps had already been taken in the past, the company needed to embrace this strategy in a more solid and integrated way.

To address this challenge, the students desk researched the company's history and strategy at the time. Then, they benchmarked the industry and set a framework to find the most suitable SDGs for Efacec ambitions. The framework was composed of six different evaluation criteria, including internal and external factors, to be considered by the company on choosing its strategic SDGs. The criteria included: 1) Competitor Benchmark, 2) Governmental

Alignment (focused on the Portuguese government), 3) SDG Selector Tool (based on PwC research), 4) analysis of fitness to the core, 5) diagnosis of the maturity of current SDGs and 6) assessment of synergies. According to the criteria analysis, the final SDG selection was made using a matrix, as can be seen in Figure 3:

Criteria	Score*	1	2	3	4	5
External evaluation	Competitor Benchmark	1 competitor considered the SDG	2 competitors considered the SDG	3 competitors considered the SDG	4 competitors considered the SDG	5 competitors considered the SDG
	Governmental Alignment	No commonalities between the PRRP and the SDGs	1 commonality between the PRRP and the SDGs	2 commonalities between the PRRP and the SDGs	3-4 commonalities between the PRRP and the SDGs	5+ commonalities between the PRRP and the SDGs
	SDG Selector	Not mentioned in energy, Portugal, manufacturing, engineering	In one of energy, Portugal, manufacturing, engineering	In two of energy, Portugal, manufacturing, engineering	In three of energy, Portugal, manufacturing, engineering	In all of energy, Portugal, manufacturing, engineering

\*From lowest (1) to highest (5)

\*PRRP stands for the Portuguese Rebuilding and Resilience Plan

Criteria	Score*	1	2	3	4	5
Internal evaluation	Fit to Core Business	Not connected to the core business	Barely connected to the core business	Partly connected to the core business	Mostly connected to the core business	Directly connected to the core business
	Maturity of Current SDGs	No specified targets, no detail	Few or no specified targets and only broad explanation	Specified targets, but not enough detail provided	Specified targets and most initiatives described in detail	Well described targets and initiatives
	Synergies	No (0-20%) potential for synergies	Low (21-40%) potential for synergies	Moderate (41%-60%) potential for synergies	High (61%-80%) potential for synergies	Very high (81%-100%) potential for synergies

\* Synergies stand for the positive effect that the climate mitigation options have on the sustainable development goals (SDGs)

\* From lowest (1) to highest (5)

**Figure 3 - Criteria Scoring - Efacec's SDGs**  
Source: Final Presentation - Global Innovation Challenge

## Students' analysis

The students concluded Efacec would benefit from focusing on fewer SDGs to ensure a more assertive approach. Thus, among the eleven SDGs adopted by the company, they identified six that were key to its strategy: SDG 6 - Clean water and sanitation; SDG 7 - Affordable and Clean Energy; SDG 8 - Decent Work and Economic Growth; SDG 9 - Industry, Innovation, and Infrastructure; SDG 11 - Sustainable Cities and Communities; SDG 12 - Responsible Consumption and Production. The final presentation and conclusions of the students can be found in Annex 2.

The project achieved exciting results, and Anabela and Cristina, who were directly involved with it, were even more motivated to pursue this agenda. Cristina, in particular, realized Efacec could benefit from further exploring the topic and decided to talk to the CRB to see if the Center could help deepen the project.

## The project with the Center for Responsible Business and Leadership

The project with the CRB was a landmark step for the *Strategic Implementation of the Sustainable Development Goals at Efacec*. It was conducted by the CRB with the full cooperation and collaboration of Efacec's team. The project was designed to answer Efacec's main questions about its sustainability strategy, and followed five phases:

1. Initial diagnosis: Efacec and its sustainability approach so far;
2. Internal awareness and training for Efacec employees;
3. Workshops with a designated "core team" to conclude about the "strategic SDGs";
4. Final definition of the strategic SDGs;
5. Implementation and communication.

To Ângelo, Cristina and Sandra's delight, the project kick-off on June 25th! The (1) initial diagnosis, developed in July, was highly relevant for the CRB team to establish a clear and coherent understanding of Efacec's history and activities. It was also essential for the subsequent phases, (2) and (3) that took place between September and November and required close collaboration between the CRB and Efacec's teams. In these phases, Efacec

collaborators had the chance to enhance their knowledge about the SDGs and the project in course. The joint team, composed of CRB and Efacec members, assessed the company's value chain to identify the most relevant interactions between Efacec's core activities and the SDGs. In phase (4), the project's Steering Committee, decided on the strategic SDGs for the company. The Steering Committee was formed by four key elements of Efacec:

- Ângelo Ramalho, CEO and Chairman;
- Fernando Vaz, COO;
- Sandra Pombo, Brand and Communications Director, Corporate Affairs Officer
- Cristina Godinho, Quality Management and Sustainability Director;

The Steering Committee's commitment since the beginning, their enthusiasm, and support towards the project were a crucial point to ensure its implementation within the company. Cristina and Sandra also had a critical role. They were the link between the Steering Committee and the joint team dedicated to the project, and they were also articulating the information between everyone in order to ensure the project's effective implementation, with the full support of Efacec's Board.

The project's final phase (5) took place at the beginning of 2022, between January and February, and focused on planning the goals implementation in the company's operations, with the definition of key indicators and a structured communication policy. These 5 steps will be subsequently explained in this section and section 5 and 6.

## (1) Initial diagnosis: Efacec and its sustainability approach so far

The project **initial diagnosis** focused on analyzing:

- Efacec's history, structure, and internal organization;
- Efacec's strategy and its alignment with sustainability: *how are the sustainable concerns addressed by the organization?*
- The organization's core activities, its portfolio and how it relates to the Sustainable Development Goals: *what are Efacec's main competencies? What are the organization's most relevant projects? How are they contributing to the SDGs?*

- Efacec's positioning within the industry it operates: benchmarking analysis on "*how are the main competitors addressing sustainability?*"
- The advancement of the SDGs in the strategic geographies where Efacec operates.

During this initial phase, the CRB team conducted in-depth interviews with strategic persons in the company (Miguel Vales, System Business Unit Director; Armando Fernandes, Power Transformers Business Unit Director and Cipriano Lomba, Technology Management Director). These experts helped the team better understand the "complex operations of the company", as the CRB's team would put it. In fact, with three areas of operation (Energy, Mobility, and Environment) and eight business units, Efacec was a big and complex business to be understood by any lay.

It was an exciting and challenging experience for the CRB to work on this agenda with one of the Portuguese most innovative and inspiring companies. The team was thrilled with the project and surprised with the commitment Efacec had shown since day one. Moreover, the interviews were a deep learning process, and CRB's team was astonished by how much Efacec's core operations and motivations were aligned with the SDG's agenda.

After concluding this working phase (Phase 1), the sun was shining high in Portugal. It was summertime in Lisbon, and the joint team concluded it was time for a follow-up meeting with the project Steering Committee to share some sound conclusions. The main conclusions were that:

1. **Sustainability was embedded in the organization's DNA**, not only due to the high sustainable potential of its products and services but also for the history of the company's actions in the sustainability field;
2. **There was, however, a lack of knowledge and awareness** of this reality among Efacec's collaborators. The company was not intentionally making sustainability operational, a sustainability culture was missing, and the company was not communicating its sustainability potential;

3. This way, there was a clear opportunity ahead: to "live" sustainability in the company's daily operations and **embed the strategic plans and decisions with the SDG agenda** from the start.

Ângelo was aligned with this vision. In fact, these conclusions were "no big news" for him. Cristina was not surprised either, but she was happy for finally having a task force to put her thoughts on paper. That was a real hope that her ambitions to have Efacec in the top ranking of the sustainability champions in the country were eventually taking shape.

After this meeting, it was the end of July. Everyone was tired and thinking about how they would enjoy summer vacations amid the pandemic (COVID-19 was, in fact, mighty at that stage). Hopefully, Portugal was the best spot in Europe for lockdowns and travel restrictions. It was sunny, and the sea was nearby (well-deserved perks for everyone on the team!). They were, in fact, needy of some warm and resting days after a year of troubles and challenges.

The team was satisfied with the work so far and set two critical challenges to address in the next phases of the project:

- **How to align the company's strategy with its core SDGs? How to select the most suitable ones and implement them in their core business?**
- **How to create an internal and an external alignment of the sustainability policy so they could engage and communicate with collaborators, clients, suppliers, and partners?**

## (2) Internal awareness and training for Efacec employees

The **second phase** of the project started early September, after the team well deserved vacation. Cristina was motivated to keep the project on the wheels. She set an SDG training session for all of Efacec's employees from all business units and all different levels of hierarchy: absolutely everyone was invited to join!

CRB organized the session on October 13th, 2021. It was a crucial moment for the project since the bottom-up engagement was really important for the company's effectiveness in

bringing an SDG's culture ahead. The virtual meeting started, and employees began to join. CRB's team got enthusiastic when they saw more than 200 people joining. However, some minutes later, the biggest surprise came when they realized that 680 participants had attended the online event, which ended up being one of the most successful trainings of the company in 75 years of existence!

Taking the opportunity, after the training, the team surveyed the participants to assess their understanding of the SDGs and get their perspective on the SDGs within the organization. From a sample of 410 answers, the team concluded that the most relevant SDGs for Efacec's employees were:

- SDG 7 - Affordable and Clean Energy;
- SDG 8 - Decent Work and Economic Growth;
- SDG 9 - Industry, Innovation, and Infrastructure;
- SDG 11 - Sustainable Cities and Communities; and
- SDG 12 - Responsible Consumption and Production.

The results were not a surprise for the CRB team, as these SDGs were essentially aligned with the knowledge they had gathered about Efacec core competencies and offers. It was, however, interesting to see so many people shared the same vision about the company!

Taking this analysis further, CRB's team advised Cristina and Sandra to survey their external stakeholders - partners, clients, and suppliers - who could provide valuable feedback and information for the company's options in this strategic moment. Moreover, getting their alignment was essential if the company's relationship with its partners, clients, and suppliers were to flourish in the future. Due to her role as Corporate Affairs Officer, Sandra took a special role here, and mobilized her team to survey the stakeholders.

It was curious to understand that their vision of the SDGs for Efacec was quite aligned with the employees. When asked about which SDGs were core for the company and the ones Efacec contributed the most, they chose the following:

- SDG 7 - Affordable and clean energy;

- SDG 8 - Decent work and Economic Growth;
- SDG 9 - Industry, Innovation and Infrastructure;
- SDG 12 - Responsible Consumption and Production

Figure 4 summarizes the findings of the two surveys.



**Figure 4 - Stakeholders Perspective**  
Source: Internal and External Surveys

This engagement with the stakeholders ended up being very enlightening for Efacec. They already knew that, as an energy and engineering company, some core SDGs "should be there." However, getting the agreement and "license to progress" from these crucial partners gave them the confidence they needed to keep going.

### (3) Workshops with a designated "core team" to conclude about the "strategic SDGs"

The project's **third phase** was probably the most important and exciting one for everyone involved: a series of structured workshops were designed so that a joint team of CRB and Efacec could finally choose Efacec's strategic SDGs.

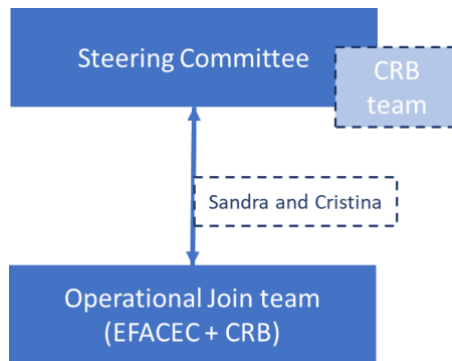
As the project became increasingly exciting for both parties, they decided to engage in weekly meetings to discuss progress and advance the project swiftly. These meetings were highly relevant to ensure a smooth implementation of the project. The CRB team was responsible for coordinating the content of the meetings and the "next steps" of the project, while Sandra and Cristina kept Efacec's team motivated and participating. This involvement was essential to establish a connection between the CRB and Efacec and create the collaborative environment needed for the project to prosper. The teams worked closely as one to make the project a success.

Sandra and Cristina (that had a deep understanding of the company) chose a highly motivated group of Efacec senior employees positioned in operational strategic areas to compose the team. These elements brought deep knowledge of the business and essential expertise to the project. Therefore, they were chosen based on Sandra and Cristina's understanding of the company's strategic operations to ensure a multi-disciplinary team composed of collaborators from different Business Units and Transversal Areas, with decision-making power within the company and business knowledge to ensure a holistic perspective of Efacec. The team was represented, on Efacec's side, by:

- Anabela Magalhães, Human Resources Director
- Armando Fernandes, Power Transformers Business Unit Director
- Cipriano Lomba, Technology Management Director
- Cristina Godinho, Quality Management and Sustainability Director
- Érika Duarte, Brand Manager
- Jasmin Oliveira, Sustainability Specialist
- Miguel Vales, Systems Business Unit Director
- Sandra Pombo, Brand and Communications Director, Corporate Affairs Office

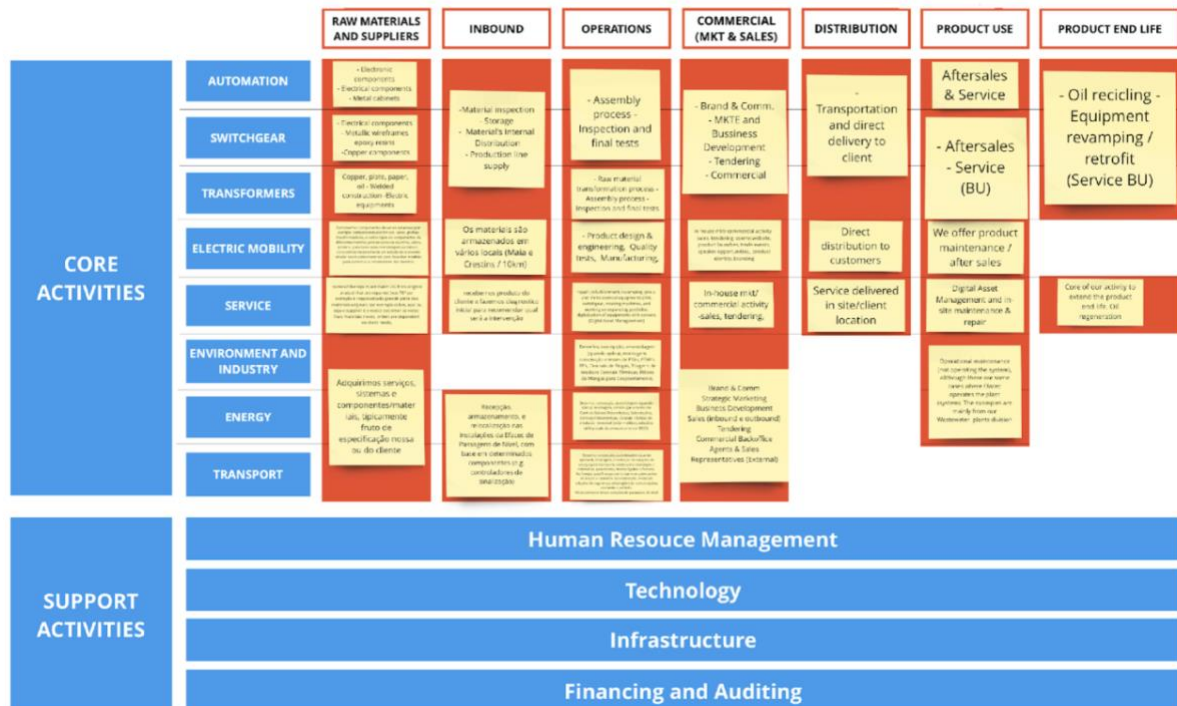
Everyone was thrilled to make the project a success, and Cristina was excited to have such a great team together. "I feel they are the best to make Efacec progress on the right path!" she said.

At this moment, an informal but crucial Governance Model was adopted. It was vital to ensure the flow of communication and engagement between all elements involved in the project. Sandra and Cristina were responsible for this coordination and creating the bridge between the CRB and Efacec. On the one hand, this articulation was needed to guarantee the engagement of Efacec collaborators with the project. On the other hand, it was essential to ensure that every decision made within the project was discussed with the Steering Committee and that their insights were taken to the weekly meetings. This coordination allowed the team to advance confidently, knowing they had the full support of Ângelo, who was constantly updated and aware of the steps taken on the project. Figure 5 illustrates the model adopted:



**Figure 5 - Project Governance model**  
Source: Authors

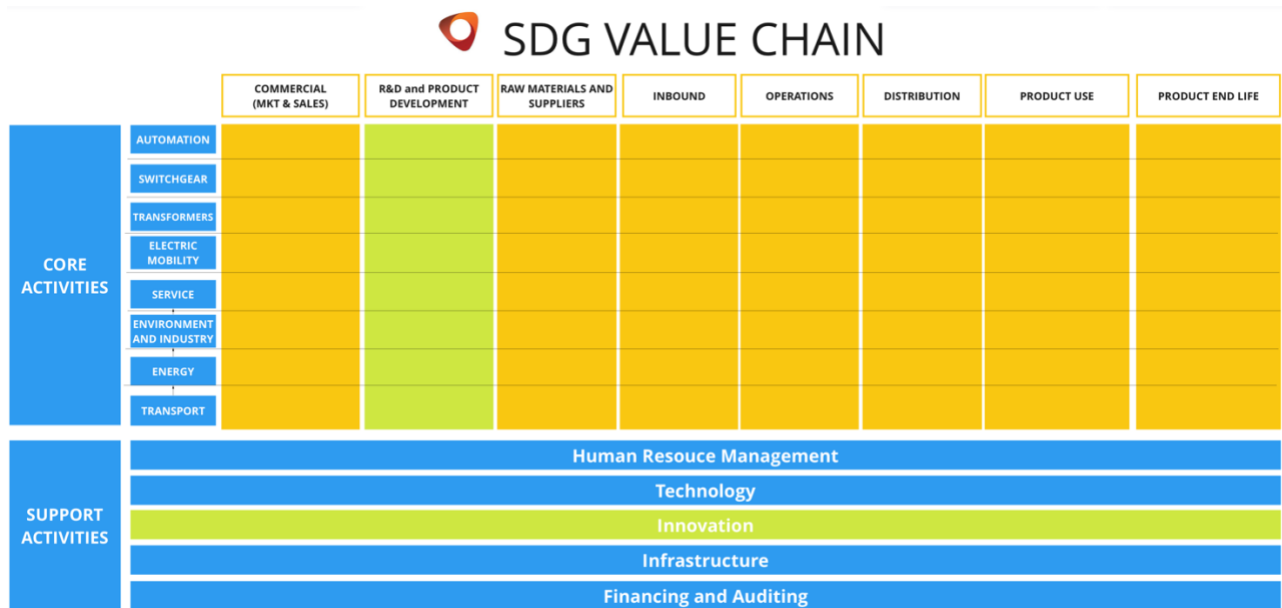
In the **first workshop**, the team was challenged to map Efacec's value chain. It was indeed not a simple task since they hadn't done it before in such detail. The team had to identify the different core activities of the value chain for each of Efacec's eight business units. The exercise was also an opportunity to build trust in CRB's guidelines since no one really understood "why that exercise was so needed to choose the SDG...". After some discussions and teamwork, the final map was created:



**Figure 6 - Value Chain Activities**

Source: Workshop Session 1

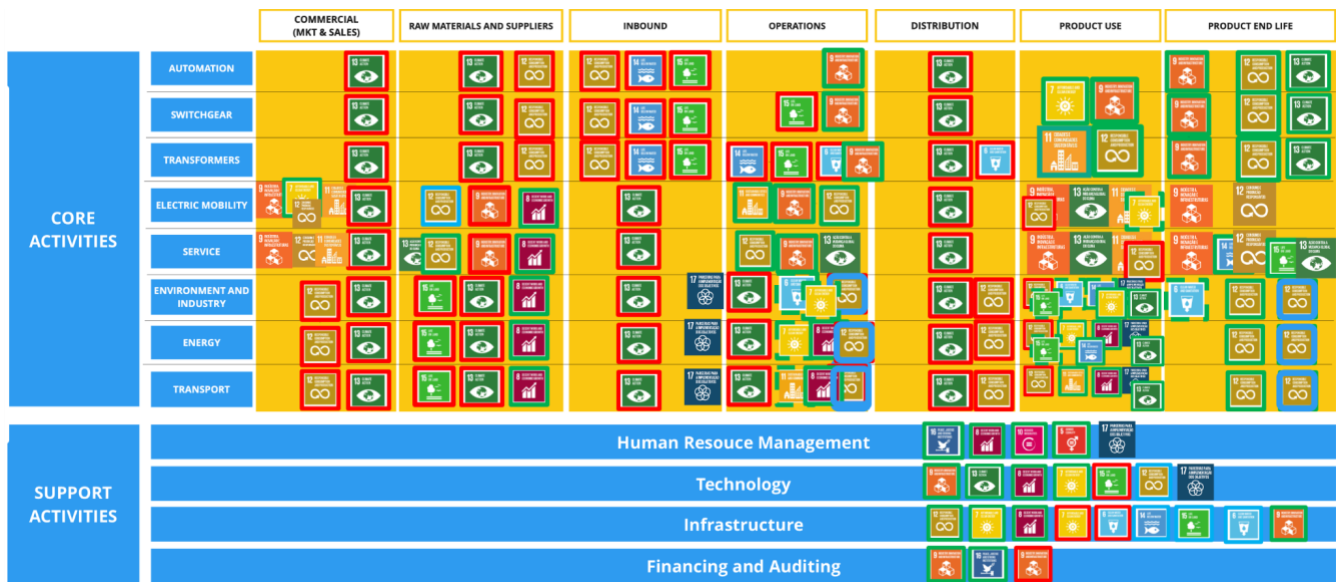
During the discussions, the team had other insights. They concluded that, based on Efacec’s internal organization and processes, it made more sense to switch the value chain components to have the Commercial activities such as marketing and sales as the initial ones. Based on the company’s positioning in the market, these were the “beginning point” for all the company activities. The team also debated the importance of innovation throughout its entire value chain and added it as a primary support activity. Figure 7 illustrates these changes and the final structure of the value chain:



**Figure 7 - Efacec Final Value Chain**

Source: Workshop Session 1

On the **second workshop session**, the most important step was taken. CRB proposed the joint team to map the activities identified in the last workshop according to the SDGs the company was contributing to. The exercise was simple to understand but complex to perform: they had to assess the impact of each activity, deciding if it had a negative or positive contribution to some or any of the SDGs. The outcome was a colorful map that identified different contributions of the company's core activities to the SDGs, as seen in Figure 8:



**Figure 8 - SDGs identified in the Value Chain**

Source: Workshop Session 2

Legend: red square: negative impact; green square: positive impact; blue square: negative and positive impact

After this session, everyone was tired - after all, it was a deep dive into the SDG agenda and the company's operations! Notwithstanding, everyone felt fortunate that their mission was accomplished. Cristina's *goodbye* on that day was more cheerful than ever. She knew that they were engaged on a good path and was proud of the team!

After this point, the CRB team reflected on the relevance of the different SDGs in the geographies where Efacec operated since an outside-in approach is recommended for the company to understand how it can help society at large. The team assessed the 75 countries where Efacec was operating. This assessment was based on the Sustainable Development Report 2021 (SDG Index) and provided insights into the most relevant challenges in these

geographies. These were also possible gaps or opportunities to which Efacec could positively contribute. The most relevant SDGs, according to this analysis, were:

- SDG 2 - Zero hunger;
- SDG 9 - Industry, Innovation and Infrastructure;
- SDG 10 - Reduced Inequalities;
- SDG 14 - Life below Water;
- SDG 15 - Life on Land;

Figure 9 summarizes these findings.



**Figure 9 - What "our world needs"**

Source: Workshop Session 2

The **third workshop** happened one week after. The CRB asked everyone a short homework: to assess the SDGs most mentioned on Efacec's value chain through three lenses: 1) their alignment with the company's core activity, 2) the impact they had on the geographies Efacec was operating, and 3) how stakeholders perceived their importance. The goal was for each team member to decide on 3 to 5 most relevant SDGs.

It was not an easy task! And most of the teammates were feeling overwhelmed to perform such a task. In fact, they felt they were not sufficiently sage on the SDG Agenda to make these important decisions. "We barely know the 17 Goals in detail, and some of these decisions demanded some knowledge on the 169 targets of the SDGs", Miguel whispered to Cristina.

The discussion was long and exciting, and no easy agreement on a final set of SDGs was reached. But some critical insights were taken:

1. The team concluded that some SDGs were intrinsically connected to the organization's operations and projects - its *core business* -, while others could be perceived as a consequence of its activities, an "inspiration for action" or part of its "ambition for the future";
2. They also identified similarities and shared challenges in different markets where Efacec operated and discussed the importance of the geography context to the company's sustainability efforts. The company had tremendous power to affect the communities where it was operating, from both its internal activities and the use of its products. Thus, it was concluded that the company should consider the context it was working in and how it could contribute to it in a positive way.
3. Regarding the stakeholders' assessment, the team analyzed the previous surveys and concluded that the similarities of both surveys were a clear indication of how the company was perceived in the market, indicating its strong positioning.

With these conclusions in mind, and considering a match between the three lenses (core operations, geography and stakeholder perspective), the team was able to choose seven SDGs that best represented Efacec and created a hierarchy to organize them into four levels of relevance, as seen in Figure 10.

- On the first level, they identified the SDGs that hold more meaning to Efacec activities: SDG 7 - Affordable and Clean Energy; SDG 9 - Industry, Innovation and Infrastructure; SDG 13 - Climate Action.
- On the second level, they put SDG 11 - Sustainable Cities and Communities and SDG 12 - Responsible Consumption and Production.
- Finally, on the third and fourth level, respectively, SDG 6 - Clean Water and Sanitation and SDG 8 - Decent Work and Economic Growth.



Figure 10 - SDGs selection by the joint Efacec's and CRB's team

Source: Authors

The discussion held during this session was very fruitful, and the final results energized everyone - they could almost not believe the work they had achieved in just two months! Moreover, for Efacec's team, it was also a very rewarding period of reflection. For that reason, Cristina and the CRB decided to engage in a final extra workshop. Its main objective was to consolidate their final choice and provide good argumentation for a final decision. Moreover, it was fundamental to prepare a meeting with the Steering Committee to take the final decision on the strategic SDGs for Efacec based on the team's suggestion.

The last workshop happened on November 8th 2021. Its main goals were 1) to consolidate the last team's workshop's decision on which were the central SDGs for Efacec and 2) to

understand what was the number of SDGs to choose. The team knew they had to reduce the initial number of SDGs from 11 to a shorter one, but they were hesitant about how many. CRB was then responsible for benchmarking the topic to help everyone make an informed decision.

CRB benchmarked other companies' strategic choices on the SDGs with the purpose of showing:

- How companies with best practices choose their strategic SDGs;
- How many SDGs do these companies adopt;
- How they engage the SDGs with the business;
- How do they communicate their SDGs strategy.

The CRB used Philips, Bayer, Merck, and BP as an example, among others. The benchmark presented can be seen in Annex 3. The main conclusions of this analysis were:

1. Companies should focus on a small number of SDGs (1 up to 4, being 2 SDGs a perfectly reasonable number). This focus allows for a better alignment between the company strategy and its aims in terms of the SDG agenda. Moreover, it also allows a more effective communication strategy;
2. The SDGs are deeply interconnected: achieving progress in one SDGs contributes to positive and negative effects on other SDGs, and this inter-relationship should be analyzed and considered when choosing the central SDGs;
3. Choosing one SDG does not limit the company's contribution to the others but helps focus its efforts and leverage its impact.

As a result, Cristina and the project multi-disciplinary team decided to suggest the Steering Committee choose two or three SDGs, essentially aligned with Efacec's core activities and competencies. To support the Steering Committee's decision, the team highlighted the most iconic projects and initiatives Efacec was developing on each of the seven SDGs previously

chosen and pointed out a clear association between its activities and the Goals' targets. An example can be found in Annex 4.

By the end of the session, the team, although tired, was extremely glad with what they had achieved over the past months and curious to see what the Steering Committee would think of their choice!

The following sections will explain the 4th and 5th steps of the project: (4) the final definition of the strategic SDGs; and (5) implementation and communication.

## 5. The Final decision: Efacec's SDGs, a business leap forward

The weather was shifting, and winter was slowly arriving in Lisbon when Efacec gathered its Steering Committee members to present the project's conclusions and move to the fourth phase: the final definition of the strategic SDGs.

Selecting the strategic SDGs for a company is a complex process that must take into consideration different perspectives and aspects of the business. The CRB designed a framework to guide this approach and to help with this decision-making strategy. This framework encompassed a selecting tool with four different dimensions, assessed along the different phases of the project. The dimensions were:

1. The **stakeholders'** perspective, from both internal and external surveys, deduct what were the most important SDGs to them;
2. **What "our world needs"**, based on the assessment of the most challenging SDGs in the geographies where the company was operating;
3. The **core contribution** of the organization, based on an analysis of its value chain and portfolio;
4. The team's **initial choice**, represented by the final list of seven SDGs, chosen by the team according to the previous three points, considering the company's activities, ambitions, and unique features.

The four dimensions can be seen in Figure 11.



Figure 11 - CRB Decision Making Framework

Source: Authors

Ângelo was happily surprised to see what the team had worked on the past months. The Steering Committee discussed the teams' conclusions, and the meeting focused on an enthusiastic debate about the seven SDGs chosen by the joint team.

The discussion started with **SDG 7**, "Ensure access to affordable, reliable, sustainable and modern energy for all." According to Efacec's report, the company *"develops solutions for integrating conventional and renewable power systems to provide the best and most innovative solutions in terms of efficiency, resilience, and reliability."* SDG 7 was at the root of Efacec and its core operations, as the company had intentionally designed projects to promote energy efficiency, directly contributing to this goal. Due to the clear association between Efacec's offers, the team concluded that, as long as Efacec kept pursuing its activities, it would directly impact this SDG. With that in mind, the team was at ease with the **decision that SDG 7 was, undoubtedly, strategic to Efacec.**

Next, the Steering Committee discussed **SDG 9**, "Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation." This SDG perfectly aligned with the company's purpose, *"Designing a smarter future for a better life."* Through innovation, Efacec *"makes its products evolve and develops the right solutions for tomorrow's needs."* Innovation was embedded in all organizational processes and was the main driver of its

excellence. That being said, **SDG 9** was the second chosen to integrate Efacec's key strategic Goals.

So far, the decision to choose these two SDGs has been unanimous. But what about the others?

**SDG 13**, "Take urgent action to combat climate change and its impacts," was discussed as a Goal that aimed to guide and limit the organization's harmful effects on the environment. Although of extreme importance for the company and its industry, SDG 13 was considered an outcome and a guideline for Efacec operations, but not their main driver. This was an "AHA" moment for the team, that took the learning from their previous conclusions about the SDGs inter-relationship and cross-contributions to understand that SDG 13 would always be affected by others. This meant the company could better contribute to this goal by focusing its efforts on improving its core capabilities to leverage the positive impact of its portfolio on climate.

On the other hand, **SDG 11**, "Make cities and human settlements inclusive, safe, resilient and sustainable," was classified by the Steering Committee as an "aspirational one," in alignment with the company's positioning in society. It was a "driver for inspired action," highly associated with the company's purpose. Thus, it was chosen to integrate Efacec's strategic SDGs.

The team deepened the discussion on **SDG 12**, "Ensure sustainable consumption and production patterns," which seemed to reflect most of Efacec's capabilities. Besides having developed circular projects to promote the advancement of this goal, that was a shared understanding that SDG 12 also referred to Efacec's internal condition to create value and contribute to a more sustainable world through its operations. After this assessment, the Steering Committee decided this SDG was also key to Efacec's strategy and should be included in their choice.

The **SDG 6**, "Ensure availability and sustainable management of water and sanitation for all," was associated with some of Efacec's most important projects. However, it did not seem to

contemplate the company's broader ambitions. Instead, it was a driver and consequence of some not so iconic positive activities of the company. The group deemed this SDG to be relevant, but not key to the company's strategy. It was definitely not on the top 3.

**SDG 8**, "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all," despite its evident importance for the organization due to its social dimension, was classified as a consequence of the organization's activities rather than the main driver for its existence. It was a very important SDG but not core for its activities, and it was always impacted positively by the actions of SDGs 7, 9, and 11.

That last decision left the Steering Committee with four key SDGs, despite the team's initial request for them to choose two or three. The discussion ceased for a couple of minutes as the participants were trying to make reason and understand what SDGs should be dropped if they wanted to keep 3 central SDGs.

Ângelo reflected for a while and seemed to have found the answer.

"SDG 11 reflects Efacec aspirational ambitions", he said, "It focuses on society and the value Efacec wants to create in the future! SDG 12 shifts this focus inward and reflects the company's capacity for action right now. It is a transversal Goal that inspires action and refers to how the company creates value." With that, Ângelo put an end to any doubts the team might have - both SDGs hold an absolute positioning in Efacec strategy, and the company would benefit more from choosing both than letting one aside.

With this take, the Steering Committee had reached their final decision! **Efacec had now four strategic SDGs to guide its strategy for the future!**



**Figure 12 - Efacec's SDGs final decision**  
(SDG 7, SDG 9, SDG 11, SDG 12)

Source: Authors

## 6. The big questions now

After several months of hard work, the team had finally made its final decision! 4 SDGs promised to guide the company's future and strategic decisions moving forward.

However, the work was not finished yet. Two significant developments were needed for the company to move forward and implement these SDGs in their core activities:

1. Determine the KPIs aligned with the company's operational activities so that it could measure and monitor the SDGs achievements;
2. Define an internal and external communication strategy for Efacec's SDGs alignment to the bring all the company's stakeholders around the same table.

These activities were associated with the 5th phase of the current project: "(5) implementation and communication".

So far, the task at hand was not easy, but the project had been a real reward for everyone involved. The team wanted to keep pace and surprise its stakeholders with a strong SDG strategy and implementation. However, as some of Efacec's moves were communicated to closer stakeholders, critics were bringing into question their latest moves. Some more vivid critical voices mentioned this project as a "make-up operation" for a company with no future and no place as a worldwide reference for sustainable operations.

What is your opinion on this?

1. Do you agree with the SDG's strategic choice made by the company?
2. Some collaborators are complaining that Efacec is not paying attention to the "social" SDGs. What do you think should be the Steering Committee's answer to them?
3. Knowing that the following steps Efacec has in hands are:
  - a. setting targets and indicators aligned with the business core operations in order to measure progress on the SDG agenda and the company's strategy
  - b. implement a communication plan both for internal and external stakeholders

What would you propose to Efacec if you were part of the CRB's team?

## 7. Teaching note

This teaching note encompasses the discussion proposal for this case in a classroom context. It will mainly address the final questions raised in section 6.

### 7.1 Case Synopsis

This case study describes Efacec's process to strategically embrace the SDG Agenda and choose its core SDGs. Efacec is a Portuguese company with global operations in the energy, mobility, and environment sectors. The company, which holds a relevant positioning in the Portuguese market, wanted to advance its sustainable agenda with a structured strategy able to align business ambitions and societal contribution.

Efacec already had a previous sustainability strategy defined. However, it aimed to achieve a higher level of maturity in its sustainability policies. This ambition implied a deeper reflection on how to embed operations, products, services, and management practices with a universal language for sustainable development – the SDGs.

This strategy was crucial for the company's CEO, Ângelo, since he was confident the company needed to review these ambitions to keep prospering as a business. For that, Ângelo was wondering how to align Efacec's core strategy with sustainable competitive solutions for the future. With these questions in mind, he felt it was time for the company to find a new path and position itself as a business for the future and humanity's progress.

In this line of thought, the case presents the *Strategic Implementation of the Sustainable Development Goals at Efacec*, a project advised by the Center for Responsible Business & Leadership (CRB) at CATÓLICA-LISBON in collaboration with a team of senior experts at Efacec. The case describes each phase of the project in detail and concludes with the Steering Committee's final decision. The decision to choose 4 strategic SDGs: SDG 7 - Affordable and Clean Energy, SDG 9 - Industry, Innovation, and Infrastructure, SDG 11 - Sustainable Cities and Communities and SDG 12 - Responsible Consumption and Production.

Efacec's next step is to define the key performance indicators for each SDG, as well as the communication strategy that will allow them to communicate and engage with internal and external stakeholders.

## 7.2 Teaching objectives

The case describes a new strategy Efacec developed in order to strategically implement the SDGs. The different sections provide information on how the company faced its main sustainability challenges and how it worked to embrace them. This way, students are provided with knowledge about the topic and the circumstances of the case in order to answer the company's following challenges: define key performance indicators and a communication strategy.

The case can be used in a range of different courses, varying from Strategy, Corporate Social Responsibility, Sustainable Business Models, Business Communication, Corporate Affairs, Corporate Communication, International Business, Innovation Management, Responsible Leadership, and Business Ethics to Organizational Change Management. Depending on the particular course it is addressing, it may focus on one or more of the following objectives:

- Identify the importance of sustainability as a key competitive advantage for the future of business;
- Recognize the SDGs as a business language for prosperity and the unique universal language able to align all the stakeholders around the same table - business, governments, and civil society;
- Recognize the business case of the SDGs;
- Understand how the SDGs can be implemented in a business context and understand the different steps for their implementation;
- Identify the importance of involving different stakeholders in the implementation process;
- Identify gaps and flaws in the SDGs implementation processes;

- Discuss the effectiveness of Efacec's SDGs implementation process by analyzing their engagement with stakeholders, internal team, Steering Committee, their knowledge level of the SDGs, and the trade-offs between their ambitions and capacity to implement sustainability policies;
- Understand the benefits of engaging in an alignment between business ambitions and sustainable development objectives;
- Understand the process of defining key KPIs so that the company can measure and monitor its progress on the SDGs;
- Understand how the company can define a communication policy for the future (including internal and external stakeholders).

### 7.3 Assignment Questions

The following questions were developed to guide students' reflection on the case:

1. **Do you agree with the SDG's strategic choice made by the company?**
2. Some collaborators are complaining that Efacec is not paying attention to the "social" SDGs. **What do you think should be Cristina's and Ângelo's answer to them?**
3. Knowing that the following steps Efacec has in hands are:
  - a. setting targets and indicators aligned with the business core operations in order to measure progress on the SDG agenda and the company's strategy
  - b. implement a communication plan both for internal and external stakeholders

**What would you propose to Efacec if you were part of the CRB's team?**

### 7.4 Suggested approach for a teaching plan

We suggest this case to be discussed in a classroom context in the following way:

- The case should be made available to each student for prior reading;
- The case should be previously discussed by groups of students (we suggest groups of five students), and the three final questions should be addressed as a group work before the class;
- The case can be discussed in class, being the lecturer's decision to address it with more or less detail. We suggest a 1h30 min to 3h00 discussion, considering the content of the case and previous discussions performed by the students;
- If the SDG theoretical background is not well known by the students, this case can also be the basis for an entire module on how to apply the SDGs in business strategies, performed in a 3-6 class module;

The discussion proposal presented in this paper is considering a 1h30min class timeline (introductory level of the SDGs required).

### **Class discussion suggestion**

We suggest the lecturer invite the students to explore Efacec's operations, so they can understand the company's activities and its sustainability approach. More information can be found in the website <https://www.efacec.pt/en/> under "Activities".

### **[10 min] Brief discussion and introduction of the case**

The lecturer can start the class discussion by asking the students their impressions of the case. Questions suggested for this warp-up moment:

- Did you like the case?
- What most surprised you in the case?
- Was it helpful to understand how companies can engage in an SDG implementation process?
- What do you think of the CEO's vision for the future? Do you agree with him?
- The case happens during the COVID-19 pandemic time. Does this surprise you in any way?

- Considering the shareholder crisis the company was passing through, what is your opinion on the CEO's ambitions?

## [20 min] Question 1 - Do you agree with the SDG's strategic choice made by the company?

### 1.1 Theoretical background

In order to answer this question, the students should understand and take into attention the critical points for the SDGs implementation in a business context:

- The business case for action;
- The consideration of the SDGs as a guide for the company strategy;
- The alignment of the company's core business and the SDGs;
- The need for stakeholders' engagement in the process;
- The consideration of the company's positive and negative impacts on the goals, and the management of their tradeoffs and synergies;
- The need to act in partnerships;
- The translation of the SDGs language into a business language;
- The need to define strategic KPIs for the goals;
- The absolute need for company internal alignment and a bottom-up and top-down approach.

### 1.2 Suggested answer points

- Explain why the initial suggestion made by the students in The Global Innovation Challenge was not complete, and was not integrating most of the phasis and prepositions addressed in the points focused above.
- Explain that the CRB created a "Decision Making Framework" with four dimensions of analysis to support the Steering Committee's final choice. The framework includes:
  - The stakeholders' perspective, assessed through two different surveys: one for Efacec employees and another for its clients, suppliers, and partners. The goal

- was to 1) understand their stand on the SDGs the company contributes the most and 2) ensure their engagement in this process.
- The definition of "what our world needs", based on the assessment of the most challenging SDGs in the geographies where Efacec operates;
  - The core contribution of the organization, based on the value chain mapping, research and analysis of its structure, sustainability strategy, portfolio, iconic projects, and main competencies, supported by in-depth interviews conducted with the company experts;
  - Efacec's team's initial choice, represented by the final list of seven SDGs chosen by the team after the workshops (see next bullet point).
- Explain that "the team's initial choice" presented to the Steering Committee resulted from a process developed through four workshops that engaged senior experts at Efacec (after an internal awareness session for the all company). The following exercises summarize the workshops:
    - Map the activities in Efacec's value chain for its eight business units;
    - Assess the impact of each activity and decide if it has a negative or positive contribution to some or any of the SDGs;
    - Analyze the most mentioned SDGs in the previous exercise through three lenses: 1) their alignment with the company's core activity, 2) the impact they had on the geographies Efacec operates and 3) how stakeholders perceived their importance;
    - Chose a few SDGs that best represent the organization's core business. Arguments involved 1) the alignment between the SDGs targets and the company's value chain and activities, initiatives, projects, and ambitions, and 2) the contribution of Efacec's solutions to promote the advancement of the goal.
- Conclusion that, after being presented with 1) the Decision Making Framework and 2) the details of each of its components, including a thorough examination of the SDGs

targets and their association with the company's initiatives and ambitions, the Steering Committee had enough evidence to make an informed decision. Other SDGs could have been chosen, but these were the ones 1) more aligned with the company's core operations, 2) embedded in the company portfolio of solutions, 3) that allowed the company to most contribute to society's advance, 4) spurred by Efacec core competencies and operations and 5) driver and/or inspiration for its action.

- SDG 8, for example, was dropped because, while affected indirectly by the other 4 SDGs, it could not be considered central for Efacec regarding the criteria used. It was important and positively affected by the company's operations, but not a central Goal.

**[20 min] Question 2** - Some collaborators are complaining that Efacec is not paying attention to the "social" SDGs. **What do you think should be Steering Committee's answer to them?**

## 2.1 Theoretical background

In order to answer this question, the students should understand two important points.

First, the company SDG selection is an outside-in approach and not an inside-out process. Consequently, it makes sense for the company to understand the most important societal needs and contribute to them with its core competencies. Simultaneously, the company should contribute to the SDGs it can impact the most and where its expertise can be used. This way, it makes sense to choose as strategic SDGs the ones aligned with its core business, core activities, and core competencies and the ones where the business contribution to society can be more significant.

Secondly, the SDGs are totally interconnected. By contributing to one goal, the company can be contributing to many other goals in a positive or negative way. So, even by contributing in the first stage for one or two SDGs, the company's effects on the Agenda are clearly broader. Moreover, companies should work on exponentiating their SDGs synergies and mitigating their negative tradeoffs.

## 2.2 Suggested answer points

- Explain the SDG's interconnectivity: Achieving progress in one SDG will always contribute to positive and/or negative effects on other SDGs. The SDGs represent an agenda of social, environmental, and economic progress, three dimensions that co-exist within a context that must be examined together based on its complexity;
- Explain that choosing one SDG does not limit the company's contribution to the others but helps to focus its efforts and leverage its impact;
- Discuss that the process of selecting strategic SDGs should take into consideration different perspectives and aspects of the business, e.g., the stakeholders' perspective, the geographical context, the company industry, its main capabilities, and core competencies, etc.;
- Cite that all SDGs chosen by the Steering Committee have a social dimension that must be considered. That, summed up with the SDGs' inter-relationship, ensures the social dimension is contemplated. Some examples:
  - SDG 7 aims to ensure people have access to electricity, which highly contributes to human quality of life and inclusion in modern society;
  - SDG 9 fosters infrastructure and innovation, allowing for the development of a set of elements necessary to ensure and sustain better communities;
  - SDG 11 directly affects people's lives by promoting better livelihoods and transportation systems;
  - SDG 12 ensures the reduction of the world footprint; the use of fewer resources positively affects the capacity and quality of life on the Planet.
  - Also, address the explanation of the SDG8 focused in the previous question.

### [40 min = 20 min + 20 min to address each subquestion] Question 3

Knowing that the following steps Efacec has in hands are:

1. Setting targets and indicators aligned with the business core operations in order to measure progress on the SDG agenda and the company's strategy
2. Implement a communication plan both for internal and external stakeholders

**What would you propose to Efacec if you were part of the CRB's team?**

### 3.1 Theoretical background

In order to answer this question, the students should consider that:

- The KPIs selection mechanisms are essential in the case of the SDGs to allow companies to measure, monitor, and implement the SDGs according to their ambitions;
- Communication and Reporting mechanisms are essential if an SDGs culture is to be created, so the benefits of the SDG Agenda can be captured in their full potential.

### 3.2 Suggested answer points

For the setting of targets and indicators aligned with the business core operations, Efacec should follow some specific steps:

- Analyze the targets and indicators for each SDG the company selected as strategic;
- Cross the targets and indicators with 1) what the company already does in its core operations and 2) its ambitions for the future;
- Select the targets and indicators that match the company's current position or future ambition and drop all the others off;
- Adapt the selected targets and indicators to the company language and to the company's aimed contribution/objective for the future. This process is a bottom-up mechanism that should be done in direct collaboration with the respective departments and technicians at the business level;
- Define final commitments taking into attention global indicators benchmarks like the GRI, SABS, SBTi, etc.;
- The final commitments should be approved and sponsored by the Steering Committee and the company Board, alongside its core business strategic KPIs.

For the implementation of an internal and external communication plan, Efacec should follow some specific steps:

- Understand its storytelling in what regards the selected SDGs (What SDGs, How to implement them, and Why these ones?);
- Understand what is the crossroads between the company's past, current strategy and future purpose and how that align them with the SDGs;
- Communicate transparently so no surprises will spoil the company's efforts;
- Communicate positively, with a contribution language and a vision for the future;
- Communicate what the company does to internal stakeholders in order to increase their motivation, their engagement with the company's positive efforts, and to create an SDG culture inside the corporation. Communication is key to open doors to active collaboration.
- Communicate what the company does to external stakeholders so they can understand how the company can achieve competitive advantage through sustainability. This attitude can also help the company to build its brand awareness and get a leadership positioning in the industry if their sustainability policies are considered best practices and conduct to a business case for action. Note that external communication could be a two-sided process where the company informs stakeholders but also gets their insights.

External and Internal Communication strategies suggested by the CRB can be seen in Figures 13 and 14.

## SDG Communication - Internal

### INTERNAL COMMUNICATION

#### MAIN GOAL

- Creation of SDG Culture in the company

#### LANGUAGE

- Knowledge and awareness of the SDG theme
- Feeling of "proud of what we are" and of the way in which "we want to contribute" - as a company in general, but also as individual teams.
- Explicit value proposition
- Valuing each one as a driving element - changemaker

#### EMPLOYEE INVOLVEMENT

- Active position taking of board elements
- Creation of the concept of "SDG ambassador" in each Business Unit/Department
- Understand how they will impact key stakeholders

#### CONCRETE ACTIONS

- Training Action for the entire company as a Kick Off of the internal ODS Culture creation process
- Sequential internal activities that allow employees to understand where they are and can incorporate this "SDG Culture" into their daily lives and departments
- Creation of the figure of the "SDG Ambassador" in each Business Unit/Department – functioning as a focal point for action and understanding. ODS Commitment
- Session (ODS Kit Solemn Delivery)
- KPI Metrics and Evaluation Metrics by department/employee monitored periodically and associated with incentives
- Session to celebrate the impacts achieved
- (Two annual actions involving the main stakeholders?)

Figure 13 - Internal Communication Strategies suggested by CRB

Source: Authors

## SDG Communication - External

### EXTERNAL COMMUNICATION

#### MAIN GOAL

- Creating Brand Awareness and Strategic Competitiveness
- Industry leading positioning

#### LANGUAGE

- "We are professionals, driven by a purpose and we want to "design a smarter future for a better life"
- Anticipate the future! Communicate the Vision.
- We create the most advanced technology and innovation, we have experience and know-how.
- We bring sustainable and regenerative solutions for a more resilient future.

#### INVOLVEMENT OF DIFFERENT STAKEHOLDERS

- Sending detailed information to the main stakeholders
- Information session with the main stakeholders, so that they can understand EFACEC's SDG culture

#### CONCRETE ACTIONS

- Introduction of all information in annual reports – Integrated Activity Report, with concrete indicators and their monitoring – positive communication aware of the negative impacts we have without hiding them
- Clear and transparent information on the website
- Video with new ODS strategy
- Periodic communication in the media, in order to mark strategic positioning, differentiation and brand awareness
- Communication through products, services provided, customer relations and codes of conduct
- Regular communication in the industry/industry press
- Case studies that enhance the dissemination and awareness of EFACEC's work on the 2030 Agenda

Figure 14 - External Communication Strategies suggested by CRB

Source: Authors

### 3.3 What really happened?

Cristina took the lead in defining the KPIs for each of the four strategic SDGs. She discussed each of them with all the operational departments, with a bottom-up and top-down process to ensure everyone's perspective was taken into consideration and the indicators would truly reflect the organization's reality. Then, after consolidating the initial information, Cristina discussed it with the Steering Committee to come to a final definition, presented below:

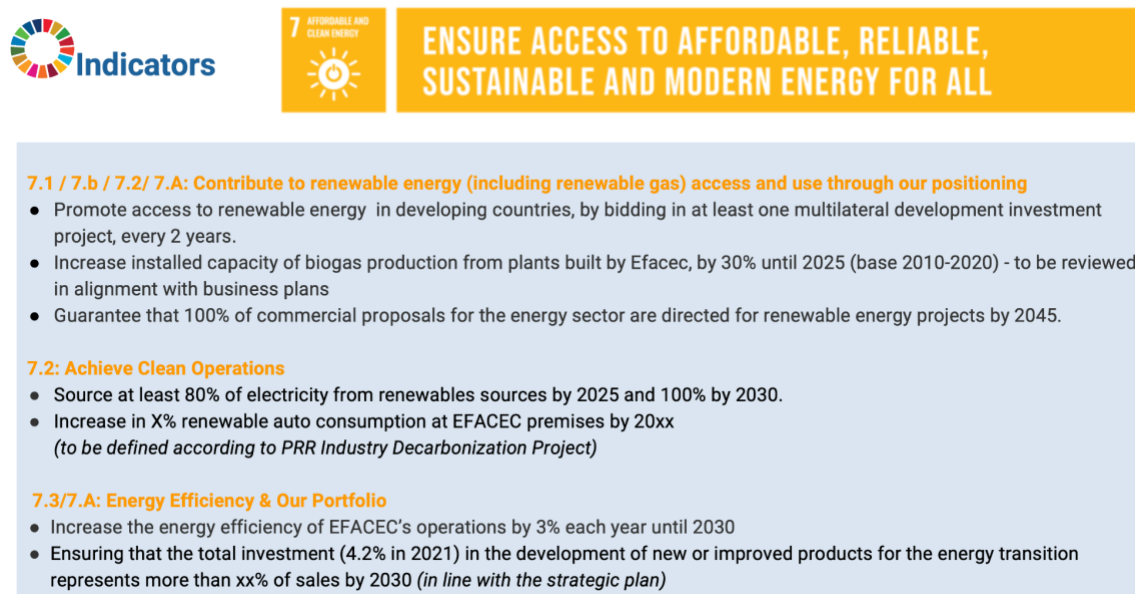


Figure 15 - Efacec indicators for SDG 7

Source: Efacec team



## BUILD RESILIENT INFRASTRUCTURE, PROMOTE INCLUSIVE AND SUSTAINABLE INDUSTRIALIZATION AND FOSTER INNOVATION

### 9.a Promote infrastructure development for economic development and human well being

- Promote access to infrastructure development in developing countries, by bidding in at least one multilateral development investment project, every 2 years.

### 9.2/9.4 Sustainable, resource-efficient and inclusive industrialization

- Guarantee 50%/80% of our revenues 2025/2030 comes from sustainable industrial products in our core areas of operation: energy, mobility and environment
- Implement annual reductions of GHG emissions (average 6%) until reaching at least a 50% overall reduction by 2030 (base year 2019) and carbon neutrality by at least 2050

### 9.5. Promote research, innovation and technological investment

- Guarantee that 80% / 100% of our R&D projects with external financing are aligned and focused on sustainable principles and contribute to the objectives of the Global Agenda, especially technological innovation, by 2025/2030, making use of partnerships as much as possible.
- Promote 3 partnerships per year with public sector, research entities and tech startups/sme in order to come up with innovations every year until 2030

Figure 16 - Efacec indicators for SDG 9

Source: Efacec team



## MAKE CITIES AND HUMAN SETTLEMENTS INCLUSIVE, SAFE, RESILIENT AND SUSTAINABLE

### 11.2 Access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport

- Expand X% the offer of public transport solutions per year in order to guarantee an increase access to affordable, safe and sustainable transport systems in the countries we operate.

### 11.6/11.a By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality, municipal and other waste management; Positive economic, social and environmental links between urban, peri-urban and rural areas

- Increase installed capacity of water treated from plants built by Efacec, by 20% until 2025 (base 2010-2020) - to be reviewed in alignment with business plans
- Increase installed capacity of waste treated from plants built by Efacec, by 25% until 2025 (base 2010-2020) - to be reviewed in alignment with business plans

### 11.b Number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change

- Develop 2 innovative solutions every year to allow cities to increase their environmental and economic efficiency and generate new opportunities to increase human well being.

Figure 17 - Efacec indicators for SDG 11

Source: Efacec team



## ENSURE SUSTAINABLE CONSUMPTION AND PRODUCTION PATTERNS

### 12.2 By 2030, achieve the sustainable management and efficient use of *natural resources*.

- Ensuring that 100% of the top 5 raw materials (by weight) are from recycled content by 2025 (*if technically feasible*)
- Accelerate the conclusion of Life Cycle Analysis each year until reaching 100% of portfolio by 2025
- Reduce product carbon footprint (emissions from product production) by at least 30% until 2025
- Accelerate the conclusion of circularity studies and the implementation of improvement action plans until reaching a degree of excellence for all of Efacec portfolio by 2030
- 100% of cardboard and pallets for transport packing are from recycled or certified sources by 2025

### 12.4 By 2020, achieve the environmentally sound *management of chemicals and all wastes throughout their life cycle (...)* and significantly reduce their release and diminish its negative impact.

### 12.5 By 2030, substantially *reduce waste generation through prevention, reduction, recycling and reuse*.

- Increase sales by 65% of upcycling and recycling services, in partnership with clients, by 2025 (in comparison to 2021)
- Reduce by 5% the intensity of waste and hazardous waste used in the operational processes by 2024.
- XX% scope 1, 2 and 3 GHG reduction per year in order to get a 50% overall reduction by 2030 and carbon neutrality in 2040/2045/2050 (*waiting for Business Ambition*)

### 12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to *integrate sustainability information into their reporting cycle*-

### 12.7 Promote public *procurement practices that are sustainable, in accordance with national policies and priorities*

- Yearly publishing of an integrated report that encompasses sustainable practices and international best practices to monitor the annual sustainability goals aligned with the SDG.
- Achieve at least 30% purchases from suppliers with sustainable practices in alignment with our Procurement Code by 2025.

Figure 18 - Efacec indicators for SDG 12

Source: Efacec team

## Main conclusions and final outputs

This case study describes in detail Efacec's process of the SDGs implementation in its strategy. It can be useful for other companies that may use it as a comprehensive implementation process example and can also be interesting for students interested in engaging with a real case of sustainability ambition.

After the case discussion, students should understand:

- The most important steps of a successful SDG implementation process;
- The main barriers and motivations of companies to this implementation process;
- How companies can engage different stakeholders in the process;
- How the definition of KPIs and communication policies can exponentiate the selected strategic SDGs.

## Complementary Readings:

SDG Compass: <https://sdgcompass.org/>

Efacec's Sustainability Report 2020:

[https://www.efacec.pt/en/wp-](https://www.efacec.pt/en/wp-content/uploads/2021/04/Efacec_RC2020_EN_16.04.2020.pdf)

[content/uploads/2021/04/Efacec\\_RC2020\\_EN\\_16.04.2020.pdf](https://www.efacec.pt/en/wp-content/uploads/2021/04/Efacec_RC2020_EN_16.04.2020.pdf)

## ANNEX

### Annex 1: Efacec's financial and contextual data

Empowering the future  
Annual Report and Accounts 2020

#### 2.7. Efacec in 2020

**240.6 M €**  
in orders

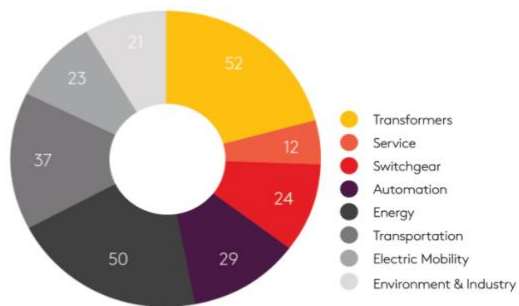
**216.0 M €**  
in revenue

**-20.2 M €**  
in EBIT

**-83.6 M €**  
in EBT

#### Revenue per Business Unit

Million euros, not consolidated



#### Active Markets

Revenue per region, million euros

**36%** **64%**  
in Portugal Worldwide



- Portugal → 78
- Europe → 84
- Americas → 26
- Africa → 22
- Middle East & Asia → 6

The figures presented do not include the Environment & Industry Business Unit

# CASE STUDY EFACEC

THE STRATEGIC IMPLEMENTATION OF THE SUSTAINABLE DEVELOPMENT GOALS AT EFACEC



01 Message from the Chairman  
05 Commitment to Sustainability

02 Key Facts 2020  
06 Annexes

03 Governance and Organisation

04 Business for people

72 years of technological innovation

**20**  
no. of patents

**3**  
accident frequency index

**27**  
R&TD projects

**33.5%**  
reduction in the accident severity index (2019/2020)

**4%**  
investment in R&TD

**75%**  
Client satisfaction

**> 60**  
number of entities with technological and scientific cooperation

**36%**  
reduction in CO<sub>2</sub> emissions (2019/2020)

 **2,304**  
Employees

**16.959h**  
Employees' training

**95%**  
waste recovery index



**79%**  
in Portugal

**21%**  
Worldwide

**7h**  
training per Employee

**34%**  
reduction in water consumption (2019/2020)

**212h**  
volunteering work

# CASE STUDY EFACEC

THE STRATEGIC IMPLEMENTATION OF THE SUSTAINABLE DEVELOPMENT GOALS AT EFACEC



Annex 2: Global Innovation Challenge conclusions file can be accessed [here](#).

Annex 3: Benchmark on other companies strategic SDGs

## Companies Examples - Choice and Report of SDGs

### Improving people's lives

We aim to improve the lives of **3 billion people** a year by 2025 and have **95% of Philips revenue** linked to the SDGs.

We will achieve this by continuing to focus on:

**3** GOOD HEALTH AND WELL-BEING

**12** RESPONSIBLE CONSUMPTION AND PRODUCTION

**13** CLIMATE ACTION

#### Good health and well being

Ensure healthy lives and promote well-being for all at all ages

- Save **3 million babies** the every year in their first month of life
- Each year **20 million women** experience pregnancy-related death
- More than **38 million people** the each year who live in countries with low life expectancy

#### Responsible consumption and production

Ensure sustainable consumption and production patterns

- Over **US \$1 trillion** a year worth of goods to be sold for the global economy through Circular Economy approach
- There will be a **55% increase** of global energy demand by 2030 putting pressure on achieving global carbon reduction target
- 20% of extracted materials** are recycled globally per year (2019 average)

#### How Philips contributes

We need to transform our healthcare systems, in both relative and emerging economies, to co-create a healthier future for all.

- Number of people **quadrupled** in the health capacity in resource-limited countries
- Threefold** of high-impact research and development in health care
- 1.5 million** people are now receiving life-saving medicines from our supply chain

Some of our partnerships to achieve SDG3

- Improving the **health of women and children**
- Innovating for impact**
- Empowering heart health**

#### How Philips contributes

Philips believes that new business models can deliver excellent value to customers while radically reducing resource consumption

- 54%** of total volume shipped in 2019 was made of at least 50% recycled materials
- 40% in 2015** compared to 2017
- 740 tons** of reference material being recycled in the health in 2019

Some of our partnerships to achieve SDG12

- Enabling **circular economy**
- Enabling **carbon neutral**
- Sustainable supply chain**

## Companies Examples - Choice and Report of SDGs

### Improving people's lives

As part of Philips' commitment to make the world healthier and more sustainable through innovation, the company aims to address pressing societal issues with a focus on the **United Nations Sustainable Development Goals**, in particular **SDG 3: Ensure healthy lives and promote well-being for all at all ages**, **SDG 12: Ensure sustainable consumption and production patterns**, and **SDG 13: Take urgent action to combat climate change and its impacts**.

#### Good health and well being

Ensure healthy lives and promote well-being for all at all ages

- Save **3 million babies** the every year in their first month of life
- Each year **20 million women** experience pregnancy-related death
- More than **38 million people** the each year who live in countries with low life expectancy

#### Responsible consumption and production

Ensure sustainable consumption and production patterns

- Over **US \$1 trillion** a year worth of goods to be sold for the global economy through Circular Economy approach
- There will be a **55% increase** of global energy demand by 2030 putting pressure on achieving global carbon reduction target
- 20% of extracted materials** are recycled globally per year (2019 average)

#### How Philips contributes

We need to transform our healthcare systems, in both relative and emerging economies, to co-create a healthier future for all.

- Number of people **quadrupled** in the health capacity in resource-limited countries
- Threefold** of high-impact research and development in health care
- 1.5 million** people are now receiving life-saving medicines from our supply chain

Some of our partnerships to achieve SDG3

- Improving the **health of women and children**
- Innovating for impact**
- Empowering heart health**

#### How Philips contributes

Philips believes that new business models can deliver excellent value to customers while radically reducing resource consumption

- 54%** of total volume shipped in 2019 was made of at least 50% recycled materials
- 40% in 2015** compared to 2017
- 740 tons** of reference material being recycled in the health in 2019

Some of our partnerships to achieve SDG12

- Enabling **circular economy**
- Enabling **carbon neutral**
- Sustainable supply chain**

152

## Companies Examples - Choice and Report of SDGs



Home > Sustainability > Management & Governance > Group Positions > UN Sustainable Development Goals

- At a Glance >
- Strategy
- Targets
- Impact
- Management & Governance
- Sustainability Management

**Relevant Positions**  
 Bayer's Position towards the UN Sustainable Development Goals (SDGs)



In focusing our strategy on sustainability, we have set our own targets for 2030 that will make a relevant contribution to achieving the UN Development Goals – **based on our core competencies**, this means in particular **combating hunger (SDG 2)** and **promoting health (SDG 3)**.

However, we will also work resolutely toward **promoting gender equality (SDG 5)**, reducing greenhouse gases, tackling climate change (**SDG 13**) and supporting life on land (**SDG 15**).

## Companies Examples - Choice and Report of SDGs



Bayer will **focus primarily on smallholders in developing countries and emerging economies**, who produce 80 percent of the domestic population's food supply. However, they themselves often suffer food shortages, live on the poverty line and do not progress beyond subsistence agriculture. (...). By 2030, **we aim to have supported 100 million smallholders in developing countries and emerging economies as a means of helping improve the local production of food supplies and reduce poverty in rural areas.**



**We aim to enable people to share in medical progress, regardless of their income or background. By 2030, we aim to provide**

100 million women in developing countries and emerging economies with the access to the modern-day contraception that more than 200 million women worldwide currently lack. This is one way in which we intend to help improve local food supplies and reduce poverty in rural areas. **We also consider this a significant contribution toward reaching the goals set by the United Nations of empowering women and achieving gender equality (SDG 5).**

## Companies Examples - Choice and Report of SDGs

Task Force on Climate-related Financial Disclosures

UN Sustainable Development Goals

businesses. This laid the foundations for development of our new sustainability aims, which are underpinned by specific objectives and – in most cases – targets. Although our business activity touches the majority of the SDGs, we’re focusing our efforts on those that align with our aims in order to make the most impactful contribution to sustainable development and to people over the next 10 years.

Aim	SDGs	Aim	SDGs
<b>Get to net zero</b>		<b>Improve people's lives</b>	
Aim 1: Net zero operations	13, 14, 15, 17	Aim 11: More clean energy	7, 11, 13, 17
Aim 2: Net zero oil and gas	13, 14, 15, 17	Aim 12: Just transition	7, 11, 13, 17
Aim 3: Halving intensity	13, 14, 15, 17	Aim 13: Sustainable livelihoods	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20
Aim 4: Reducing methane	13, 14, 15, 17	Aim 14: Greater equity	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20
Aim 5: More \$ for new energies	13, 14, 15, 17	Aim 15: Enhance wellbeing	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20
<b>Help the world to get to net zero</b>		<b>Care for our planet</b>	
Aim 6: Advocating	13, 14, 15, 17	Aim 16: Enhancing biodiversity	14, 15, 17
Aim 7: Incentivizing employees	13, 14, 15, 17	Aim 17: Water positive	6, 7, 11, 13, 14, 15, 17
Aim 8: Aligning associations	13, 14, 15, 17	Aim 18: Championing nature-based solutions	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20
Aim 9: Transparency leader	13, 14, 15, 17	Aim 19: Unlock circularity	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20
Aim 10: Clean cities and corporates	13, 14, 15, 17	Aim 20: Sustainable purchasing	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20

Annex 4: Example of SDG-related material used to support the Steering Committee’s final decision

**7 AFFORDABLE AND CLEAN ENERGY**

**ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL**

### Targets

- 7.1 By 2030, ensure universal access to affordable, reliable and modern energy services
- 7.2 By 2030, increase substantially the share of renewable energy in the global energy mix
- 7.3 By 2030, double the global rate of improvement in energy efficiency
- 7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology
- 7.b By 2030, expand infrastructure and upgrade technology for supplying modern and sustainable energy services for all in developing countries



## ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

### What is EFACEC doing

According to the 2020 Sustainability Report, EFACEC contributes to this SDG through:

- Design, installation and maintenance of photovoltaic and hybrid parks (wind + solar pv), hydroelectric plants and biogas and biomass plants (with waste energy recover), directly contributing to the growth and accessibility to renewable energy sources.

#### Examples

- Construction of the solar energy plant in Chile
- Construction of the biogas plant in Denmark

Several projects and products were identified associated with this SDG, such as:

- Development of green transformers;
- Processment of waste into biogas;
- Installation of solar panels;
- Development of green hydrogen
- Integration of renewable energies with the goal of solving problems associated with the resilience and availability of energy
- Promote a more efficient grid;
- Incorporate renewable energies into the “traditional” use
- **Feel free to elaborate further**



## ENSURE ACCESS TO AFFORDABLE, RELIABLE, SUSTAINABLE AND MODERN ENERGY FOR ALL

### Illustrated Examples

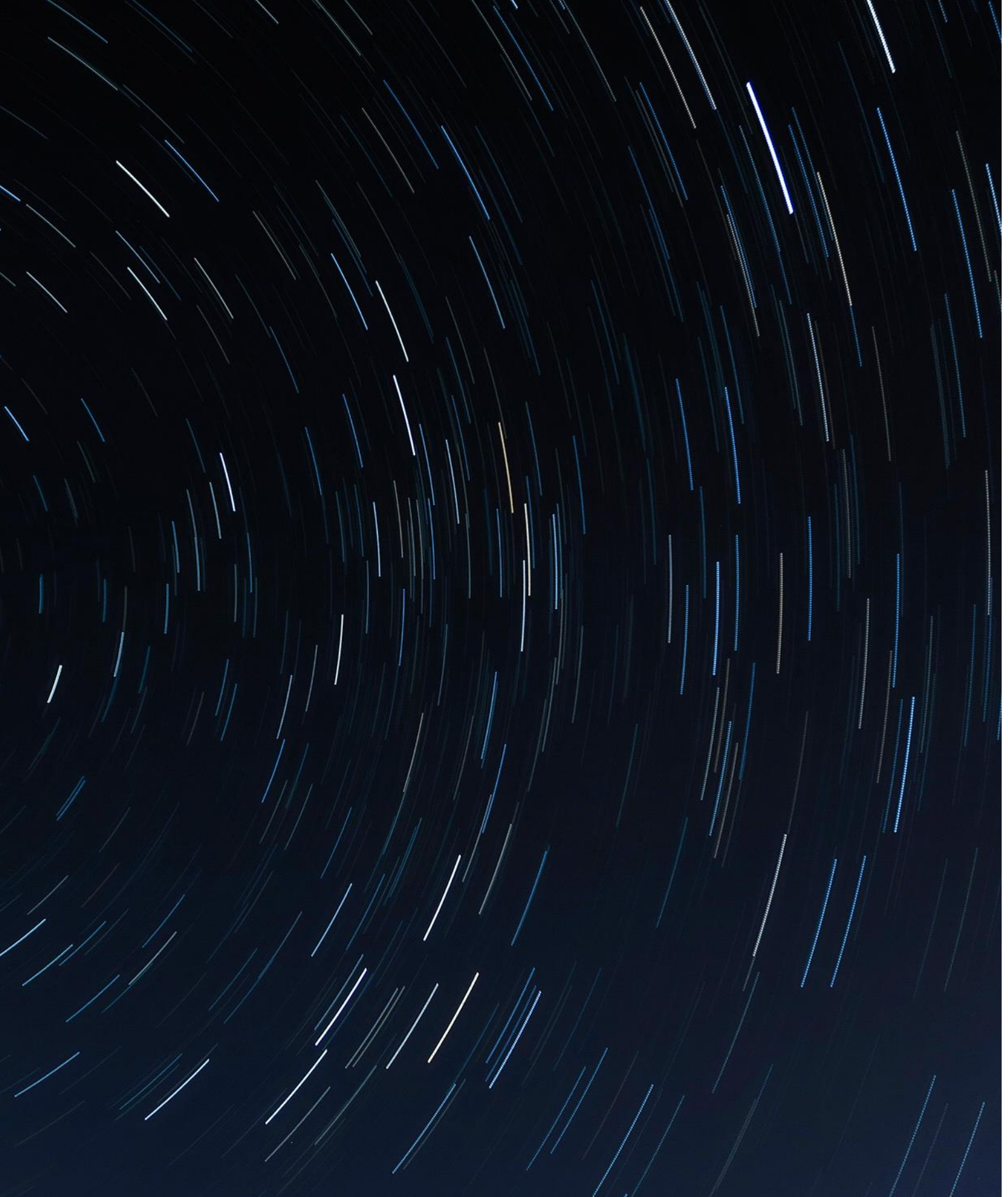
Efacec constrói central de energia solar no Chile



Efacec constrói maior central de biogás da Europa na Dinamarca



Foto: Maria Hedegaard



**CATOLICA-LISBON**  
CENTER FOR RESPONSIBLE  
BUSINESS & LEADERSHIP