



## **Impact of the Corporate Sustainability Reporting Directive on the construction sector in Portugal**

The increasing demand for corporate transparency and accountability has led to adopting sustainability reporting as an essential mechanism for disclosing environmental, social, and governance (ESG) impacts. The construction sector, known for its extensive consumption of natural resources, waste production, and carbon emissions, faces significant challenges in adopting structured and standardized sustainability reporting frameworks. However, the European Union's Corporate Sustainability Reporting Directive (CSRD) also presents an opportunity for the sector to improve its environmental and social performance. The CSRD introduces rigorous sustainability disclosure requirements for large companies and public interest entities, mandating comprehensive reporting on ESG practices. This study investigates Portuguese construction companies' challenges in interpreting and implementing the CSRD. Specifically, it examines the difficulties associated with data collection, compliance with international reporting standards, and the perceptions of key stakeholders.

The study adopts a qualitative and interpretative research approach to achieve these objectives, employing semi-structured interviews with professionals responsible for sustainability reporting within construction companies. The research will utilize content analysis to identify key barriers to compliance and highlight best practices companies can implement to meet CSRD requirements effectively. The findings, which will be presented in a practical and accessible manner, will contribute to the academic literature by providing empirical insights into the practical implications of CSRD compliance in the construction industry. Moreover, the study aims to serve as a valuable resource for industry professionals, offering strategic recommendations to facilitate the transition towards enhanced sustainability reporting practices. Implementing the CSRD presents substantial challenges for construction companies, requiring a paradigm shift in how sustainability is integrated into corporate strategy. This research underscores the necessity for targeted investments in technological infrastructure, employee training, and the development of collaborative approaches involving all relevant stakeholders. By improving the transparency and quality of sustainability reporting within the construction sector, the study will support the broader objectives of sustainable business practices and pave the way for a more sustainable future. Ultimately, this research aims to bridge the gap between regulatory requirements and practical implementation, helping construction firms navigate the complexities of sustainability reporting while fostering long-term corporate responsibility and environmental stewardship.

**Keywords:** Sustainability reporting, CSRD, ESG, Construction Sector.