



Deloitte 2022 CxO Sustainability Report

The disconnect between ambition and impact | Mexico

Global summary

- CxOs' apprehensions about the planet's climate have increased over the last several months, as has their optimism that immediate action can make a difference. But there are multiple disconnects between these business leaders' opinions and motivations, the actions their organizations are taking, and the impact they're having, according to Deloitte's survey of over **2,000 CxOs across 21 countries**.
- The following deck examines **how Mexico's executives stand out from their global counterparts** on key themes.

Key global findings:

Approximately **two-thirds of executives say their companies are very concerned about climate change** and 79% see the world at a tipping point to act—a number that was 59% in a similar [Deloitte survey](#) taken in early 2021. Their concern is influenced by the impact climate change is already having:

- **Almost all respondents (97%)** indicated their companies have already been negatively impacted by climate change, and about half said their operations have been affected (e.g., disruption to business models and supply networks worldwide).
- **Eighty-one percent of CxOs** have been personally impacted by a climate event (e.g., extreme heat, worsening storms, wildfires) over the last 12 months.
- Additionally, **stakeholder groups**—including regulators, shareholders, consumers, and employees—are all adding to the pressure to act.

Yet, there is a prevailing sense of optimism: **88% agreed that with immediate action, we can limit the worst impacts of climate change**. That figure was 63% eight months ago.

Business leaders who said they've taken at least **four of the five** most substantive sustainability actions serve as a model for tackling sustainability with efficiency and effectiveness, while reaping the benefits in return. Those actions are:



Developing new, climate-friendly products or services



Requiring suppliers and business partners to meet specific sustainability criteria



Updating or relocating facilities to make them more resistant to climate impacts



Incorporating climate considerations into lobbying and political donations



Tying senior leader compensation to sustainability performance



Disconnects exist between ambitions, actions, and impacts

While companies are acting, they are less likely to implement actions that demonstrate they have embedded climate considerations into their culture and have the senior leader buy-in and influence to effect meaningful transformation.

Additionally, CxOs continue to struggle with the short-term costs of transitioning to a low carbon future. The five lowest-ranked benefits of climate strategies cited by CxOs were: revenue from both longstanding and new business, asset values, cost of investment, and operating margins.

Our report further explores the disconnect between ambition and action, as well as steps CxOs can take to start to bridge the gap.

Mexico country profile

- We surveyed **97 executives** in Mexico.

MEXICO BUSINESS PROFILE:

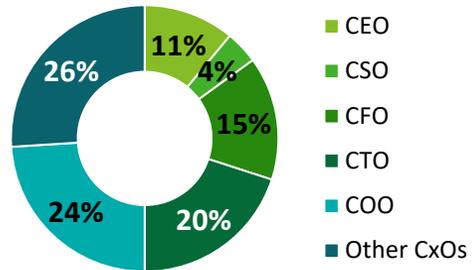


Number of Employees

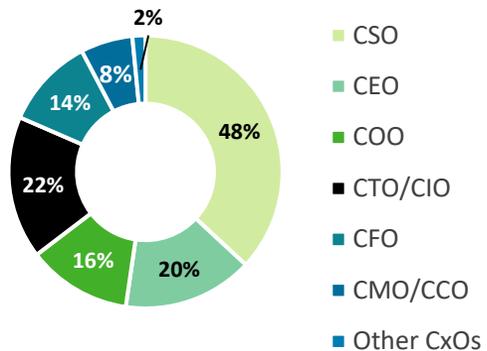
- <5K: **51%**
- 5K to 9,999: **16%**
- 10K to 19,999: **20%**
- 20K to 49,999: **5%**
- >50K: **8%**



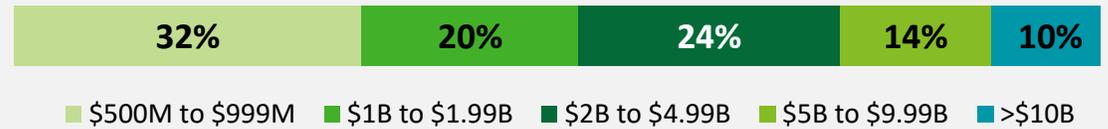
Job Title



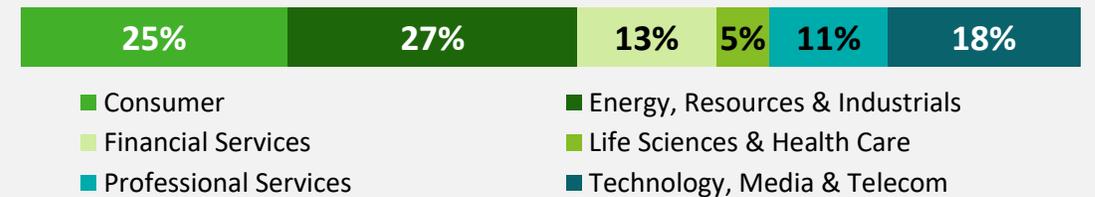
Position(s) at your company responsible for climate goals



Revenue (USD)



Industry

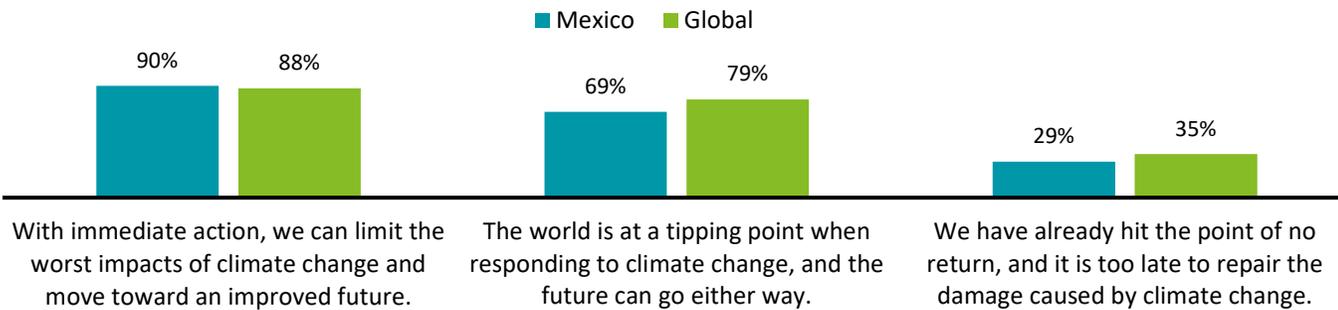


Most executives believe the world is at a tipping point for responding to climate change

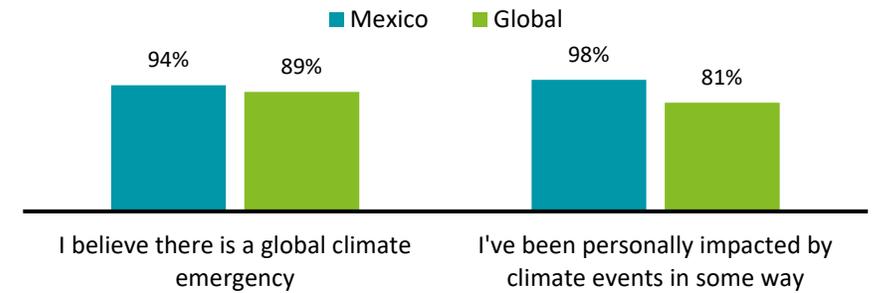
- Mexican CxOs are less likely than the global average to believe the world is at a tipping point for responding to climate change. Despite the gravity of the moment, there is a prevailing sense of optimism as 90% of Mexican CxOs agree that with immediate action, we can limit the worst impacts of climate change and move toward an improved future.
- Compared to global CxOs, Mexican CxOs are significantly more likely to have been personally impacted by climate events in some way over the past year, citing extreme heat, more frequent and powerful storms, severe flooding, and water shortages as top impacts (at a much higher rate than the global average).



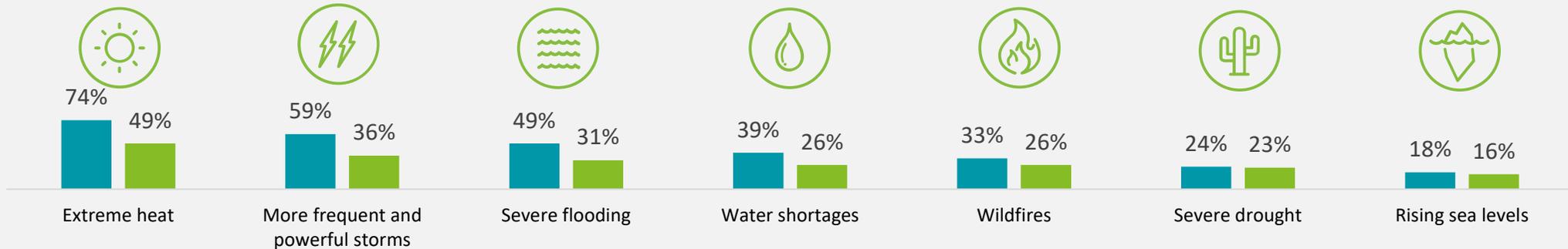
To what extent do you agree or disagree with the following statements related to the environment?



To what extent do you agree or disagree with the following statements related to the environment?



Have you been personally impacted by any of the following in the last twelve months? (select all that apply)

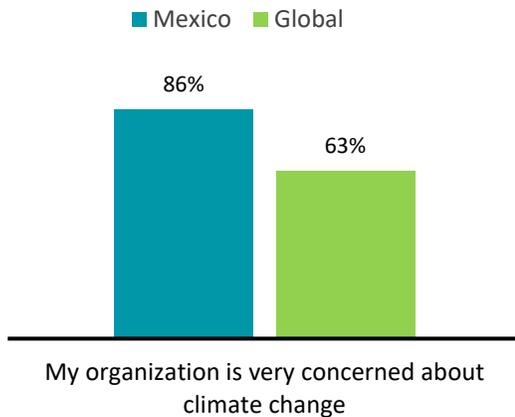


Respondents express concern and say their companies have been affected by climate change

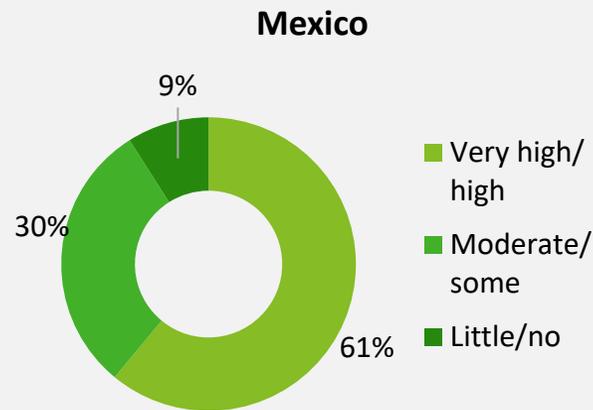
- Mexican CxOs say their companies are significantly more concerned about climate change than the global average, placing them in the top three most concerned among polled countries; the majority of Mexican CxOs say their companies are focused on incorporating climate into their strategies and operations over the next three years.
- Mexican CxOs indicate their companies are slightly less likely to have already been impacted by climate change, compared to the global average. Mexican companies are less likely than global companies to feel the operational and regulatory impacts of climate change, or the cost of mitigation.



How concerned is your organization about climate change?

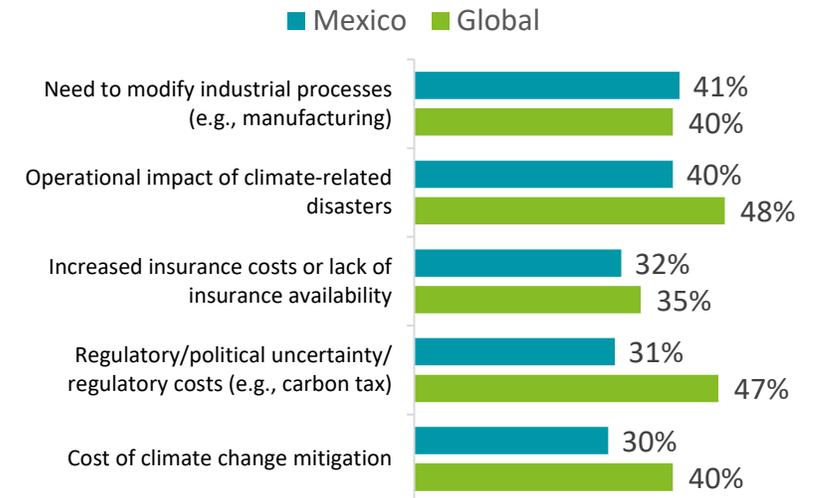


To what degree do you expect climate change to impact your company's strategy and operations over the next three years?



What are the top climate change issues already impacting your business? (select all that apply)

94% of Mexican respondents who say their company has already been impacted by climate change (compared to 97% globally)



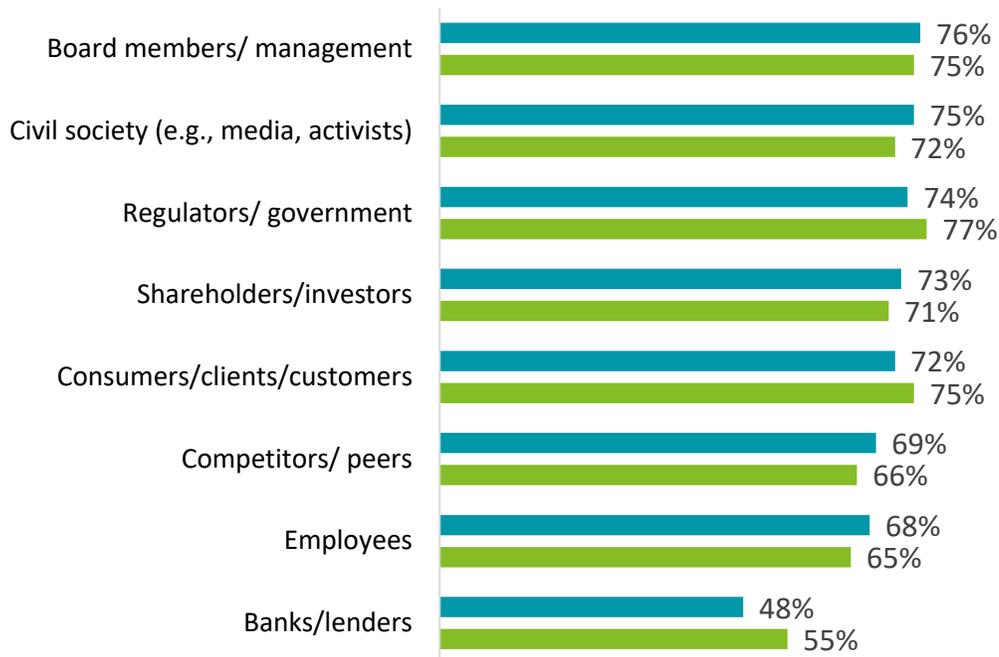
Stakeholders are pressuring companies to act; CxOs believe government also shares responsibility

- Mexican companies are feeling similar pressure as their global counterparts to act on climate from their stakeholder entities, with Board members/management, civil society, and regulators/government, and shareholders as the top forces of pressure.
- All Mexican CxOs agreed that it's important for the national government to play a role mitigating the impacts of climate change, however only 25% (the lowest among any country polled) believe the government is doing a good job in this regard.



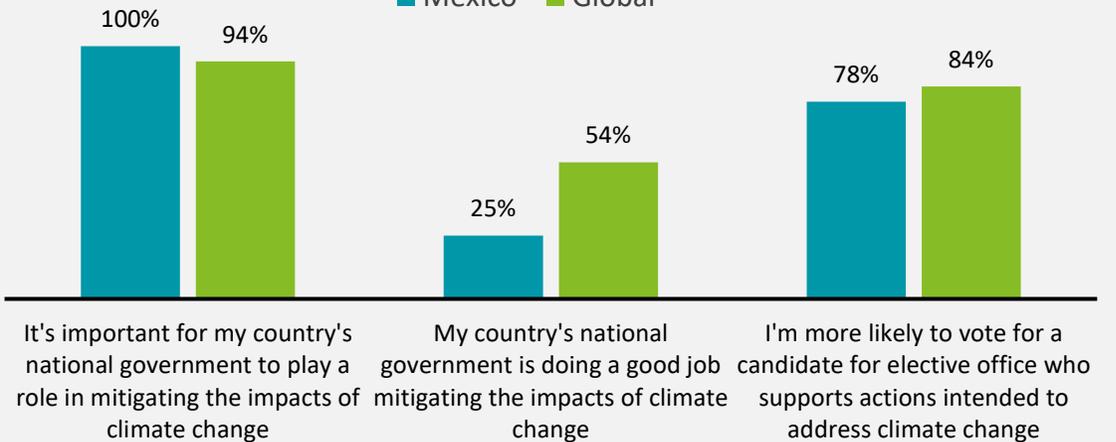
To what extent does your company feel pressure (to a large/moderate extent) to act on climate change from your stakeholders? (select all that apply)

■ Mexico ■ Global



% agree/ strongly agree with the following statements related to government's role in mitigating climate change

■ Mexico ■ Global



At a global level, there are disconnects between CxOs' ambitions and the actions their companies are taking

- In many cases, Mexican companies are more likely than the global average to undertake certain climate actions, including the tougher actions defined by Deloitte's analysis.
- In several cases (developing new climate-friendly products or services, creating a senior position responsible for driving sustainability initiatives, training employees on climate change actions and impact, and tying senior leader compensation to sustainability performance) they are ahead of the global average by 10% or more.

Which of the following actions/adaptations has your company already undertaken as part of its sustainability efforts?
(select all that apply of up to 15 actions)



TOP ACTIONS TAKEN

74%

Using more sustainable materials (e.g., recycled materials, lower emitting products) *Global = 67%*

71%

Creating a senior position (e.g., Chief Sustainability Officer) or function responsible for driving sustainability initiatives *Global = 53%*

70%

Training employees on climate change actions and impact *Global = 57%*

68%

Use energy-efficient or climate-friendly machinery, technologies, and equipment *Global = 57%*

62%

Increasing the efficiency of energy use *Global = 66%*



HARDER TO IMPLEMENT, NEEDLE-MOVING ACTIONS*

56%

Requiring suppliers and business partners to meet specific sustainability criteria *Global = 46%*

54%

Updating/relocating facilities to make them more resistant to climate impacts *Global = 44%*

61%

Developing new climate-friendly products or services *Global = 49%*

47%

Incorporating climate considerations into lobbying/ political donations *Global = 40%*

51%

Tying senior leaders' compensation to sustainability performance *Global = 37%*

*As defined by Deloitte's analysis

Benefits of climate strategy and obstacles that impede impact

- Mexican CxOs selected addressing climate change, customer satisfaction, and employee morale and well-being as the top-three benefits of their climate efforts. The bottom three were all financial—revenue from longstanding businesses, cost of investment, and asset values—perhaps indicating that CxOs are struggling with short term costs in the process of achieving sustainable future.
- Mexican CxOs were less likely to cite cost as a challenge to driving sustainability efforts, but more likely to be concerned about alienating a subset of their customers or employees.



I strongly believe my company's current sustainability efforts have/will have a positive impact on the following (select all that apply)

▲ TOP FIVE BENEFITS SELECTED

67%

Addressing climate change
Global = 43%

59%

Customer satisfaction
(e.g., meeting client expectations)
Global = 46%

52%

Employee morale and well-being
Global = 42%

50%

Brand recognition and reputation
Global = 49%

47%

Innovation around offerings and/or operations
Global = 39%

▼ BOTTOM FOUR

42%

Supply chain efficiency/resiliency
Global = 33%

41%

Asset values
Global = 31%

38%

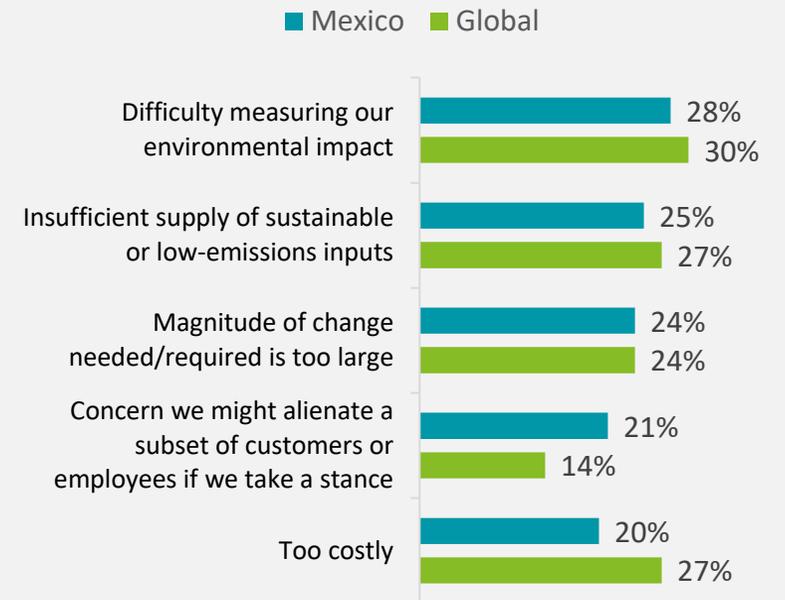
Cost of investment
Global = 30%

21%

Revenue from longstanding business
Global = 28%



Top five obstacles to driving sustainability efforts (Select top 2)



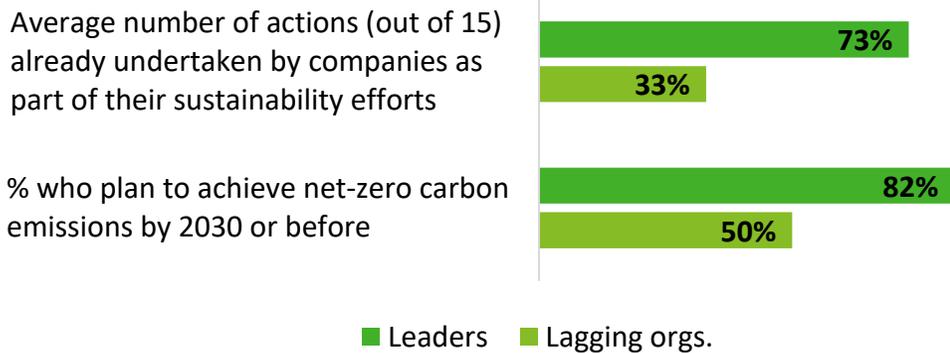
Actions and characteristics that set climate leaders apart

- The survey revealed a group of leading organizations—comprised of 19% of global CxOs—who have implemented at least 4 out of 5 of the “needle-moving” sustainability actions listed on slide 2. In Mexico, 29% of respondents are climate leaders.
- On the other hand, those organizations who had only implemented one or zero of these leadership actions—35% of the global and 20% of Mexican organizations—have catching up to do.
- The benefits of being a climate leader rather than a lagging organization are clear, and they are evident in nearly every part of our survey.

Leaders are more concerned*



Leaders are more active*



*Note: Graphs on this page represent Global data, not country-level data. Country-level data for leading and lagging organizations would be too small of a number to be statistically accurate.



Leaders see greater benefits to their climate strategy*

I believe my company's current environmental sustainability efforts have/will have a positive impact on...





Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte provides industry-leading audit and assurance, tax and legal, consulting, financial advisory, and risk advisory services to nearly 90% of the Fortune Global 500® and thousands of private companies. Our professionals deliver measurable and lasting results that help reinforce public trust in capital markets, enable clients to transform and thrive, and lead the way toward a stronger economy, a more equitable society and a sustainable world. Building on its 175-plus year history, Deloitte spans more than 150 countries and territories. Learn how Deloitte’s more than 345,000 people worldwide make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organization”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.

© 2022. For information, contact Deloitte Global.