Research on Sustainability and Competitiveness in Mexico*

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*Project funded by UCMEXUS
Main Objectives

1) Generate a baseline about sustainability practices in Mexican companies.

2) Understand how environmental performance has influenced competitiveness.

3) Identify changes in relation to better environmental performance in Mexican firms and its drivers.
Competitiveness*

Whereby the firm has the ability to maintain operations, survive and prosper

Business value creation

Economic growth

** No need for a single definition at the international or national level as each firm is capable of defining its own reference markets to remain competitive.
Sustainability

• Whereby firms integrate in their business operations stakeholder, environmental, and societal expectations.
Competitiveness Expectations

• Reputation

• Branding

• Innovation

• Productivity

• Economic benefits
Environmental Expectations

• Efficient use of natural resources
• Pollution control
• Governmental regulation and adaptation
• Energy Efficiency and security
• Carbon restrictions
• Green economy
Methodology

• Interview/Survey the most important companies in Mexico.

• Sample drawn from Expansión 500 for 2008, 2009 and 2010

• 84% of Expansión top 500 are located in and around Mexico City’s or Monterrey’s metropolitan area.

• Response rate of approximately 25%

• Expansion attitudinal survey, February 2011 issue: Main results are 5/10 adults in Mexico believe that business has a bigger responsibility toward the environment. 70% of Mexican consumers would pay more for a green product if it will help the environment.
Survey application

- Original list of 600 companies that have been listed in Expansion 500 for the last one year during the last 3 years.

- Reduce the list to consider conglomerates, to exclude subsidiaries and to be geographically feasible to reach.

- 400 companies contacted by phone or email, then made appointments to explain survey and clarify scope of same.

- Confidentiality letters were sent to companies that requested them.

- Main non response issues were lack of interest, limitations to share data, sustainability not prioritary for the company.
Survey sections

1. Companies main characteristics.
   1. 71% more than 1000 employees.
   2. Sales in million dollars and most have international operations.
   3. 86% have written ethical codes and 70% have included sustainability in their mission.

2. Environmental sustainability
   1. Type of environmental sustainability practices
   2. Drivers of sustainability practices
   3. Decision makers
   4. Stakeholders and internal and external challenges.

3. Climate change and water resources challenges.
   1. Awareness
   2. Risk perception

4. Competitiveness
   1. Sustainability impact
Distribution of Companies that answered the survey/interview

- A - Agropecuario, Alimentos y Bebidas: 41%
- B - Recursos Naturales y Minería: 3%
- C - Construcción: 30%
- D - Industrias Manuf actureras: 8%
- E - Comercio: 15%
- F - Transportes, Comunicaciones y Servicios: 3%
Comparativo

Distribución por sectores 500 Expansión

- A - Agropecuario, Alimentos y Bebidas: 57%
- B - Recursos Naturales y Minería: 12%
- C - Construcción: 7%
- D - Industrias Manufactureras: 3%
- E - Comercio: 14%
- F - Transportes, Comunicaciones y Servicios: 7%

Distribución por sectores de BMV

- A - Agropecuario, Alimentos y Bebidas: 41%
- B - Recursos Naturales y Minería: 13%
- C - Construcción: 13%
- D - Industrias Manufactureras: 13%
- E - Comercio: 13%
- F - Transportes, Comunicaciones y Servicios: 7%
Comparative surveys

- **Economist**: Online survey of 566 US based executives (39% VP or above) in Sept. 2008. 29% public companies in 17 different industries. Self selected, but population is not specified.

- **McKinsey**: December 2007. 2192 executives worldwide (27% CEO’s or other “C” level executives). Data are weighted to reflect representation in the population. No mention of what the population is, however.


- **Delmas**: Oct-Nov 2003. Population consisted of 3255 facilities in 8 industrial sectors. 562 responses (17.2% response rate). No indication of how the list was compiled.
Section 2. Environmental Sustainability
# How active is your company in terms of the following areas of environmental sustainability?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Very active %</th>
<th>Regularly active %</th>
<th>Sum %</th>
<th>Rarely active %</th>
<th>Not active %</th>
<th>Do not know %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy resources conservation</td>
<td>41.0</td>
<td>37.6</td>
<td>78.6</td>
<td>14.6</td>
<td>5.6</td>
<td>1.2</td>
</tr>
<tr>
<td>Water resources management</td>
<td>45.5</td>
<td>27.2</td>
<td>72.7</td>
<td>14.1</td>
<td>9.1</td>
<td>4.1</td>
</tr>
<tr>
<td>Other natural resources conservation and management</td>
<td>32.3</td>
<td>38.5</td>
<td>70.8</td>
<td>21.3</td>
<td>5.2</td>
<td>2.6</td>
</tr>
<tr>
<td>Waste reduction</td>
<td>47.5</td>
<td>28.1</td>
<td>75.6</td>
<td>19.3</td>
<td>2.5</td>
<td>2.5</td>
</tr>
<tr>
<td>Waste recovery</td>
<td>39.0</td>
<td>35.1</td>
<td>74.1</td>
<td>13.5</td>
<td>9.7</td>
<td>2.8</td>
</tr>
<tr>
<td>Environmental risk control</td>
<td>39.7</td>
<td>35.1</td>
<td>74.8</td>
<td>14.2</td>
<td>2.8</td>
<td>8.2</td>
</tr>
<tr>
<td>Eco-design products</td>
<td>20.8</td>
<td>43.5</td>
<td>64.3</td>
<td>29.1</td>
<td>4.1</td>
<td>2.4</td>
</tr>
<tr>
<td>Product manufacturing</td>
<td>30.8</td>
<td>36.6</td>
<td>67.4</td>
<td>24.9</td>
<td>5.2</td>
<td>2.6</td>
</tr>
<tr>
<td>Supply chain reduction of environmental impacts</td>
<td>24.8</td>
<td>43.7</td>
<td>68.5</td>
<td>22.3</td>
<td>7.7</td>
<td>1.5</td>
</tr>
<tr>
<td>Community collaboration in terms of environmental practices</td>
<td>28.0</td>
<td>28.4</td>
<td>56.4</td>
<td>27.6</td>
<td>13.1</td>
<td>2.8</td>
</tr>
</tbody>
</table>
How active is your company in terms of the following areas of environmental sustainability?

- Energy resources conservation
- Water resources management
- Other natural resources conservation and management
- Waste reduction
- Waste recovery
- Environmental risk control
- Eco-design products
- Product manufacturing
- Supply chain reduction of environmental impacts
- Community collaboration in terms of environmental practices

[Bar chart showing levels of activity for each area with color coding for do not know, not active, rarely active, regularly active, and very active]
Does your company use metrics to measure environmental performance?

<table>
<thead>
<tr>
<th>Answer options</th>
<th>Ours %</th>
<th>Economist %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>59</td>
<td>31</td>
</tr>
<tr>
<td>No</td>
<td>31</td>
<td>38</td>
</tr>
<tr>
<td>Do not know</td>
<td>10</td>
<td>31</td>
</tr>
</tbody>
</table>

Among the metrics used: Triple Bottom Line (21%), ISO 14001 or 14031 (24%), Global Reporting Initiative (31%), other (17%).
Approximately what percentage of your company’s annual operating budget is invested in the implementation of environmental sustainability practices?

- None: 17%
- Some: 31%
- Do not know: 52%
Does your company have a written business plan or project to address environmental sustainability issues?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Currently has an environmental sustainability project</td>
<td>52.9%</td>
</tr>
<tr>
<td>Does not have an environmental sustainability project</td>
<td>18.0%</td>
</tr>
<tr>
<td>Is currently developing an environmental sustainability project</td>
<td>22.8%</td>
</tr>
<tr>
<td>Think will soon develop an environmental sustainability project</td>
<td>11.2%</td>
</tr>
<tr>
<td>No future plans for developing an environmental sustainability project</td>
<td>1.8%</td>
</tr>
<tr>
<td>Do not know</td>
<td>1.2%</td>
</tr>
</tbody>
</table>
What are the main reasons for your company to adopt environmental sustainability practices?

(“most important” rankings only)

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Ours %</th>
<th>MIT %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue growth</td>
<td>21.3</td>
<td>8</td>
</tr>
<tr>
<td>Increased profits</td>
<td>14.3</td>
<td>N/A</td>
</tr>
<tr>
<td>Cost savings</td>
<td>25.2</td>
<td>10</td>
</tr>
<tr>
<td>Public relations</td>
<td>12.0</td>
<td>N/A</td>
</tr>
<tr>
<td>Internal pressure (i.e. employees)</td>
<td>4.2</td>
<td>9</td>
</tr>
<tr>
<td>Environment protection</td>
<td>63.6</td>
<td>N/A</td>
</tr>
<tr>
<td>Brand/image improvement</td>
<td>16.0</td>
<td>35</td>
</tr>
<tr>
<td>Recruitment and retention of employees</td>
<td>13.7</td>
<td>9</td>
</tr>
<tr>
<td>Opening new markets</td>
<td>34.6</td>
<td>10</td>
</tr>
</tbody>
</table>
How does your company perceive environmental organizations (NGO or local organizations), as an opportunity or a challenge for its business?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Great extent + Some extent</th>
<th>Response count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business opportunity</td>
<td>81.5</td>
<td>88</td>
</tr>
<tr>
<td>Challenge for the company</td>
<td>86.2</td>
<td>85</td>
</tr>
<tr>
<td>Problem for the company</td>
<td>23.0</td>
<td>79</td>
</tr>
</tbody>
</table>
To what extent are your company’s employees involved in environmental sustainability strategies?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Great extent</th>
<th>Some extent</th>
<th>No extent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Voluntarily</td>
<td>42.3</td>
<td>50.7</td>
<td>7.0</td>
</tr>
<tr>
<td>Motivated or forced by the company</td>
<td>24.1</td>
<td>44.9</td>
<td>31.0</td>
</tr>
<tr>
<td>Average</td>
<td>33.7</td>
<td>47.9</td>
<td>18.4</td>
</tr>
<tr>
<td>Economist</td>
<td>16.0</td>
<td>63.0</td>
<td>21.0</td>
</tr>
</tbody>
</table>
How do the following groups and/or organizations influence the environmental sustainability strategy of your company?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Greatly affects %</th>
<th>Affects to some extent %</th>
<th>Sum %</th>
<th>Does not affect %</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>35.2</td>
<td>47.7</td>
<td>82.9</td>
<td>17.1</td>
<td>92</td>
</tr>
<tr>
<td>Employees</td>
<td>21.7</td>
<td>58.7</td>
<td>80.4</td>
<td>19.6</td>
<td>93</td>
</tr>
<tr>
<td>Shareholders</td>
<td>40.2</td>
<td>45.1</td>
<td>85.3</td>
<td>14.6</td>
<td>90</td>
</tr>
<tr>
<td>Consumers</td>
<td>32.1</td>
<td>46.4</td>
<td>78.5</td>
<td>21.5</td>
<td>92</td>
</tr>
<tr>
<td>Suppliers</td>
<td>12.7</td>
<td>60.4</td>
<td>73.1</td>
<td>26.9</td>
<td>93</td>
</tr>
<tr>
<td>Environmental support groups</td>
<td>14.8</td>
<td>48.0</td>
<td>62.8</td>
<td>37.1</td>
<td>91</td>
</tr>
<tr>
<td>NGO</td>
<td>10.4</td>
<td>50.1</td>
<td>60.5</td>
<td>39.6</td>
<td>91</td>
</tr>
<tr>
<td>Educational institutions</td>
<td>10.6</td>
<td>42.9</td>
<td>53.5</td>
<td>46.4</td>
<td>91</td>
</tr>
<tr>
<td>National regulations</td>
<td>50.6</td>
<td>33.1</td>
<td>83.7</td>
<td>16.3</td>
<td>93</td>
</tr>
<tr>
<td>International regulations</td>
<td>39.4</td>
<td>34.7</td>
<td>74.1</td>
<td>25.9</td>
<td>91</td>
</tr>
<tr>
<td>Media</td>
<td>12.8</td>
<td>57.6</td>
<td>70.4</td>
<td>29.6</td>
<td>92</td>
</tr>
<tr>
<td>Competitors</td>
<td>15.8</td>
<td>43.9</td>
<td>59.7</td>
<td>40.3</td>
<td>92</td>
</tr>
<tr>
<td>Socially responsible investment funds</td>
<td>11.6</td>
<td>31.7</td>
<td>43.3</td>
<td>56.7</td>
<td>87</td>
</tr>
<tr>
<td>Local community</td>
<td>31.4</td>
<td>47.4</td>
<td>78.8</td>
<td>21.1</td>
<td>92</td>
</tr>
<tr>
<td>Industry, trade or business associations</td>
<td>6.5</td>
<td>60.2</td>
<td>66.7</td>
<td>33.3</td>
<td>91</td>
</tr>
<tr>
<td>Others</td>
<td>12.6</td>
<td>15.4</td>
<td>28.0</td>
<td>72.0</td>
<td>8</td>
</tr>
</tbody>
</table>
## Comparative stakeholders influence

<table>
<thead>
<tr>
<th></th>
<th>Economist</th>
<th>MIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government</td>
<td>22%</td>
<td>30%</td>
</tr>
<tr>
<td>Employees</td>
<td>20%</td>
<td>30%</td>
</tr>
<tr>
<td>Shareholders</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Consumers</td>
<td>16%</td>
<td>N/A</td>
</tr>
<tr>
<td>Suppliers</td>
<td>N/A</td>
<td>5%</td>
</tr>
<tr>
<td>Environmental support groups</td>
<td>5%</td>
<td>N/A</td>
</tr>
<tr>
<td>NGO’s</td>
<td>5%</td>
<td>7.5</td>
</tr>
<tr>
<td>Educational institutions</td>
<td>13%</td>
<td>N/A</td>
</tr>
<tr>
<td>Media</td>
<td>2.4%</td>
<td>2.5</td>
</tr>
<tr>
<td>Local community</td>
<td>N/A</td>
<td>5%</td>
</tr>
</tbody>
</table>
In your opinion, does the adoption of environmental sustainability practices improve your company's financial results?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Combined</th>
<th>Economist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greatly improves</td>
<td>56.7%</td>
<td>92.5%</td>
<td>89%</td>
</tr>
<tr>
<td>Slightly improves</td>
<td>35.8%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Does not affect</td>
<td>7.5%</td>
<td>7.5%</td>
<td>11%</td>
</tr>
</tbody>
</table>
Five years from now, do you think that environmental sustainability practices will be more or less important to your company's business strategy?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Economist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Much more important</td>
<td>49.2%</td>
<td></td>
</tr>
<tr>
<td>More important</td>
<td>42.7%</td>
<td>44%</td>
</tr>
<tr>
<td>Equally important</td>
<td>5.9%</td>
<td>39%</td>
</tr>
<tr>
<td>Less important</td>
<td>0.6%</td>
<td>5%</td>
</tr>
<tr>
<td>Do not know</td>
<td>1.6%</td>
<td>12%</td>
</tr>
</tbody>
</table>
How likely is it that your company could increase profits by adopting environmental sustainability practices in the following areas? (Top five categories)

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Very likely %</th>
<th>Very likely + Likely %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy resources conservation</td>
<td>57.3</td>
<td>88.9</td>
</tr>
<tr>
<td>Water resources management</td>
<td>49.7</td>
<td>81.6</td>
</tr>
<tr>
<td>Other natural resources conservation</td>
<td>44.5</td>
<td>83.0</td>
</tr>
<tr>
<td>Waste reduction</td>
<td>56.8</td>
<td>83.9</td>
</tr>
<tr>
<td>Supply Chain</td>
<td>35.6</td>
<td>70.6</td>
</tr>
</tbody>
</table>
In your opinion, will your company allocate more or less monetary resources for the implementation of environmental sustainability practices within the next five years?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Combined</th>
<th>Economist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Much more resources</td>
<td>7.2%</td>
<td>64.4%</td>
<td>39%</td>
</tr>
<tr>
<td>More than the current resources</td>
<td>57.2%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>About the same resources</td>
<td>27.1%</td>
<td>27.1%</td>
<td>37%</td>
</tr>
<tr>
<td>Less than the current resources</td>
<td>2.1%</td>
<td>2.1%</td>
<td>4%</td>
</tr>
<tr>
<td>Much less than current resources</td>
<td>0.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Do not know</td>
<td>6.3%</td>
<td>6.3%</td>
<td>20%</td>
</tr>
</tbody>
</table>

In your opinion, will your company allocate more or less monetary resources for the implementation of environmental sustainability practices within the next five years?

- Much more resources: Combined 64.4%, Economist 39%
- More than the current resources: Combined 57.2%
- About the same resources: Combined 27.1%, Economist 37%
- Less than the current resources: Combined 2.1%, Economist 4%
- Much less than current resources: Combined 0.0%
- Do not know: Combined 6.3%, Economist 20%
In your company, who is primarily responsible for addressing issues of environmental sustainability?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Economist</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board of directors</td>
<td>9.6%</td>
<td>34%</td>
</tr>
<tr>
<td>CEO</td>
<td>43.1%</td>
<td>37%</td>
</tr>
<tr>
<td>CFO</td>
<td>1.3%</td>
<td>4%</td>
</tr>
<tr>
<td>Other senior executives</td>
<td>23.7%</td>
<td>17%</td>
</tr>
<tr>
<td>VP manager/director</td>
<td>22.3%</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Responsible for addressing issues of environmental sustainability**

- **Our survey**
- **Economist**

![Bar chart showing responses](chart.png)
To what extent do the following intra-company departments influence the environmental performance improvement of your company? (strong & very strong influence)

<table>
<thead>
<tr>
<th>Answer options</th>
<th>Ours</th>
<th>Delmas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental management</td>
<td>83.0</td>
<td>78</td>
</tr>
<tr>
<td>Legal and regulatory affairs</td>
<td>46.0</td>
<td>61</td>
</tr>
<tr>
<td>Public relations department</td>
<td>53.9</td>
<td>27</td>
</tr>
<tr>
<td>Corporate strategy department</td>
<td>71.9</td>
<td>47</td>
</tr>
<tr>
<td>Marketing department</td>
<td>43.8</td>
<td>18</td>
</tr>
<tr>
<td>Product design department</td>
<td>40.5</td>
<td>18</td>
</tr>
<tr>
<td>Health and safety department</td>
<td>62.1</td>
<td>N/A</td>
</tr>
<tr>
<td>Others</td>
<td>44.7</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Within your company, what are the internal challenges that represent the most significant obstacles for addressing issues of environmental sustainability? (Top three categories)

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>MIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not know the most effective way to take action</td>
<td>53.0%</td>
<td>5.0%</td>
</tr>
<tr>
<td>Outdated perspectives on issues of environmental sustainability</td>
<td>51.7%</td>
<td>21.0%</td>
</tr>
<tr>
<td>Too many business propositions that have not been prioritized</td>
<td>29.8%</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

Within your company, what are the internal challenges that represent the most significant obstacles for addressing issues of environmental sustainability? (Top three categories)
Within your company, what are the external challenges that represent the most significant obstacles for addressing issues of environmental sustainability? (Top three categories)

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>MIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of clear industry standards</td>
<td>44.1%</td>
<td>10%</td>
</tr>
<tr>
<td>Lack of customer demand or need for</td>
<td>40.4%</td>
<td>26%</td>
</tr>
<tr>
<td>Insufficient economic incentives</td>
<td>37.2%</td>
<td>16%</td>
</tr>
</tbody>
</table>
How important are the following elements when addressing environmental sustainability in your company?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>High importance</th>
<th>Moderate importance</th>
<th>Important</th>
<th>Sum</th>
<th>Low importance</th>
<th>Not important</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product, services or marketing innovations</td>
<td>48.2</td>
<td>13.9</td>
<td>19.2</td>
<td>81.3</td>
<td>11.5</td>
<td>7.2</td>
<td>96</td>
</tr>
<tr>
<td>Business model or processes innovation</td>
<td>46.5</td>
<td>14.1</td>
<td>22.8</td>
<td>83.4</td>
<td>9.0</td>
<td>7.5</td>
<td>95</td>
</tr>
<tr>
<td>Inner-company departmental collaboration</td>
<td>51.6</td>
<td>6.5</td>
<td>25.0</td>
<td>83.1</td>
<td>11.5</td>
<td>5.4</td>
<td>96</td>
</tr>
<tr>
<td>External supply chain movement due to environmental</td>
<td>32.5</td>
<td>22.7</td>
<td>23.3</td>
<td>78.5</td>
<td>13.2</td>
<td>8.2</td>
<td>96</td>
</tr>
<tr>
<td>System perspectives: the ability to understand the conditions beyond</td>
<td>35.1</td>
<td>26.0</td>
<td>19.4</td>
<td>80.5</td>
<td>15.0</td>
<td>4.5</td>
<td>95</td>
</tr>
<tr>
<td>Identification and use of specific frameworks for environmental</td>
<td>39.5</td>
<td>22.7</td>
<td>23.2</td>
<td>85.4</td>
<td>10.1</td>
<td>4.5</td>
<td>96</td>
</tr>
<tr>
<td>Identification and use of developmental measuring tools for addressing</td>
<td>51.8</td>
<td>18.1</td>
<td>17.3</td>
<td>87.2</td>
<td>8.4</td>
<td>4.5</td>
<td>95</td>
</tr>
<tr>
<td>Vision and commitment towards environmental sustainability</td>
<td>64.2</td>
<td>14.7</td>
<td>10.3</td>
<td>89.2</td>
<td>6.2</td>
<td>4.6</td>
<td>96</td>
</tr>
<tr>
<td>Ability to understand and determine regulatory policies for environmental</td>
<td>52.5</td>
<td>11.7</td>
<td>25.5</td>
<td>89.7</td>
<td>8.3</td>
<td>2.1</td>
<td>96</td>
</tr>
<tr>
<td>Communication between the interested parties</td>
<td>52.9</td>
<td>14.4</td>
<td>17.0</td>
<td>84.3</td>
<td>11.4</td>
<td>3.3</td>
<td>96</td>
</tr>
<tr>
<td>Dealing with uncertainty and planning long-term scenarios</td>
<td>32.3</td>
<td>21.0</td>
<td>30.5</td>
<td>83.8</td>
<td>11.0</td>
<td>5.2</td>
<td>96</td>
</tr>
<tr>
<td>Ability to fully experience and accept failure when analyzing external</td>
<td>32.9</td>
<td>24.7</td>
<td>23.1</td>
<td>80.7</td>
<td>13.9</td>
<td>5.2</td>
<td>96</td>
</tr>
<tr>
<td>Learning processes and internal adaptation</td>
<td>41.9</td>
<td>26.0</td>
<td>19.0</td>
<td>86.9</td>
<td>5.3</td>
<td>7.7</td>
<td>96</td>
</tr>
<tr>
<td>Dynamic adaptation to the changing business environment</td>
<td>42.8</td>
<td>23.8</td>
<td>21.2</td>
<td>87.8</td>
<td>7.1</td>
<td>5.4</td>
<td>94</td>
</tr>
</tbody>
</table>
How important are the following elements when addressing environmental sustainability in your company?

- **Product, services or marketing innovations**
- **Inner-company departmental collaboration**
- **System perspectives: the ability to understand the conditions beyond organizational boundaries**
- **Identification and use of developmental measuring tools for addressing environmental sustainability issues**
- **Ability to understand and determine regulatory policies for environmental sustainability**
- **Dealing with uncertainty and planning long-term scenarios**
- **Learning processes and internal adaptation**
Section 3. Climate Change and Water Resources Challenges
Climate Change

- 86.9% believe "climate change" an issue worth considering
- Only 48% are familiar with the Mexican Government's climate change strategy.
- 76.9% have a specific plan for addressing climate change
- Only 38.6% measure the company's carbon contribution and, out of those not measuring, 42.1% have plans goals to measure their carbon footprint
If climate change is an issue worth considering, which of the following factors influenced your company to take climate change into account? Check all that apply.

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate reputation</td>
<td>69.2%</td>
</tr>
<tr>
<td>Consumer demands or preferences</td>
<td>22.3%</td>
</tr>
<tr>
<td>Media attention</td>
<td>36.7%</td>
</tr>
<tr>
<td>Management conviction</td>
<td>70.4%</td>
</tr>
<tr>
<td>Regulations</td>
<td>48.7%</td>
</tr>
<tr>
<td>Investment opportunity</td>
<td>26.1%</td>
</tr>
<tr>
<td>Competitor pressure</td>
<td>8.8%</td>
</tr>
<tr>
<td>Business plan proposed by employees</td>
<td>16.6%</td>
</tr>
<tr>
<td>Physical threats to company assets</td>
<td>16.1%</td>
</tr>
</tbody>
</table>
If your company is familiar with the Mexican Government’s climate change strategy, what is its perspective on it?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adequate</td>
<td>22.1%</td>
</tr>
<tr>
<td>Sufficient</td>
<td>9.2%</td>
</tr>
<tr>
<td>Insufficient</td>
<td>45.4%</td>
</tr>
<tr>
<td>Misguided</td>
<td>23.3%</td>
</tr>
</tbody>
</table>

If “misguided,” why?

• There is no vision of joint participation: government-industry-community

• Certain issues are prioritized but real and substantive changes to policies and regulations relating to the use of energy are neglected.

• Lack of controls, penalties and/or incentives. It has not focused in the most inefficient sectors.

• There is lack of leadership that does not allow it to be applied properly.

• It does not include either a clear set of rules or incentives.
What specific actions has your company taken?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cleaner technology investment</td>
<td>85.9%</td>
</tr>
<tr>
<td>Greenhouse gas reports</td>
<td>46.1%</td>
</tr>
<tr>
<td>Reducing greenhouse gas emissions</td>
<td>53.2%</td>
</tr>
<tr>
<td>Employee climate change training programs</td>
<td>51.2%</td>
</tr>
<tr>
<td>Acquisition of fuel efficient vehicles (such as electric, hybrid or diesel) or other means of sustainable transportation</td>
<td>12.1%</td>
</tr>
<tr>
<td>Others</td>
<td>20.7%</td>
</tr>
</tbody>
</table>
What effect, if any, do you think climate change will have on your company's profits in the next five years?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>No impact</th>
<th>Low impact</th>
<th>High impact</th>
<th>McKinsey</th>
</tr>
</thead>
<tbody>
<tr>
<td>... if the company takes action against climate change</td>
<td>7.9%</td>
<td>43.5%</td>
<td>48.6%</td>
<td>29.0%</td>
</tr>
<tr>
<td>... if the company does not take further action against climate change</td>
<td>4.0%</td>
<td>33.4%</td>
<td>62.7%</td>
<td>41.0%</td>
</tr>
</tbody>
</table>
42.1% of companies have been subjected to cuts in water supply or have been at risk from water scarcity.

63.2% companies think that given the current infrastructure conditions that provide water to their company, supply is at risk.

28.5% of the companies perceived the water infrastructure is inadequate or insufficient.

56.1% of companies have water recycling plants, 68.4% have water consumption goals, and 79.8% aim to conserve water use.
What use does your company make of water (check all that apply)?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>In the production of goods and services (water as a component of the product)</td>
<td>35.5%</td>
</tr>
<tr>
<td>In the production process of goods and services (water as a component for cooling, diluting or processing)</td>
<td>41.5%</td>
</tr>
<tr>
<td>In the production chain of goods and services (water as a component of goods and services that the company uses to produce its products or services)</td>
<td>47.0%</td>
</tr>
<tr>
<td>Water disposal (waste and drainage)</td>
<td>81.8%</td>
</tr>
</tbody>
</table>
The risks the company undertakes for water usage are:

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Physical hazards</td>
<td>53.0%</td>
</tr>
<tr>
<td>Regulatory risks (conservation policies and prices)</td>
<td>61.4%</td>
</tr>
<tr>
<td>Reputation risks (company misuse of water resources i.e. pollution)</td>
<td>45.8%</td>
</tr>
</tbody>
</table>
What effect, if any, do you think the current state of water resources will have on your company's profits over the next five years...?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>High impact</th>
<th>Low impact</th>
<th>No impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>... if the company takes action to conserve water resources</td>
<td>45.7</td>
<td>38.6</td>
<td>15.7</td>
</tr>
<tr>
<td>... if the company does not take water conservation measures</td>
<td>57.0</td>
<td>29.1</td>
<td>13.9</td>
</tr>
</tbody>
</table>

![Graph showing the effect of water conservation measures on company profits](image.png)
Section 4. Competitiveness
How would you consider your company's position compared to its closest competitors in the following areas?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Much better %</th>
<th>Better %</th>
<th>Sum %</th>
<th>Same %</th>
<th>Worse %</th>
<th>Response Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supply chain information</td>
<td>17.7</td>
<td>47.6</td>
<td>65.3</td>
<td>33.4</td>
<td>1.4</td>
<td>87</td>
</tr>
<tr>
<td>Ability to find and exploit new opportunities</td>
<td>38.0</td>
<td>38.4</td>
<td><strong>76.4</strong></td>
<td>21.7</td>
<td>1.9</td>
<td>91</td>
</tr>
<tr>
<td>Awareness about environmental sustainability issues</td>
<td>36.5</td>
<td>26.9</td>
<td>63.4</td>
<td>30.1</td>
<td>6.5</td>
<td>89</td>
</tr>
<tr>
<td>Environmental sustainability investment</td>
<td>26.4</td>
<td>37.5</td>
<td>63.9</td>
<td>26.3</td>
<td>9.9</td>
<td>90</td>
</tr>
<tr>
<td>Profitability</td>
<td>34.5</td>
<td>40.3</td>
<td><strong>74.8</strong></td>
<td>20.7</td>
<td>4.5</td>
<td>86</td>
</tr>
<tr>
<td>Revenue growth</td>
<td>35.0</td>
<td>42.5</td>
<td><strong>77.5</strong></td>
<td>19.5</td>
<td>3.0</td>
<td>86</td>
</tr>
<tr>
<td>Competitiveness</td>
<td>46.4</td>
<td>38.0</td>
<td><strong>84.4</strong></td>
<td>13.6</td>
<td>2.0</td>
<td>85</td>
</tr>
<tr>
<td>Operational performance (efficiency)</td>
<td>34.1</td>
<td>48.0</td>
<td><strong>82.1</strong></td>
<td>15.9</td>
<td>2.0</td>
<td>87</td>
</tr>
<tr>
<td>Waste management</td>
<td>16.3</td>
<td>38.8</td>
<td>55.1</td>
<td>39.6</td>
<td>5.4</td>
<td>87</td>
</tr>
<tr>
<td>Energy resources management</td>
<td>33.1</td>
<td>25.3</td>
<td>58.4</td>
<td>36.2</td>
<td>5.5</td>
<td>87</td>
</tr>
<tr>
<td>Water resources management</td>
<td>32.4</td>
<td>29.7</td>
<td>62.1</td>
<td>31.6</td>
<td>6.2</td>
<td>89</td>
</tr>
<tr>
<td>Other natural resources management</td>
<td>15.2</td>
<td>40.3</td>
<td>55.5</td>
<td>41.9</td>
<td>2.6</td>
<td>86</td>
</tr>
</tbody>
</table>
How would you consider your company’s position compared to its closest competitors in the following areas?

- Supply chain information
- Ability to find and exploit new opportunities
- Awareness about environmental sustainability issues
- Environmental sustainability investment
- Profitability
- Revenue growth
- Competitiveness
- Operational performance (efficiency)
- Waste management
- Energy resources management
- Water resources management
- Other natural resources management

Worse %  
Same %  
Better %  
Much better %
The impact environmental sustainability practices have had on your company's profits are:

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high</td>
<td>15.1%</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>16.4%</td>
<td>59.9%</td>
</tr>
<tr>
<td>Regular</td>
<td>28.3%</td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>8.8%</td>
<td>15.5%</td>
</tr>
<tr>
<td>Very low</td>
<td>6.7%</td>
<td></td>
</tr>
<tr>
<td>No impact</td>
<td>7.3%</td>
<td></td>
</tr>
<tr>
<td>Do not know</td>
<td>11.2%</td>
<td></td>
</tr>
<tr>
<td>Not applicable. Company does not have sustainability practices in place</td>
<td>6.1%</td>
<td></td>
</tr>
</tbody>
</table>
Has the implementation of environmental sustainability practices enabled your company to have a greater capacity to respond to new market conditions, i.e., opportunities or threats?

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Response Percent</th>
<th>Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very high</td>
<td>12.8%</td>
<td></td>
</tr>
<tr>
<td>High</td>
<td>25.4%</td>
<td>63.5%</td>
</tr>
<tr>
<td>Regular</td>
<td>25.4%</td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>9.4%</td>
<td>14.5%</td>
</tr>
<tr>
<td>Very low</td>
<td>5.1%</td>
<td></td>
</tr>
<tr>
<td>No impact</td>
<td>6.5%</td>
<td></td>
</tr>
<tr>
<td>Do not know</td>
<td>9.1%</td>
<td></td>
</tr>
<tr>
<td>Not applicable. Company does not have sustainability practices in place</td>
<td>6.4%</td>
<td></td>
</tr>
</tbody>
</table>