PRIVATE AND CONFIDENTIAL

Sustainability challenges:
The current situation in Latin America

2025

Annual survey results

About the survey

Latin America ESG Landscape 2025

RSM LATAM survey

Responded to by large companies in the region

Total number of responses: +250 responses received in 2025 (an increase of +20% over the previous year)

Years included: 2024 and 2025

Unique countries represented: 18

Unique industries: 24

Topics covered in the survey:

- ESG priorities
- Challenges in implementing ESG
- Reporting standards (GRI, IFRS S1/S2, CSRD, SASB, etc.)
- Location of the sustainability function
- Supplier assessment
- Gender, waste and emissions targets
- Level of implementation by country
- Frequency of sustainability committees
- Preparation for IFRS S1 and S2

Latin America ESG Landscape 2025

Headquarters location
- 75% have their headquarters in **Latin America**
- 8.8% in the **US or Canada**
- 6.8% in the **European Union**
- 2.9% in the **United Kingdom**
- 2.5% in **Australia and Asia Pacific**
- Other countries such as Ukraine, Mexico and non-state public entities: less than 1% each

Country where the company is located
- 22.5% in **Brazil**
- 19.1% in **Mexico**
- 19.1% in **Colombia**
- 15.2% in **Chile**
- 11.8% in **Costa Rica**
- Other countries such as Guatemala, Uruguay, Argentina, the United States, and Puerto Rico: between 0.5% and 2.9% each

Industries to which they belong:
- 20.1% belong to **financial and professional services**
- 13.7% are classified as **other sectors** (NGOs, government, education, etc.)
- 7.4% are in **health services**
- 6.4% are in **food, beverages, and tobacco**
- 5.9% are in **manufacturing**
- 5.9% in **construction and infrastructure**
- 5.9% in **agriculture and rural sectors**
- 5.4% in **trade**
- 4.9% in **transport**
- 3.9% in **energy and transmission**

Geographical reach of the company
- 52% have a **local reach (one country)**
- 23.5% have a **regional presence in Latin America**
- 22.5% have a **global** reach
- Other specific reaches (such as North America, Colombia and Canada, Brazil and Portugal): less than 1% each

COMPANY PROFILE 2025
- 75% of companies surveyed are headquartered in Latin America (2025).
- One in four companies surveyed has a local presence as well as a regional one.
- One in five companies surveyed has a global presence.

Latin America ESG Landscape 2025

Headquarters location

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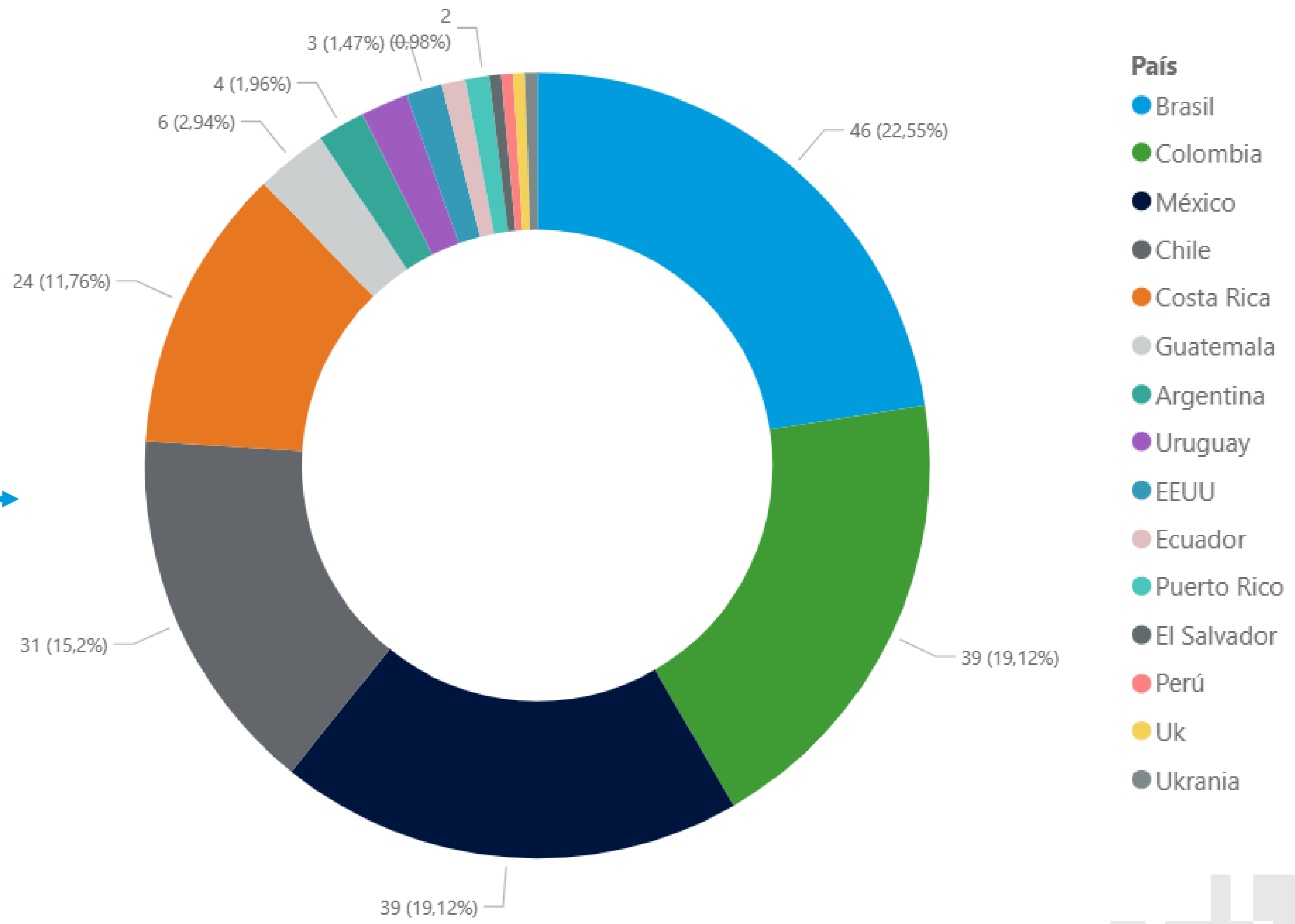

10 Key insights

Top 10 regional ESG insights

1. **Reporting and disclosure remain the central focus of ESG**
One in four companies considers advancing public sustainability reporting a priority. In total, 82% of Latin American organisations consider advancing transparency, reporting, and disclosure a priority, especially in relation to environmental issues such as carbon footprint and climate change, which are key elements for the implementation of IFRS S2. The focus of sustainability in Latin America continues to be reporting rather than transforming.

2. **Strong growth in corporate governance and ESG risk management**
+55% regional increase in these priorities between 2024 and 2025. Corporate governance is becoming established as the pillar that connects ESG with business.

3. **Climate change and greenhouse gas (GHG) emissions gain traction across the region**
Three out of four companies in the region identify climate change as a priority issue in 2025. This is driven by regulations such as NCG 461 (Chile), NIS (Mexico) and CVM/BCB (Brazil).

4. **Structural challenges persist**
Nearly one in two companies report difficulties in measuring ESG KPIs or lack internal technical expertise. The lack of ESG data and talent remains the deepest gap.

5. **"It's not mandatory yet" is no longer an excuse**
This barrier will fall between 2024 and 2025, especially in countries with new regulations (Chile, Brazil, Mexico). Regulation is driving ESG action with less talk and more concrete compliance.

Top 10 regional ESG insights

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6 The companies best prepared for IFRS S1/S2 share the same pattern

They agree on five priorities: reporting, ESG risks, corporate governance, climate change, and GHG emissions. Preparing for IFRS S1/S2 means maturing in governance and risk management.

7 The Head of Sustainability changes the approach

Companies with a dedicated department prioritise more technical and strategic issues, while those without one focus on culture, talent, and diversity. Internal ESG leadership makes the difference between strategy and good intentions.

8 Clear industrial differences

- **Finance:** leads in corporate governance and ESG risks.
- **Manufacturing and energy:** focus on emissions and climate change.
- **Retail:** growing ESG risks and consumer pressure.

Each industry moves at its own pace, but climate risk is already cross-cutting.

9 Regulatory pressure has increased progress

Countries with mandatory standards (Chile, Brazil, Colombia) show greater alignment with IFRS S1/S2 and a technical approach.

10 Clients are the ones who demand transparency in sustainability matters the most

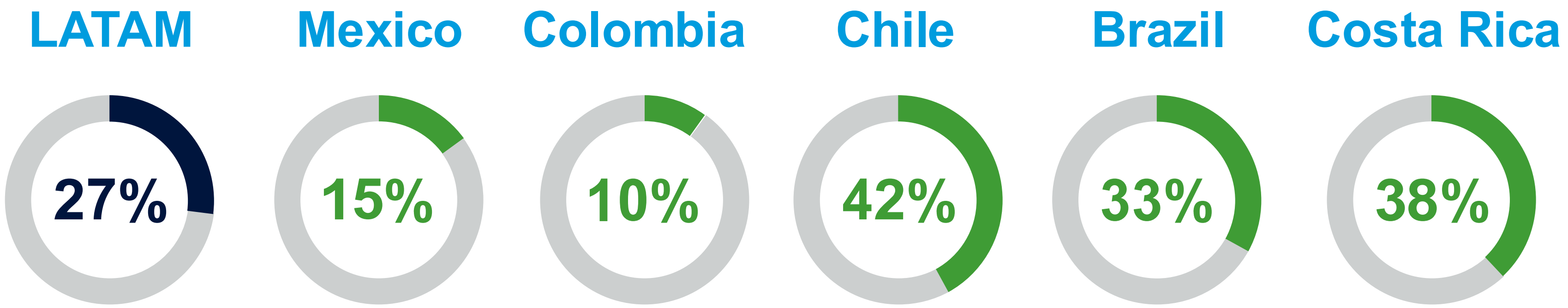
One in two companies report that their customers have requested information on sustainability, closely followed by corporate governance, at 42.16%. Reputational positioning is becoming established as a key asset in ensuring the longevity and success of companies.

1 The focus of sustainability in LATAM continues to be reporting rather than transforming

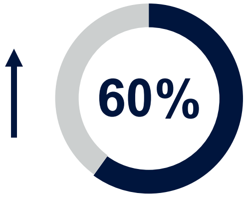
In LATAM, one in four companies considers advancing public sustainability reporting a priority.

2025

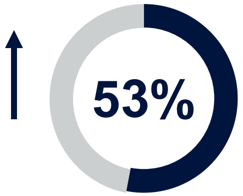
Companies that consider reporting, transparency, and disclosure to be central to advancing sustainability.



A boost for transparency



The percentage of companies that report their sustainability in accordance with a standard has grown, with GRI, IFRS, and CSRD being the most widely used. In 2024, the figure was 52%.



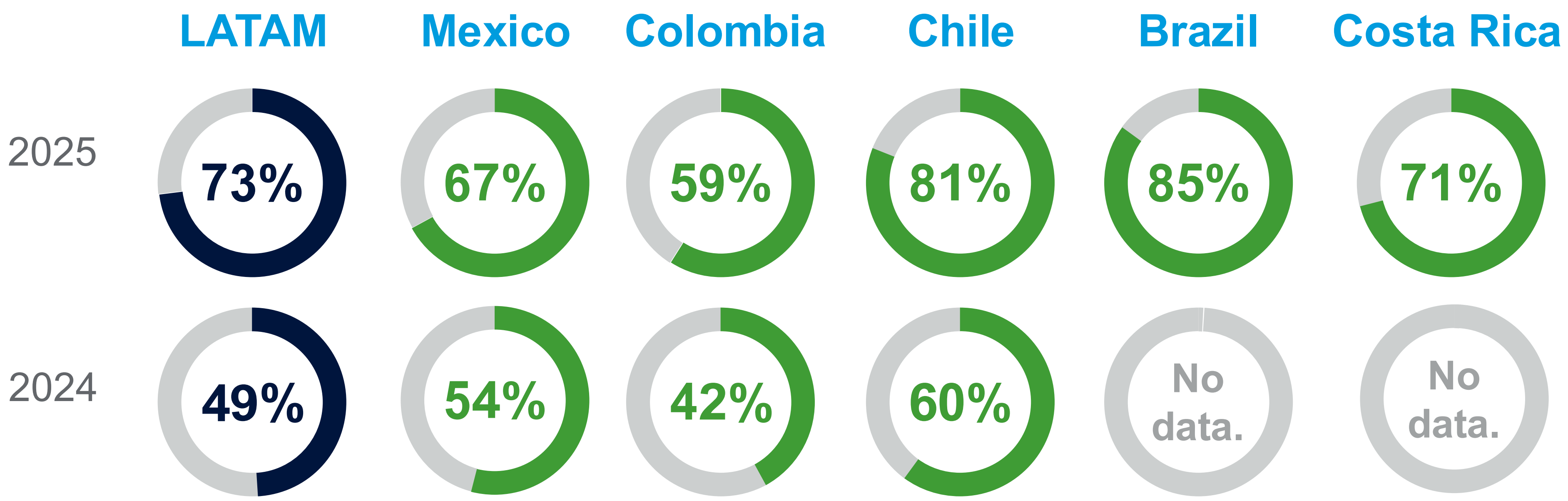
The percentage of companies that publicly report their ESG practices grew; in 2024, only 45% stated that they reported publicly.

2 Strong growth in corporate governance and ESG risk management as priorities

+55% regional increase in these priorities between 2024 and 2025.

Corporate governance is establishing itself as the pillar that connects ESG with business.

Companies that consider advancing ESG*, corporate governance, and/or risk management a priority.



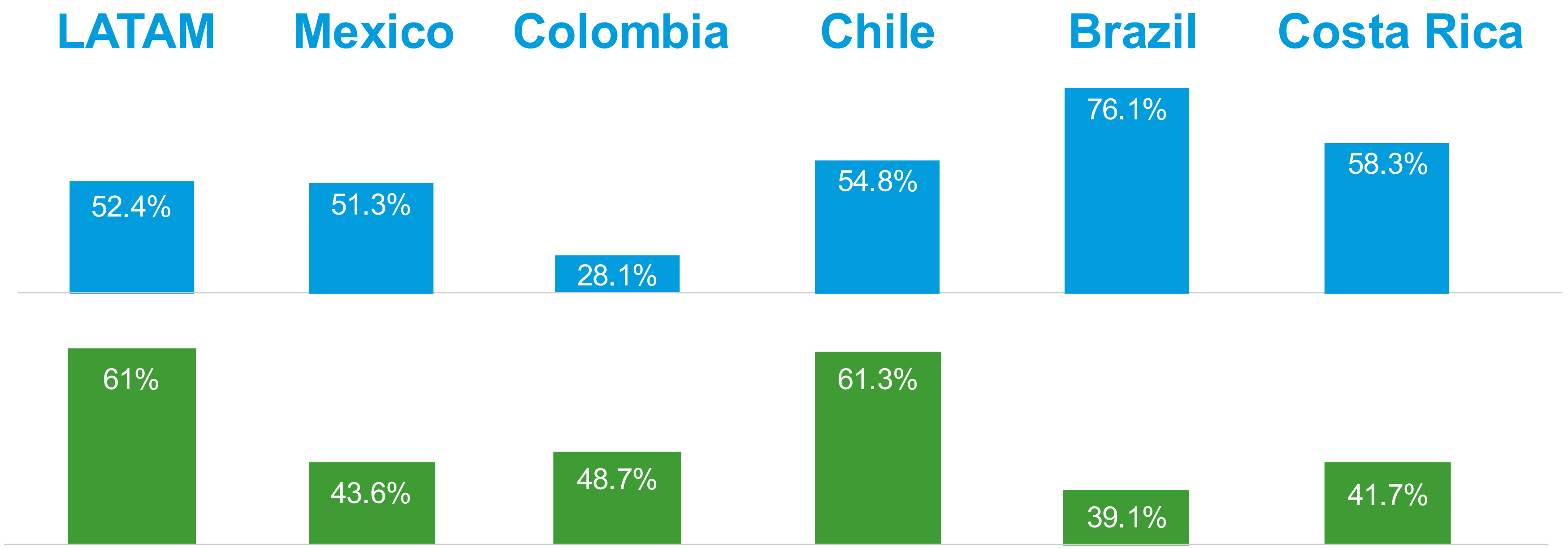
(*) Percentages include companies that mention at least one topic, or both.

2 Strong growth in corporate governance and ESG risk management as priorities

2025

Percentage of companies that mention corporate governance as a priority.

Percentage of companies that mention ESG Risk Management as a priority.

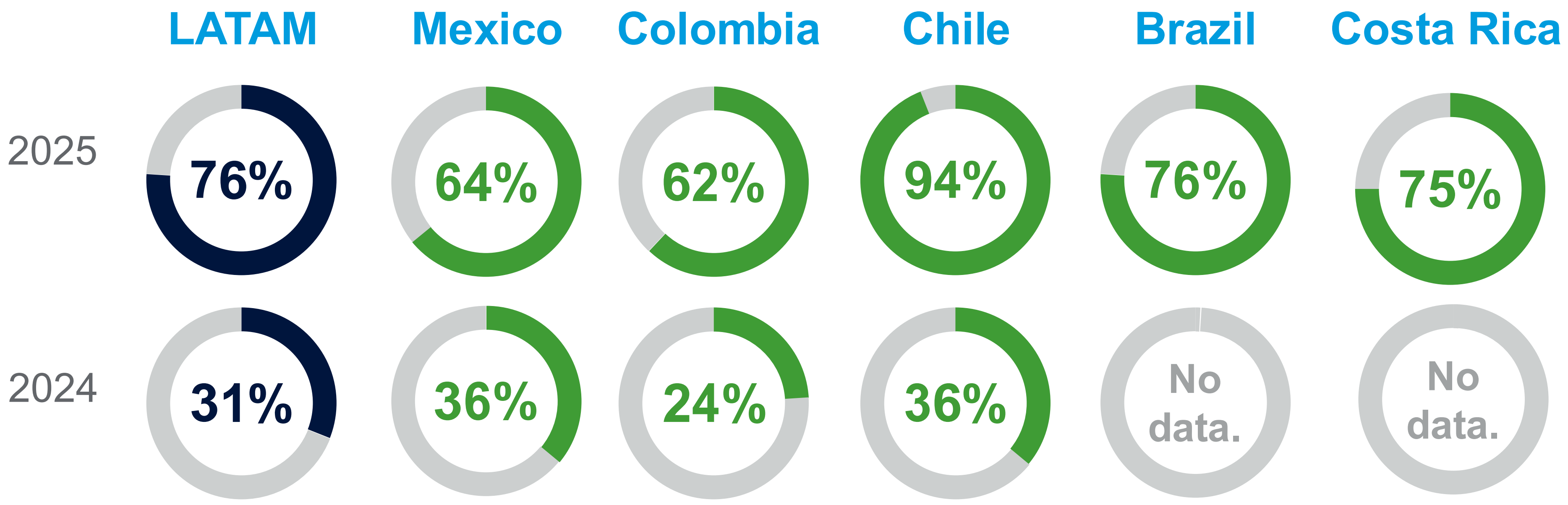


3 Climate change and GHG emissions gain traction across the region

Three out of four companies in the region identify climate change as a priority issue in 2025.

Significant increase in its 2025 priority, driven by local regulations aligned with the global standard.

Companies that consider progress in climate change, climate risk management, and/or GHG emissions reduction to be a priority.*



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3 Climate change and GHG emissions gain traction across the region

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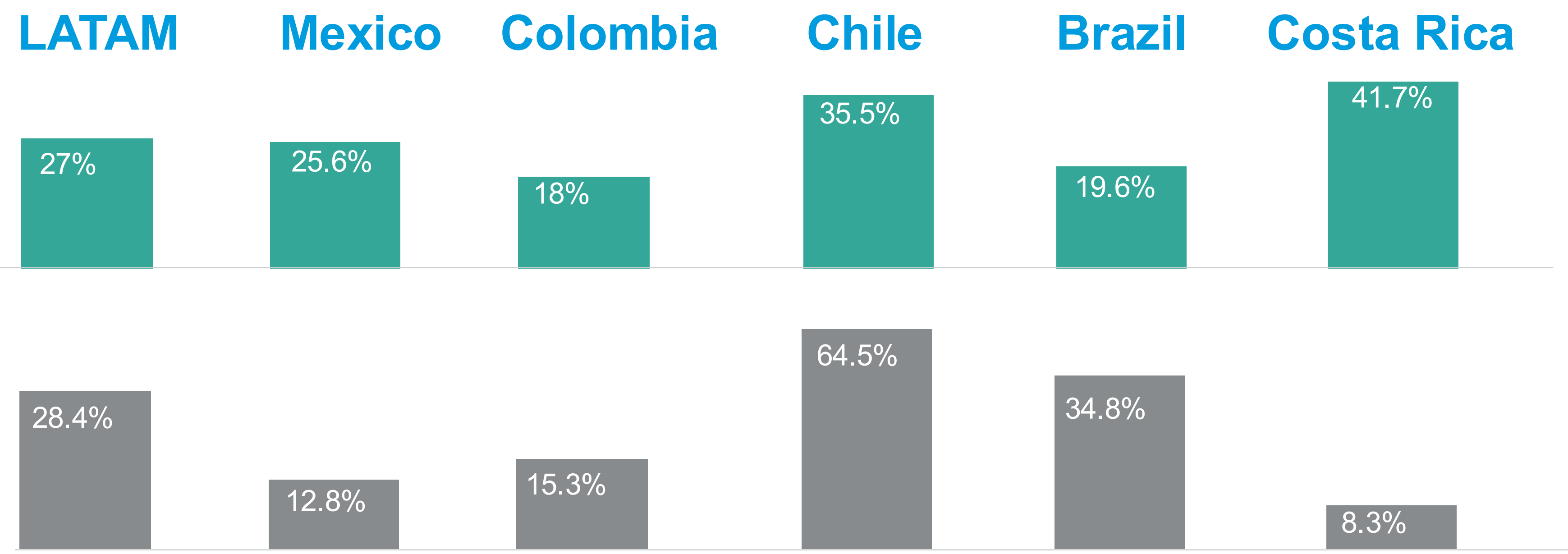
2025

Percentage of companies that mention climate change as a priority.

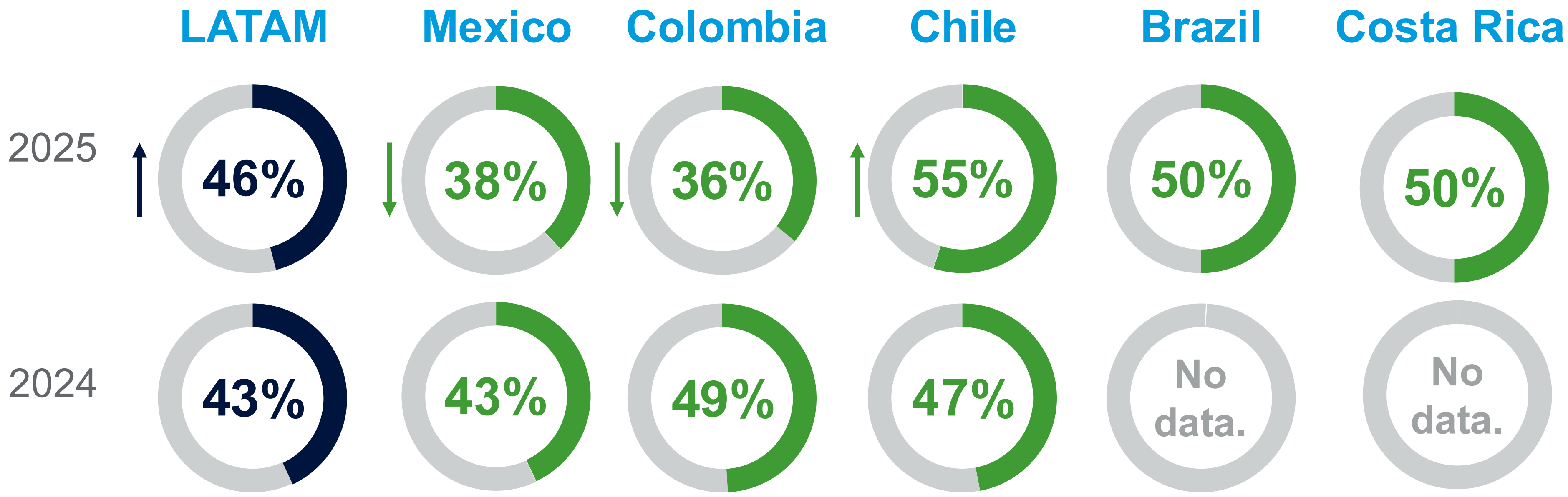
Percentage of companies that mention measuring and reducing GHG emissions as a priority.



4 Structural challenges persist

Nearly one in two companies report difficulties in measuring ESG KPIs or lack internal technical expertise.

Companies that report difficulties in measuring ESG KPIs and/or lack internal technical expertise.*



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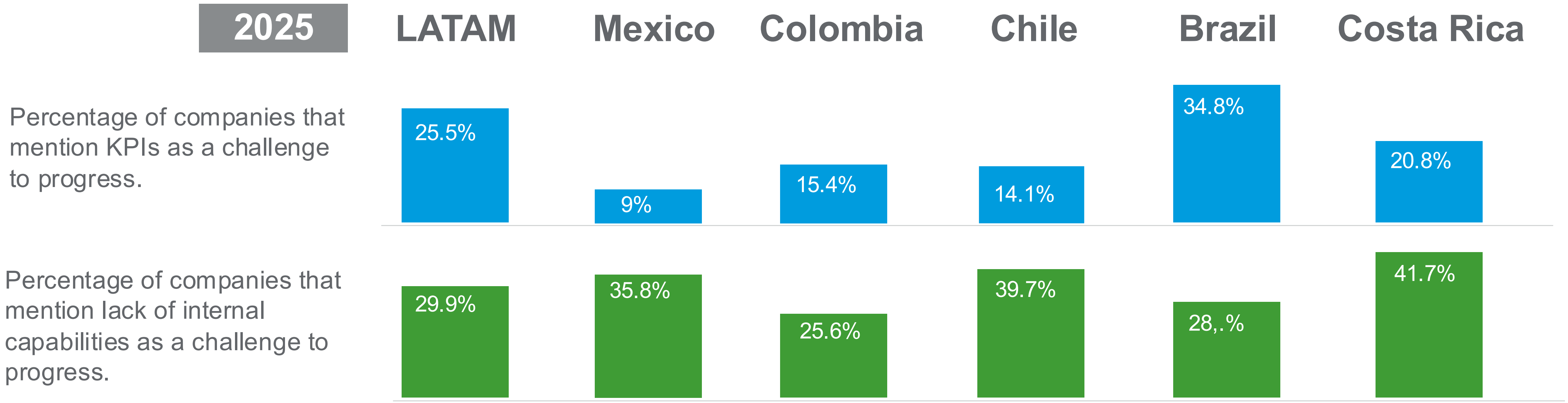
4 Structural challenges persist



Furthermore, at the regional level, 15% of companies perceive the fact that sustainability is not a strategic function for the organisation and that there is a lack of commitment from senior management as challenges to progress.

5 "It's not mandatory yet" is no longer an excuse

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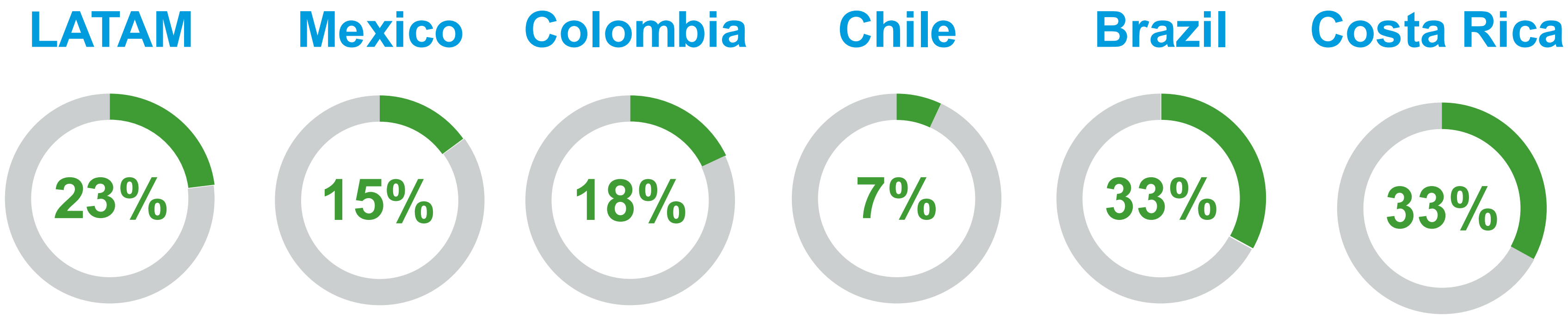
In 2025, nearly one in four companies cite the absence of regulatory requirements as a challenge to progress.

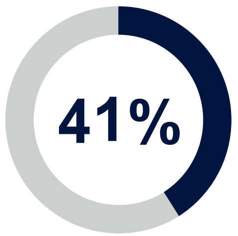
This represents a drop of 18 percentage points compared to 2024, especially in countries with new regulations.

Companies that consider "not yet mandatory" as a challenge to advancing ESG. Variation 2024-2025 in percentage points.

2025



2024



This is due to the emergence of regulatory standards in Chile, Mexico, Brazil, and Costa Rica that will be implemented from 2025 onwards and over the next three years. Regulation is creating pressure and generating friction in countries where compliance is still unclear or in transition.

5 "It's not mandatory yet" is no longer an excuse

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Regulatory compliance is driving real action and greater implementation.

This change is evident in the language used by executives themselves. In qualitative responses, the concepts "regulations" and "KPIs" were the most frequently repeated. This indicates that these topic areas are maturing in Latin America, becoming more formalised and technical.*

* Companies that mention regulations as a challenge: 59 | Companies that mention KPIs as a challenge: 37

6 The companies best prepared for IFRS S1/S2 share the same pattern

These companies agree on five priorities: reporting, ESG risks, corporate governance, climate change, and GHG emissions.

Companies that consider themselves prepared for IFRS S1 & S2.

Preparing for IFRS S1/S2 means maturing in governance and risk management.

7 Having internal ESG leadership makes the difference between strategy and good intentions

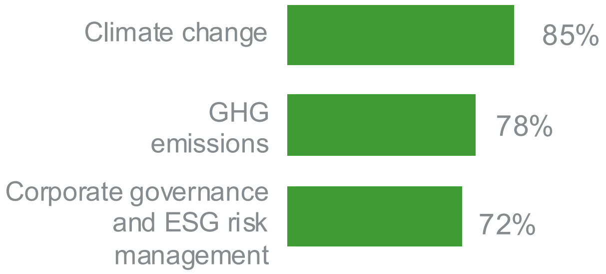
Head of Sustainability: 40% of companies will have a dedicated management position by 2025.

This makes a significant difference in terms of priorities and barriers to progress in ESG.

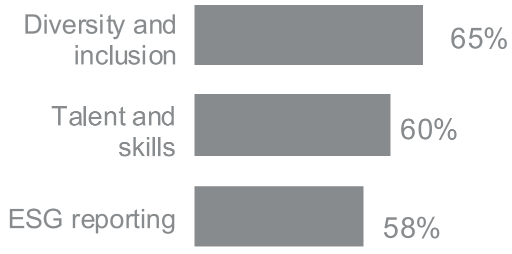
Companies with a dedicated department prioritise more technical and strategic issues, while those without one focus on culture, talent, and diversity.

The main priorities and challenges in 2025 change depending on the relevance of the sustainability function.

Sustainability priorities:



Organisations with a dedicated Head of Sustainability.



Organisations without a dedicated Head of Sustainability

Barriers to ESG development:

Organisations with a dedicated Head of Sustainability.

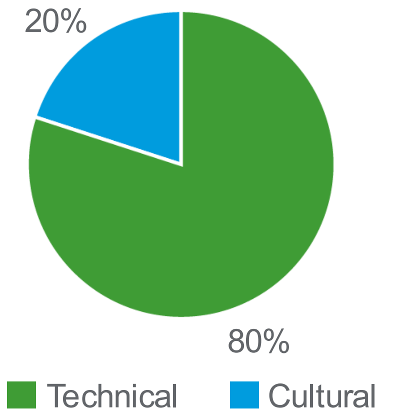
Organisations without a dedicated Head of Sustainability

7 Having internal ESG leadership makes the difference between strategy and good intentions

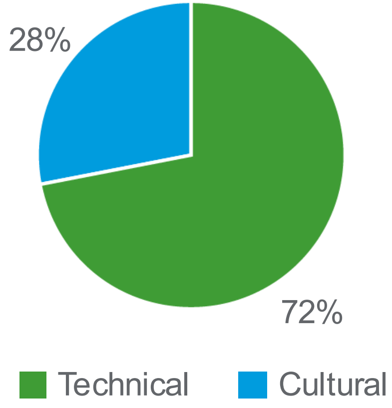
LATAM

Companies that consider advancing technical* issues over cultural** issues a priority in 2025.

Has a Head of Sustainability



Does not have a head of Sustainability



* Technical: Reporting, corporate governance, ESG risk management, climate change, GHG emissions, ESG and supply chain, water management, waste management and reduction.

** Cultural: Talent and capacity building, diversity and inclusion, community relations.

8 Clear industrial differences

	Finance	Manufacturing	Energy, oil, and gas	Retail
LATAM	Corporate governance	GHG emissions and climate change	GHG emissions and climate change	ESG risks

ESG priorities are not advancing at the same pace across all industries. Each industry is progressing at its own pace, but climate risk is already a cross-cutting issue.

9 Regulatory pressure has increased progress

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Countries with mandatory standards (Chile, Brazil, Colombia) show greater alignment with IFRS S1/S2.

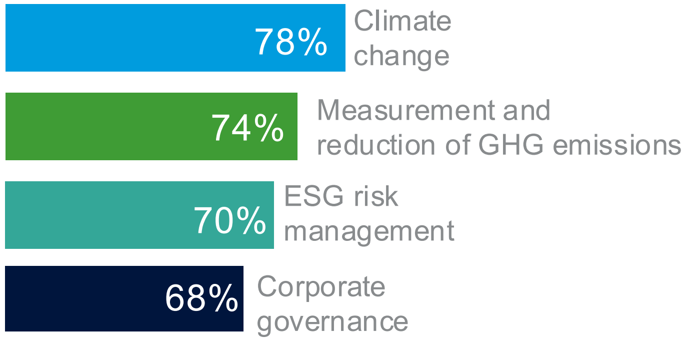
LATAM 2025

↑ 27% Companies that consider themselves prepared for IFRS S1 & S2.

↑ 44% More companies are conducting regular carbon footprint measurements, indicating greater adoption of environmental metrics. In 2024, only 36% conducted regular measurements.

↑ 48% The number of companies with waste reduction targets is increasing, up 8 percentage points compared to 2024.

↑ 36% The number of companies reporting that they have a climate risk strategy in line with international standards is increasing, up 8 percentage points compared to 2024.



Most frequent priorities for companies in countries with ESG regulation.

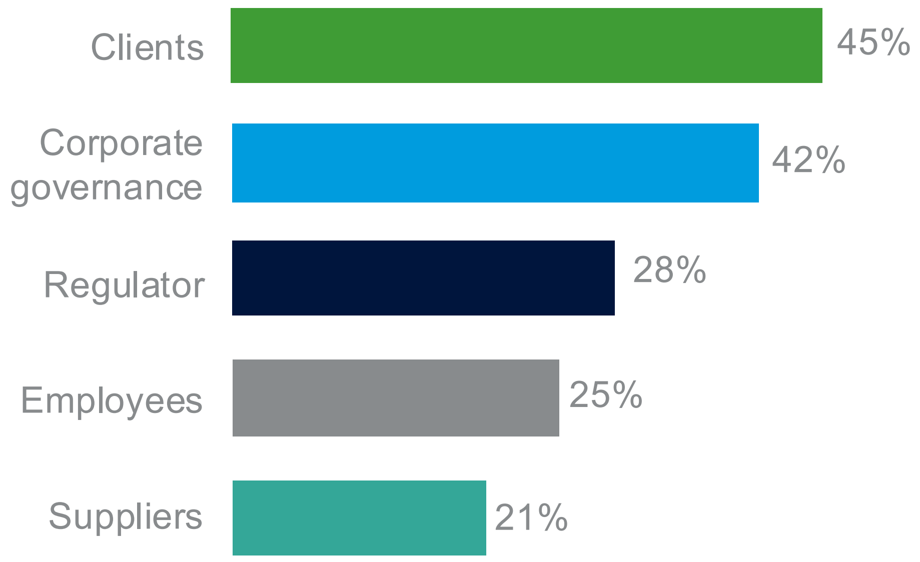
The technical and strategic approach is deepened. Greater alignment with international standards (IFRS S1 & S2).

10 Demand from stakeholders for transparency in sustainability is growing

Companies are facing increasing external pressure for ESG transparency in 2025.

2025

Which stakeholders have requested sustainability information*:



The most notable increase is seen in customers and regulators, with corporate governance also appearing as a significant actor (42.16%), reflecting internal demand for sustainable information.

Call to action

How to move forward correctly in sustainability:
Recommendations for business leaders in Latin America

01	**The structural aspects**	Sustainability advances through structure. The first step is to define clear responsibilities and have a strategic manager who articulates risks, metrics, and decisions.
02	**Focus before breadth**	A strategy with too many pillars dilutes resources. The best approach is to work with strategic focuses based on industry, material risks, and current internal capabilities.
03	**Have future goals**	Even if they are imperfect. The essential thing is to set a direction and allow for adjustments. Initial goals do not need to be perfect; they need to be useful.
04	**Governance as the backbone**	Integrating sustainability into committees, risks, and control panels is key. What is not included in governance is not included in management.
05	**Investing in internal capabilities**	Prioritise internal learning, reliable data systems, and analytical capabilities. You cannot transform what you cannot measure.
06	**Observe the market**	The market is a silent regulator: sustainability is now a non-negotiable business requirement.
07	**Be supported by networks and experts**	Industry associations, industry leaders, and expert external consultants enable businesses to accelerate and ensure technical rigour.
08	**Moving from reporting to transformation**	The report is a consequence, not an end. Transformation occurs when ESG modifies decisions, processes, and incentives within an organisation.

Sustainability in Latin America is already a practice under construction. Moving forward with structure, focus and capabilities turns ambition into action.

Contact

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RSM ESG HUB Latin America

Paola Piña
Partner
Head of ESG & Sustainability
Chile
paola.pina@rsmchile.cl

OUR MEMBERS

Fabio Curto
Managing Partner
Brazil
fabio.curto@rsmbr.com

Alejandro Valdés
Partner
Mexico
alejandro.valdez@rsmmx.mx

Oscar Bobadilla
Managing Partner
Colombia
oscar.bobadilla@rsmco.co

Alejandro Espinosa
Managing Partner
Chile
Alejandro.espinosa@rsmchile.cl

Marcelo Conti
Partner
Consulting Leader
Brazil
marcelo.conti@rsmbr.com

Aylin Beltrán
Consultant
Mexico
aylin.beltran@rsmmx.mx

Jeannina Zeledon
Consultant
Costa Rica
jzeledon@rsm.cr

María José López
ESG Consultant
Chile
Maria.lopez@rsmchile.cl

Liliana Mayorga
ESG Associate Manager
Colombia
sliliana.mayorga@rsmco.co

Joscelyn Calderón
Business Development Manager
Costa Rica
jcalderon@rsm.cr

Juan Pablo Montero
Partner
Argentina
juan.montero@rsmargentina.com.ar

Gabriela Montaldo
Partner
Uruguay
gabriela.montaldo@rsm.uy

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RSM Chile Auditores Consultores SpA

Cruz del sur 133
4th floor
Las Condes
Chile
T 56 2 3253 9050
rsmchile.cl