

New sustainability standards for private companies in Mexico

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At a glance

Under new standards, private Mexican companies, including subsidiaries of foreign multinationals, that report their financial statements under Mexican Financial Reporting Standards will be required to include sustainability information in their financial statement footnotes beginning with filings for calendar year 2025.

The Mexican regulator, the Comisión Nacional Bancaria y de Valores (CNBV), and other regulators have not yet issued any statements regarding the adoption of sustainability standards for public and/or regulated companies in Mexico. It is possible they may choose to adopt the IFRS® Sustainability Disclosure Standards.

What happened?

In May 2024, the Mexican accounting and sustainability standard setter, Consejo Mexicano de Normas de Información Financiera y Sostenibilidad (CINIF), published the first two Mexican sustainability standards (Normas de Información de Sostenibilidad or NIS) applicable to all entities that report their financial statements under Mexican Financial Reporting Standards.

- NIS A-1, *Conceptual Framework for Sustainability Information Standards*, establishes the basis for the development of specific NIS and their application in preparing sustainability information for an entity and sets quality requirements for this information.
- NIS B-1, *Basic Sustainability Indicators*, requires the determination and disclosure of Basic Sustainability Indicators, which represent universally applicable metrics that provide the entity and the users with a clear understanding of the entity's sustainability status.

Through these new standards, the CINIF has said that it aims to promote the disclosure of useful information that contributes to improving Mexican entities' resilience to sustainability challenges and enhancing their decision making for sustainable growth.

The CINIF has expressed its commitment to convergence between the NIS and the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board; the CINIF considers the issuance of the NIS A-1 and B-1 standards as a first step towards meeting this objective. NIS B-1 requires specified metrics and does not require the disclosures under the IFRS Sustainability Disclosure Standards related to governance, risk management, and sustainability-related risks and opportunities. The CINIF plans to issue additional standards on specific sustainability topics, starting with climate-related financial disclosures, which are expected to lead to greater convergence.

NIS A-1, *Conceptual Framework for Sustainability Information Standards*

NIS A-1 defines the structure of specific sustainability standards, sustainability concepts, and sustainability information. It serves the same purpose as the Conceptual Framework of the Mexican Financial Reporting Standards. While NIS A-1 does not require specific disclosures of sustainability information, it establishes the characteristics for the information to be disclosed through specific NIS. It also defines the fundamental qualitative characteristics and enhancing characteristics of sustainability information.

NIS B-1, Basic Sustainability Indicators

NIS B-1 establishes the rules for the disclosure of the Basic Sustainability Indicators (Indicadores Básicos de Sostenibilidad or IBSO) and related context as part of an entity's sustainability information. The disclosures are required to be included in the footnotes to the financial statements. Although NIS B-1 includes sample templates, use of the templates is not required.

There are 30 required IBSO that address environmental, social, and governance matters. There is no materiality threshold; all 30 metrics need to be included, even if some are de minimis or zero. The IBSO specify the source of information to be used in the calculation. Both the absolute and relative value must be disclosed for the quantitative IBSO.

Quantitative indicators				
Environmental			Social	Governance
1. Scope 1 greenhouse gas (GHG) emissions	6. Sustainable investment	12. Land use within or near biodiversity risk areas	1. Gender pay gap	1. Women on the board of directors
2. Scope 2 GHG emissions	7. Water intake	13. Dependency on ozone-depleting substances and chemicals	2. Training hours	
3. Scope 3 GHG emissions	8. Water reuse	14. Waste generated	3. Performance evaluations and professional development of employees	
4. Energy consumption	9. Wastewater discharge	15. Waste recycled	4. Work-related accidents and illnesses causing disability or death	
5. Renewable energy consumption	10. Treated wastewater discharge	16. Hazardous waste		

Qualitative indicators		
Social	Governance	
1. Policies for management of equal opportunities and decent work	1. Whether a board of directors exists and number of independent directors	4. Sustainability strategy
2. Policies for management of health and safety at work	2. Whether an independent oversight body exists and number of independent members	5. Code of integrity and ethics
	3. Risk management policy	6. Information security
		7. Protection and privacy of third-party data

The disclosures required by the NIS B-1 are extensive, and because they are included in the financial statement footnotes, will be subject to the same controls and procedures as part of the financial statements taken as a whole. Whether the disclosures will need to be audited has not yet been determined.

What's next?

The new disclosures are required for fiscal years beginning on or after January 1, 2025, with early adoption permitted. Comparative information is not required in the first year of reporting.

A transition provision allows the disclosure of scope 3 greenhouse gases (IBSO 3) and sustainable investment (IBSO 6) to begin in 2026. Companies using the transition provision must disclose the election.

Given the relatively short time frame for the disclosure of the IBSO required by NIS B-1, companies should evaluate whether they have the information necessary for the calculation of the metrics and review their related processes, controls, and governance.

The Mexico taxing authority accepts financial statements prepared using Mexican Financial Reporting Standards, IFRS Accounting Standards, or US GAAP. While Mexican subsidiaries electing to apply Mexican Financial Reporting Standards will need to provide the new sustainability disclosures, Mexican entities using IFRS Accounting Standards or US GAAP will not be required to provide the new disclosures.

The new standards are available for purchase from the Instituto Mexicano de Contadores Públicos (IMCP).

To have a deeper discussion, contact:

Andreas Ohl

Partner

Email: andreas.ohl@pwc.com

Michelle Orozco

Partner

Email: michelle.orozco@pwc.com

Valerie Wieman

Partner

Email: valerie.wieman@pwc.com

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