
**Intergovernmental Working Group of Experts on International
Standards of Accounting and Reporting
(ISAR)**

**40th SESSION
17 – 19 October 2023**

Wednesday, 18 October 2023

**Agenda item 3. Review of practical implementation and
recent developments in sustainability reporting requirements**

Presented by

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Item 3. Review of practical implementation and recent developments in sustainability reporting requirements:

Mexican Sustainability Reporting Strategy for SMEs

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2023

International Sustainability Standards Board (ISSB)



Issued in June 2023:

S1, General Sustainability-related Disclosures

S2, Climate-related Disclosures

Objective:

Require disclosure of *material sustainability risks and opportunities* which are useful to **primary users** of financial information when they are deciding whether to provide resources to the entity.

Core content of sustainability disclosures



	ENTITIES BY TYPES OF INFORMATION USERS	PRIMARY USERS	SUSTAINABILITY INFORMATION OF GREATEST INTEREST
1	<p>Public Interest Entities (PIE)</p> <ul style="list-style-type: none"> ▪ Entities with public reporting obligations: <ul style="list-style-type: none"> ○ Listed on a stock exchange ○ Banks, insurance companies, pension funds 	<ul style="list-style-type: none"> ▪ Investors ▪ Creditors ▪ Regulators 	<ul style="list-style-type: none"> • Extensive disclosures on material sustainability risks • Potential systemic impact • Contribution to SDGs
2	<p>Non-PIE (SMEs)</p> <ul style="list-style-type: none"> ▪ They are the vast majority 	<ul style="list-style-type: none"> ▪ Value chain (customers and suppliers) ▪ Banks 	<ul style="list-style-type: none"> • Sustainability metrics (sustainability practices) • Contribution to SDGs • Reduced disclosures on material sustainability risks

Mexican Sustainability Reporting Strategy for Non-PIE (SMEs)



1st Stage – 2025

Only requires to report:
Sustainability Metrics
without materiality assessment



Sustainability reporting will allow SMEs to:

- Know their sustainability status
- Provide Scope 3 sustainability information to companies in their value chain that apply IFRSs S1 and S2
- Remain in the value chains of which they are part
- Obtain investment and financing to drive their sustainable growth

Mexican Sustainability Reporting Strategy for Non-PIE (SMEs)



Sustainability Metrics (Based on UNCTAD – Guidance on Core Indicators)

ENVIRONMENTAL AREA

1. **Greenhouse** Gas Emissions Scope 1
2. Greenhouse Gas Emissions Scope 2
3. Greenhouse Gas Emissions Scope 3
4. **Energy** consumption
5. Renewable energy consumption
6. **Sustainable Assets** – **Mexican Taxonomy**
7. **Water** consumption
8. Water optimization
9. Wastewater discharge
10. Discharge of treated wastewater
11. Water entering from water-stressed areas
12. Land used adjacent to **biodiversity** sensitive areas
13. Dependence on ozone-depleting substances and chemicals
14. **Waste** generation
15. Waste optimization
16. Hazardous waste

SOCIAL AREA

17. Equal Opportunity and Decent Work Management*
18. Wage gap - **Mexican Taxonomy**
19. Training hours
20. Performance evaluations and employee professional development *
21. Occupational health and safety management
22. Occupational accidents and illnesses that caused incapacity/death *

Mexican Metrics

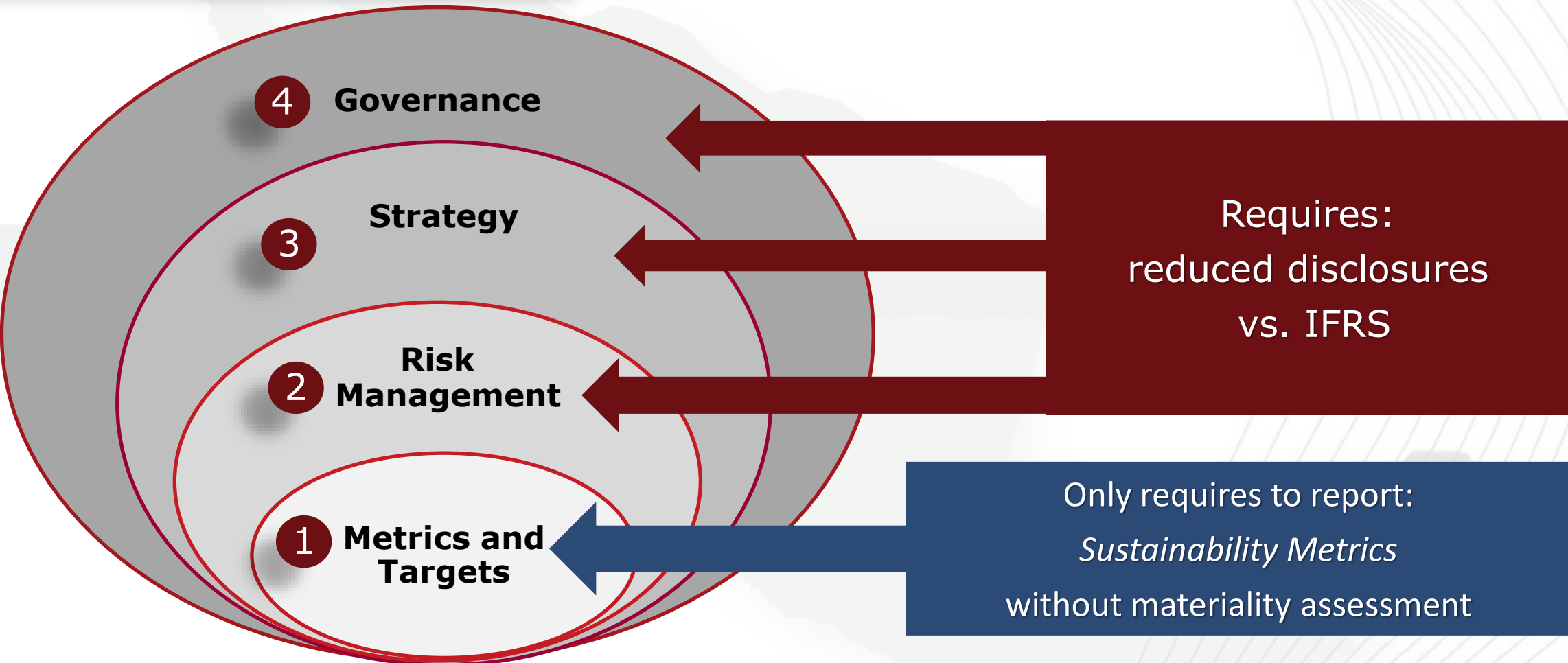
CORPORATE GOVERNANCE AREA

23. Board of Directors
24. Independent Board Members
25. Women on the Board of Directors
26. Supervisory body *
27. Sustainability strategy *
28. Code of Ethics and Integrity *
29. Information security*
30. Third-party data protection and privacy *

Mexican Sustainability Reporting Strategy for Non-PIE (SMEs)



2nd Stage – 2026/27



Mexican Sustainability Reporting Strategy

2nd Stage

Financial Statements and their notes

Sustainability Metrics

Material sustainability risks and opportunities

1. PIE



2. NON-PIE



Reduced disclosures convergent with IFRS