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## ISSB Meeting

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Project	<b>Nature-related Disclosures</b>
Topic	<b>Location-specific information about nature-related risks and opportunities</b>
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## Purpose and structure

1. This paper discusses location-specific information about nature-related risks and opportunities. The paper presents the staff's analysis and recommendations and asks the International Sustainability Standards Board (ISSB) for decisions.
2. This paper is structured as follows:
  - (a) purpose and structure (paragraphs 1–2);
  - (b) background (paragraphs 3–5);
  - (c) staff recommendations (paragraphs 6–7);
  - (d) findings in research and outreach (paragraphs 8–47):
    - (i) introduction—why location matters (paragraphs 8–11);
    - (ii) investor information needs (paragraphs 12–23);
    - (iii) overview of TNFD materials (paragraphs 24–35);
    - (iv) overview of current reporting practice (paragraphs 36–41);

- (v) overview of relevant ISSB requirements and guidance (paragraphs 42–47);
- (e) staff analysis (paragraphs 48–79):
  - (i) consideration of location in identifying nature-related risks and opportunities (paragraphs 50–55);
  - (ii) location-specific information across core content areas (paragraphs 56–66);
  - (iii) disclosure of metrics (paragraphs 67–79);
- (f) questions for the ISSB;
- (g) Appendix A—Extracts from TNFD materials; and
- (h) Appendix B—Overview of third party standards.

## Background

3. At its January 2026 meeting, the ISSB decided to proceed with nature-related standard-setting assuming that an entity is applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate related Disclosures*. In the January 2026 Agenda Paper 3 [\*Objective and scope of standard-setting on nature-related risks and opportunities\*](#), the staff identified several information areas for possible nature-related standard-setting. These areas included location-specific information about an entity’s nature-related risks and opportunities. In particular, the paper noted that although IFRS S1 includes consideration of location when describing sustainability-related risks and opportunities, additional requirements or guidance might be needed for entities to determine in the context of nature-related disclosures:
  - (a) what location-specific information to disclose; and
  - (b) what level of granularity of location-specific information is appropriate in an entity’s circumstances, and how to aggregate location-specific information.

4. The January 2026 paper stated that the staff will conduct analysis and provide recommendations for an approach to meet investor information needs on location-specific information about nature-related risks and opportunities.
5. In March 2026, the ISSB tentatively decided:
  - (a) to consider what cross-industry metrics, if any, to require an entity to disclose within the identified information areas for this project—which include location-specific information—but to do no further work on cross-industry metrics beyond those areas at this time (see Agenda Paper 3A [Nature-related metrics](#)); and
  - (b) to provide incremental guidance on the disclosure of location-specific information associated with nature-related targets and their objectives (see Agenda Paper 3D [Information on nature-related targets and consideration of international agreements and related jurisdictional commitments](#)).

## Staff recommendations

6. The staff recommends that the ISSB:
  - (a) provide incremental guidance to explain how the location of an entity’s assets and business activities can be relevant to *identifying* nature-related risks and opportunities that could reasonably be expected to affect its prospects over the short, medium and long term;
  - (b) provide incremental guidance on *disclosing* location-specific information about nature-related risks and opportunities across core content areas. This includes guidance to help an entity determine the appropriate level of granularity and aggregation of that information considering the entity’s specific facts and circumstances;
  - (c) require an entity to disclose the amount and percentage of assets or business activities:
    - (i) vulnerable to nature-related risks; and

- (ii) aligned with nature-related opportunities; and
  - (d) introduce a proportionality mechanism in relation to the disclosure in subparagraph (c) such that an entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort in preparing this disclosure.
- 7. The term ‘incremental’ refers to disclosure requirements and guidance that are specific to nature-related risks and opportunities and incremental to the general requirements and guidance in IFRS S1.

## Findings in research and outreach

### ***Introduction—Why location matters***

- 8. Agenda Paper 3A of February 2026 [\*Essential terms and concepts for standard-setting on nature-related disclosure requirements\*](#) explained that nature-related risks and opportunities that could reasonably be expected to affect an entity’s prospects arise out of interactions between the entity and its natural environment throughout its value chain. These interactions take place within an interdependent system, in which the entity both:
  - (a) depends on resources and relationships throughout its value chain to generate cash flows, specifically natural resources and ecosystems,<sup>1</sup> and ecosystem services; and
  - (b) affects those resources and relationships through its activities and outputs, contributing to the preservation, regeneration and development of natural

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<sup>1</sup> During the February 2026 International Sustainability Standards Board (ISSB) meeting, the ISSB tentatively decided to use the term ‘ecosystem services’ and the *concept* of ‘environmental assets’ which includes natural resources, ecosystems and atmospheric systems. The staff plans to return to the ISSB at a future meeting with an alternative term to use in place of environmental assets. In this paper, we refer to ‘natural resources and ecosystems’ in the absence of a replacement term for environmental assets which is still to be determined. The particular terms and exact wording are subject to further discussion as agreed by the ISSB at its February 2026 meeting.

resources, ecosystems and ecosystem services, or to their degradation and depletion.

9. These dependencies and impacts might give rise to nature-related risks and opportunities that could reasonably be expected to affect an entity's prospects. For example, if an entity *depends* on a natural resource, the entity could be affected by the quality, availability and affordability of that natural resource.<sup>2</sup> Similarly, an entity's activities or outputs can *affect* the quality, availability and affordability of a natural resource that the entity itself or other parties depend on, which can give rise to nature-related risks and opportunities for the entity. The availability, quality and affordability of a natural resource can all link to characteristics of the location in which it is situated or from which it is sourced. Similar considerations apply to an entity's dependencies and impacts on ecosystems and ecosystem services and resulting nature-related risks and opportunities for an entity. Because an entity's dependencies and impacts on natural resources, ecosystems and ecosystem services tend to be localised, nature-related risks and opportunities arising for the entity from those dependencies and impacts are also often localised, or often have an important local characteristic or quality.
10. Both nature-related physical and transition risks as well as nature-related opportunities can be linked to a specific location in which an entity depends on or impacts natural resources, ecosystems and ecosystem services. For example, consider a company that extracts water from a river catchment to cool machinery. The company's extraction of water if combined with increased water scarcity could lead to a reduction in the flow of water in the river, leading to increased sediment load and concentration of pollutants. This could then lead to a decline in water flow and quality, reducing the availability of clean water both for the company and for local communities downstream of the company's operations. The company might face operational disruption because of the reduced availability of water which it

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<sup>2</sup> See paragraph B3 of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* which notes availability, quality and affordability of resources in explaining the relationship between dependencies, impacts and effects on an entity's prospects.

depends on for cooling its machinery and increased litigation or other legal claims from the affected stakeholders.<sup>3</sup>

11. Location in the context of an entity's nature-related risks and opportunities could correspond to a national boundary, an area within a national boundary—such as a particular site—or span across national boundaries. Often the risks and opportunities result from ecological aspects rather than jurisdictional boundaries. For example, a characteristic of the location that could affect the entity's exposure to the risks described in paragraph 10 is the degree to which the location—the river catchment—is vulnerable to water scarcity. Such vulnerability could vary between countries, and also within a country. For instance, the entity might have a different exposure to these risks if the river catchment is within the Mississippi, Colorado or St. Lawrence river systems even though all these locations are within, or partially within, the United States. In contrast, another entity could be operating in various locations several of which are subject to the same vulnerability.

### ***Investor information needs***

12. Prior agenda papers in the research phase of this project discussed several improvements that investors seek in information about nature-related risks and opportunities, including improved location-specific information.<sup>4</sup>
13. Investors indicated that because nature-related risks and opportunities often arise at a local or site-specific level, they consider location-specific information to be essential for assessing an entity's nature-related risks and opportunities. They provided examples of location-specific information they need, such as:

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<sup>3</sup> Risks and opportunities related to the entity's dependencies and impacts on natural resources, ecosystems and ecosystem services at a particular location can arise as a result of interactions with affected stakeholders, Indigenous Peoples and Local Communities. Agenda Paper 3B *Information on engagement with Indigenous Peoples, Local Communities and affected stakeholders in the context of nature-related risks and opportunities—Research findings* explains this relationship and its effects on an entity's prospects.

<sup>4</sup> Refer to Agenda Paper 3 of January 2025 [Evidence of Investor Interest in BEES-related risks and opportunities](#) and Agenda Paper 3 of September 2025 [Summary of common investor information needs and comparison to ISSB materials](#).

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- (a) narrative information to provide context for understanding an entity's nature-related risks and opportunities as well as the entity's priorities in responding to those risks and opportunities and the underlying assumptions and limitations;
  - (b) geospatial data on the location of an entity's operations, including types of assets and activities at the locations associated with nature-related risks and opportunities that could affect the entity's prospects; and
  - (c) location-specific information about nature-related risks and opportunities arising throughout an entity's value chain.
14. Investors also commented on the granularity of location specific-information about nature-related risks and opportunities that they need. While they generally welcomed granular location-specific information, they also noted that unduly granular location-specific information could obscure material information. In addition, some investors noted in some circumstances aggregated location-specific information is appropriate.
15. In discussing current reporting practice, investors stated that location-specific information about nature-related risks and opportunities is largely unavailable in entities' reports. They also cited unevenness of data coverage, such as gaps in the available location-specific information for value chains, particular geographies and particular ecosystems.
16. Finally, investors discussed difficulties in using location-specific information that is currently available. For example, they cited difficulties in:
- (a) understanding connections between location-specific information and an entity's strategy and its prospects; and
  - (b) comparing information across entities.
17. Investors also indicated that because of the limited availability of location-specific information disclosed by entities, they use other sources of information, including public information and information from third-party data providers, including proxy

data such as industry-level data.<sup>5</sup> They stated that such third-party data is often not sufficiently granular to meet investor information needs and that proxy data is not necessarily representative of the location of the entity's assets and operations.

18. We conducted further outreach with investors in the standard-setting phase of the project to better understand the type and granularity of location-specific information about nature-related risks and opportunities that investors need and to obtain more insight into why they need that information and how they use it. Further outreach included surveys conducted in March 2026 with investors in the ISSB's Sustainability Reference Group (SRG), the ISSB Investor Advisory Group (IIAG), and members of the TNFD Forum that represent investors (TNFD Forum).<sup>6</sup>
19. Respondents frequently mentioned that the types of location-specific information that they need includes information about whether and to what extent both an entity's direct operations and activities in the value chain are near or within sensitive areas such as water stressed areas, biodiversity sensitive areas, and areas occupied by Indigenous Peoples or local communities.<sup>7</sup> Additionally, some investors indicated that both narrative and quantitative information about an entity's operations near or within such areas that links to an entity's prospects would be useful, for example, metrics about an entity's revenues, assets, direct operations and value chain activities.
20. Some respondents commented on information about an entity's processes. They stated an interest in information about the judgements the entity made in identifying locations that are exposed to nature-related risks, determining the geographic boundaries of locations, the data sources used and other criteria applied in providing

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<sup>5</sup> Proxy data does not apply specifically to the locations in the organisation's value chain but instead provides averages to estimate nature-related issues, for example, by sector or country. Such data is often provided by third parties.

<sup>6</sup> In total, there were 79 respondents to the surveys. These comprised 15 IIAG members, 23 SRG members, 40 TNFD Forum members, and 1 investor from outside of these bodies.

<sup>7</sup> The TNFD glossary includes definitions for the terms Indigenous Peoples and Local Communities. Refer to Agenda Paper 3B *Information on engagement with Indigenous Peoples, Local Communities and affected stakeholders in the context of nature-related risks and opportunities—Research findings* for these definitions. For the purposes of the survey 'local communities' was not capitalised and thus may have been responded to in a broader sense than as defined in the TNFD recommendations.

location-specific information. An example of process-related information would be information about how an entity identified environmentally sensitive locations.

21. Many respondents commented on granularity of location-specific information, stating that more granular information than national-level data is useful, with several respondents stating that national-level data is often insufficient to understand an entity's exposure to nature-related risks and opportunities. Many respondents expressed a view that there is no single level of granularity or geographical scale<sup>8</sup> that would be appropriate in all cases. Instead, they stated that the appropriate level of granularity or geographic scale would depend on several factors which may vary by entity. Some respondents emphasised that an entity should apply judgement in determining the appropriate level of granularity and geographic scale for location-specific information considering the entity's specific facts and circumstances. The following quotes are examples of these views:

'[...] the level of granularity required depends on several factors, including the sector in which the company operates, the scale of its operations (for example, whether it operates nationally or across multiple regions), and the regulatory context applicable to its activities. From an investment perspective, the geographic scale of the information is particularly relevant. In some cases, national-level information may be sufficient, but in others, more granular data—such as sub-national, asset-level or ecosystem-based information (e.g., specific biomes or watersheds)—is necessary to properly assess risks and opportunities.' [A member of the SRG]

'Country / jurisdictional level disaggregation helps investors to understand a company's exposure to transition risk that are dependent on regulations, policies and geopolitical contexts. While an understanding of a company's transition risk should apply for companies across all industries, the type of regulation or policy that is material to the company is then dependent on the industry, business operation and value chain. Asset level disaggregation helps investors to understand overlap of a company's assets with critical or sensitive habitats and watersheds. Assets in these locations have heightened level of biodiversity risk, deforestation risk, water stress risks and other types of physical risks. [...] Companies in industries with high impacts

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<sup>8</sup> Geographic scale refers to the spatial extent or scope of the area being studied, such as local, regional or global.

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or dependencies on nature [...] should hence be assessed with a greater level of scrutiny.<sup>9</sup> [A member of the IAG]

22. Respondents acknowledged that obtaining granular and small-scale location-specific information about nature-related risks and opportunities might not be always feasible for an entity, and that it might be more challenging in industries that are in earlier stages of reporting nature-related information but are likely to be exposed to nature-related risks and opportunities through their value chains. One respondent mentioned the pharmaceuticals industry as an example of such an industry. Similarly, respondents acknowledged that entities with complex and disperse supply chains may also have challenges in providing granular and small-scale location-specific information in relation to their value chains, such as entities in the food and beverage sector. Some respondents suggested that in the absence of granular and small-scale location-specific information—for example, data at the site level—more aggregated information would still be useful.
23. Respondents explained that when location-specific information is available, they use it for screening, due diligence, and overlaying geospatial data against other information—such as information obtained from various databases—to help them identify where an entity might have an increased exposure to nature-related risks. Respondents also indicated that granular location-specific information about nature-related risks and opportunities in relation to an entity’s assets and operations throughout its value chain would help them improve various activities that support their decision-making. Such activities include targeted engagement with companies, integrating location data into valuation models, physical risk assessment, scenario analysis, regulatory mapping, stranded asset analysis and assessment of risks and opportunities arising in the value chain.

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<sup>9</sup> The investor comment to assess sectors with high impacts and dependencies on nature more closely is consistent with our findings in the September 2025 Agenda Paper 3 [Summary of common investor information needs and comparison to ISSB materials](#). In that paper, we noted that in practice investors commonly link specific sectors with ‘high nature-related dependencies or impacts’ as an indicator of greater exposure to nature-related risks and opportunities. Investors often use third party sources such as the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) knowledge base ‘materiality ratings’ to determine the nature-related dependencies and impacts associated with each sector.

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### Overview of TNFD materials

24. This section provides an overview of TNFD materials that address location-specific information, specifically:
- (a) [\*Recommendations of the Taskforce on Nature-related Financial Disclosures\*](#) (TNFD recommendations); and
  - (b) [\*Guidance on the identification and assessment of nature related issues: The LEAP approach\*](#) (LEAP approach) is additional, non-mandatory guidance provided to support companies in preparing their disclosures in alignment with the TNFD recommendations.

### TNFD recommendations

25. The TNFD recommended disclosure Strategy D asks a company to disclose the locations of assets and/or activities in the company's direct operations and, *where possible*, upstream and downstream value chain that meet the criteria for priority locations.
26. Priority locations are defined as material<sup>10</sup> locations and/or sensitive locations.<sup>11</sup> Material locations include those locations in which a company has identified material nature-related risks and opportunities in its direct operations and upstream and downstream value chain. Sensitive locations are those locations where the assets and/or activities in an entity's direct operations and—where possible to assess—upstream and downstream value chain(s) interface with nature in areas in which a company operates that meet one or more of five criteria for ecological sensitivity—see Appendix A.
27. The recommended disclosure Strategy D asks a company to disclose this information as a list or spatial map of the locations but does not require a specific

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<sup>10</sup> Note this wording is taken directly from the TNFD recommendations and is not consistent with the use of the term 'material' in ISSB Standards.

<sup>11</sup> Refer to Appendix A for the definitions of these terms as they appear in the TNFD's Glossary of Terms (TNFD glossary).

level of granularity of this disclosure. The recommended disclosure also asks a company to describe:

- (a) how it defined sensitive locations, including the tools, data and metrics used and process to do so;
  - (b) the process used to identify priority locations for disclosure; and
  - (c) the level of geographic specificity achieved, including if and how locations have been aggregated, and the rationale for any aggregation.
28. Further, the recommended disclosures Risk Management A(i) and A(ii) ask a company to disclose the degree of location-specificity it achieved in describing its processes for identifying, assessing and prioritising nature-related risks, opportunities, dependencies and impacts in its direct operations and value chain. Recommended disclosure Strategy A recommends that the dependencies, impacts, risks and opportunities described be associated with the locations disclosed under Strategy D. Recommended disclosure Metrics and Targets B similarly recommends that the metrics disclosed be associated with locations disclosed under Strategy D.
29. Recommended disclosure Metrics and Targets A asks a company to disclose metrics used by the organisation to assess and manage ‘material nature-related risks and opportunities’ in line with its strategy and risk management process. These include metrics that indicate the extent to which the company is vulnerable to nature-related risks (see Appendix A).

### *Guidance about location in the LEAP approach*

30. The LEAP approach provides companies with a structured four-phase approach to preparing disclosures, beginning with the ‘Locate’ phase.<sup>12</sup> The objective of the Locate phase is to identify a company’s potential sources of nature-related

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<sup>12</sup> Agenda Paper 3A of October 2025, [Common investor information needs and comparison to the TNFD framework](#), described the LEAP (Locate, Evaluate, Assess, Prepare) approach. The LEAP approach provides a structured assessment process for identifying information on nature-related issues that incorporates both an ‘impact materiality’ (at the end of the ‘Evaluate’ phase) and ‘financial materiality’ (at the end of the ‘Assess’ phase) lens depending on the approach to materiality taken by the company.

dependencies, impacts, risks and opportunities. This is designed to help companies focus their assessment and to identify information about the characteristics of nature in their locations to support more detailed analysis in the Evaluate and Assess phases of the LEAP approach. Under the rationale for the Locate phase, the guidance explains that a company's business model and value chain activities trace back to an interaction with nature in a particular place. The Locate phase encourages companies to filter and prioritise potential nature-related issues using geography as a factor in addition to the company's sector/industry and value chain. As part of the Locate phase, the guidance encourages a company to understand:

- (a) which biomes and ecosystems its direct operations and value chain interface with; and
  - (b) whether its direct operations or value chain activities are within ecologically sensitive locations.
31. The LEAP approach emphasises the concept of ecologically sensitive locations. The guidance notes that such locations 'may expose the organisation to elevated risks (both physical and transition) and opportunities that may not yet be captured by standard risk management processes.'
32. Another location-related concept that is highlighted in the LEAP approach is the area of influence. The guidance notes that the entity's impacts on nature—and by extension, the nature-related risks and opportunities arising from those impacts—can occur beyond the immediate site of an entity's activities. The size of the area of influence might vary by entity and is often larger than the footprint of the site itself. Consider the example described in paragraph 10. The entity's impacts on the flow and quality of water in the river occur downstream from the facility where the entity extracts water from the river catchment.
33. Another location-related concept that is noted in the LEAP approach is 'supply shed', which is referenced in TNFD sector guidance, for example for food and agriculture. When geolocation data is not available for upstream suppliers,

organisations can use the supply shed approach as a substitute for identifying the location of individual suppliers.<sup>13</sup>

34. The LEAP guidance encourages companies to consider the dependencies and impacts they have on environmental assets<sup>14</sup> and ecosystem services at different geographical ‘scales’:
- (a) in the specific geolocation (e.g., GPS coordinates)<sup>15</sup> of its direct operations and those of their value chains; and
  - (b) in the area of influence around those locations of its direct operations and value chain.
35. However, the LEAP approach also encourages a company to take a proportionate approach when locating its interfaces with nature. The guidance states that the company should consider the information that is required to enable analysis that is sufficiently robust for the company’s objectives and for meeting report users’ needs:

For example, in some cases, it may be sufficient to trace a commodity to the landscape where it is produced, rather than to the individual farm, as nature-related issues will be common for that commodity across the landscape. In other cases, the organisation may need to be more precise. For downstream issues, organisations may only be able to identify the market in which the product has been placed. This may also be sufficient to be able to understand the risks and opportunities the organisation faces in that market.

### ***Overview of current reporting practice***

36. Entities that disclose information about where their activities and assets are located might do so on their company websites or within their sustainability reports or other

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<sup>13</sup> Supply shed is a concept and approach that applies to situations in which a company may not be able to directly trace sourcing to a specific upstream supplier, but it is known and can be demonstrated that sourcing comes from a group of suppliers within a specific—typically sub-national—geographic area from which the company sources.

<sup>14</sup> In this section, we use the term ‘environmental assets’ to reflect the terminology used in TNFD materials. As noted in the February 2026 Agenda Paper 3A, we intend to identify a replacement term for the concept of environmental assets which we will present in a future agenda paper.

<sup>15</sup> Referred to as geospatial data earlier in the paper.

general purpose financial reports. This information is typically about the location of the assets that the entity owns and operates, and it is often not provided at the asset or site level.<sup>16</sup> The objective of such disclosures might be to provide sustainability information. However, such disclosures are often provided to meet other objectives.<sup>17</sup>

37. The availability of asset or site level information tends to vary by industry. For example, a study of global databases found that asset level information tended to be more available for sectors such as mining, energy and some industries within the manufacturing and transport sector. The study found that the availability of this information was very limited in other sectors, including those that tend to have high levels of dependencies and impacts on nature, such as agriculture, forestry and fishing. Furthermore, location-specific information related to an entity's value chain is often not available to investors.<sup>18</sup>
38. Among entities using the TNFD recommendations, many are applying the recommended disclosure Strategy D—see paragraphs 25–26—to disclose their assets and activities in priority locations. In the [TNFD 2025 Status Report](#), 63% of 182 survey respondents and 47% of an additional 542 company reports analysed reflected application of this recommendation.<sup>19</sup>
39. Further analysis of company reports included in the analysis for the TNFD 2025 Status Report showed that of the companies applying the Strategy D recommendation many disclosed information about particular sites that are in or near water stressed areas, or have proximity to protected areas or Key Biodiversity Areas. However, many of these companies did not disclose a list or spatial map of their assets and activities in priority locations, nor included value chain locations in their

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<sup>16</sup> Christaen et al, *Location, location, location: asset location data sources for nature-related financial risk analysis*, Current Opinion in Environmental Sustainability, Volume 74, June 2025, <https://www.sciencedirect.com/science/article/pii/S187734352500020X>

<sup>17</sup> For example, an entity might disclose information about its operating segments by geography in its financial statements to meet the requirements of IFRS 8 *Operating Segments*.

<sup>18</sup> Christaen et al, 2025

<sup>19</sup> The 2025 Status Report is the first the TNFD has conducted since the TNFD recommendations were published in September 2023.

disclosures. Furthermore, the disclosure was often provided at the country or region level.

40. Nonetheless, many companies explained in their disclosure an intention to continue to develop their LEAP assessments, and many of the companies that explained reasons for the gaps in their Strategy D disclosure cited the early stage of implementation of TNFD guidance in their organisations. Data from the TNFD's analysis in preparation for its forthcoming 2026 status report indicates that more companies are providing more complete Strategy D disclosures in H2 2025 compared to H1 2025, including lists or spatial maps of their assets and activities in priority locations.
41. There are location-specific considerations in other third-party standards and frameworks. Refer to Appendix B for an overview of the relevant content from the Draft European Sustainability Reporting Standards (ESRS) and the Global Reporting Initiative Standards (GRI Standards).

### **Overview of relevant ISSB requirements and guidance**

42. In Agenda Paper 3 of September 2025 [Summary of common investor information needs and comparison to ISSB materials](#), we noted that IFRS S1 does not specifically require location-specific information about sustainability-related risks and opportunities, thus location-specific information would not be specifically required to be provided when reporting on nature-related risks and opportunities. However, IFRS S1 addresses situations when disclosing location-specific information is relevant in meeting its requirements, in particular:
  - (a) paragraph 32(b) of IFRS S1 requires an entity to describe where in its business model and value chain sustainability-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets);<sup>20</sup>

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<sup>20</sup> Paragraph 13 of IFRS S2 *Climate-related Disclosures* has an analogous requirement to disclose concentration of climate-related risks and opportunities.

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- (b) paragraph 33(c) requires an entity to disclose information about trade-offs between sustainability-related risks and opportunities that the entity considered (for example, in making a decision on the location of new operations, an entity might have considered the environmental impacts of those operations and the employment opportunities they would create in a community);
  - (c) paragraph 46(b) requires an entity to disclose metrics the entity uses to measure and monitor:
    - (i) a sustainability-related risk or opportunity; and
    - (ii) its performance in relation to that sustainability-related risk or opportunity, including progress towards any targets the entity has set, and any targets it is required to meet by law or regulation; and
  - (d) paragraph B30 sets out requirements about aggregation and disaggregation of information in the context of identifying material information and notes that an entity might need to disaggregate information by geographical location. B30 provides as an example, to ensure that material information is not obscured, an entity might need to disaggregate information about its use of water to distinguish between water drawn from abundant sources and water drawn from water stressed areas.
43. In addition, providing information about location in the context of nature-related risks and opportunities might be necessary to meet other requirements in IFRS S1, in particular:
- (a) to disclose information that enables primary users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects in accordance with paragraph 30; and
  - (b) to disclose information that enables primary users to understand the effects of sustainability-related risks and opportunities on the entity's business model and value chain in accordance with paragraph 32.

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44. Similarly, IFRS S2 includes requirements related to location-specific information—information which may also be relevant in relation to nature-related risks and opportunities—in particular:
- (a) paragraph 22(b) requires an entity to disclose how the climate-related scenario analysis was carried out, including what scope of operations the entity used in the analysis (for example, the operating locations and business units);
  - (b) paragraph 33(c) requires an entity to disclose the part of the entity to which a target applies (for example, whether the target applies to the entity in its entirety or only a part of the entity, such as a specific business unit or specific geographical region); and
  - (c) paragraph B65(b) requires an entity in preparing disclosures in accordance with paragraph 29(b)–(g)—which includes requirements to disclose the amount and percentage of assets or business activities vulnerable to climate-related risks or aligned with climate-related opportunities—to consider where in its business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities or types of assets).
45. The Accompanying Guidance to IFRS S1 explains how the CDSB Biodiversity Application Guidance can be used as a source of guidance for identifying sustainability-related risks and opportunities that could reasonably be expected to affect the entity’s prospects in the absence of a specifically applicable ISSB Standard. Paragraph IG27 includes examples of how disclosure might be tailored to incorporate location-specificity, such as disclosing information about location-specific targets due to the geographical variation of biodiversity priorities.
46. The SASB Standards include disclosure topics and metrics associated with location-specific information about nature-related risks and opportunities. This includes metrics with proposed enhancements on the topics of Water Management (for example, the percentages of water withdrawn or consumed from water stressed

areas) and Ecological Impacts (for example, spatial footprint of operations in or near environmentally sensitive locations).<sup>21, 22</sup>

47. In the project Enhancing the SASB Standards, the ISSB has proposed revising particular disclosure topics and metrics in relation to location-specific information to respond to stakeholder feedback, including the feedback received during the research phase of the nature-related disclosures project. For example, targeted amendments to metrics under the Water Management disclosure topic would require an entity to disclose the locations of any operating facilities where water-related risks are concentrated. This is to respond to input from investors who emphasised the importance of location-specific information in assessing water-related risks, such as water stress and water availability.

## Staff analysis

48. The staff analysis considers:
- (a) how location informs the identification of nature-related risks and opportunities;
  - (b) how location-specific information could be relevant across core content areas, and the granularity as well as aggregation needed for this information to be decision-useful; and
  - (c) whether and what location-specific metrics should be provided.
49. Throughout the analysis, we note that ISSB literature—including SASB Standards—comprises the only set of sustainability-related disclosure requirements focussed solely on financially material information. The other standards and frameworks

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<sup>21</sup> Some investors commenting during phase 1 of the project Enhancing the SASB Standards agreed with the proposed enhancements to the water management disclosures that improve alignment with the TNFD recommendations. Refer to the March 2026 Agenda Paper 6B [Feedback summary—Question 15 in the SASB Exposure Draft](#).

<sup>22</sup> The proposed enhancements to the SASB Standards also use the concept of environmentally sensitive locations that was adapted from the TNFD Recommendations. In the SASB Standards, the scope of 'environmentally sensitive locations' does not include 'areas of high physical water risks' and does not refer to 'benefits to Indigenous Peoples, Local Communities and stakeholders', as these categories are covered by other SASB disclosure topics.

referenced are based on impact materiality (GRI), double materiality (ESRS) or are materiality-agnostic (TNFD). Thus, it is important to ensure that any location-specific information required by ISSB Standards could reasonably be expected to influence decisions that primary users of general purpose financial reports make based on those reports.

### ***Consideration of location in identifying nature-related risks and opportunities***

50. As evidenced by our research and outreach (see paragraphs 20–35), location is an important consideration in identifying nature-related risks and opportunities because location affects whether an entity has such exposures and their severity. It is widely recognised by investors and acknowledged in third-party materials specifically addressing nature-related risks and opportunities. This is reflected in the Locate phase in the TNFD’s LEAP Approach which explains that a company’s business model and value chain activities trace back to an interaction with nature in a particular place and encourages companies to filter and prioritise potential nature-related issues using geography as a factor in addition to the company’s sector or industry and its value chain.
51. Consideration of location in identifying nature-related risks and opportunities is consistent with concepts in IFRS S1. The Standard explains that the interactions between an entity and the natural environment throughout its value chain form an interdependent system in which the entity’s dependencies and impacts on nature give rise to nature-related risks and opportunities.<sup>23</sup> As illustrated in the example in paragraph 10, an entity’s dependencies and impacts on nature tend to be localised and the characteristics of the location where the interactions between the entity and

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<sup>23</sup> Refer to Agenda Paper 3B *Information on engagement with Indigenous Peoples, Local Communities and affected stakeholders in the context of nature-related risks and opportunities—Research findings*. In that paper we note that an entity’s nature-related risks and opportunities can arise from the entity’s dependencies and impacts on natural resources, ecosystems and ecosystem services that affect stakeholders and communities that depend on or have rights and interests related to those same resources. In understanding how the interactions between the entity and its stakeholders and society can affect its prospects, we note that it is relevant to consider the interactions of the entity with Indigenous Peoples, Local Communities and stakeholders that are or could be affected by the entity’s dependencies and impacts on natural resources, ecosystems and ecosystem services.

the natural environment take place can drive the entity's exposure to nature-related risks and opportunities.

52. The application guidance in paragraphs B1–B12 of IFRS S1 addresses factors for an entity to consider in identifying sustainability-related risks and opportunities. The localised character of nature-related risks and opportunities as a relevant factor in their identification is similar, for example, to considering an entity's industry and scope of its value chain in identifying the entity's sustainability-related risks and opportunities.
53. The identification of nature-related risks and opportunities that could reasonably be expected to affect an entity's prospects over the short, medium or long term is a prerequisite to identifying material information about those risks and opportunities that is useful to investment decision-making.
54. To help entities to identify nature-related risks and opportunities and to disclose material information about those risks and opportunities that meets investors' needs, the staff recommends that the ISSB provide incremental guidance to explain how the location of an entity's assets and business activities can be relevant to identifying nature-related risks and opportunities that could reasonably be expected to affect its prospects over the short, medium and long term.
55. The staff suggests that this guidance build on the existing requirements in IFRS S1 and the concepts in the TNFD materials that facilitate understanding the localised character of nature-related risks and opportunities that could reasonably be expected to affect an entity's prospects. For example, the guidance could describe:
  - (a) how nature-related risks and opportunities that could reasonably be expected to affect an entity's prospects arise out of interactions between the entity and the natural environment<sup>24</sup>—in its own operations and throughout the value

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<sup>24</sup> In drafting the guidance, we will also consider the recommendations and board decisions in relation to Agenda Paper 3B *Information on engagement with Indigenous Peoples, Local Communities and affected stakeholders in the context of nature-related risks and opportunities—Research findings*. The guidance would explain the link between nature and Indigenous People, Local Communities and affected stakeholders, and how interaction and engagement between the entity and these

chain—through the entity’s dependencies and impacts on natural resources, ecosystems and ecosystem services;

- (b) how the characteristics of a location can affect the quality and availability of natural resources, ecosystems and ecosystem services, and affect the affordability of natural resources which can give rise to the nature-related risks and opportunities;
- (c) the concept of ecologically sensitive locations<sup>25</sup> and how the proximity of an entity’s assets and operations to those locations could give rise to an entity’s exposure to nature-related risks and opportunities that could reasonably be expected to affect its prospects; and
- (d) the concept of the entity’s area of influence and how it is relevant in considering the location of its impacts on nature that can give rise to nature-related risks and opportunities that could reasonably be expected to affect the entity’s prospects.

### ***Location-specific information across core content areas***

#### ***Relevance of location-specific information***

56. Because of the localised character of nature-related risks and opportunities, the actions the entity takes to respond to those risks and opportunities, how it manages them and how it finances those activities are likely to be location-specific as well. This is consistently emphasised by investors who say that they need location-specific narrative contextual information to help them understand an entity’s nature-related risks and opportunities, the entity’s priorities in responding to those risks and opportunities, the underlying assumptions and limitations as well as financial implications for the entity (see paragraphs 12–23). The importance of those types of

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groups of people in the context of nature can give rise to nature-related risks and opportunities that could reasonably be expected to affect the entity’s prospects.

<sup>25</sup> Note that in the TNFD recommendations the term ecologically sensitive locations includes considerations related to Indigenous Peoples, Local Communities and stakeholders.

location-specific information about nature-related risks and opportunities is also reflected in third-party materials addressing those risks and opportunities (see paragraphs 24–35 and Appendix B).

57. Location-specific information across core content areas can help investors understand both an entity’s exposure to nature-related risks and opportunities and how the entity responds to them. This information can ultimately help investors assess the effects of those risks and opportunities on the entity’s prospects. Understanding where an entity physically interacts with nature in its business model and value chain—in other words, the location of these interactions—not only supports identifying nature-related risks and opportunities, but can also inform an entity’s approach to assessment and management of those risks and opportunities. Thus location-specific information could be material across all core content areas of disclosure outlined in IFRS S1, in particular for disclosures about strategy, risk management, and metrics and targets.
58. For example, location-specific information could be relevant for:
- (a) describing an entity’s nature-related risks and opportunities in a way that facilitates investors’ understanding (paragraph 30(a) of IFRS S1);
  - (b) disclosure of information that enables primary users to understand the effects of sustainability-related risks and opportunities on the entity’s business model and value chain (paragraph 32 of IFRS S1);
  - (c) disclosure of information about how the entity assesses the nature, likelihood and magnitude of the effects of nature-related risks and opportunities (paragraph 44(a)(iii) of IFRS S1); and
  - (d) disclosure of information about the targets the entity has set to monitor progress towards achieving its goals with respect to nature-related risks and opportunities (paragraph 51 of IFRS S1).
59. Thus, the staff recommends that the ISSB provide incremental guidance for entities to apply in determining whether and what location-specific information about

nature-related risks and opportunities to disclose across the core content areas to enable investors to understand:

- (a) the entity's exposure to nature-related risks and opportunities; and
  - (b) how the entity is responding to those risks and opportunities.
60. This approach is conceptually consistent with the ISSB's tentative decision in March 2026 to provide incremental guidance on location-specific information associated with nature-related targets and the objective of those targets—see the March 2026 Agenda Paper 3D [\*Information on nature-related targets and consideration of international agreements and related jurisdictional commitments\*](#).

#### *Granularity and aggregation considerations*

61. The staff notes that references to location-specific information are often understood to mean that site or asset specific information. However, location-specificity in the context of information about nature-related risks and opportunities could refer to various geographic scales and granularity. When considering the location of an entity's assets and activities in this context, one could think in ecological terms or in jurisdictional terms and at varying levels of granularity. For example, the location of a business activity could be considered:
- (a) from a jurisdictional perspective at a regional, national or provincial level;
  - (b) from an ecological perspective by biome or ecosystem in which it is located, or more granularly its proximity to a particular river; or
  - (c) at a geospatial level, for example with specific GPS coordinates for a specific asset or site of activity.
62. Investors acknowledge that the relevant geographic scale and granularity of location-specific information is dependent on various factors as noted in paragraphs 21–22. Further, our findings indicate that while investors often prefer location-specific information that is more granular than national or country level, that information:
- (a) should be proportionate; and

- (b) should not be disaggregated to an extent such that unnecessary detail obscures material information.
63. The staff does not think that it is feasible or desirable to require a specific level of geographic scale or granularity of location-specific information or to require a particular disaggregation of information about nature-related risks and opportunities by location. Further, it is not desirable to specify whether the approach should be jurisdictional or ecological. For example, risks arising from the need to meet regulatory requirements relate to jurisdictional perspectives whereas physical risks are related to ecological perspectives. The staff also notes that there are circumstances in which aggregated information could be more relevant than disaggregated information. For example, information about the portion of an entity's revenue or assets exposed to a particular risk could be more useful than a list of each individual affected site in some circumstances.
64. The staff notes that IFRS S1 already addresses disaggregation of information about sustainability-related risks and opportunities, including an example when location might need to be considered in providing information about water stressed areas. However, to help entities make materiality judgements in determining the appropriate level of granularity and aggregation of information about nature-related risks and opportunities across core content areas to meet investors' information needs, the staff recommends that the ISSB provide incremental guidance that is specific to nature-related risks and opportunities. Such guidance would support an entity's application of the requirements about the aggregation and disaggregation of information in IFRS S1 and would build on TNFD materials.
65. We think that such guidance is important because disclosing location-specific information about nature-related risks and opportunities might be new to many entities. Further, entities with large scale operations and broad or complex value chains would need to carefully consider what, if any, individual site or asset information is material. The staff also consider this guidance to be particularly important given the financial materiality focus of the ISSB Standards which differs

from other frameworks and reporting standards addressing nature-related disclosures.

66. For example, such guidance could note that:
- (a) references to location do not necessarily refer to a particular site. As noted in paragraph 63, depending on an entity's specific facts and circumstances, relevant information about location might relate to a regional or national level. For example, that could be the case if an entity's exposure relates to meeting particular regulatory requirements in a jurisdiction in which it operates.
  - (b) in providing location-specific information across core content areas, an entity should not disaggregate information to an extent that material information is obscured. For example, if an entity has a portfolio of similar assets exposed to a particular nature-related risk—such as sourcing water from multiple river basins that are all water-stressed—an entity might need to provide information about those sites on an aggregated basis rather than for each site individually. This is consistent with the requirements in paragraphs B29–B30 of IFRS S1 which requires an entity to aggregate information based on shared characteristics.
  - (c) the circumstances in which an entity might determine that information about a particular site or asset could vary. For example, despite differences in size, a small entity operating in a small number of locations and a large entity that has critical operations in one location might both determine that providing information at the site or asset level is required.
  - (d) in identifying nature-related risks and opportunities and determining its value chain, IFRS S1 includes proportionality mechanisms. In particular, IFRS S1 requires an entity to use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort.

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***Disclosure of metrics***

67. Investors indicate that they need both qualitative and quantitative information about an entity's nature-related risks and opportunities that could reasonably be expected to affect the entity's prospects, including quantitative location-specific information. For example, this includes metrics on the scale of an entity's assets and activities that are near or within locations that lend themselves to elevated levels of risk. These locations include within sensitive areas such as water-stressed areas, biodiversity-sensitive areas, and areas occupied by Indigenous Peoples or local communities. Investors indicated that quantitative information that they need in relation to those locations includes metrics about an entity's revenues, assets, direct operations and value chain activities (see paragraph 19).

***Metrics in ISSB literature***

68. The staff notes that this project assumes that an entity is already applying IFRS S1 and IFRS S2 and particular location-specific information about nature-related risks and opportunities would be provided applying those Standards. For example, as noted in paragraph 44(a) of this paper, IFRS S1 requires information about concentrations of risk in an entity's business model and value chain (for example, by geographical areas, facilities and types of assets). IFRS S1 also requires an entity to disclose information about the metrics it uses to measure and monitor a sustainability-related risk or opportunity and its performance in relation to that risk or opportunity, including progress towards relevant targets (see paragraph 44(c)). Depending on an entity's specific facts and circumstances, that might include location-specific metrics if this is how the entity monitors and manages its nature-related risks and opportunities.
69. Applying IFRS S2, an entity might provide information about nature-related risks and opportunities when they are connected to climate-related risks and

opportunities.<sup>26</sup> For example, applying paragraph 29(c) of IFRS S2, an entity might disclose the amount and percentage of assets or business activities vulnerable to risks arising from shifts in climatic patterns that lead to reduced water availability.

70. Furthermore, information related to nature-related risks and opportunities, including topic- and industry-specific location information, might be provided as a result of an entity referring to and considering the applicability of the SASB Standards (see paragraphs 46–47).

### *Incremental metrics*

71. The staff considered whether particular metrics should be required given the importance of location-specific information about nature-related risks for investors, including quantitative information. The staff notes that in *some* cases quantitative information about nature-related risks and opportunities will be provided applying paragraph 29(c) of IFRS S2—specifically, the amount and percentage of assets or business activities vulnerable to climate-related risks or aligned with climate-related opportunities—when climate-related risks and opportunities are connected to nature, for example when climate change is a driver of change in the availability of water in an area in which the entity operates. However, in other cases—for example, in relation to nature-related risks and opportunities related to a proximity to biodiversity-sensitive areas—that information would not be provided.
72. The staff notes that similar metrics are included in TNFD core global metrics C7.0 and C7.1 which refer to value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related transition risks, and nature-related physical risks (total and proportion of total)—see Appendix A.
73. Building on the requirements in IFRS S2 and on the TNFD core global metrics, the staff thinks that the amount and percentage of assets or business activities vulnerable

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<sup>26</sup> Refer to the February 2026 Agenda Paper 3B [Information on connections between climate- and nature-related risks and opportunities](#).

to nature-related risks and those aligned with nature-related opportunities should be disclosed for all nature-related risks and opportunities rather than only those that are connected to climate.<sup>27</sup>

74. Location is a factor—among other factors—that can inform an entity’s assessment of whether it has assets or activities vulnerable to or aligned with a particular nature-related risk or opportunity. For example, an entity would need to think about location in identifying assets vulnerable to reputational risk from operating in or near protected areas.
75. The staff considered whether an entity should be required, consistent with the approach in IFRS S2 and TNFD core global metrics, to provide those metrics separately for nature-related transition risks and nature-related physical risks. On balance, the staff does not think that an entity should be *required* to disaggregate assets or business activities vulnerable to nature-related risks in any particular way. Instead, the staff recommends that an entity would apply the requirements on aggregation and disaggregation in IFRS S1 together with the incremental guidance the staff recommends in paragraphs 59 and 64 that would support the entity:
- (a) to identify the relevant assets and activities; and
  - (b) to determine whether and how to disaggregate these metrics, including whether disaggregation should be by location and what level of granularity is appropriate.
76. For example, depending on an entity’s specific facts and circumstances, an entity might disaggregate information:
- (a) by location—which could include, for example, national or regional level or several sites exposed to a particular nature-related risk on an aggregated basis;
  - (b) by type of nature-related risk—for example, related to land, freshwater or ocean use change and pollution reduction; or

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<sup>27</sup> The project assumption is that an entity is already applying IFRS S2 and IFRS S1, so nature-related disclosures would be incremental to any disclosures already resulting from the application of IFRS S2.

- (c) by nature-related transition-risk and nature-related physical risk.
77. The staff notes that while types of disaggregation in paragraphs 77(b) and (c) do not result in disaggregation by location, location is a relevant consideration as it is likely that the location of an entity's assets or activities would inform the assessment of which assets and activities—or groups of assets and activities—information would be provided about.
78. The SASB Standards can further support an entity by providing guidance about the type of location-specific aspects that might be relevant to the vulnerability / alignment metrics on nature that are relevant to the entity's industry.
79. To conclude, the staff recommends that the ISSB specify an incremental requirement to address proportionality. Specifically, an entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort, to disclose the amount and percentage of assets or business activities vulnerable to nature-related risks and those aligned with nature-related opportunities. This proportionality mechanism is included in paragraph 30 of IFRS S2 in relation to disclosures of information about assets and activities vulnerable to climate-related risks and aligned with climate-related opportunities. The staff is of the view that similar support is necessary in relation to nature-related disclosures and that aligning this is particularly important given the potential overlap in disclosures for nature-related aspects of climate-related risks and opportunities for entities applying both IFRS S2 and the proposed nature-related materials.

## Questions for the ISSB

### Questions for the ISSB

1. Do ISSB members have questions or comments on the discussion and analysis in this paper?
2. Does the ISSB agree with the staff recommendations in paragraph 6 to:

## Questions for the ISSB

- a. provide incremental guidance to explain how the location of an entity's assets and business activities can be relevant to *identifying* nature-related risks and opportunities that could reasonably be expected to affect its prospects over the short, medium and long term;
- b. provide incremental guidance on *disclosing* location-specific information about nature-related risks and opportunities across core content areas, including guidance to help an entity determine the appropriate level of granularity and aggregation of that information considering the entity's specific facts and circumstances;
- c. require an entity to disclose the amount and percentage of assets or business activities vulnerable to nature-related risks and aligned with nature-related opportunities; and
- d. introduce a proportionality mechanism in relation to the disclosure in subparagraph (c) such that an entity shall use all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort in preparing this disclosure.

## Appendix A—Extracts from TNFD materials

Table 1: Terms from the [TNFD glossary](#) that are location-specific

Term related to location-specific information	Definition in the TNFD glossary	Other extracts from TNFD materials
Area of influence	The project area of influence is generally larger than the physical footprint of the project, and includes the area within which a project may potentially directly, indirectly, and cumulatively cause impacts to nature.	-
Priority locations	<p>Priority locations are locations that are:</p> <ul style="list-style-type: none"> <li>• Material locations: Locations where an organisation has identified material nature-related dependencies, impacts, risks and opportunities in its direct operations and upstream and downstream value chain(s); and/or</li> <li>• Sensitive locations: Locations where the assets and/or activities in its direct operations – and, where possible upstream and downstream value chain(s) – interface with nature in:               <ul style="list-style-type: none"> <li>○ Areas important for biodiversity; and/or</li> <li>○ Areas of high ecosystem integrity; and/or</li> <li>○ Areas of rapid decline in ecosystem integrity; and/or</li> <li>○ Areas of high physical water risks; and/or</li> <li>○ Areas of importance for ecosystem service provision, including benefits to Indigenous Peoples, Local Communities and stakeholders.</li> </ul> </li> </ul>	A sub-set of your organisation’s interfaces with nature may include dependencies and impacts in ecologically sensitive geographic locations (contributing to illegal deforestation or illegal overfishing for example). These sensitive locations may expose the organisation to elevated risks (both physical and transition) and opportunities that may not yet be captured by standard risk management processes. For example, areas with rapid decline in ecosystem integrity may face elevated systemic risks and areas of high biodiversity may present elevated reputational or liability risks.

Table 2: TNFD core global disclosure indicators and metrics for nature-related risks and opportunities referenced in this agenda paper

Extracts from recommended disclosure Metrics and Targets A [emphasis added]	Metric no.	Metric as presented in Annex 1 of the TNFD Recommendations
<p>A. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.</p> <p>An organisation should disclose the indicators and metrics used to measure and manage the material nature-related risks and opportunities described in Strategy A. To achieve this, an organisation should disclose the metrics that are most relevant to and most accurately represent the nature-related risks and opportunities on which it is reporting. The metrics disclosed should include:</p> <ul style="list-style-type: none"> <li>All core global and core sector risk and opportunity metrics listed in <b>Annex 1</b> reported at the organisational level; and</li> <li>Any other relevant metrics, drawing on the TNFD additional disclosure indicators and metrics listed in Annex 2 and the organisation’s own assessment metrics as appropriate, reported at the appropriate organisational level (e.g. site, product, service, region or organisation) to reflect most accurately the magnitude of risks and opportunities described in Strategy A.</li> </ul>	C7.0	Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related transition risks (total and proportion of total).
	C7.1	Value of assets, liabilities, revenue and expenses that are assessed as vulnerable to nature-related physical risks (total and proportion of total).

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## Appendix B—Overview of third-party standards

B1. From an interoperability perspective, the staff reviewed the Draft European Sustainability Reporting Standards (ESRS) and the Global Reporting Initiative Standards (GRI Standards) to understand what requirements and guidance in their nature-related standards address location-specific information.<sup>28, 29</sup>

### **ESRS—Overview of location-related requirements and guidance**

- B2. Draft ESRS 1 *General requirements* has guidance describing factors that influence the existence of negative impacts in the context of geography. It also cites the first three phases of the LEAP approach as being relevant for reference to support assessment of nature-related risks and opportunities.
- B3. All the nature-related Draft ESRS reviewed mention location specificity and level of disaggregation by location or geography as a key consideration in disclosing information about material impacts, opportunities and risks. These standards do not prescribe a particular level of disaggregation by location but provide guidance on when to disaggregate and how to do so.
- B4. The requirements regarding location-specific information are most prominent in the Draft ESRS E3 *Water* and Draft ESRS E4 *Biodiversity and Ecosystems*. They include requirements to disclose information about:
- (a) the physical sites where material impacts, risks and opportunities can occur, including the identification of such locations;
  - (b) a list of biodiversity sensitive areas; and
  - (c) water consumption in areas of water stress.

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<sup>28</sup> We referred to the Draft Simplified European Sustainability Reporting Standards (Draft ESRS), and the related amended glossary provided by the EFRAG to the European Commission in November 2025. The Draft ESRS are available at <https://www.efrag.org/en/draft-simplified-esrs>. The final version of the ESRS is subject to further consultation, thus the Draft ESRS are subject to change.

<sup>29</sup> We also referred to the Global Reporting Initiative (GRI) Standards. The GRI Standards are available at <https://www.globalreporting.org/how-to-use-the-gri-standards/gri-standards-english-language/>. The exposure drafts referenced in the paper are available at <https://www.globalreporting.org/standards/standards-development/topic-standard-project-for-pollution/>.

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- B5. Notably the Basis for Conclusions of the Draft Amended ESRS notes a specific compromise regarding terminology. While ‘geography’ is used as a broad term in Draft ESRS 1 *General Requirements* and Draft ESRS 2 *General Disclosures*—topic agnostic standards—ESRS E4 intentionally uses ‘location’. The stated rationale was that ‘geography’ might lead companies to aggregate data at an inappropriately broad level (e.g., an entire country), which would not be decision-useful. However, the term geography in the ESRS glossary is also defined in such that it indicates various geographic scales, and includes both jurisdictional and ecological terms.<sup>30</sup>

***GRI Standards—Overview of location-related requirements and guidance***

- B6. GRI 1 *Foundation 2021*—a topic agnostic standard—recommends that organisations operating in a range of locations disclose information about their impacts in relation to appropriate local contexts.
- B7. GRI 101 *Biodiversity 2024* has various disclosure requirements that focus on the organisation’s sites with the most significant impacts on biodiversity and requires entities to disclose whether such sites are at or near ecologically sensitive areas. GRI101 uses the same criteria as the TNFD recommendations for identifying ecologically sensitive areas. GRI 101 also requires disclosure of the countries or jurisdictions where the organisation has activities associated with the provision of products and services that have the most significant impacts on biodiversity in its supply chain. GRI 303 *Water and Effluents* requires metrics regarding areas of water-stress and requires in particular a minimum level of granularity at which water-stress should be measured, specifically the catchment level. In GRI 14 *Mining 2024*, several nature-related topics require site level reporting. The exposure drafts for the GRI *Air Pollution* and GRI *Soil Pollution* standards also propose a breakdown of pollutants by site.

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<sup>30</sup> EFRAG defines geographies as follows: ‘Geographies or geographic context can be analysed at different levels, e.g. country, region, county, water basin, ecosystem or a site, on the basis of the level considered relevant for assessment purposes’.