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## ISSB Meeting

Date	<b>April 2026</b>
Project	<b>Nature-related Disclosures</b>
Topic	<b>Information on engagement with Indigenous Peoples, Local Communities and affected stakeholders in the context of nature-related risks and opportunities – Research findings</b>
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## Purpose and structure

1. The purpose of this paper is to provide the International Sustainability Standards Board (ISSB) with the findings of the staff research and outreach in relation to disclosures on interactions and engagement with Indigenous Peoples, Local Communities and affected stakeholders<sup>1</sup> in the context of nature-related risks and opportunities. This paper serves as background context for the staff analysis and recommendations presented in Agenda Paper 3C *Information on engagement with Indigenous Peoples, Local Communities and affected stakeholders in the context of nature-related risks and opportunities – Recommendations* for this meeting and should be read in conjunction with that paper.
2. The structure of the paper is as follows:
  - (a) purpose and structure (paragraphs 1–2);
  - (b) background (paragraph 3–7);

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<sup>1</sup> Society and stakeholders in scope of the staff recommendations are discussed in paragraphs 20–25 of Agenda Paper 3C of this meeting and the ISSB will need to consider the scope in its decision at this meeting.

- (c) findings in research and outreach (paragraphs 8–49); and
- (d) questions for the ISSB;
- (e) Appendix A: Definitions of society and stakeholders in scope; and
- (f) Appendix B: Details on outreach and research.

## 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*. Standard-setting will focus on disclosure requirements or guidance on nature-related risks and opportunities to supplement those requirements. It will also complement guidance on nature-related risks and opportunities in the SASB Standards and the IFRS S2 *Industry-based Guidance on implementing Climate-related Disclosures* and draw on the Taskforce on Nature-related Financial Disclosures (TNFD) framework. In the January 2026 [Agenda Paper 3](#), the staff identified several information areas for possible nature-related standard setting. These areas included information on an entity’s engagement strategy and process, including in relation to Indigenous Peoples and local communities.
4. According to the outcomes of the research phase of this project, investors did not widely or explicitly surface interest in this information area in the context of nature-related risks and opportunities. However, preliminary research presented in the September 2025 [Agenda Paper 3](#) included evidence of effects on an entity’s prospects<sup>2</sup> as it relates to an entity’s relationships with Indigenous Peoples and local communities and their interface with natural resources, warranting further analysis of the need for standard-setting in this project.

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<sup>2</sup> An entity’s prospects refer to the entity’s cash flows, its access to finance or cost of capital over the short, medium or long term, as defined in IFRS S1.

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5. In the research phase of this project, the staff also analysed coverage of this information area in ISSB Standards and in other standards and frameworks. IFRS S1 and IFRS S2 do not address explicitly an entity's strategy and processes in relation to engagement with Indigenous Peoples and local communities. The SASB Standards cover this information area in a disclosure topic and associated metrics on 'Community Relations and Rights of Indigenous Peoples' in some industries and in disclosure topics on supply chain management (see paragraphs 40–46). In the February 2025 [Agenda Paper 3B](#) *Comparison of other BEES-related standards and frameworks to IFRS S1 and SASB Standards*<sup>3</sup> we noted that the CDSB Framework Application Guidance for Water-related Disclosures and the CDSB Framework Application Guidance for Biodiversity-related Disclosures and other existing standards and frameworks, including the TNFD framework, include disclosure of information on engagement with Indigenous Peoples, Local Communities and affected stakeholders in the context of nature-related disclosures (paragraphs 29–34).
6. Therefore, the staff proposed conducting analysis in the standard-setting phase and considering the related questions outlined below (January 2026 [Agenda Paper 3](#)):
- (a) What particular nature-related aspects of engagement with Indigenous Peoples and local communities may be relevant to an entity's prospects and of interest to investors in making decisions in providing resources to an entity?
  - (b) How clear is the evidence of effects on an entity's prospects related to this interaction?
  - (c) Considering the SASB Standards address this area in some industries, is the nature connection adequately covered by reference to the SASB disclosure topics and metrics in IFRS S1?
  - (d) Is there a sufficient basis for inclusion of requirements related to engagement with Indigenous Peoples and local communities in nature-related standard-setting? If so, given the link to entity prospects and investor information needs

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<sup>3</sup> This project was initially titled 'Biodiversity, Ecosystems and Ecosystem Services' and used the acronym 'BEES'. In February 2026, the ISSB decided to change the project title to 'Nature-related Disclosures'.

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identified, should proposals be under the governance core content area (as it is in the TNFD framework), or another core content area?

7. In this paper we present our findings from research and outreach conducted during both the research and standard-setting phases of this project, including analysis that helps address the questions above and serves as a foundation for the staff analysis and recommendations presented in Agenda Paper 3C for this meeting.

## Findings in research and outreach

### *Introduction*

8. The objective of IFRS S1 explains that interactions between the entity and its stakeholders, society, the economy and the natural environment throughout the entity's value chain and the entity's related dependencies and impacts on those resources and relationships give rise to sustainability-related risks and opportunities for the entity. It recognises that together, the entity and the resources and relationships throughout its value chain form an interdependent system in which the entity operates.
9. An entity's nature-related risks and opportunities can arise from how an entity's dependencies and impacts on natural resources, ecosystems and ecosystem services<sup>4</sup> can affect stakeholders and communities that depend on or have rights and interests related to those same resources. Often such stakeholders and communities are located in or near the entity's own operations or the activities in its value chain, but this might not always be the case. For example, an entity's nature-related impacts might affect stakeholders at a distance away from the entity's activities (such as water pollution affecting stakeholders further downstream from the entity's operations).

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<sup>4</sup> During the [February 2026 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 plan 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 the February 2026 meeting. This framing is provided for context.

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10. In understanding how the interactions between the entity and its stakeholders and society can affect its prospects, 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. These groups are each defined or described in Appendix A for discussion in this paper.
  11. As described in the September 2025 [Agenda Paper 3](#), interactions with Indigenous Peoples and Local Communities can be relevant to an entity's nature-related risks and opportunities (i.e. risks and opportunities that arise from an entity's dependencies and impacts on nature) because of the unique relationship Indigenous Peoples and Local Communities have with nature: they manage significant natural resources and ecosystems (for example, land or water).<sup>5</sup> Indigenous Peoples and Local Communities also have traditional and local knowledge and cultural practices (for example, on the value of nature, its conservation, restoration and sustainable use) and other cultural aspects strongly linked to nature.
  12. Additionally, Indigenous Peoples have internationally recognised rights under international law and standards, which include, but are not limited to: the right to self-determination; the right to own, control and use their lands, territories and resources; and the right to give or withhold Free, Prior and Informed Consent (FPIC) to matters affecting their lives, rights and territories.<sup>6</sup> 'Local Communities', as based on the characteristics listed by the Convention on Biological Diversity, embody traditional lifestyles characterised by a strong link with the natural resources and ecosystems present in their territories; even if not always formally recognised, they might, for example, have customary and/or collective rights that can create nature-related risks and opportunities for an entity, which, for example, plans to or uses natural resources

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<sup>5</sup> Indigenous People and Local Communities lands cover at least 36% of the global extent of Key Biodiversity Areas mapped to date and a third of inland water is owned or governed by Indigenous People or Local Communities, either through legal or customarily-held means. World Wide Fund for Nature (WWF), UN Environment Programme-World Conservation Monitoring Centre (UNEP-WCMC), et al. (2021). [The state of Indigenous Peoples' and Local Communities' lands and territories](#).

<sup>6</sup> See for example, UN Declaration on the Rights of Indigenous Peoples and the International Labour Organization Convention No. 169. [TNFD Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders](#)

these communities depend on.<sup>7</sup> Therefore, an entity's engagement – or lack thereof – can give rise, for example, to liability risks from rights infringement, or to opportunities from consideration of traditional knowledge or Access and Benefit Sharing.<sup>8</sup>

13. Other communities and stakeholders<sup>9</sup> might not have traditional or cultural links to, or rights over, natural resources like Indigenous Peoples or Local Communities, but might nonetheless be affected by an entity's dependencies and impacts on nature. Therefore, these affected stakeholders can also be a source of risks and opportunities for an entity. Affected stakeholders can range from local communities living adjacent to the entity's operations or the site of its activities to those living at a distance but that are affected, for example, by impact drivers such as water or air pollution that the entity generates.

### ***Effects on an entity's prospects***

14. The staff conducted additional research and engagement following the research phase of the project to understand the evidence of effects on an entity's prospects related to the interaction between an entity and Indigenous Peoples, Local Communities and affected stakeholders in the context of an entity's nature-related risks and opportunities. We consulted with the IFRS Foundation's existing consultative bodies

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<sup>7</sup> Convention on Biological Diversity, [Article 8: In-situ Conservation](#)

<sup>8</sup> The Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits arising from their utilisation is an international supplementary agreement to the Convention on Biological Diversity referenced in Article 8(j) on Indigenous Peoples and Local Communities. The Nagoya Protocol aims to promote the conservation and sustainable use of biodiversity, while also ensuring the fair and equitable sharing of benefits that arise from the use of genetic resources and traditional knowledge associated with genetic resources. This means companies using genetic resources or related traditional knowledge may need Prior Informed Consent, agreed benefit-sharing terms, and meaningful engagement with Indigenous Peoples and Local Communities to achieve compliance, contractual obligations, disclosure expectations, and avoid reputational risk. It sets out clear obligations to take into consideration Indigenous and Local Communities' customary laws, community protocols and procedures, as applicable, with respect to traditional knowledge associated with genetic resources, and to seek the Prior Informed Consent of Indigenous Peoples and Local communities in these situations. According to the Nagoya Protocol, these expectations should be applied in accordance with domestic legislation. ([TNFD Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders](#), Box 3, page 23).

<sup>9</sup> Terminology related to affected stakeholders and communities is not standardised. For example, TNFD recommendations refer to and define 'affected stakeholders', while SASB Standards refer to 'communities' and cover risks and opportunities associated with community rights and interests, including rights and interests related to economic, environmental, social and cultural factors. In this paper, we use different terms as they appear in different contexts or standards and frameworks.

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and conducted additional research, including leveraging the outcomes of a study undertaken by Shift to be published in May 2026 (more details in Appendix B).<sup>10</sup>

15. An important aspect that links an entity's interactions with Indigenous Peoples, Local Communities and affected stakeholders to the effects on its prospects is an entity's engagement with these groups. Outcomes of our research highlighted that the presence and "quality"<sup>11</sup> of an entity's engagement with Indigenous Peoples, Local Communities and affected stakeholders in relation to the entity's dependencies and impacts on nature, both in its own operations and elsewhere in its value chain, can give rise to risks and opportunities that have effects on an entity's prospects.
16. When engagement is absent or ineffective, an entity may fail to identify relevant risks or opportunities, including at an early stage. An entity's use of, access to, or impacts on natural resources and ecosystems could, for example, result in infringement of community rights and affect community health, access to food, water or other resources and livelihoods. Such activity might interfere with the rights of Indigenous Peoples to own, control and use their lands, territories and resources and interfere with the customary or collective rights of Local Communities. Without effective engagement, the entity might infringe on nature-related traditional knowledge or cultural resources and practices of Indigenous Peoples and/or Local Communities without their agreement or may miss opportunities to benefit from their knowledge and resources. The entity may be unable to obtain Access and Benefit Sharing permits, or to access natural resources more generally, if it does not consider the participation of Indigenous Peoples and/or Local Communities in projects that rely on such access—for example, through revenue-sharing arrangements or equity ownership.

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<sup>10</sup> "Evidence of the financial effects of engagement with Indigenous Peoples and local communities regarding nature-related impacts" (Shift) – to be published in May 2026 at <https://shiftproject.org/resource/community-engagement-financial-effects/>

<sup>11</sup> The [TNFD Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders](#) sets out what, according to the TNFD, constitutes 'quality' in terms of an effective and meaningful process of engagement with Indigenous Peoples, Local Communities, and affected stakeholders to help inform identification, assessment, management and disclosure of nature-related dependencies, impacts, risks and opportunities. It covers for example, considerations for who to engage, preparedness for engagement, designing and conducting engagement and engagement systems in action and feedback.

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17. These impacts on Indigenous Peoples, Local Communities and affected stakeholders resulting from an entity's dependencies or impacts on natural resources and ecosystems can give rise to community opposition—including protests, litigation or other forms of contestation—that may result in operational risks: delays, operational shutdowns, supply chain disruption, termination of certifications (for example, from Forest Stewardship Council) or of patent application processes; and reputational risks: reputational damage or loss of licence to operate. This may also lead to intervention by regulators (for example, stricter regulations), lenders or buyers. Such risks in turn can affect entity prospects—such as by creating uncertainty in cash flow (for example, due to cost overruns) and affecting cost of capital or access to finance (for example, due to impacts on credit rating).
18. Conversely, effective engagement with Indigenous Peoples, Local Communities and affected stakeholders can help an entity to better understand the range of risks and opportunities that can arise from its impacts and dependencies on nature, potentially enabling it to better manage those risks and opportunities.<sup>12</sup> For example, effective engagement can help an entity develop an early understanding of the relationships of Indigenous Peoples and/or Local Communities with nature, their rights, traditional and local knowledge, cultural practices and concerns related to natural resources, ecosystems, and ecosystem services. This in turn can help an entity incorporate those perspectives into various aspects of its risk management, strategy and decision-making to mitigate related risks and capture opportunities.<sup>13</sup> For example, these perspectives could inform an entity's assessments of nature-related risks and opportunities, the design of its projects or products and services and consideration of alternatives, as well as value-chain management. This could result in stronger safeguards that secure long-term resource access (and related operational continuity), enable new revenue models and investment opportunities, reduce financing costs and improve access to funding.

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<sup>12</sup> [TNFD Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders](#)

<sup>13</sup> IPBES (2026). [Summary for Policymakers of the Methodological Assessment Report on the Impact and Dependence of Business on Biodiversity and Nature's Contributions to People.](#)



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19. New research from Shift<sup>14</sup> on effects on an entity's prospects of engagement with Indigenous Peoples, Local Communities and affected stakeholders highlights that impacts and dependencies on nature often represent the underlying cause for entity-community conflicts, and those conflicts are related to the presence or absence, and *quality*, of an entity's engagement with these communities. Effects of such engagement on an entity's prospects are particularly relevant when an entity's:
- (a) operations (and other activities in its value chain) are located in or near Indigenous territories and affect natural resources or ecosystem services to which Indigenous Peoples have rights (including the right to give or withhold FPIC) and on which they rely, therefore, affecting their livelihood (for example, through water use or pollution, land acquisition and/or resettlement);
  - (b) activities (including own operations and elsewhere in the value chain, but also responses to nature-related risks and opportunities, such as carbon-offsetting) depend on land, freshwater or ocean ecosystems on which communities depend for their own livelihoods and wellbeing, including in instances where customary or community land rights of Local Communities are not well recognised in formal law – and therefore, land tenure is insecure, customary or contested; or
  - (c) projects have substantial up-front capital investment, or high dependency on timing (for example, for project permits for mines, pipelines, solar or wind farms).
20. These circumstances indicate that location and type of activity, as well as the combination of the two, influence the effects on an entity's prospects of engagement with communities. This applies also to an entity's nature-related impacts and dependencies that affect stakeholders and communities living at a certain distance from the entity's own operations or activities elsewhere in its value chain. For example, an entity may withdraw water from, and/or discharge wastewater into, a

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<sup>14</sup> "Evidence of the financial effects of engagement with Indigenous Peoples and local communities regarding nature-related impacts" (Shift) – to be published in May 2026 at <https://shiftproject.org/resource/community-engagement-financial-effects/>

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river in a way that affects water availability for communities living downstream from its operations. Similarly, an entity's air emissions may affect air quality or ecosystems within a certain distance from its operations.

21. Finally, existing literature underlines that engagement between an entity and Indigenous Peoples, Local Communities and/or affected stakeholders can cover aspects broader than those related to the entity's dependencies and impacts on nature and may involve other sustainability-related risks and opportunities such as those related to livelihood, health and employment relationships even when those aspects are not directly related to nature. Effects on an entity's prospects can, indeed, occur due to a combination of such sustainability factors – for example, they are often the result of a causal chain that may start from an entity's engagement (or lack thereof) with Indigenous Peoples, Local Communities and affected stakeholders in the context of nature, and result in social or cultural impacts that can lead to effects on an entity's prospects. For example, community (secondary) opposition to projects may arise due to concerns about security forces' conduct in response to initial community opposition because there was no engagement or there were disagreements over compensation for land acquisition or over access to sacred sites.<sup>15</sup>

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

22. The staff conducted additional outreach with the IFRS Foundation's advisory groups<sup>16</sup> (the ISSB Investor Advisory Group and Sustainability Reference Group) and investors in the [TNFD Forum](#) to better understand investor information needs about an entity's interactions, including engagement, with Indigenous Peoples, Local Communities and affected stakeholders in the context of nature when making decisions about providing resources to an entity.

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<sup>15</sup> "Evidence of the financial effects of engagement with Indigenous Peoples and local communities regarding nature-related impacts" (Shift) – to be published in May 2026 at <https://shiftproject.org/resource/community-engagement-financial-effects/>, IPBES (2026). [Summary for Policymakers of the Methodological Assessment Report on the Impact and Dependence of Business on Biodiversity and Nature's Contributions to People.](#)

<sup>16</sup> As per ISSB decision in December 2025 [Agenda Paper 3A](#).

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23. Most investors we engaged with consider information about an entity's engagement with Indigenous Peoples and local communities<sup>17</sup> in the context of nature as being relevant for an entity's prospects and useful in their investment decision-making. In particular, they shared that information about engagement with Indigenous Peoples and local communities is relevant, for example, where such engagement affects an entity's ability to access land and/or to obtain permits, and therefore can directly influence cash flows and project timelines (see paragraphs 16–19).
24. Investors responding to our survey indicated that for their investment decision-making it is relevant to get information about:
- (a) the **exposure of an entity to nature-related risks and opportunities** due to the location of an entity's operations or assets in, or in proximity to, Indigenous lands.<sup>18</sup> This may provide an indication of nature-related risks and opportunities associated with access to the natural resources on which the entity depends, including where Indigenous Peoples and local communities hold customary tenure or territorial rights and use those shared resources. Disclosure of location-specific information and of quantitative metrics that illustrate those risks—for example, permitting risk, capital expenditure at risk, downtime, provisions—may therefore provide decision-useful information for investors.
  - (b) the **presence and quality of engagement with Indigenous Peoples and local communities**, including whether engagement processes are effective and meet substantive standards such as FPIC. Investors also highlighted the importance of understanding the entity's management processes in place to identify and manage related risks (for example, risk or opportunity identification by understanding how Indigenous Peoples and local communities depend on or culturally value natural resources the entity uses), including how those

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<sup>17</sup> For the purposes of the survey 'local communities' was not capitalised and thus may have been responded to in a broader sense than as described in Appendix A of this paper.

<sup>18</sup> See Agenda Paper 3A *Location-specific information about nature-related risks and opportunities* for this meeting that covers investor needs on location-specific information on nature-related risks and opportunities.

processes are integrated into the entity's broader risk management framework and governance arrangements of such processes (for example, board oversight, management accountability), as well as supply chain due diligence. Investors also indicated that human rights policies can be relevant in a nature-related context, particularly where an entity's activities affect Indigenous Peoples, Local Communities and/or other communities holding rights or customary tenure on natural resources. However, they indicated that useful disclosure would extend beyond policies and should include evidence of implementation in practice (for example, indicating whether affected communities have been identified, or whether FPIC is relevant and, if so, how it has been addressed). They noted that information on engagement processes is important because inadequate consultation and weak engagement can result in negative effects on an entity's prospects.

- (c) **how the outcomes of engagement are integrated into responses to risks and opportunities.** This includes information on how engagement has reduced risk or improved resilience.

25. Respondents indicated that engagement with Indigenous Peoples and local communities is highly contextual and depends on the location, the sector, the type of community the entity interacts with and/or a combination of some or all of these elements, confirming outcomes of our research on evidence of effects on entity prospects (for example, see paragraphs 19–20). In particular, investors indicated that the relevance and the type or specific content of disclosure on interactions and engagement with Indigenous Peoples and local communities varies according to:

- (a) **locations** of an entity's own operations or other activities in its value chain – whether they are in or near Indigenous Peoples and Local Communities' territories (which are often biodiversity-sensitive areas) or in jurisdictions that legally recognise rights of Indigenous Peoples and Local Communities;
- (b) **industry** – risks or opportunities related to engagement with Indigenous Peoples, Local Communities and affected stakeholders in the context of nature are more relevant for industries with operations or other activities in their value

chains that highly depend on or impact natural resources. This includes, for example, mining, agriculture, textiles, forestry, technology (data centres), and infrastructure; and

- (c) **types of communities** – difference between communities that hold particular rights or formal tenure, such as Indigenous Peoples and Local Communities, and other types of affected stakeholders, which includes both ‘local communities’ and those affected at a distance from an entity’s assets and activities.
26. Most respondents supported including engagement with Indigenous Peoples, Local Communities and other communities within the scope of the project on nature-related disclosures. However, respondents generally emphasised a materiality-based and proportionate approach. In particular, they do not expect the same disclosure from all entities, but variations depending on the factors highlighted in paragraph 25. For example, respondents indicated that entities with own operations directly exposed to nature-related risks and opportunities should provide information about their risk exposure and related risk management processes, including engagement, whereas entities whose exposure arises primarily indirectly through the supply chain should disclose the processes in place to assess whether suppliers operate under appropriate conditions, including engagement.
27. Many recognised the usefulness of the SASB Standards in providing decision-useful, comparable and financially material information for their decision-making, in particular, in land- and water-intensive industries where community relations can affect access to land, water, permits and social licence to operate, such as extractive and forestry industries. They find information based on metrics in the SASB Standards particularly useful for performing preliminary screening of potential risks and for understanding risk management processes and related governance. Respondents also indicated some limitations, including limited coverage of sectors and value chain beyond an entity’s operations, insufficient granularity on location when it comes to sites characterised by a specific nature-related risk or opportunity and limited details on quality of engagement (see also paragraphs 45–46).

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28. Respondents also noted that the topic extends beyond nature-related matters because it may involve broader social-related risks and opportunities, including effects on the rights, livelihoods, territories and stewardship roles of these groups. Accordingly, some respondents suggested that broader aspects of this topic could be framed as connected information in accordance with IFRS S1, while the content of the nature-related disclosures project should be limited to the dimensions of engagement on risks and opportunities related to an entity's dependencies and impacts on nature, rather than engagement more broadly.

### ***Overview of third-party disclosure standards and frameworks***

29. As summarised in the September 2025 [Agenda Paper 3](#) and described in greater detail in the February 2025 [Agenda Paper 3B](#), other standards and frameworks—including the Global Reporting Initiative (GRI) Standards, European Sustainability Reporting Standards (ESRS) and TNFD Recommendations (paragraphs 32–33)—contain disclosure of information on an entity's nature-related engagement strategy and process, especially with Indigenous Peoples, Local Communities and those stakeholders affected by the entity's impacts and dependencies on nature.
30. In particular, among ESRS,<sup>19</sup> the standard *ESRS S3 Affected communities* is designed to address impacts on communities (including 'affected communities' and Indigenous Peoples) that arise from impacts caused by an entity, including nature-related impacts. In accordance with ESRS S3-1, an entity must disclose any particular policy provisions for preventing and addressing impacts on Indigenous Peoples, drawing from the UN Declaration on the Rights of Indigenous Peoples. ESRS S3 is referenced in all the environmental ESRS to cover information about stakeholder engagement in relation to strategy and risk management of specific environmental topics.<sup>20</sup> Additionally, *ESRS E4 Biodiversity and Ecosystems* includes a requirement that actions disclosed under ESRS E4-3 shall consider the right to FPIC of Indigenous

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<sup>19</sup> [Draft Simplified ESRS | EFRAG](#)

<sup>20</sup> Namely, ESRS E2 Pollution, ESRS E3 Water, ESRS E4 Biodiversity and Ecosystems and ESRS E5 Resource Use and Circular Economy.

Peoples. Finally, ESRS [Annex II - Acronyms and glossary of terms](#) includes definitions of ‘affected community’ and ‘Indigenous peoples’.

31. The GRI Standards includes several disclosures that are relevant to information on engagement with Indigenous Peoples, local communities and affected stakeholders.<sup>21</sup> For example, *GRI 2: General Disclosures 2021* requires an entity to describe its approach to stakeholder engagement, including the categories of stakeholders engaged, the purpose of the engagement, and how the entity seeks to ensure meaningful engagement. Regarding environmental topic standards, *GRI 101: Biodiversity 2024*, *GRI 102: Climate Change 2025*, and *GRI 303: Water and Effluents 2018* include disclosure requirements about stakeholder engagement—including with local communities and Indigenous Peoples—to address impacts and manage shared resources.<sup>22</sup> The GRI Sector Standards include additional sector-specific recommendations related to the rights of Indigenous Peoples, Local Communities and land and resource rights.<sup>23</sup> Finally, the GRI Standards contain relevant Glossary definitions including those of ‘local community’, ‘Indigenous Peoples’ and ‘stakeholder’.<sup>24</sup>

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<sup>21</sup> Namely, *GRI 2: General Disclosures 2021* requires an entity to describe its approach to stakeholder engagement, including the categories of stakeholders engaged, the purpose of the engagement, and how the entity seeks to ensure meaningful engagement. This provides a general basis for understanding how an entity engages stakeholders, including in relation to nature-related matters. *GRI 3: Material Topics 2021* requires organizations to report their material topics based on their most significant impacts on the economy, environment and people, which may include impacts affecting Indigenous Peoples and local communities, and to specify the stakeholders whose views have informed the process of determining the material topics. For all material topics, it also requires an entity to describe how engagement with stakeholders has informed actions taken and the effectiveness of the actions. The GRI Standards also include requirements to disclose information on the rights of Indigenous Peoples (*GRI 411: Rights of Indigenous Peoples 2016*) and on impacts on local communities (*GRI 413: Local Communities 2016*). These requirements have a broader scope than nature but can be applied in the context of nature.

<sup>22</sup> In particular, *GRI 101* includes requirements on how organizations address the impacts of biodiversity loss on people on people. It explicitly mentions Indigenous Peoples and local communities in disclosure requirements and guidance covering engagement in restoration and rehabilitation activities, benefit-sharing in line with the Nagoya Protocol, reporting on proximity to areas important for ecosystem service benefits to Indigenous Peoples and local communities (ecologically sensitive areas), and affected ecosystem services and their beneficiaries.

<sup>23</sup> See for example, *GRI 13: Agriculture, Aquaculture and Fishing Sectors 2022*, *GRI 14: Mining 2024*.

<sup>24</sup> See *GRI 1: Foundation 2021* for further information on the concept of ‘stakeholder’.

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*TNFD materials*

32. The TNFD disclosure recommendations cover the topic of engagement with Indigenous Peoples, Local Communities, and affected stakeholders in different instances, namely:
- (a) general requirement 6 sets out that an entity should disclose its process for engaging with Indigenous Peoples, Local Communities and affected stakeholders about their concerns and priorities with respect to nature-related dependencies, impacts, risks and opportunities in its direct operations and in other activities in the value chain.<sup>25</sup>
  - (b) recommended disclosure Governance C recommends an entity describes its human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities and affected stakeholders, in the organisation’s assessment of, and response to, nature-related dependencies, impacts, risks and opportunities. The recommended disclosure guidance sets out that the description should include various details, for example: the entity’s commitments regarding international standards of responsible business practice as set out in the UN Guiding Principles on Business and Human Rights, and respect of the rights of Indigenous Peoples as reflected in the UN Declaration on the Rights of Indigenous Peoples; a summary of the entity’s governance of nature-related advocacy and lobbying; the approach to, and process and results of engagement; a description of how FPIC has been obtained; a statement of how equitable Access and Benefit Sharing has been attained; and a statement of whether and how senior management and the board are informed about engagement processes and their results.<sup>26</sup>

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<sup>25</sup>The TNFD recommendations include six general requirements that are additional to the general requirements and other provisions of the ISSB’s IFRS-S1 Standard. Report preparers publicly stating their use of, and alignment with, the TNFD’s recommendations are expected to apply the general requirements to create consistency in the information disclosed. The general requirements apply to all four pillars of the recommended disclosures: governance; strategy; risk and impact management; and metrics and targets.” (pages 43–45 of the [Recommendations of the Taskforce on Nature-related Financial Disclosures](#)).

<sup>26</sup> The TNFD recommended disclosure Governance C sets out detailed guidance – for full detail, see pages 49–50 of the [Recommendations of the Taskforce on Nature-related Financial Disclosures](#).



- (c) recommended disclosure Strategy D recommends an entity disclose information about the locations of assets and activities in the entity's direct operations and, where possible, elsewhere in its value chain(s) that meet criteria for 'sensitive locations'. One of these criteria is areas of importance *for ecosystem service provision, including benefits to Indigenous Peoples, Local Communities and stakeholders*.
  - (d) the TNFD recommendations include definitions of Indigenous Peoples, Local Communities and affected stakeholders (see Appendix A).
33. Additionally, the topic of engagement with Indigenous Peoples, Local Communities and affected stakeholders is covered in TNFD additional guidance, including:
- (a) the [Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders](#), which aims to support companies in undertaking meaningful engagement and preparing disclosures consistent with TNFD recommended disclosure Governance C and general requirement 6;
  - (b) the [TNFD LEAP approach](#) for identification and assessment of nature-related dependencies, impacts, risks and opportunities, where engagement is an important cross cutting component, informing all phases of LEAP; and
  - (c) some of the TNFD sector guidance, for example [Metals & Mining](#), which sets out additional considerations for this sector when engaging Indigenous Peoples, Local Communities and affected stakeholders in applying the LEAP approach.

### **Overview of relevant IFRS materials**

34. As indicated in the September 2025 [Agenda Paper 3](#), IFRS S1 does not include explicit requirements related to information on an entity's engagement strategy and process, including engagement with Indigenous Peoples, Local Communities and affected stakeholders. However, IFRS S1 requires information to be provided about the processes, controls and procedures that an entity uses to monitor, manage and oversee sustainability-related risks and opportunities and its processes to identify and manage risks and opportunities. Given the relevance of engagement with Indigenous

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Peoples, Local Communities and affected stakeholders in the identification and management of nature-related risks and opportunities as described above, information about this could be relevant based on those existing requirements. This is described further below in the section *Overview of relevant requirements in IFRS S1*. In addition, other IFRS Foundation materials address this topic:

- (a) the SASB Standards, including the proposed amendments to those Standards, include disclosure topics and metrics covering community relations and Indigenous Peoples' rights<sup>27</sup> (more details in paragraphs 40–46);
- (b) the CDSB Framework Application Guidance recommends disclosure of information on board and management oversight of (REQ-O1) and policies related to an entity's stakeholder engagement (REQ-02), particularly with respect to affected stakeholders, Indigenous Peoples, and local communities in both its guidance for [water](#)- and [biodiversity](#)-related disclosures (see February 2025 [Agenda Paper 3B](#) for more details);
- (c) the [Integrated Reporting Framework](#) emphasises the importance of the relationship with stakeholders for an entity's value creation (including engagement with local communities as an example) by including the Guiding Principle on Stakeholder relationships and the Social and Relationship capital; and
- (d) [IFRS Practice Statement 1 Management Commentary](#) states that the implementation of management's strategy for sustaining and developing an entity's business model depends on the entity's resources and relationships and includes relationship with local communities among the examples.

### ***Overview of relevant requirements in IFRS S1***

35. Applying the objective of IFRS S1 (paragraphs 1–4 of IFRS S1), when nature-related risks and opportunities associated with the interactions between an entity and

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<sup>27</sup> see SASB exposure draft published in [July 2025](#) and [March 2026](#)

- stakeholders and society could reasonably be expected to affect an entity's prospects, related information might be material to investors (paragraphs 17–19 of IFRS S1).
36. IFRS S1 does not explicitly cover information related to engagement with stakeholders and society. Nevertheless, information related to engagement processes and outcomes of such processes may be relevant in applying the general requirements in IFRS S1 in the core content areas, such as information on governance and risk management processes and related policies, identified sustainability-related risks and opportunities and strategies designed to respond to such risks and opportunities.
37. Therefore, if material, information related to processes of engagement with stakeholders and society and outcomes of such processes may be relevant to provide in accordance with the following IFRS S1 requirements on:
- (a) board and management's role in governance processes, controls and procedures an entity uses to monitor, manage and oversee sustainability-related risks and opportunities (paragraphs 27(a) and (b) of IFRS S1);
  - (b) processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities (paragraphs 44(a) and (b) of IFRS S1); and
  - (c) current and anticipated effects of sustainability related risks and opportunities (linked to the output of engagement processes – or lack thereof) on the entity's business model and value chain (paragraph 32(a) of IFRS S1) and a description of where in the entity's business model and value chain sustainability-related risks and opportunities are concentrated (paragraph 32(b) of IFRS S1).
38. Additionally, IFRS S1 requires an entity to provide information in a way that enables investors to understand connections between items to which information relates (paragraph 21 of IFRS S1), including:
- (a) connections between disclosures about various sustainability-related risks and opportunities—for example, nature-related risks and opportunities stemming

from engagement with stakeholders and society and how this relates to risks and opportunities related to employment, livelihood and health; and

- (b) connections between the entity’s disclosures—for example, description of, and metrics highlighting, nature-related risks and opportunities stemming from interactions and engagement (paragraphs 30 and 46(b)(i) of IFRS S1), to explain the relevance of information listed in paragraph 37 of this paper.

39. Finally, paragraphs 55, 57 and 58 of IFRS S1<sup>28</sup> require that, in identifying sustainability-related risks and opportunities that could reasonably be expected to affect an entity’s prospects and related disclosures, an entity shall refer to and consider the applicability of the disclosure topics and metrics in the SASB Standards and may consider the applicability of other materials, including the CDSB Framework Application Guidance. These materials include requirements or recommendations on disclosures about interactions and engagement with stakeholders and society, as noted earlier (paragraph 34(a)-(b)).

#### *SASB disclosure topics and metrics*

40. The SASB Standards (including the recent Exposure Drafts of [July 2025](#) and [March 2026](#)) include industry-specific disclosures about an entity’s interactions with communities and Indigenous Peoples.<sup>29</sup> Some of the disclosures about these interactions focus on nature-related risks and opportunities (for example, due to land rights), whereas others cover risks and opportunities related to a broader spectrum of rights and interests of Indigenous Peoples and communities (that include also rights and interests related to ‘environmental’ factors in addition to economic, social and cultural factors).

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<sup>28</sup> At its March 2026 meeting, the ISSB made tentative decisions about these references in the context of nature-related metrics. See Agenda Paper 3A [Nature-related metrics](#) (March 2026).

<sup>29</sup> For example, amendments proposed in the [SASB exposure draft published in July 2025](#) include the disclosure topic titled “Community Relations and Rights of Indigenous Peoples” in the Coal Operations, Metals & Mining, Oil & Gas – Exploration & Production SASB Standards. (The nature-related aspects of these proposed amendments are summarised in paragraph 33 of the [September 2025 Agenda Paper 3A](#)). The same disclosure topic is included in the SASB Standard for Electric Utilities & Power Generators in the amendments proposed in the [SASB exposure draft published in March 2026](#).

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41. The majority of disclosures directly covering an entity's interactions with Indigenous Peoples and communities are related to an entity's operations/assets, and include:
- (a) **quantitative metrics on exposure to risks** due to the presence of operations/assets in or near Indigenous land (for example, area of operations or reserves in or near Indigenous People's land for some industries in the Extractives & Minerals Processing sector, for Electric Utilities & Power Generators and for the Forestry Management industry) or (negative) effects of interactions with communities (for example, 'Number of non-technical delays and the total days idle' for some industries in the Extractives & Minerals Processing sector and Electric Utilities & Power Generators, and 'Backlog cancellations associated with community or ecological impacts' for the Wind Technology & Project Developers industry);
  - (b) **qualitative metrics** on the description of engagement processes and due diligence practices related to upholding Indigenous Peoples' rights or processes used to manage risks and opportunities associated with community rights and interests. This includes governance mechanisms to monitor workforce compliance of the entity's policies and processes related to upholding Indigenous Peoples rights, but does not extend to governance of engagement processes and due diligence practices more generally.
42. Proposed amendments to the *Processed Foods*<sup>30</sup> and *Agricultural Products*<sup>31</sup> SASB Standards include information about communities (including Indigenous Peoples) in the context of an entity's environmental and social supply chain management. The Environmental Supply Chain Management disclosure topic includes disclosure of information about an entity's engagement with local communities in relation to its strategies to manage environmental resources and implement sustainable agricultural practices in the supply chain. Additionally, the Social Supply Chain Management

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<sup>30</sup> Exposure Draft *Proposed amendments to the SASB Standards*, July 2025, <https://www.ifrs.org/content/dam/ifrs/project/enhancing-the-sasb-standards/sasb-ed-2025-1-proposed-amends.pdf>.

<sup>31</sup> Exposure Draft *Proposed amendments to the SASB Standards and IFRS S2 Industry-based Guidance*, March 2026, <https://www.ifrs.org/content/dam/ifrs/project/enhancing-sasb-standards-cont/sasb-ifrs-s2-ibq-ed-2026-1-proposed-amends.pdf>.

disclosure topic covers information about an entity's processes, controls and procedures for managing negative impacts on local communities in the supply chain, such as pollution, displacement and resource deprivation or depletion. Across both topics, the metrics address risks and opportunities associated with local communities through disclosure of an entity's processes and strategies for managing the activities of suppliers, including investments, monitoring and incentives. This approach is aligned with investor feedback on the usefulness of the SASB Standards highlighted in paragraph 27, in particular for understanding risk management processes and related governance.

43. The SASB Standards also highlight risks related to an entity's interactions with stakeholders and communities in the context of nature indirectly through other topics—such as water management, ecological impacts, hazardous materials, tailings and critical incident risk—where operations can affect local air, water, land, livelihoods and safety. For example, in the Exposure Draft of [July 2025](#), the new proposed metric EM-CO-140a.3 *Description of water-related risks and opportunities and strategies to manage them, including any targets set to monitor progress* refers to impacts on communities from water discharge or wastewater.
44. Additionally, the SASB standards refer to internationally recognised definitions of Indigenous Peoples.<sup>32</sup>
45. Feedback on the Exposure Draft *Proposed Amendments to the SASB Standards* ([July 2025](#)) indicates that most respondents, including investors, agreed with the proposed amendments to the disclosure topics and metrics related to community relations and Indigenous Peoples. In particular, respondents noted that grouping of relevant metrics together in a new disclosure topic more accurately reflects the risks and opportunities that an entity faces and improves alignment with relevant frameworks and conventions, including The Organisation for Economic Co-operation and Development (OECD) and International Labour Organization (ILO). However, a few

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<sup>32</sup> Article 33 of the 2007 United Nations Declaration on the Rights of Indigenous Peoples and the International Labour Organization Indigenous and Tribal Peoples Convention, 1989 (No. 169)

investors requested additional information on how an entity assesses the effectiveness of its engagement processes and due diligence practices, including disclosure of significant disputes and median resolution time. This feedback is aligned with the limitations of the metrics raised by investors in the staff's additional outreach (see paragraph 27).

46. Some respondents raised the importance of aligning the proposed amendments with relevant jurisdiction-specific regulatory requirements and suggested the need for a disclosure topic and associated metrics solely focused on Indigenous Peoples to reflect associated risks and opportunities. On the other hand, a few respondents indicated that by only requiring reserve-related proximity metrics in relation to Indigenous Peoples, the proposed amendments risk omitting other local communities who may influence an entity's operations but lack legal recognition as Indigenous Peoples. To reflect these variations in both regulatory requirements and designations of Indigenous Peoples, some respondents suggested it may be necessary for the ISSB to allow more flexibility in the disclosure to improve international applicability of the metrics and capture all communities relevant to an entity's sustainability-related risks and opportunities.

### ***Overview of current reporting practices***

47. The staff conducted a preliminary analysis of the current practice on disclosure of information about interactions and engagement with Indigenous Peoples, Local Communities and affected stakeholders in the context of nature related disclosures.
48. An analysis<sup>33</sup> of about 700 company reports aligned with the TNFD recommendations showed that, in relation to the recommended disclosure Governance C (paragraph 32(b)), the majority of companies disclosed information about governance oversight for engagement with Indigenous Peoples, Local Communities and affected stakeholders on nature-related issues, published a human rights policy – often

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<sup>33</sup> This analysis is based on TNFD research since the first TNFD 2025 status report that will inform TNFD's 2026 status report. It is based on TNFD-aligned reporting up to 31 December 2025.

covering both direct operations and other activities in their value chain and referring to international frameworks<sup>34</sup> – and reported that they have established grievance mechanisms or complaints channels. Less than half of the analysed companies disclosed information about the quality of engagement, such as specific examples of verifiable FPIC, Access and Benefit Sharing and capacity building and long-term relationship commitments.

49. As explained in paragraphs 40–46, the SASB Standards include disclosure topics and metrics relating to engagement with Indigenous Peoples and communities, including in the context of nature-related risks and opportunities. A preliminary analysis of SASB-aligned disclosures in 2025 suggests that, among entities in the sample expected to report on this topic,<sup>35</sup> the large majority disclosed information about engagement with Indigenous Peoples and/or communities.

## Questions for the ISSB

### Questions for the ISSB

1. Does the ISSB have questions or comments on the findings presented in this paper?

<sup>34</sup> Such as United Nations Guiding Principles on Business and Human Rights, United Nations Declaration on the Rights of Indigenous Peoples or equivalent international frameworks.

<sup>35</sup> In 2025, 687 entities referring to the SASB Standards in their reports are from the Coal Operations, Metals & Mining, Oil & Gas – Exploration & Production, Forestry Management and Chemicals industries, and therefore expected to report metrics on engagement with either Indigenous People or communities.



## Appendix A: Definitions of society and stakeholders in scope

Society/stakeholder group	Description/Definition (in the TNFD recommendations)	Primary source
<p>Indigenous Peoples</p>	<p>There is no formal definition adopted in international law. A strict definition is seen as unnecessary and undesirable. The United Nations use a working definition from the Martinez Cobo Study: ‘Indigenous communities, peoples and nations are those which, having a historical continuity with pre-invasion and pre-colonial societies that developed on their territories, consider themselves distinct from other sectors of the societies now prevailing on those territories, or parts of them. They form at present non-dominant sectors of society and are determined to preserve, develop and transmit to future generations their ancestral territories, and their ethnic identity, as the basis of their continued existence as peoples, in accordance with their own cultural patterns, social institutions and legal system.’ It also notes that an Indigenous person is: ‘... one who belongs to these indigenous populations through self-identification as indigenous (group consciousness) and is recognised and accepted by these populations as one of its members (acceptance by the group). This preserves for these communities the sovereign right and power to decide who belongs to them, without external interference.’ According to ILO Convention 169, Indigenous Peoples are descendants of population ‘which inhabited a country or geographical region during its conquest or colonisation or the establishment of present state boundaries’ and ‘retain some or all of their own social, economic, cultural and political institutions’.</p>	<p>Asia Pacific Forum of National Human Rights Institutions and the Office of the United Nations High Commissioner for Human Rights (August 2013) <a href="#">The United Nations Declaration on the Rights of Indigenous Peoples, Office of the United Nations High Commissioner for Human Rights. A Manual for National Human Rights Institutions</a></p>
<p>Local Communities</p>	<p>The term ‘Local Communities’ is used based on the characteristic listed by the Convention on Biological Diversity and its article 8 (j) which refer to: ‘Local communities embodying traditional lifestyles relevant for the conservation and sustainable of biological diversity’. [...] The experts recommended that a working definition may be possible based on the following characteristics, some of which could be considered essential: Local Communities living in rural and urban areas of various</p>	<p>Convention on Biological Diversity, <a href="#">Decision adopted by the Conference of the Parties to the Convention on Biological Diversity at its Eleventh Meeting. XI/14. Article 8(j) and related provisions</a></p>

Society/stakeholder group	Description/Definition (in the TNFD recommendations)	Primary source
	ecosystems may exhibit some of the following characteristics: [...]	
Affected stakeholders	<p>People or groups that have been, or may be, affected by an organisation’s operations, products, services and value chains, including an organisation’s nature-related dependencies, impacts, risks and/or opportunities, and responses to those issues. Affected communities can range from local communities living adjacent to the organisation’s operations or the site of its activities to those living at a distance but affected, for example, by nature loss, such as the loss of migratory species, or impact drivers, such as water or air pollution that the organisation generates. Affected communities can include Indigenous Peoples who have internationally recognised rights related to their lands, territories, resources, cultures, traditional knowledge and the conduct of their affairs, and the right to Free, Prior and Informed Consent before activities affecting their lands may proceed.</p>	<p>Adapted from World Economic Forum (May 2022)  <a href="#">Engaging Affected Stakeholders: The Emerging Duties of Board Members: Insight Report by the Global Future Council on Human Rights</a></p>

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## Appendix B: Details on outreach and research

- B1. The staff conducted outreach and research to understand the effects on entity's prospects of and investor information need on an entity's engagement with Indigenous Peoples, Local Communities and affected stakeholders.
- B2. The staff gathered input from members of the Sustainability Consultative Committee, the ISSB Investor Advisory Group (IIAG) and the Sustainability Standards Advisory Forum (SSAF) during the respective meetings in February and March 2026. The staff also developed and sent a survey to members of the IIAG, the Sustainability Reference Group, the SSAF and the TNFD Forum. We gathered 75 responses, 55 of which were from investors.
- B3. Additionally, the staff conducted desk research to understand the effects on entity's prospects of engagement with Indigenous Peoples, Local Communities and affected stakeholders. Among other reports and studies (see paragraphs 8–21 of this paper and September 2025 [Agenda Paper 3](#)), the staff consulted with members of the Shift staff on their work “Evidence of the financial effects of engagement with Indigenous Peoples and local communities regarding nature-related impact” (to be published in May 2026). The study aims at illustrating evidence of the financial effects of community engagement related to nature-based dependencies, impacts, risks, and opportunities, drawing from scientific and technical research, academic papers, working papers, conference papers, news reports, and other grey literature. The research identified almost 1200 cases (1186), among which 800 showed evidence of financial effects, and 212 included numeric/currency values of such effects. The outcome of this study is a database of identified cases and a forthcoming public report presenting analysis of the key findings (including sectoral and geographic distribution) and featuring 15–20 case studies.