
ISSB meeting

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Project	Nature-related Disclosures
Topic	Form of standard-setting
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This paper has been prepared for discussion at a public meeting of the International Sustainability Standards Board (ISSB). This paper does not represent the views of the ISSB or any individual ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the ISSB *Update*.

Purpose of this paper

1. This paper discusses staff analysis and recommendations for the form of standard-setting of nature-related disclosure requirements and guidance for inclusion in an exposure draft that the International Sustainability Standards Board (ISSB) aims to publish in October 2026.
2. This paper follows the decision of the ISSB at its January 2026 meeting to proceed with standard-setting on the basis that it would:
 - (a) cover material information on all nature-related risks and opportunities that could reasonably be expected to affect an entity's prospects instead of limiting the scope to particular nature-related matters; and
 - (b) assume that an entity is applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* and result in disclosure requirements or guidance on nature-related risks and opportunities to supplement those requirements.
3. Agenda Paper 3 *Cover note* for this meeting provides background information about the project and a summary of the ISSB's decisions to date.

Summary of staff recommendations

4. The staff recommends the ISSB:
 - (a) propose disclosure requirements and guidance for nature-related disclosures in the form of an IFRS Practice Statement; and
 - (b) invite stakeholders to comment on any alternative forms of standard-setting by including a specific question in the exposure draft.

Structure of this paper

5. This paper provides:
 - (a) an overview of the feedback from the March 2026 meeting of the Sustainability Standards Advisory Forum (paragraphs 6–17 of this paper);
 - (b) staff analysis:
 - (i) overview of possible approaches (paragraphs 21–39);
 - (ii) Approach 1—Including materials within IFRS S1 (paragraphs 40–45);
 - (iii) Approach 2—Including materials within IFRS S2 (paragraphs 46–49);
 - (iv) Approach 3—Including materials within a new stand-alone ISSB Standard (paragraphs 50–54); and
 - (v) Approach 4—Including materials within an IFRS Practice Statement (paragraphs 55–64);¹ and
 - (c) staff recommendations and questions for the ISSB (paragraphs 65–68).

¹ This paper uses the terms ‘materials’ and ‘requirements and guidance’ interchangeably.

Overview of the feedback from the March 2026 meeting of the Sustainability Standards Advisory Forum

6. In March 2026 the staff asked members of the Sustainability Standards Advisory Forum (SSAF) for their observations on key considerations for the ISSB on nature-related disclosures regarding:
 - (a) the form of standard-setting within ISSB Standards;
 - (b) the status of the materials (that is, whether mandatory or non-mandatory); and
 - (c) the effective date of the requirements (if mandatory).²
7. The SSAF is a group of nominated members from jurisdictional and regional authorities with standard-setting expertise involved in sustainability-related reporting. It provides an advisory forum where members share their understanding of jurisdictional and regional developments related to the ISSB's work. The staff sought the feedback of SSAF members specifically on the form of standard-setting at this time to inform the ISSB's assessment of any implications that standard-setting on nature-related disclosures might have on the implementation and adoption of IFRS S1 and IFRS S2.

Form of standard-setting within ISSB Standards

8. SSAF members commented on ways the ISSB could approach standard-setting for nature-related disclosures, including developing new content to be included in IFRS S1 or IFRS S2 (which could include amending parts of IFRS S1 or IFRS S2 and/or developing new application guidance as an appendix to the Standards), developing a new stand-alone ISSB Standard or taking another approach.

² See [Agenda Paper 2B Key considerations for standard-setting](#) for the March 2026 meeting of the Sustainability Standards Advisory Forum.

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9. SSAF members:
- (a) noted that many entities around the world are implementing IFRS S1 and IFRS S2 and many jurisdictions are adopting IFRS S1 and IFRS S2. They recommended that, in determining the form of standard-setting, the ISSB limit disruption to implementation and adoption of IFRS S1 and IFRS S2, by balancing the need to keep a stable platform with the need to establish disclosure requirements that are incremental to requirements already included in IFRS S1 and IFRS S2.
 - (b) noted the importance to users of general purpose financial reports of both nature-related financial information and climate-related financial information. Some SSAF members stated that a separate document covering nature-specific requirements would help signal the importance of information about nature-related risks and opportunities (for example, by developing a new stand-alone ISSB Standard). However, two SSAF members emphasised the need to avoid a ‘siloes’ approach that might result in information about nature-related risks and opportunities being reported separately from information about other sustainability-related risks and opportunities.
 - (c) acknowledged that IFRS S1 already requires an entity to provide material information about all sustainability-related risks and opportunities, including material information about nature-related risks and opportunities that could reasonably be expected to affect the entity's prospects and that, therefore, any incremental requirements about nature-related risks and opportunities would need to work in the context of IFRS S1.
10. A small number of SSAF members acknowledged that, although there are links between climate-related risks and opportunities and nature-related risks and opportunities, nature-related information can be broader than or unrelated to climate change. Therefore, they expressed the view that it would not be ideal to add nature-specific content to IFRS S2. One SSAF member expressed support for cross-referencing to IFRS S2 for connected aspects between climate and nature if that would result in the provision of decision-useful information.

Status of the materials

11. SSAF members commented on the status of any nature-related materials—that is, whether the application of the materials would be mandatory or whether the materials would be available for application on a voluntary basis.
12. Some SSAF members noted that mandatory nature-related materials would promote comparability and accelerate the availability of decision-useful nature-related information across jurisdictions adopting ISSB Standards. One SSAF member stated that new nature-related guidance could aid good application of IFRS S1.
13. One SSAF member expressed concern that making a new stand-alone ISSB Standard available for voluntary application might create confusion about the concept of the global baseline of sustainability-related financial disclosures. The member noted the IFRS Foundation has issued a Practice Statement as a form of standard-setting to address situations in which the content is not required to be applied to assert compliance with IFRS Standards.
14. Another SSAF member noted that a jurisdiction could enhance the status of voluntary materials by requiring their application in that jurisdiction.

Effective date of the requirements (if mandatory)

15. A small number of SSAF members commented on the effective date of any new requirements.
16. Two SSAF members suggested the ISSB consider allowing a longer implementation period than typical for a new or amended IFRS Standard to mitigate disruption to implementation of IFRS S1 and IFRS S2 that is underway.
17. One SSAF member stated that permitting early application of any new requirements would allow entities that wish to report information on nature-related risks and opportunities to choose to use the materials while allowing other entities adequate time to prepare for the application of the new requirements.

Staff analysis

18. The staff analysis in this paper discusses four possible approaches for the ISSB to consider for standard-setting:
- (a) Approach 1—Including materials within IFRS S1, which could include amending parts of IFRS S1 and/or developing new application guidance as an appendix to IFRS S1;
 - (b) Approach 2—Including materials within IFRS S2, which could include amending parts of IFRS S2 and/or developing new application guidance as an appendix to IFRS S2;
 - (c) Approach 3—Including materials within a new stand-alone ISSB Standard, which could contain specific, incremental requirements for the disclosure of information about nature-related risks and opportunities not already addressed through explicit requirements in IFRS S1 or IFRS S2; and
 - (d) Approach 4—Including materials within a non-mandatory IFRS Practice Statement, which could contain requirements and guidance for the disclosure of information about nature-related risks and opportunities.
19. Paragraphs 21–38 of this paper provide an overview of key considerations related to each of the possible approaches identified by the staff. The table accompanying paragraph 39 of this paper provides a comparison of the possible approaches. Paragraphs 40–64 of this paper discuss advantages and concerns associated with each approach.
20. This paper discusses matters related to the effective date to the extent they are relevant to inform considerations about the form of standard-setting. Any decisions about the

effective date (if relevant) would be subject to ISSB’s discussion and decision-making later in this project.

Overview of possible approaches

21. In accordance with the IFRS Foundation *Due Process Handbook*, all four approaches discussed in this paper would require the ISSB to follow the same procedures as those used for the development of a Standard, including the balloting of documents and the determination of an effective date. For all of the approaches the due process requires public consultation by issuing an exposure draft of the proposals accompanied by a Basis for Conclusions summarising the considerations of the ISSB when developing the proposals. Regardless of the form of standard-setting the content of the proposals (that is, the proposed nature-related disclosure requirements and guidance) would be the same.

Status of the materials

22. The ISSB would need to determine the status of the materials, unless the ISSB agrees to publish an IFRS Practice Statement, which, by design, is non-mandatory for an entity to apply in order to assert compliance with IFRS Standards.
23. Even if the ISSB were to propose issuing a new ISSB Standard or to make amendments to IFRS S1 or IFRS S2, it could consider making nature-related requirements and guidance available on a voluntary basis to enable an entity (or a jurisdiction) to apply the requirements and guidance but not mandating their use in order to assert compliance with the ISSB Standards. A similar objective could be achieved by setting an effective date at a future point in time—instead of at the time of issuance of the nature-related requirements and guidance—and allowing for early application of the requirements and guidance. This option would provide more time before entities would be required to use the materials to assert compliance with ISSB Standards.

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24. If the nature-related materials were available for use on a voluntary basis:
- (a) an entity could assert compliance with ISSB Standards as issued by the ISSB without considering the nature-related materials. This means the entity could apply IFRS S1 without referring to these materials even when reporting on topics related to nature.
 - (b) an entity that wishes to report information on nature-related risks and opportunities could choose to comply with the new nature-related materials and disclose that its application of ISSB Standards includes the application of those materials.
25. If the application of the nature-related materials is made mandatory, at the effective date, an entity asserting compliance with ISSB Standards as issued by the ISSB would be required to comply with the nature-related materials as relevant for its circumstances, to provide material information about the nature-related risks and opportunities that could reasonably be expected to affect its prospects.
26. Mandatory nature-related materials would:
- (a) result in the provision of comparable information on nature-related risks and opportunities by entities applying ISSB Standards; and
 - (b) support the provision of high-quality decision-useful nature-related information designed to meet the needs of capital markets globally.
27. Making nature-related materials available on a voluntary basis could help mitigate any disruptive effects for the adoption and implementation of IFRS S1 and IFRS S2 from new content while still helping to reduce diversity and fragmentation of reporting by establishing the approach to nature-related disclosures for ISSB Standards, improving decision-usefulness and cost-effectiveness of disclosures. This possible course of action would still enable the ISSB to provide requirements and guidance that facilitate the provision of decision-useful information about nature-related risks and opportunities that are consistent with the objectives of IFRS S1 and the ISSB's focus

- on information that is material for investors. Disruption to implementation of IFRS S1 and IFRS S2 would be limited because entities and jurisdictions could:
- (a) assess the costs and benefits associated with the application of the materials, taking into consideration entities' and jurisdictions' individual circumstances, including related to the implementation of IFRS S1 and IFRS S2; and
 - (b) decide on the appropriate timing of application of the materials.
28. However, if the ISSB were to include the new materials within IFRS S1 or IFRS S2—to mitigate confusion for entities, assurance providers, users of sustainability-related financial disclosures and other stakeholders—even if these materials were voluntary or only applicable with an extended effective date it would be critically important to identify clearly:
- (a) content that an entity needs to apply to assert compliance with ISSB Standards as issued by the ISSB; and
 - (b) content that an entity does not need to apply to assert compliance with ISSB Standards as issued by the ISSB.
29. The need for this clarity is particularly important because entities and jurisdictions are in the process of implementing and adopting IFRS S1 and IFRS S2.
30. In the staff's view, if the ISSB were to include the new materials within a new stand-alone ISSB Standard or a Practice Statement, it could be more clearly communicated that the entire document is available for voluntary use.
31. Voluntary IFRS Standards are unusual. However, at the IFRS Foundation, there is a recent precedent of a voluntary Standard: IFRS 19 *Subsidiaries without Public Accountability: Disclosures* that the International Accounting Standards Board (IASB) issued in May 2024. The application of IFRS 19 is voluntary and thus entities can assert compliance with IFRS Accounting Standards without applying this Standard. There are requirements to ensure transparency about whether this Standard has been applied. A subsidiary applying IFRS 19 is required to make a statement of

compliance that it has applied IFRS Accounting Standards including IFRS 19. In accordance with paragraph 20 of IFRS 19:

- (a) an entity whose financial statements comply with IFRS Accounting Standards and the requirements in IFRS 19 is required to make an explicit and unreserved statement of such compliance in the notes to the financial statements;
 - (b) an entity that applies IFRS 19 is required, as part of that unreserved statement, to state that it has applied IFRS 19; and
 - (c) an entity applying IFRS 19 is prohibited from describing financial statements as complying with IFRS Accounting Standards unless the entity complies with the requirements in IFRS 19 and all applicable requirements in other IFRS Accounting Standards.
32. A voluntary Standard or Practice Statement may create less certainty that entities will provide comparable nature-related disclosures, including entities using ISSB Standards. However, the materials would be available for use and could be mandated by jurisdictions. The IFRS Foundation and others (including investors) can also actively encourage the use of the materials as a means of ensuring reporting on nature-related risks and opportunities that is suitable to inform investment decision-making. Even if the materials are non-mandatory, they could be applied alongside ISSB Standards and become part of an assertion of compliance. Such application would support the preparation of nature-related disclosures in accordance with IFRS S1 to meet the information needs of users of general purpose financial reports. In addition, such materials can be a stepping stone to the ISSB subsequently making the materials mandatory subject to consultation at the relevant time.

Effective date

33. If the ISSB were to incorporate nature-related disclosure requirements and guidance in IFRS S1 or in IFRS S2, including via application guidance as an appendix to the Standards, the ISSB would need to propose amendments to those Standards,

determine the status of the amendments (that is, whether the application of the amendments is mandatory or voluntary) and, if mandatory, consider the proposed effective date for such amendments.³ Similarly, if the ISSB were to develop a new stand-alone ISSB Standard, the ISSB would need to determine the status and, if mandatory, consider the proposed effective date.

34. As a Practice Statement is non-mandatory, setting an effective date might be unnecessary. However, setting an effective date would provide clarity about when the new content is available for use.
35. The effective date of any standard-setting will be a critically important consideration to balance the need to support the provision of high-quality, comparable information about nature-related risks and opportunities with the risk of disruption as ISSB Standards are implemented around the world.
36. The ISSB could consider:
 - (a) setting a date for the first application of the new content; or
 - (b) stating that the date will be determined in the future, following public consultation.
37. In setting the effective date of the new content, the ISSB could consider:
 - (a) allowing a longer implementation period than typical for new or amended IFRS Standards.⁴ Considering the implementation efforts underway for IFRS S1 and IFRS S2, the nascency of nature-related reporting and the

³ Application guidance—as an appendix to an ISSB Standard—is an integral part of any ISSB Standard and has the same level of authority as the other parts of an ISSB Standard. Therefore, an entity is required to apply the application guidance in order to assert compliance with ISSB Standards as issued by the ISSB.

⁴ At least 12–18 months between the issuance of a new IFRS Standard or amendment and its effective date.

associated change in sustainability reporting, a longer implementation period would allow adequate time:

- (i) for entities to prepare for the application of the new content; and
 - (ii) for jurisdictions to incorporate the new requirements in their legal and regulatory frameworks.
- (b) complementing a longer implementation period by permitting early application of materials on the disclosure of information about nature-related risks and opportunities.
38. If the ISSB instead decides to set an effective date at a future point in time but provides an option for early application, it would have a similar effect to making nature-related materials available for use on a voluntary basis but would signal the ISSB's intention to require application of the nature-related materials at some point (subject to subsequent public consultation) without setting an effective date when the nature-related materials are published.

Comparison of the possible approaches for some aspects

39. Table 1 provides a comparison between the four approaches for some aspects.

Table 1—Comparison of the possible approaches on the form of standard-setting for some aspects

	Approach 1 – Amendments to IFRS S1	Approach 2 – Amendments to IFRS S2	Approach 3 – New stand-alone ISSB Standard	Approach 4 – IFRS Practice Statement
Structure of the material	<ul style="list-style-type: none"> Amendments to existing paragraphs of IFRS S1 <i>and/or</i> development of a new appendix to IFRS S1 (including as application guidance) 	<ul style="list-style-type: none"> Amendments to existing paragraphs of IFRS S2 <i>and/or</i> development of a new appendix to IFRS S2 (including as application guidance) 	<ul style="list-style-type: none"> Stand-alone Standard similar to IFRS S2, <i>but</i> without repeating requirements that are already in IFRS S1 and IFRS S2⁵ 	<ul style="list-style-type: none"> Stand-alone document designed for application with ISSB Standards
Status of the material	<ul style="list-style-type: none"> Usually mandatory but the ISSB could determine otherwise If non-mandatory, a jurisdiction could decide to mandate it 	<ul style="list-style-type: none"> Usually mandatory but the ISSB could determine otherwise If non-mandatory, a jurisdiction could decide to mandate it 	<ul style="list-style-type: none"> Usually mandatory but the ISSB could determine otherwise If non-mandatory, a jurisdiction could decide to mandate it 	<ul style="list-style-type: none"> Non-mandatory by design A jurisdiction could decide to mandate it

⁵ In developing nature-related disclosure requirements and guidance, the ISSB is assuming that an entity is applying IFRS S1 and IFRS S2. Therefore, disclosure requirements and guidance on nature-related risks and opportunities will not duplicate content from IFRS S1 and IFRS S2.

	Approach 1 – Amendments to IFRS S1	Approach 2 – Amendments to IFRS S2	Approach 3 – New stand-alone ISSB Standard	Approach 4 – IFRS Practice Statement
Effective date	<ul style="list-style-type: none"> ISSB to determine 	<ul style="list-style-type: none"> ISSB to determine 	<ul style="list-style-type: none"> ISSB to determine 	<ul style="list-style-type: none"> ISSB to determine if necessary and, if so, the appropriate date
Application in order to state compliance with ISSB Standards	<ul style="list-style-type: none"> Required, unless the ISSB determines otherwise ISSB can decide to provide a longer implementation period than typical for new or amended IFRS Standards 	<ul style="list-style-type: none"> Required, unless the ISSB determines otherwise ISSB can decide to provide a longer implementation period than typical for new or amended IFRS Standards 	<ul style="list-style-type: none"> Required, unless the ISSB determines otherwise ISSB can decide to provide a longer implementation period than typical for new or amended IFRS Standards 	<ul style="list-style-type: none"> Not required A jurisdiction can choose to mandate it An entity can choose to apply it and can state compliance only if the entity complies with <i>all</i> aspects of the Practice Statement

	Approach 1 – Amendments to IFRS S1	Approach 2 – Amendments to IFRS S2	Approach 3 – New stand-alone ISSB Standard	Approach 4 – IFRS Practice Statement
Effect on adoption of IFRS S1 and IFRS S2 by jurisdictions⁶	<ul style="list-style-type: none"> • Jurisdictions would need to consider whether to adopt the amendments • Risk of entities around the world using different versions of IFRS S1 • If non-mandatory (or if the effective date is distant or only to be determined in the future) non-disruptive (at least in the near term) as need not be applied nor considered but it is more complex to explain that effect 	<ul style="list-style-type: none"> • Jurisdictions would need to consider whether to adopt the amendments • Risk of entities around the world using different versions of IFRS S2 • If non-mandatory (or if the effective date is distant or only to be determined in the future) non-disruptive (at least in the near term) as need not be applied nor considered but it is more complex to explain that effect 	<ul style="list-style-type: none"> • Jurisdictions would decide on the timing of adoption of the new stand-alone Standard • If non-mandatory (or if the effective date is distant or only to be determined in the future), non-disruptive (at least in the near term) and greater clarity that materials need not be considered when applying IFRS S1 and IFRS S2 	<ul style="list-style-type: none"> • Jurisdictions need not consider Practice Statement, and therefore it is non-disruptive, but it is available when of interest to a jurisdiction to support high-quality, decision-useful information about nature-related risks and opportunities

	Approach 1 – Amendments to IFRS S1	Approach 2 – Amendments to IFRS S2	Approach 3 – New stand-alone ISSB Standard	Approach 4 – IFRS Practice Statement
Effect on application of IFRS S1 and IFRS S2 by entities	<ul style="list-style-type: none"> • It will depend on the status and on the effective date • If non-mandatory, no disruptive effect on application. If the effective date is distant or only to be determined in the future, no near-term effect on application. More complex to explain this effect given location as part of IFRS S1. 	<ul style="list-style-type: none"> • It will depend on the status and on the effective date • If non-mandatory, no disruptive effect on application. If the effective date is distant or only to be determined in the future, no near-term effect on application. More complex to explain this effect given location as part of IFRS S2. 	<ul style="list-style-type: none"> • It will depend on the status and on the effective date • If non-mandatory, no disruptive effect on application. If the effective date is distant or only to be determined in the future, no near-term effect on application. Simpler to explain this effect given location as stand-alone document. 	<ul style="list-style-type: none"> • Application of a Practice Statement is not required • Available for use when entities choose to access it; so it provides a basis to support reporting • Jurisdictions may choose to require application

⁶ Jurisdictions that have introduced into their legal and regulatory frameworks sustainability-related disclosure requirements based on ISSB Standards would need to consider the application of additional content in accordance with their relevant processes. In some cases, when the jurisdictional approach is based on a direct introduction of ISSB Standards as issued by the ISSB in the jurisdictional framework, the jurisdictional approach to ISSB Standards will result in the changes being applied automatically as set out in any amendments to IFRS S1 or IFRS S2.

Approach 1—Including materials within IFRS S1*Advantages of Approach 1*

40. IFRS S1 already requires an entity to provide material information about all sustainability-related risks and opportunities, including material information about nature-related risks and opportunities that could reasonably be expected to affect the entity's prospects.
41. Incorporating nature-related disclosure requirements and guidance in IFRS S1 could:
 - (a) enable nature to be considered in an integrated way with IFRS S1 as the anchor;
 - (b) reduce the risk of a 'silo' of nature-related risks and opportunities being considered separately from other sustainability-related risks and opportunities;⁷ and
 - (c) reduce potential duplication between Standards.
42. Nature-specific application guidance would be complementary to the requirements already in IFRS S1 that address information needs on nature and would be easy for entities to access as located within a Standard that an entity is applying already.

Concerns about Approach 1

43. Incorporating nature-related disclosure requirements and guidance in IFRS S1 would require the ISSB to propose amendments to IFRS S1, to determine their status (that is, whether the application of the amendments is mandatory or voluntary) and, if mandatory, to determine the effective date for such amendments. It is noted there is a precedent in introducing parts of IFRS S1 at different times. For example, IFRS S1

⁷ The staff however notes that the mere form of standard-setting need not result in siloed reporting. IFRS S1 includes an overarching requirement for considering connections in information and, in addition, although IFRS S2 specifically addresses disclosures about climate-related risks and opportunities it requires that unnecessary duplication be avoided (for example, see paragraph 7 of IFRS S2).

allows entities to report only on climate-related risks and opportunities in accordance with IFRS S2 for the first year of application. Although new content in IFRS S1 could have an effective date designed to reduce disruption, there could be some disruption to the implementation of IFRS S1 that is underway or at least confusion about the need to consider these requirements and guidance immediately in applying IFRS S1.

44. Unless ISSB Standards are non-mandatory, jurisdictions that have introduced into their legal and regulatory frameworks sustainability-related disclosure requirements based on ISSB Standards would typically need to consider whether and how to adopt the amendments and when to make them effective in their jurisdiction.⁸ In the light of the jurisdictional processes, Approach 1 might result in entities around the world using different versions of IFRS S1.
45. Including nature-related disclosure requirements and guidance within IFRS S1 might have the unintended consequence of information on nature-related risks and opportunities being interpreted as less important to the needs of users of general purpose financial reports compared to information on climate-related risks and opportunities, due to climate-related disclosure requirements being contained in a stand-alone document (IFRS S2).

Approach 2—Including materials within IFRS S2

Advantages of Approach 2

46. In situations in which an entity identifies climate-related risks and opportunities that have aspects related to nature, the requirements in IFRS S2 are relevant to provide information on these aspects. For example, IFRS S2 requires disclosure of information about an entity's climate-related targets, plans to respond to the transition to a lower-carbon economy or to improve its resilience to climate-related physical

⁸ In some cases, when the jurisdictional approach is based on a direct introduction of ISSB Standards as issued by the ISSB in the jurisdictional framework, the jurisdictional approach to ISSB Standards will result in the changes being applied automatically as set out in the amendments.

risks. Such information might also represent information on nature-related risks and opportunities, such as those associated with the use of nature-based carbon sinks to mitigate greenhouse gas emissions. This interaction was highlighted by the ISSB in the educational materials published in December 2023.⁹

47. Incorporating nature-related disclosure requirements and guidance in IFRS S2 would emphasise the link between climate-related risks and opportunities and nature-related risks and opportunities, reducing the risks of siloed reporting. It would help entities identify the requirements to apply when they identify risks and opportunities that have both climate-related and nature-related components.

Concerns about Approach 2

48. Although there are links between climate-related risks and opportunities and nature-related risks and opportunities, nature-related information can relate to risks and opportunities broader than or unrelated to climate change. As the scope of IFRS S2 is climate-related risks and opportunities, it would be inconsistent with that scope to address disclosure about such broader nature-related information.
49. Similar to Approach 1, incorporating nature-related disclosure requirements and guidance in IFRS S2 would require the ISSB to propose amendments to IFRS S2, to determine their status and, if mandatory, to determine the effective date for such amendments. Depending on the effective date and the status of the amendments, there could be some disruption to the implementation of IFRS S2 that is already underway, with considerations similar to those discussed in paragraph 44 of this paper regarding the risk that entities around the world use different versions of IFRS S2.

⁹ See educational material [Nature and social aspects of climate-related risks and opportunities](#).

Approach 3—Including materials within a new stand-alone ISSB Standard***Advantages of Approach 3***

50. A new stand-alone ISSB Standard could contain specific, incremental requirements about nature-related risks and opportunities not already addressed through explicit requirements in IFRS S1. It would reduce the risk of nature-related information being interpreted as being less important to users of general purpose financial reports than climate-related information by having a stand-alone thematic standard akin to IFRS S2.
51. If the new stand-alone ISSB Standard were to follow the structure of IFRS S2, stakeholders that are already familiar with IFRS S2 might find it easier to apply the content of the new stand-alone ISSB Standard.
52. Content included in a stand-alone ISSB Standard is expected to be more visible compared to new content being added in an appendix or other amendments to IFRS S1 or IFRS S2.

Concerns about Approach 3

53. A new stand-alone ISSB Standard risks:
 - (a) creating a ‘silo’ of risks and opportunities identified as being nature-related risks and opportunities separate from other sustainability-related risks and opportunities and could potentially lead to siloed disclosures—or, in some cases, even separate reports—on nature;
 - (b) disrupting the focus on the implementation and adoption of IFRS S1 and IFRS S2 as entities and jurisdictions would need to assess and prepare for implementation of an entirely new standard (although this aspect depends on the decisions made about the status of the Standard and effective date); and

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- (c) creating potential confusion about the relationship of the new standard with IFRS S1, IFRS S2, the SASB Standards and the *Industry-based Guidance on Implementing IFRS S2*.
54. Developing a stand-alone Standard might be perceived by some stakeholders as reinforcing the architecture of the ISSB Standards including IFRS S1, a climate-specific standard and a nature-specific standard. Developing a stand-alone nature-specific Standard also raises important questions about how to address the overlap between thematic Standards, which the ISSB has not yet considered. The other approaches considered enable more time for the ISSB to consider this matter rather than establishing a new ‘thematic’ Standard at this time.

Approach 4—Including materials within an IFRS Practice Statement

55. A Practice Statement is a non-mandatory document developed by the ISSB or the IASB. It is not a Standard. Therefore, its application is not required to state compliance with IFRS Standards. However, unlike educational material, it is a form of standard-setting and is subject to full due process, including public consultation. Furthermore, a jurisdiction can choose to mandate it.¹⁰
56. There are two examples of Practice Statements at the IFRS Foundation: materiality and management commentary. They are slightly different in nature but are both non-mandatory. The IASB issued:
- (a) IFRS Practice Statement 2 *Making Materiality Judgements* in September 2017. The document provides entities with non-mandatory guidance on making materiality judgements when preparing general purpose financial statements in

¹⁰ Paragraph 6.41 of the Exposure Draft *Proposed Amendments to the IFRS Foundation Due Process Handbook* (Handbook), which was published on 19 December 2024 to reflect the creation of the ISSB and to enhance and clarify the IFRS Foundation’s due process, states ‘A board might produce non-mandatory practice guidance, including on a topic not addressed by a Standard (such as management commentary), if it takes the view that doing so would improve financial reporting. The board follows the same procedures used for the development of a Standard, including the balloting of documents, to develop and publish practice guidance’.

accordance with IFRS Accounting Standards. For the topic of materiality, a Practice Statement was chosen over implementation guidance, which would accompany, and therefore be attached to, an individual Standard to reflect the fact that materiality is a pervasive concept that is applicable to all of the Standards and throughout IFRS Accounting Standards.

- (b) revised IFRS Practice Statement 1 *Management Commentary* in June 2025. The document provides a set of requirements and guidance to help an entity present, in a single, concise and coherent narrative, information about financial, sustainability-related and other factors fundamental to the entity's ability to create value and generate cash flows—including in the long term. It supports the provision of connected information both within management commentary and across management commentary and other general purpose financial reports.¹¹ It works well with IFRS Accounting Standards and IFRS Sustainability Disclosure Standards and can be applied alongside local law or regulation. IFRS Sustainability Disclosure Standards can help entities identify material information about sustainability-related factors for inclusion in management commentary.¹²

Advantages of Approach 4

57. A Practice Statement would be a resource available to entities to enable them to apply IFRS S1 well, considering that IFRS S1 already requires an entity to provide material information about all sustainability-related risks and opportunities, including material information about nature-related risks and opportunities that could reasonably be expected to affect the entity's prospects. If applied, it would provide additional guidance for entities about what nature-related risks and opportunities are, their identification for the purposes of reporting using ISSB Standards and provide guidance on the provision of nature-related disclosures. The Practice Statement would

¹¹ Management commentary is a general purpose financial report that accompanies financial statements and might accompany or include sustainability-related financial disclosures.

¹² Source: [IFRS - IFRS Practice Statement 1 Management Commentary](#).

support entities that wish to report on nature-related risks and opportunities to do so in a way that they can be confident will be effective in meeting the needs of users of general purpose financial reports given the due process undertaken by the ISSB in the development of the document.

58. A Practice Statement does not change or introduce any requirements in ISSB Standards and entities are not required to comply with it to state compliance with ISSB Standards as issued by the ISSB. Therefore, it does not disrupt implementation of IFRS S1 and IFRS S2.
59. Although a Practice Statement is not a Standard, it would become part of the IFRS Sustainability literature that is subject to full IFRS Foundation due process. Stakeholders would have the same ability to comment on these materials as is the case for Approaches 1–3 that propose new or amended ISSB Standards. These materials are also expected to be accessible and more visible compared to new content added in an appendix to IFRS S1 or IFRS S2. By being clearly standalone, it can more readily be communicated that the materials need not be applied to comply with ISSB Standards. As noted in paragraph 21 of this paper, the content of the proposed nature-related disclosure requirements and guidance in Practice Statement would be the same as in a stand-alone ISSB Standard or in amendments to IFRS S1 or IFRS S2.
60. Although not a Standard, containing all materials specific to nature-related disclosures in a single document would clearly identify nature as an important matter in its own right, compared with the potential perception associated with Approaches 1 and 2. In addition, positioning the nature-related materials outside of IFRS S1 and IFRS S2 would enable the ISSB to communicate the connections with both of those Standards rather than just one of them.
61. An advantage of using a Practice Statement is that this form of materials is known by those familiar with IFRS Accounting Standards. In particular, it is more familiar than a voluntary Standard. Regulators and jurisdictional authorities are familiar with IFRS Practice Statements and their non-mandatory status. This form provides jurisdictions with the opportunity to decide how best to approach reporting on nature-related risks

and opportunities given their jurisdictional facts and circumstances. If a jurisdiction wishes to mandate reporting on nature-related risks and opportunities, it could mandate application of the Practice Statement (by some or all entities) to support the provision of high-quality, comparable information about nature-related risks and opportunities. In contrast, a jurisdiction need not mandate its use and by housing the materials in a Practice Statement this can be most clearly communicated relative to the other three approaches analysed.

Concerns about Approach 4

62. A Practice Statement is not part of ISSB Standards. Regulators and other relevant authorities would need to encourage entities to apply a Practice Statement or mandate its use to ensure the provision of comparable information on nature-related risks and opportunities.
63. Being a document separate from IFRS S1 and IFRS S2, risks similar to those identified in paragraph 53 of this paper for Approach 3 would also apply to Approach 4 (for example, risk of creating a ‘silo’ of reporting on nature-related risks and opportunities separate from reporting on other sustainability-related risks and opportunities; risk of creating potential confusion about the relationship of the Practice Statement with other documents, as well as confusion about the status of the Practice Statement).
64. Similar to the considerations in paragraph 45 of this paper, including nature-related disclosure requirements and guidance in a Practice Statement (rather than in a stand-alone ISSB Standard like IFRS S2) might have the unintended consequence of information on nature-related risks and opportunities being interpreted as being less important to the needs of users of general purpose financial reports compared to information on climate-related risks and opportunities, although this outcome would differ from the intention of IFRS S1.

Staff recommendations and questions for the ISSB

65. On balance the staff recommends Approach 4—that is, the staff recommends the ISSB propose requirements and guidance for nature-related disclosures in the form of an IFRS Practice Statement:
- (a) to provide prominence and visibility to ISSB’s nature-related requirements and guidance and to signal clearly the importance of nature-related financial information;
 - (b) to minimise disruption to the implementation and adoption of IFRS S1 and IFRS S2, leaving IFRS S1 and IFRS S2 unchanged at this stage; and
 - (c) to allow the ISSB to assess developments in nature-related disclosures and consider the architecture of ISSB Standards in due course, focusing on supporting the implementation of IFRS S1 rather than developing a new stand-alone ISSB Standard at this stage.
66. Exposing the draft Practice Statement for public consultation will enable the ISSB to gather input from a wide range of stakeholders on the proposed content in the same way as all other forms of standard-setting.
67. The publication of a Practice Statement would not prevent the ISSB from publishing nature-related content as an ISSB Standard (stand-alone or in another form) at a later stage, subject to public consultation and taking into consideration any feedback on the Practice Statement, including any feedback on market practice from voluntary or mandatory use of the Practice Statement.
68. To encourage stakeholders to provide feedback on the form of standard-setting, the staff recommends the ISSB include in the Invitation to Comment section of the exposure draft a question allowing stakeholders to comment on alternative forms of standard-setting compared to the form presented in the exposure draft based on the ISSB’s decision at this meeting. This feedback will enable the ISSB to further consider in redeliberations whether the Practice Statement is the appropriate form for requirements and guidance on nature-related risks and opportunities.

Questions for the ISSB

1. Does the ISSB agree to propose requirements and guidance for nature-related disclosures in the form of an IFRS Practice Statement?
2. Does the ISSB agree to include in the Invitation to Comment section of the exposure draft a question allowing stakeholders to comment on alternative forms of standard-setting compared to the form presented in the exposure draft?