
ISSB meeting

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Project	Biodiversity, ecosystems and ecosystem services
Topic	Information on connections between climate- and nature-related risks and opportunities
Contacts	Jeff Stehm (jstehm@ifrs.org); Tom Hegarty (tom.hegarty@ifrs.org)

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Purpose and structure

1. The purpose of this paper is to provide staff analysis and a recommendation in relation to disclosures on connections between climate-related and nature-related risks and opportunities (climate-nature connections), and to ask the International Sustainability Standards Board (ISSB) to make a decision.¹
2. The staff plan to ask the ISSB to consider particular areas of climate-nature connections—such as in relation to transition plans—in discussing respective information areas at future meetings.
3. The structure of the paper is as follows:
 - (a) purpose and structure (paragraphs 1–3);
 - (b) background (paragraph 4);
 - (c) staff analysis (paragraphs 5–27);
 - (d) staff recommendation (paragraphs 28); and

¹ Throughout the paper, we will refer to 'nature' instead of 'biodiversity, ecosystems and ecosystem services' to reflect the staff recommendation regarding a change to the project title in Agenda Paper 3A *Essential terms and concepts for standard-setting on nature-related risks and opportunities* (February 2026).

- (e) questions for the ISSB.

Background

4. At its January 2026 meeting, the ISSB decided to proceed with nature-related standard-setting assuming that entities are applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. In the January 2026 [Agenda Paper 3](#), the staff identified information on climate-nature connections, especially in the context of strategy and risk management, as a clear investor need and indicated the requirements in IFRS S1 and IFRS S2 relevant to addressing this need. We proposed conducting analysis to assess whether supplemental requirements or guidance would be necessary to further reinforce connections of this information, for example, to aid understanding of why climate-nature connection information is important and what information to disclose. In this paper, we begin to address this question.

Staff analysis

Overview of climate-nature connections

5. Entities face nature-related risks and opportunities arising from their dependencies and impacts on nature. Similarly, entities face climate-related risks and opportunities arising from efforts to transition to a lower-carbon economy and the physical effects of climate change. While each of these types and sources of risks and opportunities can affect an entity's prospects independently, they also interact with each other.
6. Nature and climate are deeply connected—each drives change (both positive and negative) in the other. This means that there are connections between an entity's impacts, dependencies, risks and opportunities that have both climate and nature-related aspects. Connections between nature and climate can:

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- (a) affect the characteristics of an entity's risks and its overall risk profile (such as affecting the magnitude or likelihood of the effects of risks on the entity, or creating compounded risks and cascading risks);² and
 - (b) involve consideration of trade-offs and co-benefits (synergies)³ in determining an entity's strategy and in managing risks and opportunities.
7. While it is not always possible to establish clear boundaries around how climate-related and nature-related risks and opportunities interact, existing research indicates that connections can arise from several interactions, including:⁴
- (a) some nature-related risks are also climate-related risks—for example, the risks associated with water scarcity because of climate change are related to both nature and climate;
 - (b) climate change affects nature-related risks by accelerating the degradation of ecosystems;⁵
 - (c) nature degradation is a source of greenhouse gas emissions and increases an entity's vulnerability to extreme weather events;
 - (d) an entity can face trade-offs in its efforts to address climate-related and nature-related risks and opportunities, where responding to one risk or opportunity may preclude responding, or result in responding in a suboptimal or detrimental manner, to another risk or opportunity;⁶ and

² Compounded risks refer to the amplified danger from multiple hazards (like heatwaves, droughts, floods, or pandemics) occurring simultaneously or sequentially, where their combined interactions make the overall effect much worse and harder to manage than each risk individually. Cascading risks refer to a scenario when an initial shock triggers a series of connected risk events. See Nicola Ranger et al. (2023) *The Green Scorpion: The Macro-Criticality of Nature* for Finance Foundations for scenario-based analysis of complex and cascading physical nature-related financial risks, NGFS Occasional Paper.

³ This paper uses the terms co-benefits and synergies interchangeably.

⁴ See TNFD (2025) [Guidance on nature in transition plans](#), pp. 15-17, 26-27 and Almeida E, et al (2025) [Understanding the climate-nature nexus and its implications for the economy and financial system](#). London: Centre for Economic Transition Expertise, London School of Economics and Political Science. Also see Finance for Biodiversity (F4B), *The Climate-Nature Nexus: Implications for the Financial Sector*, May 27, 2021.

⁵ The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) lists climate change among its five drivers of nature loss and projects that climate change will worsen biodiversity loss, ecosystem degradation, and ecosystem services, reduce the resilience of natural ecosystems and releasing yet more stored carbon from natural carbon sinks. See IPBES (2019) [Summary for policymakers of the global assessment report on biodiversity and ecosystem services](#) Díaz, S. et al. (eds.). IPBES secretariat, Bonn, Germany. 56 pages.

⁶ For example, efforts to mitigate climate transition risks by reducing GHG emissions can contribute to nature loss (e.g. land use change from solar projects or mining of critical minerals to support the transition to a lower carbon economy, or collisions

- (e) an entity's efforts to address nature-related risks and opportunities can also support the entity's climate adaptation, mitigation and resilience and generate co-benefits or synergies affecting the entity's prospects.⁷
8. These climate-nature connections primarily affect an entity in the areas of risk management (risk identification, assessment and prioritisation) and strategy (actions to mitigate or adapt to risks, capture opportunities or strengthen resilience).

Investor need for connected information on climate and nature

9. Given close connections between climate and nature—as well as trade-offs and synergies in an entity's risk management and strategy in relation to climate-related and nature-related risks and opportunities—investors need connected information on climate and nature. As highlighted through our research and summarised in AP3 *Summary of common investor information needs and comparison to ISSB materials (September 2025)*, investors need information on the effects on an entity's risks and opportunities resulting from the connections between climate and nature. In addition, many investors seek to understand whether and how an entity considers and integrates climate-related and nature-related considerations in its risk assessments and strategy, including in developing transition plans.⁸ In other words, investors indicate that information on climate and nature is most useful when disclosed together in an integrated manner and it should not be provided in separate reports or in siloes.
10. Staff analysis in AP3C *Current state of disclosure of BEES-related information (March 2025)* revealed that about half of the entity reports reviewed mentioned climate change in the description of nature-related risks. Furthermore, the Taskforce

between birds and wind turbines), or where efforts to mitigate nature transition risks can increase GHG emissions (e.g. switching from plastic to glass bottles).

⁷ Co-benefits may occur if an entity, when managing its climate-related risk, implements a nature restoration project that results in climate mitigation or adaptation but also helps the entity manage its nature-related risk or creates a nature-related opportunity for the entity. For example, this might include the entity engaging in mangrove or wetlands conservation that has the co-benefit of helping the entity manage its nature-related risks arising from its dependence on ecosystem services of water quality, while mitigating climate-related physical risks from storm surges and flooding due to more extreme weather and sea level rise.

⁸ The TNFD has recently issued [guidance on nature in transition plans](#) that reflects this integration point.

on Nature-related Financial Disclosures (TNFD) 2025 Status Report⁹ found that 78% of survey respondents (n=241) who have published nature-related disclosures integrate them with climate-related reporting.¹⁰

Existing disclosure requirements and frameworks

11. ISSB Standards already include requirements and guidance on connected information as well as requirements and guidance specifically related to climate-nature connections.¹¹ The TNFD also recommends that entities connect nature and climate-related information in their disclosures.

IFRS S1 requirements

12. IFRS S1 requires an entity to provide information in a way that enables investors to understand connections between items to which information relates—which would include climate-related and nature-related risks and opportunities—as well as connections between the entity’s disclosures, including disclosures about various sustainability-related risks and opportunities (IFRS S1 paragraph 21, paragraph B40(b) and paragraph B41(b)). In addition, IFRS S1 requires disclosures about:
 - (a) how trade-offs between sustainability-related risks and opportunities have been considered in an entity’s governance, strategy and decision-making (IFRS S1 paragraph 27(a)(iv) and paragraph 33(c)); and

⁹ TNFD 2025 Status Report, <https://tnfd.global/publication/tnfd-2025-status-report/>.

¹⁰ Another indication of investor interest in integrated information disclosure is the Responsible Investor ‘Nature and Investor Survey 2025’ which found that 58% of 100 investor respondents thought that nature disclosure standards should not be separate from those on climate. In addition, the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) underlined the need to address biodiversity loss and climate change in an integrated manner (UNFCCC Decision 1/CP.25) and the IPBES advocates for integrated approaches to mitigate climate change while conserving biodiversity and underscores the interdependence between nature and climate change (IPBES (2019) *Summary for policymakers of the global assessment report on biodiversity and ecosystem services*). For instance, there is a significant, active, and well-documented international push to align Nationally Determined Contributions (NDCs) under the Paris Agreement and National Biodiversity Strategies and Action Plans (NBSAPs) under the Convention on Biological Diversity (CBD); see [Effectively Delivering on Climate and Nature: NDCs, NAPs AND NBSAPs Synergies](#) (June, 2025).

¹¹ Both IFRS Practice Statement 1 Management Commentary and the Integrated Reporting Framework also emphasise connections in information provided by the entity, which would apply to information about nature-related risks and opportunities amongst other types of information.

- (b) the extent to which, and how, an entity's processes for identifying, assessing, prioritising and monitoring sustainability-related risks and opportunities are integrated into and inform the entity's overall risk management process (IFRS S1 paragraph 43 and paragraph 44(c)).
13. IFRS S1 also requires entities to avoid unnecessary duplication of information, in particular when ISSB Standards require disclosure of common items of information (IFRS S1 paragraph B42).

IFRS S2 requirements

14. Information about connections between nature-related and climate-related risks and opportunities is also addressed in part by IFRS S2. For example, nature aspects of climate-related risks and opportunities are reflected in IFRS S2 in the following ways:
- (a) paragraph 14(a)(i) of IFRS S2 requires disclosure of information on 'current and anticipated changes to the entity's business model...to address climate-related risks and opportunities (for example, these changes could include plans to manage or decommission ...**water-intensive operations**)';
 - (b) paragraph 22(b)(ii) of IFRS S2 requires disclosure of information on 'the key assumptions the entity made in the [climate resilience] analysis, including assumptions about... national- or regional-level variables (for example, ..., **land use**, ... and availability of **natural resources**)';
 - (c) paragraph 36(e)(iii) of IFRS S2 requires disclosure of information on an entity's emissions targets including ... 'the type of carbon credit, including whether the underlying offset will be **nature-based** or based on technological carbon removals...';
 - (d) the IFRS S2 *Industry-based Guidance on implementing Climate-related Disclosures* includes numerous disclosures topics and metrics that have a nature-related aspect; and
 - (e) Appendix A in IFRS S2 notes in the definition of climate-related physical risks that 'acute physical risks arise from weather-related events such as **storms**,

floods, drought or heatwaves...chronic physical risks ... which could lead to ... reduced water availability, biodiversity loss and changes in soil productivity.'

15. In addition to these explicit references to nature in IFRS S2, other connections can be addressed by the application of IFRS S2, including in disclosures about:
- (a) climate-related transition risks that may have nature-related implications, including in an entity's plans to reduce greenhouse gas emissions; and
 - (b) climate-related opportunities that may have nature-related implications (such as an opportunity to grow crops that might not have been feasible absent the effects of climate change).

IFRS S2 educational material

16. The ISSB also recognised connections between an entity's nature-related and climate-related risks and opportunities in its December 2023 educational material [*Nature and social aspects of climate-related risks and opportunities*](#). The educational material explains and illustrates how entities might apply requirements in IFRS S2 together with those in IFRS S1 to provide material information about climate-nature connections to users of general purpose financial reports. For example, the educational material illustrates how IFRS S2 paragraph 10 (understanding of climate-related risks and opportunities that could reasonably be expected to affect an entity's prospects), paragraph 13(b) (risk concentrations), paragraph 14(a) (response to risks and opportunities), paragraph 23 and paragraph 32 (industry-based metrics) and the requirements on aggregation and disaggregation of information set out in paragraphs B29–B30 of IFRS S1 might be applied in particular nature-related fact patterns in the context of climate-related risks and opportunities.

TNFD framework and climate-nature connections

17. In addition to what is set out in the ISSB materials, the TNFD framework reinforces the need for material information on climate-nature connections. For example:

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- (a) the TNFD recognises climate change as a driver of nature change. Climate regulation is also recognised as a key ecosystem service (with other ecosystem services such as flood mitigation, water flow regulation and rainfall pattern regulation) to mitigate the physical effects of climate change.
 - (b) the TNFD recommendations include a ‘general requirement’ ‘Integration with other sustainability-related disclosures’ (general requirement 4), which emphasises the particular importance of integration of climate- and nature-related disclosures. General requirement 4 says that any alignment, synergies, contributions and possible trade-offs between actions and targets for climate and nature should be clearly identified and disclosed.
 - (c) the TNFD core global disclosure indicators and metrics are organised by the drivers of nature change, including climate change, and contain the indicator ‘GHG emissions,’ asking entities to refer to IFRS S2 for the related metrics.
 - (d) the TNFD Locate, Evaluate, Assess and Prepare (LEAP) approach includes ‘A1: Risk and opportunity identification’, which discusses links between climate- and nature-related risks.
 - (e) the TNFD guidance on scenario analysis builds on the Task Force on Climate-related Financial Disclosures (TCFD) scenario resources to enable integrated considerations of climate and nature in scenario analysis and integrated disclosures.
 - (f) the TNFD guidance on nature in transition plans promotes an integrated approach to transition planning and explicit consideration and management of the synergies and trade-offs between action on climate-related, nature-related and other sustainability-related objectives, as well as disclosure of how these synergies and trade-offs are identified and managed.
 - (g) The TNFD sector guidance provides examples of climate-nature connections, including trade-offs between and co-benefits of an entity’s actions, with sector-specific illustrative examples.

The need for additional requirements or guidance

18. The staff considered whether existing ISSB requirements are sufficient to meet investor information needs on climate-nature connected information or whether additional requirements or guidance are necessary, including drawing on aspects of the TNFD framework.
19. The requirements in IFRS S1 to disclose connected information and to avoid unnecessary duplication of information that apply to all sustainability-related risks and opportunities (see paragraphs 12–13) and the requirements in IFRS S2 that address nature-related aspects of climate-related risks and opportunities (see paragraphs 14–15) provide a foundation for the disclosure of decision-useful climate-nature connected information. In particular, information about climate-nature connections when relevant to an entity’s climate-related disclosures is already covered in IFRS S2—and the ISSB work on the nature-related disclosures does not change those existing requirements.
20. However, the staff think that additional guidance is needed to aid application of the requirements in IFRS S1 in providing nature-related disclosures because:
 - (a) climate-nature connections (where one can drive change in the other) are dynamic and complex and have the potential to influence an entity’s risks and opportunities in ways that could reasonably be expected to affect its prospects; and
 - (b) an important area of common investor need for connected information identified in the context of nature-related risks and opportunities is information on climate-nature connections, particularly in the context of an entity’s response to such risks and opportunities (i.e. its strategy and risk management).
21. Additional guidance would support those entities that are providing climate-related disclosures in accordance with IFRS S2 and would also be providing information about nature-related risks and opportunities. It would ensure that the connections

between those risks and opportunities and the associated information that is likely to be decision-useful to investors are well understood.

22. In particular, the staff identified three areas of climate-nature connected information where additional guidance would help entities to meet requirements of IFRS S1 in providing nature-related disclosures and to provide decision-useful information to investors.
- (a) **Information about effects of climate-nature connections on the characteristics of an entity's individual risks and its overall risk profile.** Climate change and nature loss may combine, interact or otherwise affect an entity's risks (such as by changing the magnitude or likelihood of a risk, or creating cascading and compounding risks). For example, an agricultural company may face the risk of reduced revenues as a result of lower crop yields because of climate factors that cause more variable weather and precipitation. The company may also face declining soil quality resulting from its nature impacts such as cropping and tilling practices. To fully assess its risk associated with lower crop yields, the company needs to consider how the connections between climate change and nature loss affect crop yields. This includes considering whether the risk of lower crop yields might be amplified by multiple hazards, such as climate change and declining soil quality, occurring simultaneously or sequentially, and whether the interaction of these factors might further worsen crop yields or make the risk of lower crop yields harder to manage. As discussed in paragraph 9, investors stated they need information to understand how such connections affect the entity's risk exposures.
- (b) **Information on trade-offs between an entity's actions to respond to its climate-related and nature-related risks and opportunities.** The connections between climate and nature might present an entity with trade-offs in how it responds to or manages its risks and opportunities, where responding to one risk or opportunity might preclude responding, or result in responding in a suboptimal or detrimental manner, to the other risk or opportunity. For

example, an entity seeking to reduce its exposure to climate-related transition risks might decide to invest in on-site renewable energy generation to reduce its greenhouse gas emissions. Such an activity may require significant land use or infrastructure development which may affect local ecosystems, biodiversity or water resources, which could potentially introduce or increase nature-related risks. Whether and how an entity considers trade-offs in managing its climate- and nature-related risks and opportunities could affect its prospects and therefore information about how the entity considers those trade-offs would be useful to investors.

- (c) **Information on co-benefits (synergies) that an entity might capture when taking actions to respond to its climate-related and nature-related risks and opportunities.** An entity's efforts to increase its resilience to climate-related risks might contribute to the entity's efforts to manage its nature-related risks and opportunities and vice versa. Co-benefits may occur if an entity, when managing its climate-related risk, implements a nature restoration project that results in climate mitigation or adaptation but also helps the entity manage its nature-related risk or creates a nature-related opportunity for the entity. For example, an entity operating a powerplant may engage in wetlands conservation to capture the co-benefit of managing its nature-related risks arising from its dependence on water purification ecosystem services, while mitigating climate-related physical risks from flooding due to more extreme weather. Information about whether and how the entity considers co-benefits when taking action to address a climate- or nature-related risk or opportunity and vice versa, or where the entity has captured co-benefits, would be useful to investors to understand possible effects on entity prospects.

23. The staff thinks that the additional guidance could:

- (a) highlight the importance of connected information on climate- and nature-related risks and opportunities when providing nature-related disclosures;

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- (b) identify the three areas of climate-nature connected information mentioned above as types of information that might be useful for an entity to provide in meeting the requirements of IFRS S1 paragraph 21 and paragraph B42; and
 - (c) be used to elaborate on the guidance and examples of connected information in paragraphs B39-B44 in IFRS S1 in the context of connected information on climate- and nature-related risks and opportunities when providing nature-related disclosures.
24. This would be similar to the approach in the TNFD framework described in paragraph 17 and would also support application of IFRS S1 requirements related to strategy and risk management, besides the requirement on connected information. In particular, guidance would support application of:
- (a) IFRS S1 paragraphs 28–29 on information to allow investors to understand an entity’s **strategy** for managing sustainability-related risks and opportunities. Paragraph B40(b) of IFRS S1 is also relevant in this context.
 - (b) IFRS S1 paragraphs 43–44 on disclosing information to allow investors to understand an entity’s processes to identify, assess, prioritise and monitor sustainability-related risks and opportunities, including whether and how those processes are integrated into and inform the entity’s overall **risk management** process.
25. For example, such guidance could highlight that an entity might explain how connections between climate and nature affect the risks and opportunities that it identifies. For example, how such connections affect:
- (a) risk characteristics (such as risk magnitude or likelihood, compounding or cascading of risks);
 - (b) trade-offs in managing risks and opportunities; and
 - (c) co-benefits resulting from actions to respond to climate-related and nature-related risks and opportunities.

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26. In relation to strategy, the guidance could highlight that an entity might explain how connections between climate and nature affect or might affect an entity's strategy for responding to its climate-related or nature-related risks and opportunities. Climate-nature connected information might be relevant to consider for disclosures about transition plans. As noted in [Agenda Paper 3](#) for the January 2026 ISSB meeting, the staff will bring a paper to the ISSB on the information area of 'Nature-related transition plans' in a subsequent ISSB meeting, and as highlighted in paragraph 54(a) of that paper, we will consider the relationship to climate-related transition plans in that information area. It might be appropriate to consider climate-nature connected information in the context of that particular area at that time.
27. In relation to risk management, guidance could highlight that an entity might explain whether it considers the relationship between climate and nature in identifying and assessing risks and whether its climate- and nature-related risk management processes are integrated.

Staff recommendation

28. The staff recommends that:
- (a) the ISSB provide additional guidance to support the application of paragraph 21 of IFRS S1 for connected information that is particularly relevant when providing nature-related disclosures – that is, information about connections, trade-offs and co-benefits between climate-related and nature-related risks and opportunities; and
 - (b) the additional guidance focuses on information on climate-nature connections that would enable users of general purpose financial reports to understand the effects of such connections on an entity's strategy and risk management. Thus, it is recommended that the guidance provide additional information relevant to meeting the objectives of IFRS S1 set out in paragraphs 28 and 43 of IFRS S1.

Questions for the ISSB

1. Does the ISSB have questions or comments on the analysis in this paper?
2. Does the ISSB agree with the staff recommendation in paragraph 28?