
Sustainability Standards Advisory Forum meeting

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Project	Nature-related Disclosures
Topic	Key considerations for standard-setting
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Purpose of this paper

1. The purpose of this paper is:
 - (a) to discuss with Sustainability Standards Advisory Forum (SSAF) members three topics related to the development of disclosure requirements on nature-related risks and opportunities:
 - (i) the form of standard-setting within ISSB Standards;
 - (ii) the status of the materials (that is, whether mandatory or non-mandatory);
 - (iii) the effective date of the requirements (if mandatory); and
 - (b) to ask for SSAF members' observations of key considerations for the International Sustainability Standards Board (ISSB) on these three topics.
2. This paper includes three questions for SSAF members.

Background about the project

3. The ISSB has begun standard-setting to respond to the needs of primary users of general-purpose financial reports for information on nature-related risks and opportunities.

4. Standard-setting will supplement the requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* and complement guidance on nature-related risks and opportunities in the SASB Standards and the IFRS S2 *Industry-based Guidance on implementing Climate-related Disclosures* (IFRS S2 Industry-based Guidance).
5. 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.
6. For climate-related risks and opportunities, IFRS S2 repeats most of the objectives and requirements in IFRS S1 related to governance, strategy and risk management, with an explicit reference to climate-related risks and opportunities. In addition, IFRS S2 includes:
 - (a) definitions of climate-related risks and opportunities and climate-related physical and transition risks that inform the application of IFRS S1 in relation to climate-related risks and opportunities;
 - (b) incremental climate-related requirements in the strategy core content area on information about:
 - (i) how an entity plans to achieve any climate-related targets, including any information about any climate-related transition plan the entity has; and
 - (ii) an entity's assessment of its resilience to climate-related risks and opportunities and the scenarios and assumptions underpinning that analysis;
 - (c) incremental climate-related requirements on resilience analysis requiring that resilience analysis be undertaken using climate-related scenario analysis;
 - (d) cross-industry metrics that an entity is required to provide when the information is material (including information on greenhouse gas emissions and a mandated approach to measurement); and

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- (e) incremental detail on the information required to be provided about targets, in particular in relation to greenhouse gas emissions targets.
7. Both IFRS S1 and IFRS S2 require that industry-specific information be provided and then require companies to refer to and consider the SASB Standards (in the case of IFRS S1) and the IFRS S2 Industry-based Guidance that extracts the climate-related metrics from the SASB Standards (in the case of IFRS S2).
8. In developing nature-related disclosure requirements, the ISSB:
- (a) is assuming that an entity is applying IFRS S1 and IFRS S2. Therefore, standard-setting on nature-related disclosures:
 - (i) will not duplicate content from IFRS S1 and IFRS S2; and
 - (ii) will supplement the requirements in IFRS S1 and IFRS S2 to meet investor information needs on nature-related risks and opportunities.
 - (b) is considering requirements that would 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 a particular nature-related topic or industry.
 - (c) is drawing on the Taskforce on Nature-related Financial Disclosures (TNFD) framework, where relevant and consistent with the objective of IFRS S1.
9. The ISSB aims to publish proposals for public comments in the fourth quarter of 2026.
10. The ISSB will consider developing educational materials to support the application of the requirements in ISSB Standards in the context of providing nature-specific information subsequent to standard-setting.

1—Form of standard-setting within ISSB Standards

Context

11. There are several ways the ISSB could approach standard-setting for nature-related disclosures, including:
- (a) developing new content to be included in IFRS S1, which could include amending parts of IFRS S1 or developing new application guidance as an appendix to IFRS S1. 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.
 - (b) developing new content to be included in IFRS S2, which could include amending parts of IFRS S2 or developing new application guidance as an appendix to IFRS S2.
 - (c) developing a new stand-alone ISSB Standard, which could contain specific, incremental requirements about nature-related risks and opportunities not already addressed through explicit requirements in IFRS S1 or IFRS S2. This would assume that an entity is applying IFRS S1 and IFRS S2 and therefore the new Standard would be applied in conjunction with those Standards.
12. The ISSB may choose to use a combination of these approaches. Regardless of the form and location of the requirements, the approaches in paragraph 11 of this paper would result in the requirements having the same level of authority as IFRS S1 and IFRS S2. An entity would need to apply these requirements in order to assert compliance with ISSB Standards issued by the ISSB.¹

¹ 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. Also please refer to the discussion further below on the status of the materials.

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13. In contrast, if the ISSB were to develop material on nature-related disclosures as accompanying material that is not an integral part of the Standard (for example, illustrative examples accompanying IFRS S1), as a principle, an entity would be able to apply ISSB Standards without that accompanying material (that is, an entity does not need to apply the accompanying material in order to assert compliance with ISSB Standards as issued by the ISSB).

Development of requirements within IFRS S1, including via application guidance as an appendix to IFRS S1

14. Incorporating nature-related disclosure requirements in IFRS S1, including via application guidance as an appendix to IFRS S1, would require the ISSB to propose amendments to IFRS S1 and to consider setting up an effective date for such amendments.
15. Such an approach could enable nature to be considered in an integrated way with IFRS S1 as the anchor and avoid a ‘silo’ of nature-related risks and opportunities being considered separate from other sustainability-related risks and opportunities. Nature-specific application guidance would be complementary to the requirements already in IFRS S1 that address information needs on nature² and would be easy for entities to access.
16. Although there could be some disruption to the implementation of IFRS S1 that is already underway, application guidance to IFRS S1 might better support its application and could be less disruptive to both implementation and application of IFRS S1 relative to other forms of standard-setting.³
17. However, if nature-related disclosure requirements are included as an appendix to IFRS S1 or part of IFRS S1, it might have the unintended consequence of information on nature-related

² As noted in paragraph 5 of this paper, 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.

³ In addition, it is noted that there is precedent in introducing parts of IFRS S1 at different times. For example, IFRS S1 allows entities to report only on climate-related risks and opportunities in accordance with IFRS S2 for the first year of application. Similarly, new disclosures introduced in application guidance could have effective dates that are designed to reduce disruption.

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 the standalone climate-related disclosure requirements in IFRS S2.

Development of requirements within IFRS S2, including via application guidance as an appendix to IFRS 2

18. Incorporating nature-related disclosure requirements in IFRS S2 would require the ISSB to propose amendments to IFRS S2 and to consider setting up an effective date for such amendments.
19. 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.⁴ 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 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.
20. 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 and the focus of IFRS S2 on climate-related risks and opportunities might not be able to accommodate disclosure requirements about such information.

Development of requirements within a new stand-alone ISSB Standard

21. 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 less important to users of general purpose financial reports than climate-related information due to

⁴ The link was emphasised in the educational material [Nature and social aspects of climate-related risks and opportunities](#) that the IFRS Foundation published in December 2023.

the parallels to the standalone disclosure requirements on climate-related risks and opportunities in IFRS S2.

22. 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.
23. However, a new stand-alone ISSB Standard risks:
 - (a) creating a ‘silo’ of nature-related risks and opportunities separate from other sustainability-related risks and opportunities and could potentially lead to separate standalone 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;⁵ and
 - (c) creating potential confusion about the relationship of the new standard with IFRS S1, IFRS S2, the SASB Standards and the IFRS S2 *Industry-based Guidance on implementing Climate-related Disclosures*.

Question for SSAF members

Question 1—Form of standard-setting

Do SSAF members have any observations of key considerations for the ISSB regarding the form of standard-setting of nature-related disclosure requirements?

⁵ Subject to the discussion in the next two sections on ‘Status of the materials’ and ‘Effective date of the requirements’.

2—Status of the materials

Context

24. 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.
25. The ISSB could consider making nature-related requirements available on a voluntary basis to enable an entity (or a jurisdiction) to apply the requirements but not mandating use for all other entities asserting compliance with the ISSB Standards. This could be achieved also by setting an effective date at a future point in time instead of at publication of the nature-related requirements and allowing for early application of the requirements (please refer to the section on ‘Effective date of the requirements’ below).
26. 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 could disclose that their application of ISSB Standards includes the application of those materials.

Considerations for mandatory or non-mandatory materials

27. Mandatory nature-related materials would:
- (a) ensure the provision of consistent and comparable information on nature-related risks and opportunities by entities applying ISSB Standards; and
 - (b) accelerate the provision of such information in jurisdictions that are adopting or otherwise using ISSB Standards.
28. Making nature-related materials available on a voluntary basis could help mitigate any disruptive effects from new Standards 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.
29. Disruption to implementation of IFRS S1 and IFRS S2 could 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 timing of application of the materials.

Question for SSAF members**Question 2—Status of the materials**

Do SSAF members have any observations of key considerations for the ISSB regarding the status of nature-related materials?

3—Effective date of the requirements

Context

30. The effective date of any standard-setting will be a critically important consideration to balance the need to support high-quality, comparable information about nature-related risks and opportunities with the risk of disruption as ISSB Standards are implemented around the world.
31. The ISSB could consider:
- (a) setting a date for the first application of the new requirements; or
 - (b) stating that the date will be determined in the future, following public consultation.

Considerations for setting an effective date

32. In setting the effective date of the new requirements, the ISSB could consider:
- (a) allowing a longer implementation period than typical for new or amended IFRS Standards.⁶ Considering the implementation efforts underway for IFRS S1 and IFRS S2 and the associated change in sustainability reporting, a longer implementation period would allow adequate time:
 - (i) to entities to prepare for the application of the new requirements; and
 - (ii) to jurisdictions to incorporate the new requirements in their legal and regulatory frameworks.
 - (b) complementing a longer implementation period by permitting early application of disclosure requirements on nature-related risks and opportunities.

⁶ At least 12–18 months between the issuance of a new IFRS Standard or amendment and its effective date.

33. 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 of 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 requirements at some point (subject to public consultation) without setting an effective date at publication of the nature-related requirements.

Question for SSAF members**Question 3—Effective date of the requirements**

Do SSAF members have any observations of key considerations for the ISSB on the effective date of nature-related disclosure requirements?