
ISSB Meeting

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Project	Nature-related Disclosures
Topic	Information about the use of nature-related scenario analysis
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Purpose and structure

1. This paper presents the International Sustainability Standards Board (ISSB) with the staff's analysis and recommendations regarding disclosure of information about an entity's use of nature-related scenario analysis. The ISSB is asked to decide if it agrees with the staff recommendations.
2. The structure of the paper is:
 - (a) purpose and structure (paragraphs 1–3);
 - (b) background (paragraphs 4–8);
 - (c) staff recommendations (paragraph 9);
 - (d) findings in research and outreach (paragraphs 10–34):
 - (i) introduction, including overview of ISSB Standards (paragraphs 10–15);
 - (ii) overview of TNFD materials (paragraphs 16–22);
 - (iii) overview of third-party standards (paragraphs 23–26);

- (iv) overview of current market and reporting practice (paragraphs 27–30);
 - (v) investor information needs (paragraphs 31–34);
 - (e) staff analysis on the disclosure of information about the use of scenario analysis for (paragraphs 35–49):
 - (i) risk and opportunity identification (paragraphs 40–42);
 - (ii) risk assessment (paragraphs 43–45);
 - (iii) resilience assessment (paragraphs 46–49); and
 - (f) questions for the ISSB.
3. This paper is accompanied by Agenda Paper 3B *Supplement to AP3A—Extracts from ISSB Standards and the accompanying Bases for Conclusions on the disclosure of information about the use of nature-related scenario analysis*. Agenda Paper 3B presents requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* that either *specifically* refer to the disclosure of information about the use of scenario analysis or that *may result in* the disclosure of that information and related paragraphs from the respective Bases for Conclusions on those Standards side-by-side for ease of reference.

Background

4. At its January 2026 meeting, the ISSB decided to proceed with nature-related standard-setting assuming that an entity is applying IFRS S1 and IFRS S2.
5. In Agenda Paper 3 [*Objective and scope of standard-setting on nature-related risks and opportunities*](#) (January 2026), the staff identified several information areas for possible nature-related standard-setting. One of these areas included information about an entity's use of nature-related scenario analysis.

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6. That paper stated that ‘information on the use of scenarios in identifying nature-related risks and opportunities is a clear investor need’ and reported that some investors also expressed interest in information on how an entity considers the use of scenario analysis involving extreme but plausible scenarios.
 7. The paper noted that ISSB Standards already include specific requirements on the disclosure of information on an entity’s use of scenario analysis, in particular in relation to risk identification and resilience assessment. It stated that the staff will provide an analysis to determine whether investor information needs on an entity’s use of scenario analysis warrant incremental requirements or guidance on disclosure of information on that area, and, if so, what staff recommend those incremental requirements or guidance should be.
 8. In April 2026, the ISSB discussed location-specific information about nature-related risks and opportunities and made tentative decisions, including a decision to provide incremental guidance on disclosing location-specific information about nature-related risks and opportunities across core content areas based on the explanations and examples set out in Agenda Paper 3A *Location-specific information about nature-related risks and opportunities*.

Staff recommendation

9. The staff recommend that the ISSB:
 - (a) does not provide incremental requirements or guidance on the disclosure of information about the use of scenario analysis to inform an entity’s *identification of nature-related risks*;
 - (b) provides an incremental requirement for an entity to disclose whether and how the entity uses scenario analysis to inform its *identification of nature-related opportunities*;

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- (c) provides an incremental requirement for an entity to disclose information about whether and how the entity uses scenario analysis to inform its *assessment* of the nature, likelihood and magnitude of the effects *of nature-related risks*, including information about:
 - (i) the inputs the entity used;
 - (ii) the key assumptions the entity made in the analysis; and
 - (iii) the part of the entity to which the scenario analysis applies (for example, whether the analysis applies to the entity in its entirety or only a part of the entity, such as a specific business unit or specific geographical region);
 - (d) does not require an entity to use scenario analysis to inform its *assessment of the resilience of its strategy and business model* in relation to its nature-related risks and opportunities and does not set out incremental requirements for the disclosure of information about an entity's use of scenario analysis in resilience assessment; and
 - (e) invites stakeholder input on the proposed approach described in (d) by including a specific question in the exposure draft.

Findings in research and outreach

Introduction, including overview of ISSB Standards

10. IFRS S1 defines scenario analysis as ‘a process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty.’ IFRS S1 does not mandate the use of scenario analysis but in practice it may be used by entities in:
 - (a) identifying their sustainability-related risks and opportunities;

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- (b) assessing the potential magnitude and effects of those risks and opportunities on the entity, such as anticipated financial effects; and
 - (c) assessing the resilience of their business model and strategy to potential future changes and uncertainties.
11. These outputs of scenario analysis, in turn, can help an entity to develop strategic plans considering possible future circumstances and prepare contingency plans for uncertain, complex, or volatile future conditions.
12. ISSB Standards set out requirements that *specifically* refer to the disclosure of information about the use of scenario analysis and general requirements that may *result in* the disclosure of information about the use of scenario analysis depending on an entity's specific circumstances. In particular:
- (a) **risk identification**—IFRS S1 and IFRS S2 contain identical requirements for the disclosure of information about whether and how an entity uses scenario analysis to inform its identification of sustainability-related and climate-related risks, respectively (paragraph 44(a)(ii) of IFRS 1 and paragraph 25(a)(ii) of IFRS 2).
 - (b) **resilience assessment**—IFRS S1 and IFRS S2 require an entity to disclose information that enables users of general purpose financial reports to understand the capacity of its strategy and business model to adjust to changes, developments and uncertainties arising from sustainability-related and climate-related risks, respectively (paragraphs 41–42 of IFRS 1 and paragraphs 22–23 of IFRS 2). In particular:
 - (i) IFRS S1 requires an entity to disclose a qualitative and, if applicable, quantitative assessment of the resilience of its strategy and business model in relation to its sustainability-related risks, including information about how the assessment was carried out and its time horizon. IFRS S1 does not specify the type of information an entity is required to disclose and does

not require an entity to use scenario analysis in preparing this disclosure but notes that other ISSB Standards may do so.

(ii) IFRS S2 requires an entity to disclose information about the resilience of its strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the entity's identified climate-related risks and opportunities. It requires an entity to use climate-related scenario analysis to assess its climate resilience,¹ specifies the type of information an entity is required to disclose and sets out requirements about how to conduct the scenario analysis.

(c) **risk assessment**—IFRS S1 and IFRS S2 require an entity to provide information about how the entity assesses the nature, likelihood and magnitude of the effects of sustainability-related and climate-related risks, respectively, for example, whether the entity considers qualitative factors, quantitative thresholds or other criteria (paragraph 44(a)(iii) of IFRS 1 and paragraph 25(a)(iii) of IFRS 2). Neither IFRS S1 nor IFRS S2 *specifically* require an entity to disclose whether and how the entity used scenario analysis to inform its assessment of the effects of those risks. However, if an entity uses scenario analysis to inform that assessment, depending on the entity's specific facts and circumstances the entity may need to disclose information about its scenario analysis to meet the general requirements in paragraph 44(a)(iii) of IFRS 1 or paragraph 25(a)(iii) of IFRS 2 to explain how the assessment was made.

13. In addition, IFRS S2 requires an entity to disclose information about the processes the entity uses to identify, assess, prioritise and monitor climate-related opportunities, including information about whether and how the entity uses climate-related scenario analysis to inform its **identification of climate-related opportunities**. IFRS S1 also

¹ IFRS S2 *Climate-related Disclosures* requires an entity to use an approach that is commensurate with the entity's circumstances.

- requires an entity to disclose the processes the entity uses to identify, assess, prioritise and monitor sustainability-related opportunities. However, IFRS S1 does not specifically require an entity to disclose whether and how the entity uses scenario analysis to inform its identification of sustainability-related opportunities.
14. The Basis for Conclusions on IFRS S2 notes that climate-related scenario analysis can be used—but is not required to be used—to inform a variety of disclosures required by IFRS S2, including in the identification and assessment of risks and opportunities, the anticipated financial effects associated with those risks and opportunities, and the plans an entity might develop to transition to a lower-carbon economy (paragraph BC69).
15. Agenda Paper 3B which supplements this Agenda Paper sets out the requirements in IFRS S1 and IFRS S2 that either *specifically* refer to the disclosure of information about the use of scenario analysis or that *may result in* the disclosure of that information and related paragraphs from the respective Bases for Conclusions on those Standards side-by-side for ease of reference.

Overview of TNFD materials

16. The Taskforce on Nature-related Financial Disclosures (TNFD) does not define scenario analysis. However, it defines three components of scenario analysis—a scenario, a scenario pathway and a scenario storyline:²
- (a) **scenario** is defined as a logically consistent story that describes a plausible future. It identifies some significant events, the main actors and their motivations, and how the world functions in this plausible future. It is intended to challenge thinking about what the future might be like and how an entity might respond under circumstances different from those they face today.

² TNFD Glossary, version 6, January 2026

- (b) **scenario storyline** is defined as a narrative description of a scenario (or family of scenarios), highlighting the main scenario characteristics, relationships between key driving forces, and the dynamics of their evolution.
- (c) **scenario pathway** refers to the political, technological and economic developments and associated risk drivers (e.g. which sectors and regions bear the most emissions reductions, or which energy technologies win out in different economies) that lead to a particular scenario outcome. Distinctively different pathways can lead to the same outcome.
17. TNFD recommended disclosure Strategy C recommends an entity ‘describe the resilience of the organisation’s strategy to nature-related risks and opportunities, taking into consideration different scenarios.’ The guidance directly associated with this recommendation says that the entity ‘should disclose information on the resilience of its strategy, business model and value chain to nature-related changes, developments and uncertainties, taking into consideration the organisation’s nature-related risks and opportunities identified in Strategy A. The organisation *should use nature-related scenario analysis to assess its strategy resilience*, using an approach that is commensurate with the organisation’s circumstances.’ It further goes on to say, ‘the organisation *should describe its use of scenario tools and methodologies*, if any, to inform its thinking about *the resilience of its strategy*, including a brief description of the scenario narratives used, the time horizons considered and the key insights gained’ [*emphasis added*].
18. TNFD recommended disclosures Risk and Impact Management A(i) and A(ii) recommend an entity describe its ‘processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities’ in the entity’s direct operations and value chain(s), respectively. The guidance directly associated with these two disclosure recommendations on risk and impact management *does not specifically mention scenario analysis*. Scenario analysis is not required in preparing these two TNFD

- recommended disclosures. However, it could be relevant for an entity to disclose that scenario analysis was used as a process for identification and assessment of nature-related risks and opportunities under TNFD recommended disclosures Risk and Impact Management A(i) and A(ii) if scenario analysis is a process the entity used.
19. Scenario analysis is an important component of the TNFD’s guidance on identification and assessment of nature-related issues (the LEAP approach). Scenario analysis is embedded across all phases of the LEAP approach (Locate, Evaluate, Assess and Prepare), but is particularly relevant to the Assess phase. The TNFD guidance on the Assess phase of the LEAP approach includes information on how to use scenario analysis as a method for *identifying, assessing, quantifying and prioritising* nature-related risks.
20. Scenario analysis can also inform the other phases of the LEAP approach:
- (a) in the Locate phase, scenarios can help an entity identify under different plausible futures which sectors, business units, value chains or asset classes are in sensitive locations;
 - (b) in the Evaluate phase, scenario analysis can be useful to consider multiple time frames and a range of uncertainties that may affect the size and scale of its dependencies and impacts on nature; and
 - (c) in the Prepare phase, scenario analysis can test the resilience of an entity’s strategic choices and response options to plausible futures.
21. The TNFD has also developed [guidance on scenario analysis](#) to support entities in exploring the possible consequences of nature loss and climate change for an entity, the ways in which governments, markets and society might respond, and the implications of these uncertainties for an entity’s business strategy and financial planning. This guidance includes case studies from four pilot companies. Three companies focused their analysis on particular locations, commodities or supply chains rather than to the company as a

whole. One company did the exercise in relation to testing the resilience of the business model overall.³

22. In addition, the TNFD has developed a [discussion paper on advanced scenario analysis](#) primarily intended for those experienced in undertaking scenario analysis in financial institutions and large multinational companies and interested in advanced nature scenario analysis methods. These organisations may include those taking action in anticipation of regulatory stress testing. The discussion paper covers more complex examples where there are multiple critical uncertainties, driving forces, time horizons, geographies and/or sectors, and moves towards quantitative scenario outcomes. The discussion paper includes use cases for different qualitative and quantitative, focused and broad approaches. It covers all three use cases—risk identification, risk assessment and resilience assessment—for nature-related scenario analysis.

Overview of third-party standards

23. The European Sustainability Reporting Standards (ESRS) and the Global Reporting Initiative (GRI) Standards reference scenario analysis as discussed below.

ESRS references to the disclosure of information about scenario analysis

24. The ESRS glossary defines scenario analysis as a process for identifying and assessing a potential range of outcomes of future events under conditions of uncertainty, using a single or multiple scenarios. Particular draft ESRS standards (November 2025) refer to the disclosure of information about scenario analysis—when used—as follows:

³ The pilot indicated that scenario analysis is used for identifying both nature-related risks and nature-related opportunities.

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- (a) ‘in assessing materiality of risks and opportunities, the undertaking shall consider their contribution to financial effects over short, medium and long term using (a) likely scenarios/forecasts’ (ESRS-1 General Requirements);
 - (b) ‘the methodologies and significant assumptions used to define targets, ...and, where applicable, the selected scenarios on which it is based’ (ESRS-2 General Disclosures, General Disclosure Requirements for targets (GDR-T)); and
 - (c) ‘...the identification, assessment and management of material risks and opportunities over short-, medium- and long-term time horizons’ and ‘when defining its policies, actions and targets.’ (ESRS E-4 Biodiversity and Ecosystems).
25. In addition, if an entity uses climate-related scenario analysis to identify risks, ESRS E-1 Climate Change requires disclosure of information about the scenarios used, the scope of coverage, key assumptions and the period covered. ESRS E-2 Pollution and ESRS E-3 Water do not mention scenario analysis.

GRI Standards references to the disclosure of information about scenario analysis

26. The GRI Standards include references to scenario analysis in sector- and topic-specific contexts. These include:
- (a) in the sector standards for oil and gas (GRI 11), coal (GRI 12) and mining (GRI 14). In the sector standards, scenario analysis is referenced in connection with climate adaptation, resilience, or transition plans with sector recommendations asking an entity to describe the climate change-related scenarios used to assess the resilience of the entity’s strategy.
 - (b) in the topic standards for climate change (GRI 102) and for water and effluents (GRI 303). In GRI 102, scenario analysis is referenced in relation to information

to be disclosed about transition and adaptation planning, including how these plans consider impacts on biodiversity. In GRI 303, scenario analysis is mentioned as one of the tools and methodologies that an organisation can use when identifying water-related impacts, particularly where future impacts on water quality and availability can change over time.

Overview of current market and reporting practice

27. Our review of current reporting related to nature-related scenario analysis suggests that disclosure is limited, but growing:
- (a) research underlying Agenda Paper 3C [Current state of disclosure of BEES-related information](#) (March 2025) found that of the 2,298 companies whose FY2023 reports were reviewed (the timing of the publication of these reports close to the issuance of the TNFD recommendations and scenario analysis guidance in September 2023 means that TNFD materials could not have been meaningfully referenced), only 109 reported on the use of nature-related scenario analysis (~5%).
 - (b) two years after issuance of TNFD recommendations, the [TNFD 2025 Status Report](#) found that 53%–55% of analysed entities disclosed information for the TNFD recommended disclosure Strategy C which asks an organisation to describe the resilience of its strategy to nature-related risks and opportunities, taking into consideration different scenarios. The report observed that this disclosure recommendation is one of the recommendations less commonly applied.⁴
 - (c) initial findings from the analysis that is being performed for the forthcoming 2026 TNFD Status Report are that about 71% of the 661 companies reviewed disclosed information on nature-related scenario analysis. Of 661 reviewed companies, 369

⁴ The TNFD surveyed 182 entities and Neural Alpha assessed 542 entities to assess the reporting for Strategy C.

disclosed that they used scenario analysis for risk identification, 450 for risk assessment and 140 for resilience assessment. (Some companies disclosed that they have undertaken scenario analysis for multiple use cases).^{5,6} Initial findings also indicate that nature-related scenario analysis methodology has been evolving to combine qualitative and quantitative methods by adapting from climate-related scenario analysis methods.

- (d) in April 2026, staff analysed five years of corporate reports and other public information provided by companies (2020–2025) using AI to determine the use, evolution and application of nature-related scenario analysis.⁷ The analysis shows that more advanced companies:
- (i) use nature-related scenario analysis to evaluate location-specific physical nature-related risks;
 - (ii) are adapting the scenarios of the Network for Greening of the Financial System to evaluate their nature-related transition risks;
 - (iii) use scenario analysis to inform their capital expenditure planning, operational cost forecasting and overall treasury management in light of nature-related risks and opportunities;
 - (iv) combine nature-related and climate-related considerations into a single scenario analysis and align scenario time horizons with established climate trajectories to better understand the compounding effects of nature-climate interactions. For example, some asset-heavy industries such as maritime logistics have structured their combined nature-climate scenario modelling

⁵ The staff used AI in categorising disclosures by these use cases.

⁶ Disclosures included information on the scope (business units, geographies, value chain segments) of scenarios analysis, key assumptions used, time horizons and policy trajectories. Half of the companies using scenario analysis for resilience assessment included discussion of ecosystem resilience and tipping point risks. Companies using scenario analysis also disclosed how their scenario analysis outputs resulted in adjustments to their strategy and/or disclosed quantitative metrics. Only 19% of companies using scenario analysis conducted a comprehensive, multi-driver analysis of their nature-related risks and opportunities.

⁷ This review was conducted by ISSB staff using AlphaSense, an AI tool for market research.

toward multi-decade climate benchmarks to ensure their long-term strategies remain resilient against severe nature loss.

28. Our research suggests that financial institutions are also starting to use nature-related scenario analysis:
- (a) in the June 2025 [Global Survey of Nature Risk Management at Financial Firms](#), conducted by the Global Association of Risk Professionals (GARP), 21% of the 48 financial institutions surveyed stated that they are using scenario analysis to understand the impact of nature-related risk on their portfolio or balance sheet.⁸ A few more advanced institutions in the survey indicated they have:
 - (i) assessed physical and transition nature-related risks for their material exposures over time horizons from one to 30 years;⁹
 - (ii) integrated nature into their climate scenarios; and
 - (iii) acted based on scenario analysis findings, such as changed risk management, or organisational strategy.
 - (b) some banks are integrating the results of nature-related scenario analysis into their credit risk models and other financial institutions are conducting stress tests (a specific form of scenario analysis) on nature-related exposures in their portfolios.
 - (c) some institutional investors are developing quantitative models to assess nature-related impacts and sectoral vulnerabilities and construct resilient investment strategies.

⁸ GARP surveyed 48 firms of which there were 29 banks, 11 asset managers, and eight insurers. Fifty-two percent of the 48 financial firms are planning on using nature-related scenario analysis in the future, with half of those firms (~26%) intending to use nature-related scenario analysis within the next two years. However, just over a quarter of firms do not have any plans to use nature scenario analysis.

⁹ Of the firms using scenario analysis all the firms examined risks over an 11-to-30-year time horizon, while 90% also looked over a window of one to five years, indicating that most firms are trying to understand not just the longer-term risks but also those that could arise in the short term.

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29. However, the findings also indicated that nature-related financial modelling lags that of climate.
30. The findings in the review of current market and reporting practice suggest:
- (a) **limited but growing use**—nature-related scenario analysis is used by a relatively small number of entities compared with the number of entities that use climate-related scenario analysis. More recent surveys indicate growing use—around one-fifth of financial institutions reviewed are already using nature-related scenario analysis, and over half plan to do so, many within the next two years. Of TNFD reporters reviewed, two thirds include some information about their use of scenario analysis for nature-related risks and opportunities. Nature-related scenario analysis is also often linked to their climate analysis.
 - (b) **wide range of heterogeneous application**—case studies show scenario analysis is being used to assess a variety of nature-related issues. Most entities using scenario analysis appear to use it to identify nature-related risks and opportunities associated with specific drivers of nature change (for example, freshwater or land use change and pollution) or at specific locations or set of locations or organisational units.
 - (c) **advanced practices remain concentrated**—only a small number of entities:
 - (i) use scenario analysis to identify risks or assess resilience from changes in the overall state of ecosystems or ecosystem services or fully integrate climate and nature in their scenario analyses;¹⁰

¹⁰ Climate-only scenarios often miss critical nature-specific drivers like land-use change or pollinator health, leading to a push for fully integrated climate-nature scenarios. Nature and climate scenarios are integrated by merging biodiversity loss and ecosystem service metrics directly into existing climate, economic, and risk-modelling frameworks, allowing scenarios to map how nature dependencies (e.g., water, pollination) and impacts (e.g., deforestation) interact with climate risks (e.g., floods, droughts). Integrated scenarios enable businesses to identify synergies—such as using nature-based solutions to boost resilience—and manage trade-offs between decarbonization and ecological protection. See Business for Social Responsibility (BSR) Integrating Nature with Climate Scenarios, 2025.

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- (ii) assess physical and transition nature-related risks over long-time horizons, fully integrate nature into climate scenarios, consider multiple aspects of nature, and use results to inform strategy and risk management.
 - (d) **significant challenges remain**—nature-related scenario analysis is complex, with modelling frameworks and data still developing. This complexity constrains the extent to which companies can currently conduct comprehensive nature-related scenario analysis in a systematic manner and provide comparable and decision-useful information about their use of scenario analysis. Challenges in using scenario analysis in the context of nature-related risks and opportunities include:
 - (i) understanding and integrating connections across locations of an entity’s assets and activities and throughout its value chain;
 - (ii) capturing location-specific features such as tipping points and feedback loops;
 - (iii) modelling multiple driving forces that interact and multiple geographies and sectors of interest;
 - (iv) modelling multiple nature-related local, national and global goals, targets and indicators associated with various pathways;
 - (v) developing robust scenario models considering the lack of ‘off the shelf’ quantitative nature scenarios akin to those developed for climate by Network for Greening the Financial System and International Energy Agency; and¹¹
 - (vi) missing, inaccessible or inconsistent data to underpin quantitative analysis.¹²

¹¹ TNFD (2023) [Guidance on scenario analysis](#) (p5) and TNFD (2023) [Discussion paper on conducting advanced scenario analysis](#) (p10).

¹² Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), [Summary for policy makers of the methodological assessment of the impact and dependencies of business on biodiversity and nature’s contribution to people](#).

Investor information needs

31. In the research phase of this project we found that investors need more quantitative information on nature-related risks and opportunities, including information about financial implications of those risks and opportunities for the entity under different scenarios.
32. Our April 2026 surveys of investors in the ISSB’s Sustainability Reference Group (SRG), Investor Advisory Group (IIAG) and the TNFD investor network point to investor interest in information about whether and how entities use scenario analysis in assessing their resilience to uncertainties associated with nature-related risks and opportunities and about the outcomes of those analyses.¹³ In total, across all three surveys, about two-thirds of the respondents (49 of 75 respondents) indicated that they consider information about whether and how scenario analysis informs an entity’s resilience assessment to be material to their investment decision-making, while 13% did not think such information was material.¹⁴ One investor commented that ‘currently, we have not seen many examples of scenario analysis applied to nature-related risks and therefore have limited practical experience using such analyses in investment decision-making.’
33. To the extent respondents mentioned specific types of information on scenario analysis in which they were interested, the following themes emerged:
- (a) information about scenario design, inputs and processes employed such as:
 - (i) to what extent scenarios are science-based and tested, whether stress testing was reasonable, which models were used for scenario analysis and stress testing and whether the models are accredited;

February 2026, p. 36. Network for Greening the Financial System (NGFS). [Summary Note on the Improvement of Modelling Tools for Nature-related Financial Risk Scenarios](#). (April 2026).

¹³ The surveys specifically thought input on the usefulness of information about the use of scenario analysis in assessing the resilience of an entity’s business model and strategy to uncertainties associated with nature-related risks and opportunities rather than about the use of scenario analysis for other purposes.

¹⁴ Twenty percent (20%) of respondents did not provide an answer.

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- (ii) whether the scenario covers all entity-relevant physical and transition risks;
 - (iii) key assumptions used in the analysis, such as assumptions about changes in water availability, ecosystem degradation, land-use change, regulatory developments, or supply chain disruption; and
 - (iv) the geographic scope and time horizons applied in the analysis.
- (b) information about scenario outputs and how they informed an entity's actions such as:
- (i) what nature-related scenarios that could significantly disrupt an entity's operations were identified and what extremes in operational disruptions were identified in comparison to current operations; and
 - (ii) what the main findings of the scenario analysis were and how the results of the analysis informed an entity's actions, including whether the findings were incorporated in the entity's strategy and plans.
34. This evidence suggests investors are interested in information about how an entity uses the outcomes of nature-related scenario analysis to inform its decisions but investor interest comes with caveats. Investors recognise that the practice of nature-related scenario analysis is still emerging and that scenario analysis in the context of nature-related risks and opportunities is not widely applied, acknowledging that real-world examples of nature-related scenario analysis remain scarce. This limits investors' ability:
- (a) to use in their decision-making the limited information about entities' use of scenario analyses that is available to them; and
 - (b) to assess what specific information about entities' use of scenario analyses is likely to be most useful to them.

Staff analysis

35. The findings in our research and outreach outlined paragraphs 27–34 suggest that the use of scenario analysis by entities in the context of nature-related risks and opportunities is limited although growing. The staff notes that TNFD provides helpful guidance to support entities in conducting such analysis. In particular, as noted in paragraph 19, scenario analysis is embedded across all phases of the LEAP approach, but is particularly relevant to the Assess phase which addresses the use of scenario analysis as a method for identifying, assessing, quantifying and prioritising nature-related risks.¹⁵
36. Those entities that report on the use of scenario analysis tend to apply it in the context of identifying and assessing nature-related risks and opportunities, in particular in relation to particular nature-related risks or particular locations. The cases where entities conduct scenario analysis across multiple nature-related risks they have identified, and use the outcome of that analysis to inform the assessment of the resilience of their strategy and business model in relation to nature-related risks, remain limited. The staff notes that the [TNFD 2025 Status Report](#) observed that TNFD recommended disclosure Strategy C, which asks an organisation to describe the resilience of its strategy to nature-related risks, is one of the recommendations less commonly applied (see paragraph 27(b)).
37. Our findings also suggest that nature-related scenario analysis is complex and challenging for the reasons described in paragraph 30, with underlying data often limited or inconsistent.
38. Furthermore, *specific* evidence about investor need for information about the use of nature-related scenario analyses—and insight into how investors use that information—is

¹⁵ Agenda Paper 3C *Identification of nature-related risks and opportunities* for this month's meeting recommends that the ISSB note in the IFRS Practice Statement on nature related disclosures how the *TNFD guidance on identification and assessment of nature-related issues: the LEAP approach* may be relevant in providing nature-related disclosures in accordance with the objective of IFRS S1. This approach may result in increased *use* of scenario analysis in the context of nature-related risks and opportunities resulting—in combination with the staff's proposed approach in this paper—in more *disclosures* about the use of scenarios analysis when relevant.

limited, potentially in part because the lack of such information being reported means that investors have limited experience using that information, as noted in paragraph 32.

39. However, the *general* theme in investor feedback is that when scenario analysis is used, investors are looking to understand inputs into the analysis, processes and key assumptions underlying the analysis as well as the outcomes of the analysis, in particular anticipated financial implications for the entity, and how the entity used the outcomes of the analysis in its risk management, strategy and decision-making.

Information about nature-related scenario analysis in risk and opportunity identification

40. As noted in paragraphs 10–15, ISSB Standards already contain requirements for the disclosure of information about the use of scenario analysis, including specifically applicable requirements and those that could result in the disclosure of such information depending on the entity’s specific facts and circumstances.
41. In particular, IFRS S1 specifically requires the disclosure of information about the use of scenario analysis in identifying sustainability-related risks, which is identical to the corresponding requirement in IFRS S2 for climate-related risks. Accordingly, the staff do not recommend that the ISSB provide incremental requirements for the disclosure of information about the use of scenario analysis in identifying nature-related risks. The staff considers that that information for nature-related risks will be provided applying the requirements in IFRS S1, similar to how information about climate-related risks is provided applying the corresponding identical requirement in IFRS S2.
42. However, IFRS S1 does not contain a specific requirement for the disclose of information about the use of scenario analysis in identifying nature-related opportunities. In contrast, IFRS S2 contains such a specific disclosure requirement in the context of climate-related opportunities. Our research findings indicate that when entities use scenario analysis, it

tends to cover identifying both nature-related risks and nature-related opportunities. This is also consistent with TNFD guidance on scenario analysis and TNFD pilot testing. Furthermore, evidence of investor interest collected in the early stages of the research phase of this project also points to investor interest specifically in information about the use of scenario analysis in identifying nature-related risk and opportunities. Accordingly, consistent with the approach in IFRS S2, the staff recommends that the ISSB provide an incremental requirement for the disclosure of information about the use of scenario analysis in identifying nature-related opportunities.

Information about the use of nature-related scenario analysis in risk assessment

43. Neither IFRS S1 nor IFRS S2 contain specific requirements for the disclosure of information about the use of scenario analysis in assessing sustainability-related and climate-related risks and opportunities, respectively, such as assessing the nature, likelihood and magnitude of the effects of those risks and opportunities. However, our findings indicate that the use of scenario analysis in assessing nature-related risks and opportunities is a relatively prevalent case of the use of scenario analysis in the context of nature, including in relation to a particular location. As noted above, location-specific considerations are particularly relevant in the context of nature. Finally, a clear message in investor feedback is that they are interested in understanding financial implications of nature-related risks and opportunities, including the magnitude of the effects of those risks and opportunities.
44. Accordingly, the staff recommends that the ISSB provide an incremental requirement for an entity to disclose information about whether and how an entity uses scenario analysis in assessing the nature, likelihood and magnitude of the effects of nature-related risks. Specifically, considering the types of information about scenario analysis that investors need (see paragraph 39) and building on the requirements in IFRS S2 on the disclosure of

information about the use of scenario analysis in resilience assessment (see paragraph 22 of IFRS S2 reproduced in Agenda Paper 3B) as well as the April 2026 ISSB tentative decisions on the relevance of location-specific information in the context of nature across areas of content (see paragraph 8), the staff recommends that an entity is required to disclose information about:

- (a) the inputs the entity used in the scenario analysis;
 - (b) the key assumptions the entity made in the analysis; and
 - (c) the part of the entity to which the scenario analysis applies (for example, whether the analysis applies to the entity in its entirety or only a part of the entity, such as a specific business unit or specific geographical region).
45. For instance, the staff think that such information might include information about:
- (a) scenarios used, including whether the analysis included a diverse range of scenarios;
 - (b) risk drivers included;
 - (c) relevant nature-related policy considerations;
 - (d) the time horizons covered;
 - (e) the locations and parts of the business model and value chain covered by the analysis;
 - (f) local (national- or regional-level variables);
 - (g) significant areas of uncertainty;
 - (h) whether the analysis covered physical and/or transition risks; and
 - (i) considerations of the climate-nature connections.

Information about the use of nature-related scenario analysis in resilience assessment

46. As noted in paragraph 12(b), IFRS S1 does not specifically require the disclosure of information about the use of scenario analysis in *resilience assessment* but it can result in that information being provided depending on an entity's specific facts and circumstances.¹⁶ In contrast, IFRS S2 requires both the *use* of climate-related scenario analysis for resilience assessment and the *disclosure* of information about the use of scenario analysis as well as provides specific requirements specifying the types of information to disclose. TNFD recommended disclosure Strategy C in relation to nature-related risks and opportunities also asks entities to *use* scenario analysis for resilience assessment and to *disclose* information about its use. However, our research indicates that this recommendation is one of the less commonly applied (see paragraph 27(b)). In addition, our research seems to suggest that only a small number of more advanced companies conduct this type of scenario analysis. Furthermore, the evidence of investor interest in information about this particular use of scenario analysis is limited and, in the staff's view, is not conclusive. The staff also notes that a resilience-focused scenario analysis, when relevant, is likely to be more complex, not only because it requires additional scenarios and inputs, but also new analytical layers to reconcile heterogeneous, location-specific ecological constraints into enterprise-level judgements about business-model viability.
47. Therefore, in the staff's view, considering the apparent nascency of the use of nature-related scenario analysis for resilience assessment by entities combined with inconclusive evidence of investor interest, it would not be appropriate for the ISSB to replicate the requirements in IFRS S2 in the context of nature and to require entities to *use* scenario

¹⁶ IFRS S1 requires an entity to disclose a qualitative and, if applicable, quantitative assessment of the resilience of its strategy and business model in relation to its sustainability-related risks, including information about how the assessment was carried out and its time horizon. IFRS S1 does not specify the type of information an entity is required to disclose and does not require an entity to use scenario analysis in preparing this disclosure but notes that other ISSB Standards may do so.

analysis for resilience assessment. Furthermore, the staff notes that *if* an entity uses a nature-related scenario analysis for that purpose, the *disclosure* of information about the use of scenario analysis will already be required by IFRS S1, including disclosure of information about how resilience assessment was carried out and its time horizon. In addition, if an entity considers nature-related aspects as part of its climate-related scenario analysis in conducting its resilience assessment, information about that scenario analysis will be provided in accordance with paragraph 22 of IFRS S2 (reproduced in Agenda Paper 3B).

48. Accordingly, the staff do not recommend that the ISSB require the use of scenario analysis to inform an entity's assessment of the resilience of its strategy and business model to uncertainties associated with nature-related risks and opportunities, nor specifically require the disclosure of information about the use of scenario analysis in that context.
49. However, to facilitate market feedback on the prevalence of use of scenario analysis for this purpose in the context of nature and on the usefulness of information about such scenario analysis to investors, the staff also recommend that the ISSB invite stakeholder feedback on its proposed approach to nature-related scenario analysis in the context of resilience assessment by including a specific question in the exposure draft.

Questions for the ISSB

1. Do ISSB members have questions or comments concerning the staff's analysis?
2. Does the ISSB agree with the staff recommendations:
 - a. in paragraph 9(a) that the ISSB does not provide incremental requirements or guidance on the disclosure of information about the use of scenario analysis to inform an entity's identification of nature-related risks;

Questions for the ISSB

- b. in paragraph 9(b) that the ISSB provides an incremental requirement for an entity to disclose whether and how the entity uses scenario analysis to inform its identification of nature-related opportunities;
- c. in paragraph 9(c) that the ISSB provides an incremental requirement for an entity to disclose information about whether and how the entity uses scenario analysis to inform its assessment of the nature, likelihood and magnitude of the effects of nature-related risks, including information about:
 - i. the inputs the entity used;
 - ii. the key assumptions the entity made in the analysis; and
 - iii. the part of the entity to which the scenario analysis applies (for example, whether the analysis applies to the entity in its entirety or only a part of the entity, such as a specific business unit or specific geographical region);
- d. in paragraph 9(d) that the ISSB does not require an entity to use scenario analysis to inform its assessment of the resilience of its strategy and business model in relation to its nature-related risks and opportunities and does not set out incremental requirements for the disclosure of information about an entity's use of scenario analysis in resilience assessment; and
- e. invites stakeholder input on the proposed approach described in (d) by including a specific question in the exposure draft.