
ISSB Meeting

Date	May 2026
Project	Nature-related Disclosures
Topic	Identification of nature-related risks and opportunities
Contacts	Claire Goydan (claire.goydan@ifrs.org); Himani Phadke (himani.phadke@ifrs.org)

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

Purpose and structure

1. This paper discusses identification of nature-related risks and opportunities that could reasonably be expected to affect an entity's prospects¹ when providing nature-related disclosures and the Taskforce on Nature-related Financial Disclosures (TNFD) LEAP approach (Locate, Evaluate, Assess and Prepare). The paper presents the staff's analysis and recommendations and asks the International Sustainability Standards Board (ISSB) for decisions.
2. This paper is structured as follows:
 - (a) purpose and structure (paragraphs 1–2);
 - (b) background (paragraph 3);
 - (c) staff recommendation (paragraphs 4–5);
 - (d) findings in research and outreach (paragraphs 6–30);
 - (e) staff analysis (paragraphs 31–45);
 - (f) questions for the ISSB; and

¹ An entity's prospects refer to the entity's cash flows, its access to finance or cost of capital over the short, medium or long term, as defined in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*.

- (g) Appendix A: Tentative decisions to-date related to identification of nature-related risks and opportunities.

Background

3. At its January 2026 meeting, the ISSB decided to proceed with nature-related standard-setting assuming that an entity is applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate related Disclosures*. In the 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. These areas included additional guidance to aid preparers in the identification of nature-related risks and opportunities. The paper noted that additional guidance to support preparers might be useful given evolving practices in identifying nature-related risks and opportunities arising from dependencies and impacts on nature and disclosing material information about them.

Staff recommendation

4. The staff recommends that the ISSB note 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. Specifically, the staff recommends that the Practice Statement note that:
- (a) when identifying nature-related risks and opportunities in accordance with the objective of IFRS S1, the LEAP approach may be relevant to support an entity in:
- (i) locating where, within the entity's business model and throughout its value chain, interfaces with nature occur, and the characteristics of nature in those locations;
 - (ii) evaluating the related dependencies and impacts; and

- (iii) assessing the associated nature-related risks and opportunities.
 - (b) if using the LEAP approach, an entity will need to ensure that nature-related risks and opportunities are identified in a manner consistent with meeting the objective of IFRS S1.
- 5. The staff notes that this observation relates to highlighting a process that can support application of the Practice Statement and that it is not intended to mandate the use of a particular process or approach. Accordingly, it will be important that it is clear that this is an available resource rather than an approach that is required to be applied to assert compliance with the Practice Statement and ISSB Standards.

Findings in research and outreach

Characteristics of nature-related risks and opportunities

- 6. AP3 *Objective and scope of standard-setting on nature-related risks and opportunities* ([January 2026](#)) and the ISSB's decision at its January 2026 meeting established that the scope of standard-setting would include all nature-related risks and opportunities arising from an entity's dependencies and impacts on natural resources, ecosystems and ecosystem services² that could reasonably be expected to affect an entity's prospects. That is, the scope would not be limited to a particular nature-related topic or industry. This was noted to be consistent with IFRS S1, which addresses all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects, with a reporting entity being required to provide material information about those sustainability-related risks and opportunities.

² During the February 2026 International Sustainability Standards Board (ISSB) meeting, the ISSB tentatively decided to use the term 'ecosystem services' and the concept of 'environmental assets' which includes natural resources, ecosystems and atmospheric systems. The staff plans to return to the ISSB at a future meeting with an alternative term to use in place of environmental assets. In this paper, we refer to 'natural resources and ecosystems' in the absence of a replacement term for environmental assets, which is still to be determined. The particular terms and exact wording are subject to further discussion as agreed by the ISSB at its February 2026 meeting.

-
7. In order to disclose material information about sustainability-related risks and opportunities, an entity must first identify those risks and opportunities that could reasonably be expected to affect its prospects. Nature-related risks and opportunities have particular characteristics to consider in identification and disclosure compared to other sustainability-related risks and opportunities such as climate. These characteristics are important to consider in the context of standard-setting and building on the requirements in IFRS S1 and IFRS S2. For example, these characteristics include:
- (a) **Location-specificity.** Because an entity's dependencies and impacts on natural resources, ecosystems and ecosystem services tend to be localised, nature-related risks and opportunities arising for the entity from those dependencies and impacts are also often localised, or often have an important local characteristic or quality. The ISSB discussed location in detail at its April 2026 meeting, including consideration of location in identifying nature-related risks and opportunities.³
 - (b) **Breadth and complexity.** Nature-related risks and opportunities include a broad and complex range of sustainability-related matters. An entity's dependencies or impacts on a range of resources and relationships can give rise to nature-related risks and opportunities. These include natural resources (such as plants, animals, minerals, and water), ecosystems (such as forests and rivers) and ecosystem services (such as pollination, climate regulation and soil quality regulation) as well as related interactions with Indigenous Peoples, Local Communities and affected stakeholders. Different nature-related impacts and dependencies may relate to closely connected risks and opportunities.⁴ In comparison, climate-related risks and opportunities are narrower in scope, typically focused on regulatory and other changes related to transitioning to a

³ See AP3A *Location-specific information about nature-related risks and opportunities* ([April 2026](#)) for further discussion of the location-specific aspects of nature.

⁴ For example, an entity's dependency on timber resources may result in impacts such as deforestation. This dependency and associated impacts may give rise to water availability and quality-related operational risks for the entity. This is considered in paragraph 14 of AP3 *Objective and scope of standard-setting on nature-related risks and opportunities* ([January 2026](#)).

lower-carbon economy and physical risks to an entity from climate change.

This means that to identify nature-related risks and opportunities, it is important to consider the breadth and complexity of the aspects of nature and an entity's interface with nature that can give rise to those risks and opportunities, including connections to climate.⁵

- (c) **Data availability and methodological maturity.** Identifying nature-related risks and opportunities can be difficult due to challenges in data collection and in the variety and nascency of methodologies to determine how impacts and dependencies translate to nature-related risks and opportunities, particularly throughout value chains and multiple locations of an entity's assets or business activities (see paragraphs 10–11). In comparison, identifying climate-related risks and opportunities relies on relatively more established data collection practice and standardised methodologies.

8. In addition, providing material information focused on the effects on an entity's prospects of nature-related risks and opportunities, for use by investors, is relatively new. Accordingly, and considering the particular characteristics of nature-related risks and opportunities, entities may need support in identifying nature-related risks and opportunities in a manner that facilitates high quality application of ISSB Standards.

Overview of current reporting practice

9. Investors have indicated a need for better information about nature-related risks and opportunities arising from dependencies and impacts on nature, for investment decision-making. In the research phase of this project, staff found gaps in the current practice of disclosure of information about nature-related risks and opportunities. Often, nature-related information that is currently disclosed is focused on dependencies and impacts, with less useful information disclosed about associated

⁵ See AP3B *Information on connections between climate- and nature-related risks and opportunities* ([February 2026](#)) for further discussion of connections between climate and nature.

risks and opportunities.⁶ Some investors think that this may be in part due to a lack of methodologies to determine how impacts and dependencies translate to specific, quantifiable risks and opportunities for an entity, especially financial risks.⁷ Staff analysis⁸ of corporate disclosures from over 2,000 entities found that while many entities disclosed information about nature-related risks with explicit discussion of how the risks could reasonably be expected to affect the entity's prospects, there was a lack of quantitative information, specific timeframes and other information required by IFRS S1,⁹ indicating the nascent status of nature-related disclosures. On nature-related opportunities, only some disclosures related to potential effects on the entity's prospects. Most disclosures on both nature-related risks and nature-related opportunities were focused on the entity's own operations, with some addressing the aspects of the value chain outside the entity. This highlights potential gaps in the identification of risks and opportunities throughout the value chain.

10. A 2025 TNFD report¹⁰ found that entities have nascent practices to identify nature-related risks and opportunities, often relying on stakeholder interviews and qualitative assessments to identify risks, complemented by the use of third-party tools. In particular, the report stated that despite being a critical pathway to risks that can affect an entity's prospects, dependencies on nature remain poorly understood and typically underexplored. Many companies continue to struggle to implement robust risk assessment methods, particularly with assessing the financial implications of the risks.
11. These findings are supported by a review of seven corporate case studies conducted by the Global Reporting Initiative (GRI) and TNFD, which assessed current and emerging practices for how entities identify nature-related dependencies, impacts,

⁶ AP3 *Literature review on the evidence of investor interest* ([November 2024](#)).

⁷ AP3 *Evidence of Investor Interest in BEES-related risks and opportunities* ([January 2025](#)).

⁸ AP3C *Current state of disclosure of BEES-related information* ([March 2025](#)).

⁹ It is noted that ISSB Standards provide proportionality mechanisms that allow qualitative rather than quantitative information to be provided in some circumstances.

¹⁰ The report draws on a financial risks database with over 600 entries from 360 sources, interviews and stakeholder engagements. University of Oxford, TNFD and Global Canopy, 2025, "Evidence review on the financial effects of nature-related risks." https://tnfd.global/wp-content/uploads/2025/06/Evidence-review-on-the-financial-effects-of-nature-related-risks_Digitsl.pdf?v=1755606716

risks, and opportunities.¹¹ The review found that the methods the entities used for identifying and assessing nature-related risks and opportunities remain less advanced than those applied to dependencies and impacts. The entities often resort to proxies for identifying nature-related risks and opportunities and still face challenges in measuring related financial effects.

ISSB materials

12. The ISSB Standards, sources of guidance and educational materials set out requirements and guidance related to identifying sustainability-related risks and opportunities. The requirements in IFRS S1 cover all sustainability-related risks and opportunities, but some of the ISSB materials address some nature-related risks and opportunities specifically.

IFRS S1 including sources of guidance

13. The objective of IFRS S1 explains that interactions between the entity and its stakeholders, society, the economy and the natural environment throughout the entity's value chain and the entity's related dependencies and impacts on those resources and relationships give rise to sustainability-related risks and opportunities for the entity. It recognises that together, the entity and the resources and relationships throughout its value chain form an interdependent system in which the entity operates.
14. Paragraphs B1–B12 of IFRS S1 provide application guidance on sustainability-related risks and opportunities. In particular, paragraphs B1–B5 are designed to support an entity's *understanding* of sustainability-related risks and opportunities as that concept is used in IFRS S1. The guidance includes examples and descriptions of how an entity's sustainability-related risks and opportunities arise out of the interactions between the entity and its stakeholders, society, the economy and the natural environment throughout the entity's value chain. It explains that these interactions

¹¹ GRI & TNFD, 2025, "Identifying risks and opportunities to organizations arising from dependencies and impacts on nature." <https://tnfd.global/wp-content/uploads/2025/06/GRI-and-TNFD-Case-studies.pdf>

take place within an interdependent system in which an entity both depends on resources and relationships throughout its value chain to generate cash flows and affects those resources and relationships through its activities and outputs—contributing to the preservation, regeneration and development of those resources and relationships or to their degradation and depletion. The guidance describes how these dependencies and impacts might give rise to sustainability-related risks and opportunities that could reasonably be expected to affect an entity’s prospects, and that dependencies and impacts relate to resources and relationships throughout the entity’s value chain.

15. Paragraph B3 sets out a nature-related example of dependencies and impacts giving rise to sustainability-related risks and opportunities, describing an entity’s dependence on a natural resource such as water. It explains how degradation or depletion of that resource (including resulting from the entity’s own activities and from other factors) could create a risk of disruption to the entity’s operations and affect the entity’s business model or strategy, and could ultimately negatively affect the entity’s financial performance and financial position, whereas regeneration and preservation of that resource could positively affect the entity.
16. Paragraphs 43–44 of IFRS S1 require an entity to disclose *information about the processes and related policies it uses* to identify, assess, prioritise and monitor sustainability-related risks and opportunities. An entity is also required to disclose the extent to which, and how, these processes are integrated into and inform the entity’s overall risk management process.
17. Paragraph 54 of IFRS S1 requires an entity to apply IFRS Sustainability Disclosure Standards in identifying sustainability-related risks and opportunities that could reasonably be expected to affect its prospects. In addition, paragraph 55 of IFRS S1 refers to sources of guidance which reference *particular nature-related matters* and thus can assist entities in identifying the particular nature-related risks and opportunities that may be relevant to them.

-
18. In paragraph 55, an entity is required to refer to and consider the applicability of the disclosure topics in the SASB Standards when identifying sustainability-related risks and opportunities.
- (a) Many disclosure topics in the SASB Standards are related to how an entity interfaces with the natural resources, ecosystems and ecosystem services the entity may depend on and/or impact. The SASB Standards include disclosure topics on nature-related matters—such as waste, water, supply chain management and interactions with Indigenous Peoples—that are typically applicable for an entity with the business model and associated activities of specific industries, with nature-related matters accounting for over a third of SASB metrics overall. The SASB Standards also include disclosure topic summaries that explain in the context of particular industries how an entity’s dependencies or impacts on nature can give rise to risks or opportunities for the entity, how those could affect an entity’s prospects, and could result in financial effects for the entity.¹²
- (b) *AP6A Feedback summary—Questions 1-5 in the SASB Exposure Draft (March 2026)* summarised feedback to the Invitation to Comment for the Exposure Draft *Proposed Amendments to the SASB Standards*. Respondents agreed that the proposed amendments to the SASB Standards support the application of IFRS S1 and IFRS S2 by helping preparers identify, and provide material information about, their sustainability-related risks and opportunities.
19. Paragraph 55 of IFRS S1 states that an entity may refer to and consider the applicability of the CDSB Framework Application Guidance for Water-related Disclosures and the CDSB Framework Application Guidance for Biodiversity-related Disclosures (collectively, ‘CDSB Framework Application Guidance’) to identify

¹² For example, the proposed Topic Summary for the Ecological Impacts disclosure topic in the SASB Standard for the Electric Utilities & Power Generators industry (per the [March 2026 Exposure Draft](#)) notes: “The development and operation of electricity infrastructure for generation, transmission and distribution activities (and related decommissioning and remediation activities) can have a wide range of ecological impacts on landscapes, vegetation and wildlife habitats, with regulatory and reputational risks for entities. These ecological impacts vary depending on the type and location of electricity infrastructure; specifically, they vary by the energy source used for electricity generation and for transmission and distribution. These impacts can lead to increased costs of operation, fines or penalties for violations of environmental regulations, and reputational damage...”

sustainability-related risks and opportunities. The CDSB Framework Application Guidance describes examples and types of risks and opportunities that can arise for an entity. The guidance also provides ‘reporting requirements’ for disclosure including ‘REQ-03 Risks and opportunities’ that sets out sources of water- and biodiversity-related risks and opportunities and related financial risks and opportunities.

20. To identify its sustainability-related risks and opportunities, an entity may also refer to and consider the applicability of the most recent pronouncements of other standard-setting bodies whose requirements are designed to meet investor information needs and the sustainability-related risks and opportunities identified by entities that operate in the same industry(s) or geographical region(s).

IFRS S2

21. Paragraph 12 of IFRS S2 requires an entity to refer to and consider the applicability of the disclosure topics in the *Industry-based Guidance on Implementing IFRS S2* to identify climate-related risks and opportunities. Some of those disclosure topics are relevant to the nature-related aspects of climate-related risks and opportunities, such as disclosure topics on water, ecological impacts and supply chain management. The *Industry-based Guidance* was derived from, and is almost identical to, the climate-related content of the SASB Standards.

Educational materials

22. The IFRS Foundation also has published educational materials that provide information relevant to identifying sustainability-related risks and opportunities. For example:
 - (a) [Nature and social aspects of climate-related risks and opportunities](#) discusses how an entity might identify climate-related risks and opportunities at the nexus of climate and nature (for example, those related to water or deforestation) and sets out examples for application of IFRS S2.

-
- (b) [Sustainability-related risks and opportunities and the disclosure of material information](#) describes and provides examples of sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects to enable an understanding of how this concept is used in ISSB Standards. For example, Chapter 2 provides an example of an entity's interactions with society related to its deforestation practices, which could affect the entity by virtue of the effects on its suppliers.
- (c) [Using ISSB Industry-based Guidance when applying ISSB Standards](#) explains the requirement to refer to and consider the applicability of the ISSB industry-based guidance to help an entity identify sustainability-related risks and opportunities that arise from both its own operations and activities that occur elsewhere in its value chain.

Other standards and frameworks

23. Other standards and frameworks contain disclosures, requirements and/or guidance related to identifying nature-related risks and opportunities.

TNFD

24. The TNFD LEAP approach was developed in response to market participants indicating a need for guidance on how to identify and assess nature-related dependencies, impacts, risks and opportunities and identify material information for disclosure.¹³ The LEAP approach complements TNFD recommended disclosures about nature-related dependencies, impacts, risks and opportunities. The LEAP approach is intended for use by market participants of all sizes, across all sectors and along value chains. The LEAP approach is designed as an iterative and repeatable process—across business locations and business lines for corporates, and across investment portfolios and asset classes for financial institutions—in line with enterprise

¹³ Refer to page 3 of "TNFD guidance on identification and assessment of nature-related issues: the LEAP approach": https://tnfd.global/wp-content/uploads/2023/08/Guidance_on_the_identification_and_assessment_of_nature-related_Issues_The_TNFD_LEAP_approach_V1.1_October2023.pdf?v=1698403116

risk management processes and reporting and disclosure cycles. The TNFD LEAP approach comprises:

- (a) ‘Foundations for understanding nature and nature-related issues,’ explaining core concepts for understanding nature and how dependencies and impacts on nature give rise to risks and opportunities for the entity (‘Foundations’)¹⁴;
- (b) A four-phase assessment process for an organisation to:
 - (i) Locate its interface with nature;
 - (ii) Evaluate its dependencies and impacts on nature;
 - (iii) Assess its nature-related risks and opportunities; and
 - (iv) Prepare to respond to, and report on, ‘material nature-related issues,’ aligned with the TNFD’s recommended disclosures.¹⁵

25. LEAP includes assessment ‘components’ that can inform one another. For example, the Assess phase of LEAP supports entities in identifying and assessing risks and opportunities stemming from their identified dependencies and impacts on nature building on the outputs from the ‘Locate’ and ‘Evaluate’ phases. The TNFD explains that it may be helpful to follow a step-by-step process but it is not necessary to use every component of the LEAP approach, and encourages the use of the components in a way that best suits an entity’s needs.

ESRS

26. Chapter 3.2.2 *Financial materiality assessment* of draft European Sustainability Reporting Standards ESRS 1 published in November 2025 describes how risks and opportunities arise from an entity’s impacts, dependencies and other factors. Chapter 3.1.3 *Bases for assessing materiality* of the draft ESRS 1 General Requirements sets

¹⁴ ‘Foundations’ is also summarised as a section within the TNFD recommendations: “Recommendations of the Taskforce on Nature-related Financial Disclosures,” September 2023, <https://tnfd.global/wp-content/uploads/2023/08/Recommendations-of-the-Taskforce-on-Nature-related-Financial-Disclosures.pdf>

¹⁵ Consideration is being given to the TNFD currently submitting a request to the International Organization for Standardization (ISO) to develop a new process standard based on the LEAP approach, which would be complementary to existing ISO standards, including ISO 17298, which covers the inclusion of biodiversity in strategy and operations.

out requirements for a double materiality assessment of impacts, risks and opportunities.¹⁶ The Application Requirements for Chapter 3.1.3 refer to the LEAP approach (paragraph 33):

As it relates to nature-related impacts and dependencies, the first three steps of the LEAP approach (locate, evaluate, assess) provide a valuable reference for how to:

- a) locate where, within own operations and upstream and downstream value chain, interfaces with nature occur;
- b) evaluate the related dependencies and impacts; and
- c) assess the associated risks or opportunities.

27. Nature-related standards such as draft ESRS E3 (Water) and draft ESRS E2 (Pollution) do not prescribe their own standalone process for identifying risks and opportunities. Instead, ESRS environmental standards rely on the double materiality assessment set out in draft ESRS 1.

GRI

28. The GRI Standards are primarily focused on impact reporting, that is, reporting on an organisation's actual and potential impacts on the economy, environment, and people. Under GRI 3: *Material Topics 2021*, organisations determine their 'material topics'¹⁷ based on their most significant impacts. These impacts could inform the identification of related risks and opportunities for an entity, although the GRI Standards do not have specific requirements or guidance on identifying risks and opportunities, including nature-related risks and opportunities.
29. While the GRI Standards are not designed primarily as a framework for identifying risks and opportunities, *GRI 1: Foundation 2021* explains the GRI's view on the connection between impact reporting and identification of sustainability-related risks

¹⁶ Noting that both ESRS and GRI use the term materiality assessment in a different sense to ISSB Standards. For ISSB Standards, a materiality assessment is the determination of whether information is material (i.e. if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports).

¹⁷ GRI uses the term 'material' in a different sense to ISSB Standards, and uses the term 'organisation' where the ISSB Standards would use 'entity'.

and opportunities that could reasonably be expected to affect an entity's prospects.

Section 1.2 (Users) of *GRI 1: Foundation 2021* states:

"Investors, in particular, can use the reported information to assess an organization's impacts and how it integrates sustainable development in its business strategy and model. They can also use this information to identify financial risks and opportunities related to the organization's impacts and to assess its long-term success."

"Information made available through sustainability reporting provides input for identifying financial risks and opportunities related to the organization's impacts and for financial valuation."

30. GRI 101: Biodiversity 2024 and the LEAP approach share a high level of alignment in language, concepts and definitions. GRI 101 also refers to the TNFD LEAP approach as a resource that entities can refer to in:
- (a) identifying the most significant impacts and identifying locations where impacts are most likely to be present and significant (referencing the Scoping, Locate, and Evaluate phases of LEAP; Guidance to 101-4 - Identification of biodiversity impacts);
 - (b) identifying ecologically sensitive locations (Guidance to 101-5 - Locations with biodiversity impacts and Criteria for identifying ecologically sensitive areas);
 - (c) measuring ecosystem condition (Guidance to 101-7 - Changes to the state of biodiversity); and
 - (d) identifying ecosystem services (Guidance to 101-8 - Ecosystem services).

Staff analysis

Tentative decisions to-date

31. Throughout the standard-setting phase of the project on Nature-related Disclosures, the ISSB has made tentative decisions related to identification of nature-related risks

and opportunities in connection with the information areas¹⁸ in the project to support the disclosure of material information about nature-related risks and opportunities. These tentative decisions are summarised in Appendix A.

32. In the context of scenario analysis, AP3A *Information about the use of nature-related scenario analysis*, presented alongside this paper for the May 2026 ISSB meeting, proposes an incremental requirement for an entity to disclose whether and how the entity uses scenario analysis to inform its identification of nature-related opportunities, and 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.

Incremental guidance on identifying nature-related risks and opportunities

33. IFRS S1 already sets out requirements and guidance related to identifying all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects, as described in paragraphs 13–20. This includes paragraphs B1–B5 of IFRS S1, which are designed to support an entity's *understanding of sustainability-related risks and opportunities* as that concept is used in IFRS S1.
34. The ISSB has recognised the need to provide further support in relation to the identification of sustainability-related risks and opportunities generally, such as with the publication of educational materials described in paragraph 22.
35. As discussed in paragraphs 6–8, evidence from the project findings indicate that *nature-related risks and opportunities have particular characteristics* that warrant specific guidance in the context of identifying such risks and opportunities and disclosing material information about them. The ISSB's tentative decisions to-date in

¹⁸ 'Identified information areas' are set out in Table 1 of AP3 *Objective and scope of standard-setting on nature-related risks and opportunities* ([January 2026](#)).

the Nature-related Disclosures project include incremental guidance and requirements that can enable better *understanding of these characteristics* (such as location specificity; see Appendix A). This, in turn, can support an entity in identifying nature-related risks and opportunities and in its materiality judgments about what information to disclose about them.

36. Further, IFRS S1 includes sources of guidance in identifying sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects, including the SASB Standards and the CDSB Framework Application Guidance. These include *specific content on particular types of nature-related risks and opportunities*. These sources are referenced to support an entity in identifying the sustainability-related risks and opportunities that may be applicable in its circumstances.
37. The SASB Standards and the CDSB Framework Application Guidance do not provide guidance on the steps or processes that an entity might undertake to identify its particular nature-related risks and opportunities applicable in its circumstances, within the scope of nature as defined for this project and described in paragraph 6. As described in paragraphs 9–11, research and outreach highlight a practical gap in how preparers identify nature-related risks and opportunities, related to *inconsistent and nascent methodologies and processes*.

Noting the relevance of the TNFD LEAP approach

38. As noted in paragraphs 24–30, other standards and frameworks provide guidance on risk and opportunity identification; in particular, the TNFD LEAP approach sets out conceptual guidance to support an entity's *understanding* and a four phase *process* to help an entity identify and assess nature-related risks and opportunities. ESRS and GRI Standards refer to the LEAP approach within their requirements to support identification of impacts, dependencies, risks and opportunities as relevant.
39. The GRI and TNFD corporate case study review discussed in paragraph 11 found that to identify and evaluate nature-related risks and opportunities, most of the entities in

the case studies followed the LEAP approach, especially the ‘Assess’ phase (‘Assessing nature-related risks and opportunities’). The entities indicated they found the LEAP approach helpful, including to clarify the links between nature-related dependencies, impacts, risks and opportunities; estimate potential financial effects; validate or refine internal methodologies and processes related to risk management; and formulate strategic responses.

40. In assessing the uptake of the LEAP approach, the TNFD 2025 Status Report¹⁹ found that 71% of 168 respondents strongly agreed or agreed that “Using LEAP has given our organisation a stronger understanding of how our dependencies and impacts on nature can have implications for the current and future operations of our business and its future financial prospects.” Data from the TNFD’s analysis in preparation for its forthcoming 2026 status report, analysing 695 entities with recent disclosures from TNFD-aligned reports, found that 62% of entities demonstrated substantive application of the TNFD LEAP approach overall, with 49% of entities demonstrating substantive application of the ‘Assess’ phase of the TNFD LEAP approach.
41. Given the practical gaps related to methodologies and processes that preparers face in identifying nature-related risks and opportunities that could reasonably be expected to affect entity prospects, the market need that the LEAP approach was developed to address, and evidence of the uptake and use of the LEAP approach, the staff thinks the LEAP approach can be useful in identifying nature-related risks and opportunities. The staff thinks that when identifying nature-related risks and opportunities in accordance with the objective of IFRS S1, the LEAP approach may be relevant to support an entity in locating where, within the entity’s business model and throughout its value chain, interfaces with nature occur, and the characteristics of nature in those locations; evaluating the related dependencies and impacts; and assessing the associated nature-related risks or opportunities. This can be noted in the proposed Practice Statement. This observation is also consistent with the reference to the LEAP

¹⁹ TNFD 2025 Status Report, https://tnfd.global/wp-content/uploads/2025/09/250918_TNFD-Status-Report_DIGITAL.pdf

approach in ESRS, supporting interoperability between the ISSB Standards and ESRS.

42. It is important to note that the LEAP approach is not perfectly aligned with terms and concepts within the ISSB Standards and in relation to tentative decisions made within the scope of this project. Thus, the staff thinks that it would be important to note that if an entity uses the LEAP approach, it would do so only within the context of the objective and core concepts in IFRS S1 and the additional definitions and descriptions in the proposals for the nature-related disclosures Practice Statement. For example, the ‘P’ phase of LEAP (‘Prepare to respond to, and report on, material nature-related issues, aligned with the TNFD’s recommended disclosures’) is likely not relevant for an entity to consider in the context of ISSB disclosures.
43. While the observation about the use of the LEAP approach when applying the Practice Statement could be made in the Basis for Conclusions of the Practice Statement, the staff thinks it is useful to include it in the Practice Statement. This is because it can be considered in the context of other guidance included in the Practice Statement related to the identification of nature-related risks and opportunities, such as guidance related to understanding the particular characteristics associated with nature-related risks and opportunities (for example, location-specificity) and with sources of guidance in IFRS S1 that include specific content on particular types of nature-related risks and opportunities (such as the SASB Standards).
44. However, it is important to note that any observation made in the Practice Statement about the relevance of the LEAP approach should be in the context of it being a process that can support application of the Practice Statement but that it is not intended to mandate the use of a particular process or approach. Accordingly, it will be important that it is clear that this is available guidance rather than an approach that is required to be applied to assert compliance with the Practice Statement and ISSB Standards.
45. Finally, the staff note that if an entity uses the LEAP approach in identifying and assessing its nature-related risks and opportunities, then it will need to apply the

disclosure requirement in paragraph 44 of IFRS S1 to disclose information about the processes and related policies the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities.

Questions for the ISSB

Questions for the ISSB

1. Do the ISSB members have questions or comments on the findings and analysis in this paper?
2. Does the ISSB agree with the staff recommendation in paragraph 4 that the ISSB note 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? Specifically, that the Practice Statement note that:
 - a. when identifying nature-related risks and opportunities in accordance with the objective of IFRS S1, the LEAP approach may be relevant to support an entity in:
 - i. locating where, within the entity's business model and throughout its value chain, interfaces with nature occur, and the characteristics of nature in those locations;
 - ii. evaluating the related dependencies and impacts; and
 - iii. assessing the associated nature-related risks or opportunities.
 - b. if using the LEAP approach, an entity will need to ensure that nature-related risks and opportunities are identified in a manner consistent with meeting the objective of IFRS S1?

Appendix A: Tentative decisions to-date related to identification of nature-related risks and opportunities

- A1. In February 2026 the ISSB tentatively decided to define and describe specific terms and concepts essential to standard-setting. This included defining the terms ‘nature-related risks’ and ‘nature-related opportunities’ and describing the terms ‘dependencies on nature’ and ‘impacts on nature’. In discussing the proposal to describe and not define dependencies and impacts, *AP3A Essential terms and concepts for standard-setting on nature-related disclosure requirements* ([February 2026](#)) noted that the concepts were already used in IFRS S1. The paper noted, however, that it might be useful to develop guidance that facilitates an understanding of how dependencies and impacts on nature are linked to nature-related risks and opportunities, including a discussion of drivers of nature change.
- A2. In the context of information on connections between climate- and nature-related risks and opportunities, in February 2026 the ISSB also tentatively decided to provide guidance in part to focus on information about the effects of climate–nature connections on an entity’s strategy and risk management. *AP3B Information on connections between climate- and nature-related risks and opportunities* ([February 2026](#)) noted this guidance could support application of 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.
- A3. In the context of location-specific information, in April 2026 the ISSB tentatively decided, in part, to provide incremental guidance to explain how the location of an entity’s assets and business activities can be relevant to identifying nature-related risks and opportunities that could reasonably be expected to affect its prospects over the short, medium and long term. *AP3A Location-specific information about nature-related risks and opportunities* ([April 2026](#)) described how location is an important consideration in identifying nature-related risks and opportunities because location

affects whether an entity has such exposures and their severity. This includes discussion of location in the LEAP approach.

- A4. In April 2026 the ISSB tentatively decided to provide guidance that would, in part, explain how interactions, including engagement, with Indigenous Peoples, Local Communities and affected stakeholders could give rise to or help respond to an entity's nature-related risks and opportunities and could affect its prospects, thereby supporting the entity's identification of nature-related risks and opportunities and its materiality judgements. *AP3B Information on engagement with Indigenous Peoples, Local Communities and affected stakeholders in the context of nature-related risks and opportunities – Research findings (April 2026)* noted that evidence shows how, when engagement is absent or ineffective, an entity may fail to identify relevant risks or opportunities, which can result in effects on its prospects.