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ISSB's Proposed Practice Statement on Nature-related Disclosures

Agenda paper AC5

IFRS Advisory Council Meeting
November 2026

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Purpose of this session:

- Provide an overview of the proposed Practice Statement on Nature-related Disclosures
- Seek strategic advice on stakeholder engagement and outreach on the proposals

Questions for the Advisory Council:

1. What steps should the ISSB take to ensure that feedback on the Exposure Draft is focused on information that is useful for investor decision-making?
2. What advice can you give the ISSB on outreach and engagement on the proposed form of standard-setting to help the market evaluate the balance of arguments?
3. Do you anticipate that particular aspects of the proposals could be misunderstood or cause concerns and should be prioritised in the ISSB's outreach and engagement to facilitate effective feedback?
4. Are there considerations relevant to particular stakeholder groups or jurisdictions that we should be aware of when engaging on the proposals for nature-related disclosures?

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The ISSB's approach to standard-setting



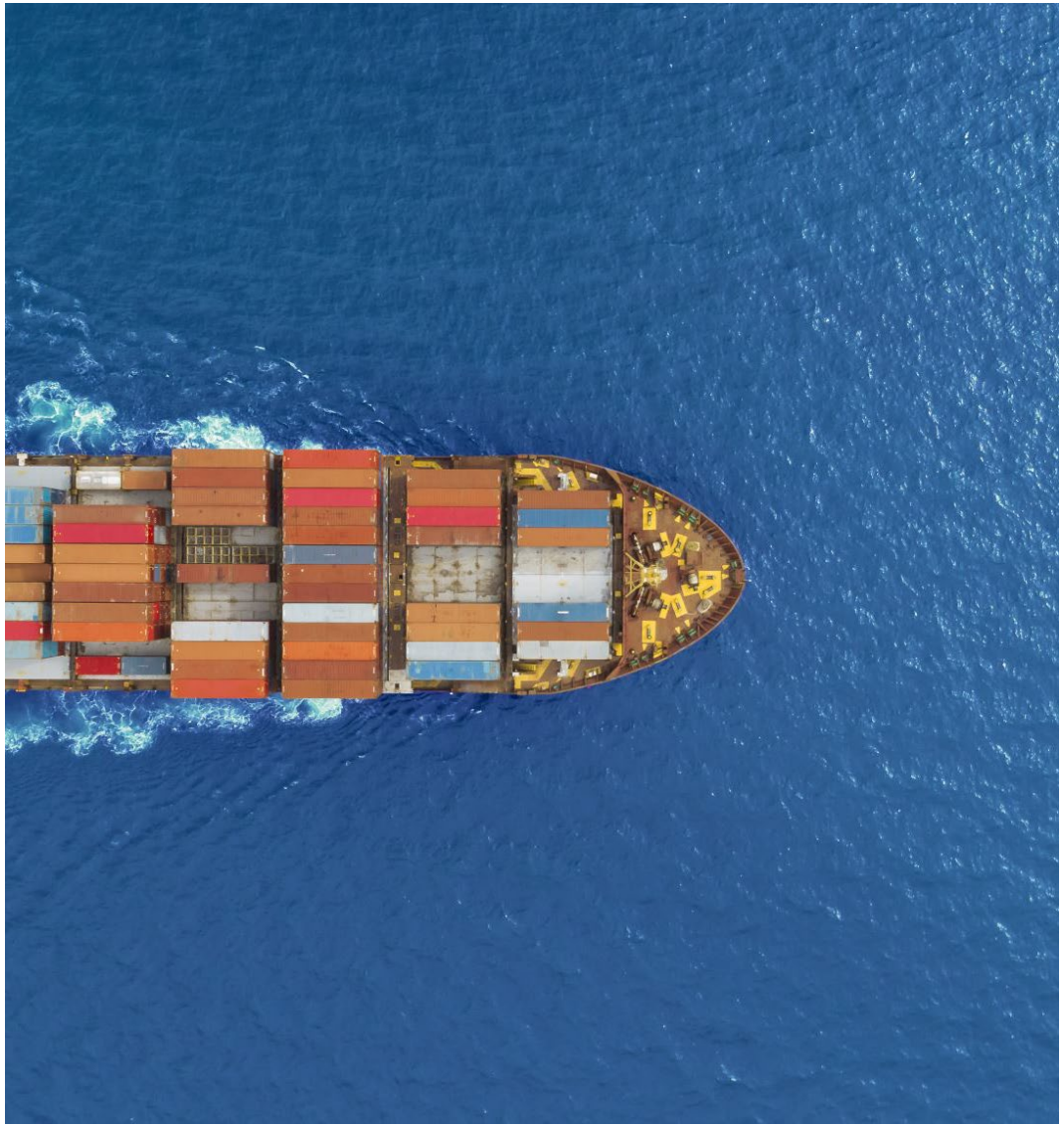
Investor demand for nature-related disclosures

Companies around the world depend on **nature** and impact nature

Those impacts and dependencies throughout the value chains can give rise to **risks and opportunities that affect their prospects**

Investors need material information about this to price risks, identify opportunities and allocate capital

IFRS S1 already requires that material information be provided about this—the ISSB proposes a Nature Practice Statement that adds specificity to support the provision of high-quality disclosures



Our approach—IFRS Practice Statement

- Draws on the TNFD framework
- Builds on and complements ISSB Standards
- Supports improved nature-related disclosure while avoiding overload
- Minimises disruption to adoption of ISSB Standards

The Practice Statement is designed to be applied **together with IFRS S1 and IFRS S2** and **does not repeat** the requirements included in IFRS S1

How does a Practice Statement work?

- IFRS S1 requires material information to be provided about nature but **does not include specific content** about nature
- The **Practice Statement provides complementary content** to support the provision of high-quality decision-useful nature-related disclosures when using ISSB Standards
- Companies and jurisdictions can **apply/adopt ISSB Standards without using** a Practice Statement
- But it is **available for companies to apply** and for **jurisdictions to make available or to mandate**
- To assert compliance with the Practice Statement, a company must meet **all its requirements**
- So when a company complies with it, the Practice Statement has the **same effect** as applying an IFRS Standard



Nature-related disclosures in ISSB Standards

IFRS Practice Statement adds specificity, helping companies to meet investor information needs

OPTION 1

IFRS S1 IFRS S2

Report nature-related information

- Reporting won't reflect specificity provided by the Practice Statement
- Statement of compliance: 'prepared in accordance with IFRS Sustainability Disclosure Standards'

OPTION 2

IFRS S1 IFRS S2 + Nature-related Practice Statement

Report nature-related information

- Reporting reflects specificity provided by the Practice Statement, including incremental disclosures
- Statement of compliance: 'prepared in accordance with IFRS Sustainability Disclosure Standards and IFRS Sustainability Disclosure Practice Statement 1'

Use of the Practice Statement supports the provision of high-quality nature-related disclosures

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Overview of the proposals



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Clarity on what nature is and why it matters for business

Practice Statement includes definitions for:

- nature-related risks
- nature-related physical risks
- nature-related transition risks
- nature-related opportunities
- environmental resources
- ecosystem services

To identify its nature-related risks and opportunities, a company might find it helpful to **refer to** TNFD *Guidance on the identification and assessment of nature-related issues:* ***The LEAP approach*** version 2.0



IFRS S1 explains how sustainability-related risks and opportunities arise from dependencies and impacts throughout the value chain and includes definitions that apply (such as ‘material information’)

SASB Standards assist in identifying industry-specific risks and opportunities

Understanding specific considerations for nature-related risks and opportunities



Link between nature-related and climate-related information

A company's dependencies and impacts and the resulting risks and opportunities can have both nature-related and climate-related aspects



Location of assets and activities throughout the value chain

A company's dependencies and impacts throughout the value chain and the resulting nature-related risks and opportunities vary by location of assets and activities



Indigenous Peoples, Local Communities and affected stakeholders

A company's interactions—including engagement—with these stakeholders can give rise to nature-related risks and opportunities for the company

A measured approach to nature-related disclosures

Governance	Strategy	Risk management	Metrics and targets
Consideration of location of assets and activities throughout the value chain, interactions with Indigenous Peoples, Local Communities and affected stakeholders and connections with climate			
	• Resilience assessment using nature-related scenario analysis • Nature-related transition	• Nature-related scenario analysis if used to inform nature-related risk assessment and nature-related opportunity identification	• Two new metrics and a new source of guidance • Nature-related targets

The proposed requirements build on the requirements in IFRS S1 for the core content areas of governance, strategy, risk management, and metrics and targets

Proposals for metrics

A company would be **required** to disclose metrics on **assets or business activities vulnerable** to nature-related risks, and those **aligned** with nature-related opportunities, subject to the same **proportionality mechanism** as in IFRS S2

A company **may refer to and consider** applicability of **TNFD disclosure metrics** to the extent they assist it in meeting the objective of IFRS S1 and do not conflict with ISSB Standards or the Practice Statement



IFRS S1 requires disclosure of industry-based metrics and refers to the SASB Standards and other sources of guidance for disclosures on metrics. SASB Standards assist in identifying industry-based metrics, including metrics related to nature. Companies may continue to refer to and consider applicability of the GRI Standards and ESRS to the extent they assist a company in meeting the objective of IFRS S1 and do not conflict with ISSB Standards.

Proportionality mechanisms for nature-related disclosures

Where it is specified	Requirements for which proportionality mechanisms are available	All reasonable and supportable information available at the reporting date without undue cost or effort	Consideration of skills, capabilities and resources
IFRS S1	Identification of risks and opportunities	Yes	-
IFRS S1	Determination of anticipated financial effects	Yes	Yes
IFRS S1	Determination of the scope of the value chain	Yes	-
Proposals	Nature-related scenario analysis	Yes	Yes
Proposals	Vulnerability to nature-related risks and alignment with nature-related opportunities	Yes	-

Consistent with IFRS S1, the Exposure Draft provides a transition relief from disclosing comparative information in the first annual reporting period as well as reliefs from disclosure of information about a nature-related opportunity if that information is commercially sensitive—subject to specified requirements—and from disclosure of information if law or regulation prohibits disclosure of that information.

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Our consultation



Seeking feedback on proposals



Form of standard-setting: Practice Statement



Balance: decision-usefulness for investors, cost-effectiveness for preparers, interoperability and proportionality

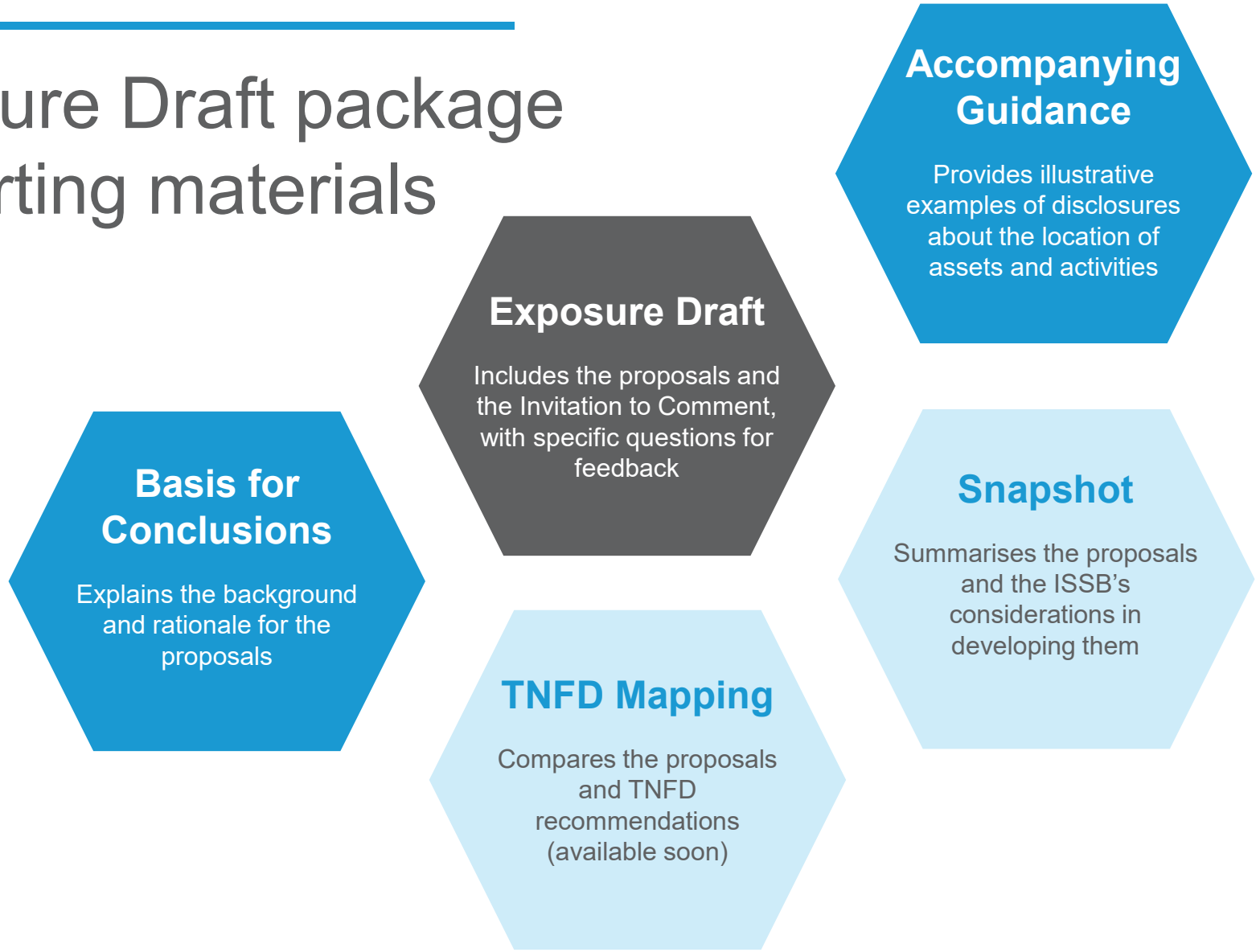


Requirements: core content, terms and concepts, metrics and sources of guidance and more



Clarity: usability and helpfulness of proposed requirements to support high-quality reporting

The Exposure Draft package and supporting materials



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Questions for the Advisory Council



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Appendix A

Further detail on the proposed requirements across core content



Supporting nature-specific strategy disclosures

Resilience assessment

- Particular information required about the **resilience** of a company's strategy and business model to uncertainties arising from nature-related risks
- Require **use of scenario analysis** to inform the resilience assessment, subject to the same proportionality mechanisms as in IFRS S2

Nature-related transition

- Particular information required about a company's **response, and plans to respond**, to nature-related risks and opportunities, **regardless of whether** these **form part of a transition plan**. For example, information about its direct and indirect mitigation and adaptation efforts and how it is resourcing, and plans to resource, these activities



Under **Strategy**, IFRS S1 includes disclosure requirements on resilience and how the company has responded to—and plans to respond to—sustainability-related risks and opportunities in its strategy and decision-making.

Supporting nature-specific risk management and targets disclosures

Risk management

- particular information required about **use of nature-related scenario analysis** to inform the **assessment** of the nature, likelihood and magnitude of the effects **of nature-related risks**
- particular information required about **use of nature-related scenario analysis** to inform the **identification of nature-related opportunities**

Targets

- particular information required about nature-related **targets**, including a **description** of what the target relates to, its **objective** and its **location-specific aspects**, and whether it has been **informed by law or regulation**



Under **Risk management**, IFRS S1 requires disclosures on the processes used to identify, assess, prioritise and monitor sustainability-related risks and opportunities, including information about use of scenario analysis to inform risk identification.

Under **Metrics and targets**, IFRS S1 requires disclosures that enable investors to understand a company's performance in relation to its sustainability-related risks and opportunities, including progress towards targets.

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