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Staff paper

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Project **Nature-related Disclosures**

Topic **Terms and concepts for standard-setting on nature-related disclosures**

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Purpose of this session

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Regarding the Nature-related Disclosures project:

- Provide a recap of the outcomes from the February 2026 ISSB meeting regarding essential terms and concepts for standard-setting on nature (slide 3)
- Provide an update on the staff's current thinking on specific terms and concepts used for standard-setting on nature (slides 4–5)
- Seek SSAF members' input on specific terms and concepts used for standard-setting on nature (slide 6)

Recap of tentative decisions—Essential terms and concepts for standard-setting on nature

At the February 2026 ISSB meeting, the ISSB tentatively decided—subject to further discussion—to:

- to define the terms ‘nature-related risks’, ‘**nature-related physical risks**’, ‘**nature-related transition risks**’ and ‘nature-related opportunities’;
- to define the term ‘ecosystem services’; and
- to define the **concept of** ‘**environmental assets**’ (with revised wording)
- to describe the terms ‘dependencies on nature’, ‘impacts on nature’, ‘nature’ and ‘ecosystems’.

The staff plan to present a **follow-up paper** to the ISSB on essential terms and concepts for standard-setting on nature.

The paper will consider how to address the following matters resulting from the February 2026 ISSB meeting:

1. whether to **define** nature-related physical risks and nature related transition risks
2. whether to **describe rather than define** the concept of environmental assets and how to do so

Nature-related physical risks and transition risks

Issue: At the February 2026 meeting, the ISSB did not conclude on whether in addition to defining nature-related risks, nature-related physical risks and nature-related transition risks should also be defined.

In the February 2026 meeting, the ISSB discussed whether and how the notion of transition is different in the context of nature compared to climate:

- climate has a singular end state of transition—that is, transition towards a lower-carbon economy—while nature is a broader category with multiple possible end states of transition (for example, transition related to biodiversity targets is different to transition to meet other nature-related targets such as those related to water or deforestation);
- climate-related transition is globalised through international targets and agreements, while nature-related transitions can be—but are not always—globalised.

Following the February 2026 ISSB meeting, the staff's current thinking on defining nature-related physical risks and nature-related transition risks are:

Pros	Cons
• Defining nature-related physical risks and transitions risks would help to ensure the scope of nature-related risks is clear. • Nature-related physical risks have qualities that are distinct from other nature-related risks, thus it is helpful to define them in contrast to these other risks regardless of whether those other risks are called transition risks or otherwise.	• Defining nature-related transition risks without a clear way of communicating what transition(s) we are referring to might cause confusion about the meaning of the term, thus reduce the benefit of defining the term. • Defining nature-related transition risk could also cause confusion between the meaning of transition in the content of climate and nature

Environmental assets

Issue: Although the ISSB agreed that using the concept of environmental assets should be used in standard-setting for nature-related disclosures, the ISSB also agreed that using the term 'environmental assets' in the standard-setting would not be appropriate.

At the February 2026 meeting, the ISSB agreed with the staff recommendation not to define the term 'environmental assets' because the items that constitute environmental assets—a term/concept drawn from the TNFD—do not necessarily meet **GAAP definitions** of assets.

Thus, the ISSB tentatively decided, subject to further discussion:

- to **define** the concept of environmental assets
- to have the staff propose an **alternative term** in a future agenda paper.

The staff are interested in views on whether it would be better to **describe** the concept of environmental assets, **instead of defining** the concept, because:

- defining the concept would require identifying an alternative term that does not:
  - inadvertently suggest a scope that is different from what the ISSB intends for standard-setting on nature and different from TNFD approach
  - create confusion about whether the ISSB's alternative term is conceptually different from 'environmental assets' as used in the TNFD framework, especially if entities were to refer to particular TNFD materials for guidance in applying the ISSB Standards.
- describing the concept could be achieved without using the term 'environmental asset', while providing a clear articulation of the scope of the concept—see slide 8 for illustrative drafting.

Questions for SSAF members

Do SSAF members have any observations on key considerations for the ISSB on:

1. whether to define nature-related physical risks and nature-related transition risks in the IFRS Practice Statement? And if a definition for nature-related transition risk is supported any comments on how to define this term.
2. whether to describe rather than define the concept of environmental assets in the IFRS Practice Statement, and how to do so?
3. If SSAF members support providing a definition of the concept of environmental assets rather than a description, are there recommendations for the term that should be used in place of 'environmental assets'?

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Appendix—Illustrative draft of the description of environmental assets

Illustrative drafting

The text the grey box includes a possible approach to describing the concept of environmental assets. We adapted text from paragraph 8 of Agenda Paper 3 April 2026 *Location-specific information about nature-related risks and opportunities*, to **provide context** for the description. We then added a possible **description** based on the following sources:

- the definition of environmental assets that appears in the TNFD Glossary [yellow]; and
- the Figure 10 in the TNFD Recommendations which presents the components of environmental assets [turquoise]. [1]

Nature-related risks and opportunities that could reasonably be expected to affect an entity's prospects arise out of interactions between the entity and its natural environment throughout its value chain. These interactions take place within an interdependent system, in which the entity both:

(a) depends on resources and relationships throughout its value chain to generate cash flows; and

(b) affects those resources and relationships through its activities and outputs, contributing to their preservation, regeneration and development.

In the context of nature-related risks and opportunities, the resources and relationships that an entity depends on and impacts are living and non-living components of the natural environment that can provide benefits to the entity—natural resources, ecosystems, atmospheric systems—and ecosystem services.

1. Refer to Agenda Paper 4A for the SSAF meeting which includes the relevant extracts from the TNFD Glossary and the TNFD recommendations.

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