IFRS Sustainability

October 2026

Exposure Draft—Snapshot

IFRS® Sustainability Disclosure Practice Statement 1

Nature-related Disclosures

Objective

The Practice Statement aims to assist a company applying IFRS Sustainability Disclosure Standards (ISSB Standards) in disclosing information about its nature-related risks and opportunities that is useful to investors in making decisions relating to providing resources to the company.

Proposals

The proposed requirements are designed to build on and complement the requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. They add specificity to support disclosure of material information about nature-related risks and opportunities, and are included in a Practice Statement. A company would not be required to comply with the Practice Statement to state compliance with ISSB Standards.

Next steps

The International Sustainability Standards Board (ISSB) will consider feedback on the Exposure Draft and decide whether to finalise IFRS® Sustainability Disclosure Practice Statement 1 or issue nature-related content in another form (for example, as a Standard).

Comment deadline

19 February 2027

Why is the ISSB proposing incremental disclosure requirements for nature?

Foreword



Emmanuel Faber
ISSB Chair



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Whether it is access to water for production, to rivers for transportation or to bees for pollination, companies around the world depend on nature. When a company's access to these environmental resources is threatened, for example, through water scarcity, deforestation or biodiversity loss, the company can face risks and opportunities that affect its prospects.

Investors seek information about these risks and opportunities to price them and allocate capital.

We believe our proposed requirements offer companies the tools to provide decision-useful information and are important for jurisdictions around the world to consider.

We look forward to receiving your feedback.

What ISSB Standards already require

IFRS S1 already requires a company to disclose material information about all sustainability-related risks and opportunities that could reasonably be expected to affect its cash flows, access to finance or cost of capital over different timeframes (its prospects).

If a company is exposed to sustainability-related risks and opportunities relating to nature (such as risks arising from water stress), the company provides material information about these risks and opportunities when it applies IFRS S1.

In addition, if a company is exposed to climate-related risks and opportunities relating to nature (such as risks arising from increased water stress), the company provides material nature-related information when it applies IFRS S2.[1]

IFRS S1 and IFRS S2 do not provide requirements specific to nature-related disclosures.

The ISSB's research found that:

- nature-related risks and opportunities can affect a company's cash flows, access to finance and cost of capital in a variety of ways. These effects vary by industry and occur over different timeframes.
- investors need information about a company's nature-related risks and opportunities to inform decisions relating to providing resources to the company. However, they face challenges in obtaining decision-useful information.
- many areas of common investor information needs are addressed by the requirements in IFRS S1 and IFRS S2.

1 In this document, the term 'company' refers to an entity that provides sustainability-related financial disclosures. The term 'investors' refers to existing and potential investors, lenders and other creditors that use a company's general purpose financial reports, which include sustainability-related financial disclosures, in making decisions relating to providing resources to the company.

The ISSB's approach to developing the proposals

The proposals build on and complement IFRS S1 and IFRS S2 to specify how companies can provide high-quality, comparable and decision-useful disclosures about nature to investors.

Requirements that introduce additional specificity for disclosures about nature-related risks and opportunities would help companies to meet the information needs of investors and improve the consistency and comparability of nature-related disclosures provided by companies applying ISSB Standards.

The additional specificity is necessary, for example, to address common investor information needs regarding the location-related aspects of nature-related risks and opportunities.

To provide a practical and efficient approach to addressing common investor information needs, the proposals:

- build on the conceptual foundations and general requirements in IFRS S1 and the climate-related disclosure requirements in IFRS S2; and
- draw on the Taskforce on Nature-related Financial Disclosures (TNFD) framework, including its recommendations, metrics and additional guidance.

The proposals do not duplicate content from IFRS S1 and IFRS S2.

The Practice Statement is to be applied together with IFRS S1 and IFRS S2.

The Exposure Draft does not propose to change any requirements in IFRS S1 and IFRS S2.

Climate and nature are closely connected. Applying IFRS S2, a company provides particular information about nature-related aspects of its climate-related risks and opportunities, and provides additional information to meet the requirements in the Practice Statement (for example, location-related information).

Companies that have used the TNFD framework

Companies that have used the TNFD framework will be well positioned to apply the Practice Statement. Continued use of the TNFD framework is therefore a good way to prepare for the Practice Statement. Such companies could move smoothly to the Practice Statement because, for example, it would allow the use of the TNFD disclosure metrics.

A mapping between the proposed Practice Statement and the TNFD recommendations will show how they are aligned and how the ISSB has drawn on the TNFD framework.[2]

2 The IFRS Foundation plans to make available a mapping between the proposed Practice Statement and the TNFD recommendations in due course.

Why is the ISSB proposing a Practice Statement and not a Standard?

The Practice Statement explained

An IFRS Practice Statement is an established form for the IFRS Foundation to issue requirements and guidance.

The proposed Practice Statement is a stand-alone document, which complements and is designed to be applied together with ISSB Standards.

When a company asserts compliance with the Practice Statement, the effect on the company's financial reporting of applying the Practice Statement is the same as the effect of applying an ISSB Standard. A company using the Practice Statement is required to provide the information set out in the Practice Statement when material.

An IFRS Practice Statement is not an IFRS Standard. However, the process for developing an IFRS Practice Statement is the same as that for developing an IFRS Standard. This process includes the publication of an exposure draft and consultation over the same period as for proposed IFRS Standards.

The ISSB's decision to propose a Practice Statement reflects the reporting landscape at the time of the publication of the proposed requirements.

Many companies and jurisdictions are in the process of implementing and adopting IFRS S1 and IFRS S2. Therefore, the ISSB considers it is necessary to balance:

- the benefits of supporting high-quality reporting on nature-related risks and opportunities by specifying nature-related disclosure requirements to address common investor information needs; and
- the risk of disruption to global implementation and adoption of IFRS S1 and IFRS S2 that would be caused by new requirements in an IFRS Standard.

An IFRS Practice Statement allows the ISSB to achieve this balance.

Because a Practice Statement is not a Standard:

- **a company would not be required to comply with the Practice Statement to state compliance with ISSB Standards**. However, a company could choose to comply with the Practice Statement to provide high-quality, decision-useful information about nature-related risks and opportunities to investors.
- **a jurisdiction would not be required to adopt the Practice Statement to be described as an adopter of ISSB Standards**. However, jurisdictions adopting ISSB Standards or otherwise using ISSB Standards to develop national standards could include the Practice Statement in their national materials and make it available for use. Jurisdictions could also determine whether and when to require use of the Practice Statement, taking into account the risk of disruption to adoption of IFRS S1 and IFRS S2. Including the proposed requirements in a Practice Statement—instead of in a new Standard or an amendment to IFRS S1 or IFRS S2—would allow jurisdictions to decide how best to use the Practice Statement to support nature-related disclosures based on their own circumstances.

Stakeholders are invited to comment on:

- whether the form of a Practice Statement effectively balances the need for improvements in the quality of nature-related disclosures with the need to avoid disruption to the implementation and adoption of IFRS S1 and IFRS S2.
- whether and how a different form (such as amendments to IFRS S1 or IFRS S2 or a new Standard, with or without an effective date), if preferred by respondents, could also achieve such a balance. These respondents are asked to explain how the different form would result in different outcomes in terms of improvements to the quality of financial reporting or effects on cost and feasibility of application compared to a Practice Statement.

Stakeholder feedback will enable the ISSB to assess whether to issue the nature-related disclosure requirements in the form of a Practice Statement or in a different form (for example, as a Standard).

When would the Practice Statement be available for use?

The Practice Statement would be available for use from the date of its issuance for companies applying IFRS S1 and IFRS S2.

The proposals specify that the date when a company first applies the Practice Statement—which would be the beginning of an annual reporting period—would be the date of initial application of the Practice Statement.

A company applying the Practice Statement would not be required to provide the disclosures specified in the Practice Statement for any period before the date of initial application of the Practice Statement.

A Practice Statement enables companies applying ISSB Standards to begin applying its requirements while working towards compliance with the Practice Statement (that is, working towards applying all requirements in the Practice Statement).

A company would only be able to assert compliance with the Practice Statement if it complies with all requirements in the Practice Statement.

Future developments

In deciding to propose that nature-related disclosures be addressed in the form of a Practice Statement, the ISSB noted that it plans to assess developments in nature-related disclosures and would consider in due course:

- how the ISSB Standards, the Practice Statement and other ISSB materials work together; and
- whether any further steps are necessary to advance investor-relevant nature-related disclosures.

For example, after issuance of a Practice Statement, the ISSB could subsequently decide to issue nature-related content as a Standard (either stand-alone or in another form, such as an appendix to IFRS S1). The ISSB would consider experience from application of the Practice Statement, including any feedback on market practice, in making any such decisions.

Any subsequent proposal to advance from a Practice Statement to issue nature-related content as a Standard would be subject to public consultation in accordance with the IFRS Foundation due process.

Supporting companies' understanding of what nature-related information to disclose

IFRS S1 already requires a company to disclose material information about all sustainability-related risks and opportunities that could reasonably be expected to affect its prospects, including those related to nature. The Exposure Draft proposes requirements that would help companies understand:

- what nature-related risks and opportunities are;
- how nature-related risks and opportunities can affect a company's prospects; and
- what information about these risks and opportunities is useful to investors in making decisions relating to providing resources to the company and is to be disclosed.

Proposed definitions of essential terms and concepts

- Nature-related risks
- Nature-related opportunities
- Nature-related physical risks
- Nature-related transition risks
- Environmental resources
- Ecosystem services

Use of the TNFD LEAP approach to identify nature-related risks and opportunities

In identifying its nature-related risks and opportunities, a company may find it helpful to follow a systematic process, such as the process set out in the *Guidance on the identification and assessment of nature-related issues: The LEAP approach* version 2.0 (LEAP approach), published by the TNFD in 2026. The LEAP approach could help a company:

- to locate where its interactions with nature occur and understand the characteristics of nature in those locations;
- to evaluate the related dependencies and impacts on nature; and
- to assess the resulting nature-related risks and opportunities.

The proposals specify that a company could use the LEAP approach but would not be required to use it to comply with the requirements in the Practice Statement.[3]

3 If a company uses the LEAP approach, it would be required to do so in accordance with the objective and requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and the proposed requirements in the Practice Statement.

Relationship between dependencies and impacts and nature-related risks and opportunities

The Exposure Draft explains that nature-related risks and opportunities arise from a company's, and other parties', dependencies and impacts on environmental resources and their associated benefits, such as those provided by ecosystem services.

The Exposure Draft specifies that a company might need to provide information about its dependencies and impacts to enable investors to understand the company's nature-related risks and opportunities.

Connecting nature and climate-related information

A company's dependencies and impacts, and the resulting risks and opportunities for the company, can have both climate-related and nature-related aspects. The close connections between climate and nature mean that a company's climate-related and nature-related risks and opportunities can be interrelated and can present the company with synergies and trade-offs. These connections can affect:

- how a company identifies, assesses and manages its climate-related and nature-related risks and opportunities. For example, a company might undertake an integrated scenario analysis in assessing its nature-related and climate-related risks and opportunities.
- a company's strategy to respond to these risks and opportunities. For example, a company might have an integrated transition plan to respond to its nature-related and climate-related risks and opportunities.

The Exposure Draft specifies how to provide information about nature-related and climate-related risks and opportunities in a connected manner.

Location of assets and activities

A company would be required to consider the locations of assets and activities throughout the value chain, including characteristics of nature in those locations: (a) in identifying its nature-related risks and opportunities; and (b) in disclosing information about its nature-related risks and opportunities across core content areas of governance, strategy, risk management, and metrics and targets.

The Exposure Draft package includes an Accompanying Guidance with four examples illustrating how a company would apply the proposed requirements to report information related to the location of assets and activities throughout the value chain.[4]

Consideration of Indigenous Peoples, Local Communities and affected stakeholders

A company would be required to consider interactions—including engagement—with Indigenous Peoples, Local Communities and affected stakeholders: (a) in identifying its nature-related risks and opportunities; and (b) in disclosing information about its nature-related risks and opportunities across core content areas of governance, strategy and risk management.

The Exposure Draft describes categories of society and stakeholders comprising Indigenous Peoples, Local Communities and affected stakeholders, and how interactions with them can give rise to or support responses to nature-related risks and opportunities that could reasonably be expected to affect a company's prospects. These categories are drawn from the TNFD framework. A company would not be required to provide disclosures using these categories but would be required to identify the groups of people covered by its disclosures across core content areas.

4 Applying IFRS S1, a company uses all reasonable and supportable information that is available to the company at the reporting date without undue cost or effort when determining the scope of its value chain.

Specific disclosures, including metrics

IFRS S1 already requires a company to provide material information about governance, strategy, risk management, and metrics and targets for all its sustainability-related risks and opportunities, including those related to nature. The Exposure Draft proposes a small number of specific incremental disclosures about nature-related risks and opportunities, in areas for which the ISSB's research has identified that investors have a clear and common information need.

Response to, and plans to respond to, nature-related risks and opportunities

A company would be required to disclose particular information about how it has responded to, and plans to respond to, nature-related risks and opportunities in its strategy and decision-making, regardless of whether its response or plans form part of a nature-related transition plan.

Resilience informed by scenario analysis

A company would be required to provide particular information about the resilience of its strategy and business model to uncertainties arising from nature-related risks. In providing this information, a company would be required to use nature-related scenario analysis. The same reliefs would be available to the company as for climate-related scenario analysis in IFRS S2.

Vulnerability to nature-related risks and alignment with nature-related opportunities

A company would be required to disclose information about the amount and percentage of assets or business activities vulnerable to nature-related risks and those aligned with nature-related opportunities. These metrics align with the metrics required by IFRS S2 for climate-related risks and opportunities.

A company would not be required to disclose information separately for nature-related physical risks and nature-related transition risks. A company might determine that it is appropriate:

- to present these metrics by location of assets and activities; and
- to disaggregate these metrics in more than one way.

Reference to SASB Standards, ESRS, GRI Standards and TNFD disclosure metrics

To find suitable metrics to enable investors to understand a company's performance in relation to nature-related risks and opportunities, a company applying the Practice Statement together with IFRS S1 and IFRS S2:

- would be required to refer to and consider the applicability of the metrics associated with the disclosure topics included in the SASB Standards;
- would be permitted to refer to and consider the applicability of the European Sustainability Reporting Standards (ESRS) and the Global Reporting Initiative Standards (GRI Standards); and
- would be permitted to refer to and consider the applicability of the TNFD disclosure metrics.[5]

Nature-related targets

A company would be required to provide particular information about each nature-related target that it has set to monitor progress towards achieving its strategic goals or is required to meet by law or regulation. The company would, for example, disclose information about what the target relates to, location-specific aspects of the target and its objectives, and whether and how the target has been informed by law or regulation.

Information about complying with ISSB Standards and the Practice Statement

If a company complies with the Practice Statement, it would be required to disclose this fact to enable investors to understand the basis of preparation of the sustainability-related financial disclosures. A company would only be able to assert compliance with the Practice Statement if it complies with all requirements in the Practice Statement.

The disclosure of compliance would enable investors to understand whether sustainability-related financial disclosures have been prepared:

- applying all the requirements in IFRS S1 and IFRS S2; or
- applying all the requirements in IFRS S1, IFRS S2 and the IFRS Practice Statement on nature-related disclosures.

5 The Exposure Draft proposes reference to the TNFD disclosure metrics as a new source of guidance and continued reference to the SASB Standards, the European Sustainability Reporting Standards (ESRS) and the Global Reporting Initiative Standards (GRI Standards) as sources of guidance already available in IFRS S1. A company would be permitted to refer to and consider TNFD disclosure metrics, ESRS and GRI Standards to the extent that they assist the company in meeting the objective of IFRS S1 to provide material information about its sustainability-related risks and opportunities that could reasonably be expected to affect its prospects and to the extent that these sources of guidance do not conflict with ISSB Standards or the Practice Statement.

Proportionality mechanisms and transition relief

The Practice Statement is designed to be capable of being applied by a range of companies.

The Exposure Draft proposes proportionality mechanisms for the proposed disclosure requirements. These proportionality mechanisms align with the relevant mechanisms in IFRS S2.

Companies could use the proportionality mechanisms specific to the Practice Statement and those already available in IFRS S1 and IFRS S2.

Tables 1–2 summarise the proportionality mechanisms associated with the proposed requirements.

Table 1—Proportionality mechanisms specific to the Practice Statement

	Information used limited to what is reasonable, supportable and available without undue cost or effort	Consideration of skills, capabilities and resources
Nature-related scenario analysis	Yes	Yes
Vulnerability to nature-related risks and alignment with nature-related opportunities	Yes	–

Table 2—Proportionality mechanisms already available in IFRS S1 and IFRS S2

	Information used limited to what is reasonable, supportable and available without undue cost or effort	Consideration of skills, capabilities and resources
Identification of risks and opportunities	Yes	–
Determination of anticipated financial effects	Yes	Yes
Determination of the scope of the value chain	Yes	–
Climate-related scenario analysis	Yes	Yes
Calculation of metrics in some cross-industry categories	Yes	–

The Exposure Draft also includes a transition relief from disclosing comparative information in the first annual reporting period in which a company applies the Practice Statement. This relief is consistent with the transition relief provided in IFRS S1.

Other information

The deadline for comments on the Exposure Draft is 19 February 2027

You can submit comments on our Open for comment page.

The ISSB welcomes responses to any or all questions and on any other aspect of the proposals. Respondents are asked to consider the proposals in conjunction with IFRS S1 and IFRS S2.

Stay informed

To stay up to date with the latest developments on this project and sign up for email alerts, please visit our project page.

Exposure Draft package

The Exposure Draft package includes:

- proposed requirements, in the form of a draft Practice Statement;
- questions for respondents; and
- Accompanying Guidance with illustrative examples.

The Basis for Conclusions on the Exposure Draft includes a summary of the factors considered in developing the proposals.

This document

This Snapshot is not part of IFRS Standards or of the proposed Practice Statement. It does not add to or otherwise change the requirements in the Standards. Views expressed in the document do not necessarily reflect those of the International Accounting Standards Board, the International Sustainability Standards Board or the IFRS Foundation. The document should not be relied upon as professional or investment advice.

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