



The integration of nature into the global baseline for sustainability-related financial disclosures

Five critical success factors for an effective integration of nature into the global baseline for sustainability-related financial disclosures

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The aim of this briefing

The integration of nature into the global baseline for sustainability-related disclosures is too important to fail. That makes the International Sustainability Standards Board (ISSB) efforts to achieve this integration of utmost importance. This briefing defines the critical success factors for this milestone ahead of us. We invite organizations to use these when reviewing and providing feedback on the nature-related disclosure proposals ISSB will publish in October 2026 for consultation.

What defines success for integration of nature into the global baseline for sustainability-related disclosures?

Since 2023, the global baseline for sustainability-related financial disclosure has enabled consistency, relevance, and rigor across markets and sectors to align with global policy priorities and existing accounting and regulatory frameworks. More than 44 jurisdictions worldwide have already adopted or are in the process of adopting the ISSB Standards in their legal or regulatory frameworks—a steep rise from just a year ago, [when the adoption rate was c.30 jurisdictions](#), with Central Asia now leading emerging-market expansion.

To continue this success story for nature-related disclosures, five critical success factors should be met: **Consistency, Comprehensiveness, Enabling Informed Decisions, Location-specificity, and Uniformity.**

- 1) **CONSISTENCY** with key concepts and terms already embedded in the IFRS Accounting and Sustainability Standards and the best available science and market practice.

Key concepts such as *natural capital*, *natural resources*, *environmental and ecosystem assets*, *ecosystem services*, and *nature's contributions to people (NCP)*, are already consistently defined through many international frameworks including: the [System of National Accounts](#) and [SEEA Ecosystem Accounting Framework](#) (UNSD); [TNFD recommendations and additional guidance](#) (TNFD); [Global Reporting Initiative](#) (GRI); [Capitals Protocol](#) (Capitals Coalition); [ISO Natural Capital Accounting for Organizations](#) (ISO); and [IPBES Conceptual Framework](#) (IPBES). If conceptual coherence and interoperability with the existing market cannot be fully met, justification for differences should be provided.

- 2) **COMPREHENSIVENESS** of nature-related issues for reporting entities, investors and stakeholders.

Companies must be able to identify and assess their impacts on and dependencies on nature and the resulting nature-related risks and opportunities. This enables them to understand and disclose how such risks and opportunities could reasonably

be expected to affect the entity's cash flows, access to finance, or cost of capital over the short, medium, and long term (collectively, its prospects).

IFRS S1 already requires disclosure of all sustainability-related risks and opportunities, including those arising from nature, that could reasonably be expected to affect an entity's prospects. Yet, according to a [2025 TNFD report](#), nature-related dependencies remain poorly understood and underexplored, despite being a critical pathway to financial risk. Strengthening nature-related guidance within the global baseline is therefore critical to ensuring that companies consistently identify, assess, and disclose the full range of nature-related risks and opportunities relevant to investors and other providers of capital.

3) ENABLING INFORMED DECISIONS must be the foundation for the disclosure requirements.

This should include both qualitative and quantitative information that helps investors and other report users understand and assess performance and compare companies within and across sectors. The format of information provided should be consistent with financial information applied in general purpose financial reporting; therefore, it should use monetary valuation of dependencies, impacts, risks and opportunities where possible to enable assessment of the estimated current and anticipated future financial effects thereof for the particular entity.

The monetary valuation of nature-related impacts and dependencies is therefore crucial, as it reveals the worth, relative importance, or usefulness of natural assets and related ecosystem services in terms relevant to evaluating how they can reasonably be expected to affect the entity's prospects. Monetary valuation of natural, social, and human capital is well-established in both the [Capitals Protocol](#) and Annex 3 of the [TNFD LEAP guidance](#) and should be included in ISSB guidance to make disclosures useful for decision makers.

4) LOCATION-SPECIFICITY at a granularity that lets users contextualize nature-related information.

To identify nature-related risks and opportunities, assess resilience, and set nature-related targets, investors need nature-related disclosures that are location-specific. This contextual information on location is important as the same impacts and dependencies vary depending on local characteristics, as highlighted by the [Global Value Factor Database](#), provided by the [Impact Value Standards Board](#). ISSB guidance or standards on nature must therefore help entities decide which locations to disclose information about, which location-specific information is material to disclose, and when disclosing the locations themselves and information about the locations, how to do so, e.g., what level of spatial and temporal data granularity is appropriate, how information should be aggregated or disaggregated, and how location-specific information should connect with other complementary areas covered by the guidance or standard.

5) UNIFORMITY across reporting entities ensures aligned application.

With support from IOSCO and the desire among companies and regulators to assert compliance with IFRS Standards, the ISSB is uniquely positioned to advance uniformity across disclosure frameworks, ensure aligned application across markets and sectors, deliver a level playing field, and help avoid confusion arising from the coexistence of nature-related disclosure requirements issued by GRI, TNFD, EFRAG and others. This calls for a strong integration of nature-related topics within the global disclosure baseline in a form that supports jurisdictional adoption, enables consistent application across entities and jurisdictions, and promotes a coherent, interoperable, and globally aligned reporting landscape.

With a globally consistent nature disclosure standard as the ultimate destination, a phased integration pathway, supported by opportunities for modular adoption, is not optional but essential. Such an approach would provide jurisdictions and reporting entities with the time needed to develop capabilities, test implementation, and build confidence, while maintaining a clear and credible route towards a mandatory global standard for nature-related financial disclosures.

Applying the critical success factors – Scorecard

To help organizations engage with and support ISSB’s consultation on the exposure draft, we created a scorecard (below) outlining 5 critical success factors: Consistency, Comprehensiveness, Enabling Informed Decisions, Location-specificity, and Uniformity.

Critical Success Factor	Success Rate				
	LOW				HIGH
	1	2	3	4	5
1. CONSISTENCY with key concepts and terms already embedded in the IFRS Accounting and Sustainability Standards and the best available science and market practice					
2. COMPREHENSIVENESS of nature-related issues for reporting entities, investors and stakeholders					
3. ENABLING INFORMED DECISIONS must be the foundation for the disclosure requirements					
4. LOCATION-SPECIFICITY at a granularity that provides report users with the ability to contextualize nature-related information					
5. UNIFORMITY across reporting entities ensures aligned application					

Context

At COP26 (Climate), the IFRS Foundation announced the establishment of the International Sustainability Standards Board (ISSB). The announcement was in response to demand from market participants, and requests from the G7 and G20, to assist in addressing the complex and fragmented sustainability disclosure landscape.

In June 2023, the ISSB issued its [inaugural Standards](#): IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, IFRS S2 Climate-related Disclosures.

With these inaugural standards, ISSB created the foundations for a comprehensive global baseline of sustainability disclosures for capital markets. These already include nature, as IFRS S1 requires disclosure of all sustainability-related risks and opportunities (that could reasonably be expected to affect the entity's prospects), including nature-related ones. Building on these foundations, ISSB is now preparing further guidance and requirements for nature-related disclosures into the comprehensive baseline. The ISSB expects to release an Exposure Draft of its proposed approach in the second half of October 2026, when COP17 of the Biodiversity Convention is taking place in Yerevan (Armenia), followed by a 120-day consultation period.

In January 2026, the ISSB decided to proceed with nature-related standard-setting on the basis that it would cover material information on all nature-related risks and opportunities that could reasonably be expected to affect an entity's prospects (instead of limiting the scope); and assume that entities are applying IFRS S1 and S2 and therefore result in supplementary disclosure requirements or guidance on nature-related risks and opportunities.

The ISSB is proposing requirements and guidance in the form of an IFRS Practice Statement that will define nature-related risks and opportunities and provide specificity on how to report material information. The Practice Statement will incrementally build on S1 requirements that already apply to nature-related risks and opportunities, with the intention of improving the application of S1 by deepening the understanding of nature and related concepts, while adding to the requirements. A Practice Statement is a non-mandatory guidance document that provides helpful application instructions, definitions, and context for sustainability reporting without altering existing core standards. Although it is subject to full due process, companies and regulators are not required to assert compliance with ISSB's IFRS Standards.

The author of this briefing

This briefing is prepared by the [Capitals Coalition](#), a global coalition bringing together 500+ organizations to build a resilient economy that values what matters. Our focus is to enable organizations to understand how their success is directly or indirectly underpinned by natural, social, human and produced capital, empowering them to make decisions that offer the greatest value across all capitals. We see this upcoming ISSB publication as a **key opportunity to strengthen ISSB's global baseline for sustainability-related financial disclosures**, by further clarifying and strengthening nature-related disclosure requirements to ensure effective adoption and implementation. It can build on IFRS S1, which already covers all sustainability-related risks and opportunities, including those that are nature-related. It can also ensure that nature is treated commensurately and connected with climate, as in IFRS S2.

If you would like to discuss this briefing document or find out more about how to apply any of the critical success factors, contact us at info@capitalscoalition.org.