



Joint NGO open letter to the TNFD

To: David Craig, TNFD Co-Chairs
Elizabeth Maruma Mrema, TNFD Co-Chair
CC: Tony Goldner, TNFD, Executive Director
Malika Bhandarkar, TNFD Lead, Stakeholder Engagement & Mandates

23 September 2022

Re: TNFD risks instituting greenwashing - it must adopt an evidence-led approach

Dear TNFD Co-Chairs,

We welcome the opportunity to comment on the Taskforce on Nature-related Financial Disclosure (TNFD) *Beta v0.2 Nature-Related Risks and Opportunity Management and Disclosure Framework*.

Among other issues, we wish to raise profound concerns that we believe are systemic to the TNFD process and which have not been addressed since it launched its Beta v0.1 version back in March. We attach in Annex a [Joint NGO Open Letter to the TNFD](#) in May 2022 which outlined in further detail many civil society key concerns and the evidence base underlying them. All of these concerns remain and we again urge for them to be addressed.

Below we provide further detail on these points as well as additional concerns, focusing on how TNFD's work and structures deviate from that needed for evidence-led decision-making. This, in very clear terms, outlines that TNFD is charting a path that is at extreme risk of instituting greenwashing - delaying and distracting from the action needed to stop the money pipeline driving the nature crisis and the human rights abuses that often underpin it.

While TNFD claims to be 'science-based' – in that it refers to datasets on how to measure nature and biodiversity – it is not 'evidence-led' in that it appears to have dedicated little research or rigor to identifying which types of requirements contribute to change from business, which don't, and which decision-making structures result in sound outcomes.

TNFD consistently, systematically and overwhelmingly prioritizes its time, efforts and resources on speaking with business, paying little attention to the rights holders who are doing the most to address the nature crisis.

1. Supporting global corporations to write the template of future law is an extremely dangerous public policy precedent. We fail to identify evidence that would suggest this is an effective decision-making structure to deliver sufficient ambition to address the biodiversity crisis. There is a wide body of evidence on the importance of appropriate decision-making structures to reach sound outcomes. In July, the [Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services \(IPBES\)](#) - the foremost scientific body on the science of biodiversity, released a [new report](#) which, among other recommendations, stressed the importance of diverse and inclusive decision-making if the world is to safeguard its remaining biodiversity.

While global corporations are most likely to benefit from the status quo, it is those who are on the frontlines of the nature crisis - including environmental defenders, Indigenous Peoples, peasants, women's organizations and youth movements - who are more likely to press for true ambition at a time where global ambition is truly needed. An evidence-led approach would determine that those who have the best track record in defending nature should have a leading role in discussions of how to end corporate-led nature-related harms, yet their voices have been sidelined in the TNFD processes.

The TNFD taskforce is solely made up by 34-global corporations - several of whom have a deeply concerning environmental record. If taskforce members themselves are failing to act on harms to nature - it's unclear why they would be seen as sufficiently qualified to be the ultimate arbitrators of TNFD decision-making and adequate ambition to tackle the nature crisis. [TNFD taskforce members](#) include for example HSBC and Rabobank, which since the Paris Climate Agreement are each [estimated](#) to have made tens of millions of dollars in profit off the back of multi-billion dollar financing to an array of companies linked to deforestation and human rights abuses. There is also BNP Paribas, which [earlier this year](#) signed onto a massive loan to TotalEnergies whose planned East Africa Crude Oil Pipeline could [negatively impact](#) 2,000 square kilometers of protected wildlife habitat and has already involved [serious human rights violations](#) of local people's human rights. Members also include Bank of America - one of the [largest fossil fuel financiers](#), as well as BlackRock, which has been [described](#) as the 'world's largest investor in deforestation'. Written into the DNA of the taskforce structure is elevating the voices of those more likely to be linked to profiting from or perpetrating harms to nature, rather than the victims of such harms.¹

Putting global corporations in charge of decision-making is a concerning precedent for any voluntary initiative. **However, we are particularly alarmed that while TNFD is often presented as a voluntary initiative - TNFD and its co-founders are advocating for TNFD to**

¹ Even more broadly, TNFD has almost no publicly listed events that focus on seeking input from rights holders or civil society. While TNFD has announced it is partnering with IUCN to seek input from Indigenous Peoples there does not appear to be any public information on this process.

be made mandatory. As seen in a recent statement from its [co-chair](#), in its [funding documents](#) and from [very early](#) in its conception. Supporting global corporations to write the template of future regulations is profoundly irresponsible and dangerous, and contradicts an abundance of evidence calling for less, not more, corporate influence in the policy and regulatory sphere.

2. Evidence of the limitations of the ‘enterprise value’ approach and the need for businesses to report on their risks and harms to nature and people

Reporting on both how environmental or social issues impact on business profitability *and* how business impacts on the environment or people is often described as ‘double materiality’. However, to date TNFD’s proposed framework will only require businesses to self-report on financial risks and opportunities for the business itself - in this case, those that may arise from its relationship with nature in the short, medium or long-term (an approach often termed ‘enterprise value’). Intuitively, it can be easily grasped that if a business is not required to publicly disclose its risks and harms to nature and people, it’s unlikely to take the next step of addressing them.

TNFD itself has never published any research on this area; it has never consulted on whether TNFD public disclosures should be based on enterprise value or double materiality; and it doesn’t appear to have any [plan](#) to do so. Instead, TNFD has justified its position by saying it should align with the approach put forward by the International Sustainability Standards Board (ISSB) – itself a newly instituted group that faces similar legitimacy issues to TNFD – and the ISSB proposal itself is still in draft form. There are also [concerns](#) that TNFD has defined sector categories based on the [Sustainability Accounting Standards Board](#) (SASB, part of ISSB) – yet if SASB is to inform the content of its future sector guidance, this is highly problematic as SASB is focused only on [financial risk to business](#), not impacts, and fails to incorporate many human rights measures standardized in other industry guidance.

Further, the organization [Re Generation](#) has [analyzed responses](#) from an earlier stage of feedback in 2020 - which it argues saw 72% of respondents call for double materiality, a call that ISSB has ignored.

There is an important parallel here with TCFD (the Taskforce on Climate-related Financial Disclosures). As University College of London (UCL) [researchers](#) write: ‘since the TCFD launched in 2017, climate risk disclosures have yet to materially affect investment decisions for the majority of financial institutions’. They also [observe](#) that the underlying hypothesis that reporting on climate-related financial risks would drive effective change in financial flows in line with objectives such as those linked to the Paris Climate Agreement ‘is unsupported by either theory or evidence’. Further, research shows that the ‘enterprise value’ focused approach of the TCFD is failing to redirect financial flows at sufficient speed to have any hope of averting climate breakdown, a point underscored by four oil and gas companies posting a record [\\$51 billion profit](#) in the second quarter of 2022. The [OECD](#), the [American Academy of Actuaries](#), the [International Capital Markets Association](#), and various others, including investors themselves, have raised a similar point to the ISSB. Even [several TNFD taskforce members](#) have also spoken out in favor of double materiality in the ISSB. Further examples of concerns are outlined

[here](#). In May, [28 NGOs and networks](#), whose members include over 220 organizations across six continents, called out concerns if TNFD does not take the basic step of adopting double materiality (see below annex).

Even within the narrow parameters of viewing biodiversity through the prism of financial risk, investors have [pointed out](#) that a company that is harming nature at no financial risk to itself, can adversely impact on other companies in their portfolio harming an investor's enterprise value, as well as contributing to systemic risks that hurt all companies. We are also aware of an overwhelming number of examples where threats to nature - even a business that risks contributing to the extinction of an entire species of animal - do not constitute a significant financial risk to the business (a further example is outlined [here](#)). Harms to nature and people are most likely to occur where legal and financial risks to businesses involved are few.

More generally, our understanding of the TNFD framework suggests that there is no explicit requirement that a business that has been accused of, or even fined for, trading in goods produced on illegally cleared forest would even be required to include this in its TNFD report - as it's unlikely to meet the threshold of presenting a significant financial risk to the company.

Additionally, it is important to reiterate that businesses self-reporting their own nature-related risks is a far cry from the recommendations put forward by rights holders on the frontlines of the nature crisis, such as Indigenous Peoples, Afro-descendant communities, rural women, youth, peasants and land and environmental defenders, as well as those involved in the talks on a global biodiversity framework. These groups have emphasized the need for states and others to hold businesses accountable for their harms to nature and people. This, far more than business self-reporting, would see risks and harms to nature and people become a genuine risk to business, particularly if it comes with full responsibility to ensure full remedy for affected communities and ecosystems harmed. Leading into the global biodiversity framework talks in Montreal in December, it is vital that TNFD is not perceived as [hijacking a broader conversation](#) on the need for corporate accountability. Already corporations are pushing for business-related measures in the framework to [focus on reporting](#) which distracts from, and undermines, [calls for it to require businesses be held accountable](#) for harming nature and people.

3. Evidence that TNFD risks undermining international and national law that can play a critical role in protecting nature and people - particularly human rights

As highlighted in [May 2022](#), rights holders have outlined again and again that respecting human rights is central to sound outcomes for nature and people. TNFD ignoring that, undermines the very laws that have the potential to see harms to people and nature become a legal risk and delegitimize destructive business practices. Already, many foundational cases on [corporate accountability](#) brought forward by communities facing environmental and human rights harms have drawn upon international human rights law such as the [Waorani peoples'](#) fight to stop oil drilling in their forest, efforts in the Philippines to combat [climate destructive](#) businesses or [Cambodian farmers](#) compelling a bank to compensate them for issuing a loan that legitimized land grabs and illegal forest clearing. We believe that it is imperative that TNFD is fully aligned

with human rights law in its framework. We also believe that UN agencies that co-founded TNFD are failing in their obligations by suggesting we can safeguard nature while ignoring human rights.

The best available evidence suggests that [eighty percent](#) of the world's remaining land-based biodiversity is on lands stewarded by Indigenous Peoples. This is just one example, of many, that outlines the incredible track record of Indigenous Peoples in safeguarding their lands, waters and biodiversity. [Almost half the lands](#) held by Indigenous Peoples, local communities and Afro-descendant communities are not legally recognized. 1 in 4 or even up to 1 in 3 of the annual [documented killings](#) of land and environmental defenders come from Indigenous communities. This speaks to the threat that marginalized peoples face everyday trying to protect their rights, lands and local ecosystems. [Land inequality](#) is also rising in many countries and cannot be addressed unless corporations cap and reduce their land footprint and transition out of land-intensive industrial sectors. The centrality of human rights has also been raised by the [CBD Alliance](#) - a grouping of civil society organizations who have worked for years to advocate for a strong global biodiversity framework. It has also been raised by academics such as the [London School of Economics](#).

4. The evidence suggests that TNFD will facilitate greenwashing

Examining the proposed TNFD framework Beta v0.2 it is clear that it fails to address even very basic points relevant to corporate-led nature harms - as illustrated by posing the following questions:

- Are businesses required to disclose their own actual and potential risks and impacts to nature?
No.²
- Are businesses required to disclose their links to actual and potential human rights risks and impacts - particularly those that relate to the rights of Indigenous Peoples, environmental defenders and other marginalized groups whose lands, forests and waters are most likely to be taken, polluted or harmed?
No.

² While TNFD still has to develop its 'disclosure metrics', the apparent direction is clear. For example, in its strategy and other sections businesses are only required to undertake reporting on issues which are [financially] 'material' (i.e. those that are a significant financial risk to the business). Metrics under discussion are high-level aggregate metrics - which do not allow the public to see *where* harms may be occurring, *the nature* of where those harms are occurring and if these harms are accurately captured. It also appears unlikely that TNFD's processes will reflect that often a driving impetus for the clearing of forests or other natural ecosystems is the ability to profit off the land for years to come - meaning it is important not just to capture biodiversity loss in the year it occurs, but by businesses respecting [cut-off dates](#) that close down future markets for products from land cleared after a certain date. Further the limitations of the language of 'as material' in strategy and other sections means that the risk of future harms to nature which may not present a financial risk to a company do not need to be reported at all.

- Is a business required to disclose complaints or grievances against it which can alert the public and others to the risk that its policies do not line up with its practices?
No.
- Are businesses required to disclose their lobbying efforts - including where they or groups they are part of are actively opposing new laws and regulations that would hold businesses accountable for their harms to nature and people?
No.
- Are businesses required to publicly disclose their supply chains and investment chains which is key to ensure access to information for the public, including communities, to see if a business may be connected to nature-related risks and harms?
No.
- Is information disclosed in such a way as allows the public, including independent researchers, to verify if the data is accurate or to identify discrepancies?
No.
- Are submissions, survey responses and meeting notes made public, to enable the public to see who is active in providing feedback to TNFD, who isn't, and whether TNFD is responding to the evidence, concerns and recommendations presented to it?
No.
- Is TNFD ensuring that it is amplifying, and not distracting from, broader measures to address corporate-led nature-related harms - such as the need for businesses to be held accountable as well as ensuring remedy for affected communities and ecosystems?
No.

The answers outlined above highlight why CSOs have raised the alarm that TNFD risks being the '[next frontier on corporate greenwashing on nature](#)'. If TNFD reporting does not allow the public to know: where a business operates, sources from or finances; if it is linked to harms against nature or people; if it is lobbying against action to safeguard nature; or if it is facing complaints over its environmental and human rights record - it will simply be distracting from these core issues, giving the appearance of acting on nature, when this is far from the case.

It is hard to understand why TNFD has failed to incorporate these questions as central to its work. Many are likely to perceive this as an example of corporate capture. If you ask global corporations if they would like to report on, let alone be accountable for, their own environmental and human rights risks and harms, the answer is hardly likely to be a resounding 'yes'. Nor is disclosing information that makes identifying such harms or risks easier for the public.

5. TNFD's processes contradict UN-backed recommendations on addressing corporate influence in the regulatory and political sphere. This week, the UN working group on

business and human rights made public its report presented to the UN General Assembly on [Corporate influence in the political and regulatory sphere](#). Much of the discussion in its report also includes overlapping environmental issues.

The report recommends for states to ensure that large corporate interests and industry associations are not disproportionately represented in lobby meetings with public officials. Commit to balance consultations with other actors (civil society organizations, individual citizens, indigenous peoples' groups, etc.), including adequate and transparent dialogue with the public regarding legislative proposals". Yet TNFD itself is backing corporations to write their own rules and then advocating for these to be made mandatory. We are particularly alarmed that the UN agencies that co-founded the TNFD are backing this approach as we believe it directly contravenes their own obligations and duties to those most adversely impacted by nature-related harms.

Further, a Forests & Finance [analysis](#) has shown that the structures of TNFD are further biased, in that not only is it problematic that global corporations are put in charge of decision-making but that even the input it receives is heavily in favor of business, rather than those most adversely impacted by threats and harms to nature, and the human rights abuses that frequently underpin it. NGOs have also [outlined concerns](#) that TNFD's proposed timeline for preparing guidance is far too short to account for meaningful and inclusive decision-making.

The report also strongly recommends the importance of transparency, as does [IPBES](#).

It is profoundly concerning that TNFD has not adopted this most basic of measures. Already, [concerns have been raised](#) about TNFD's efforts to develop a public disclosure framework through hidden closed-door processes. For example, submissions and survey responses made to TNFD are not public, nor are summaries of TNFD meetings. In contrast, ISSB has a default of making submissions and survey responses public unless otherwise requested. It is [unclear](#) who is taking part in TNFD's processes, who is not and whether TNFD's decision-making is reflecting available evidence or the self-interest of taskforce members.

Added to this is the additional barrier that much of TNFD's consultation processes are not provided publicly, but require organizations to first join the TNFD Forum - which requires groups to sign a form to say that they publicly support TNFD's mission and to be publicly named on its website. This delegitimizes the right and role of organizations to take part in these processes who may be critical of TNFD's structure and efforts or it may deter groups who may not even know what TNFD is to take part in these processes to learn more and form their own opinions. Additionally, TNFD's [gender action plan](#) does not require it to publish a gender analysis of its proposal or to even engage with women's organizations and others working on gender issues.

6. TNFD has persistently failed to communicate its work and approach in a way that can clearly be understood by those working on environmental, nature and human rights issues. Anyone who is involved in discussions as to how we can safeguard nature and the people who protect it should be able to understand what TNFD is and what it is proposing.

However, TNFD's lack of clear communication makes it confusing and easily misunderstood - as outlined further by the [Forests & Finance coalition](#).

We strongly hold that if TNFD fails to take the concerns outlined above seriously, and act on them in a meaningful way ahead of, or in its next version Beta v0.3, it will largely be perceived as reflecting the self-interest of global corporations, rather an evidence-led initiative that could contribute to shifting the trillions of dollars in financing that are driving the biodiversity crisis.

We invite TNFD to provide a written response to each of the above-outlined concerns and how they will be addressed in Beta v0.3.

Signed by,

Shona Hawkes, Rainforest Action Network
Merel van der Mark, Forests & Finance Coalition
Simone Lovera, Global Forest Coalition
Johan Frijns, BankTrack

Annex: [Joint NGO Open Letter to the TNFD](#)

To: David Craig, TNFD Co-Chairs
Elizabeth Maruma Mrema, TNFD Co-Chair
CC: Tony Goldner, TNFD, Executive Director
Malika Bhandarkar, TNFD Lead, Stakeholder Engagement & Mandates

May 25th, 2022

Re: Deep Concern over TNFD Draft Framework

Dear TNFD Co-Chairs,

We welcome the opportunity to comment on the Taskforce on Nature-related Financial Disclosure (TNFD) *Beta v0.1 Nature-Related Risks and Opportunity Management and Disclosure Framework*.

Developing a global framework for reporting on nature-related risks and impacts can create much needed transparency, if done well. However, we are deeply concerned about the failure to integrate human rights into the framework, and thereby overlooking the fundamental reality that nature destruction is strongly linked to human rights violations. We are also very concerned about the lack of mandatory reporting on all nature-related impacts caused by companies. Likewise, the framework lacks requirements to disclose key information, and requirements on reporting on promises. Lastly, we recommend it to scope out appropriate safeguards to ensure it will not reinforce inequalities. To ensure meaningful consultation, we also recommend the TNFD to hire specialized staff and to urgently develop a number of case studies to pilot test the framework.

We write this letter with the caveat that many of our organizations have not engaged as directly with TNFD and its documents as we would have liked. This is not because we are indifferent to the need to redirect the trillions of dollars that are flowing from companies and financial institutions into activities that are driving the nature crisis and the human rights crisis that underpins it. It is because, to date, TNFD's consultation process has not been designed to be truly accessible to rights holders, grassroots organizations or broader civil society groups. We want to understand what TNFD is proposing, to test its recommendations against real-world case studies of corporate-led harms to nature and people, and to trust that our expertise and recommendations will be valued and considered. Below we outline some key recommendations for the next draft of the TNFD framework:

1. **The TNFD needs to ensure that its reporting requirements do not exclude human rights, as outcomes for nature and people are intertwined. It is critical that TNFD fully integrates reporting requirements already outlined under international human**

rights standards. The need to address environmental, economic and social concerns in a combined manner to ensure sustainable business practices is a core principle established since the Rio Earth Summit in 1992. This integrated approach is fully enshrined in the Sustainable Development Goals (SDGs), with which the TNFD seeks to align. While the creation of TNFD outlined the aspiration to align with the international human rights framework,³ the TNFD's Beta framework does not once mention human rights. **Clear examples of why a one-sided focus on nature is problematic** include the following:

- a. **Inaccurate and incomplete:** As stressed by the recent IPCC report,⁴ it is difficult to identify a case of serious business-led adverse risks or impacts to nature that does not have a human rights dimension. The view that people are outside nature, somehow separate to its impacts and to efforts to preserve it, is an artificial abstraction. TNFD itself arises from recognition that our economic system is not separate from our ecology, and our social world is similarly interconnected with our physical one. To think that business can meet its responsibilities to nature while evicting Indigenous Peoples, inciting violence against land and environmental defenders or cutting communities off from local water sources goes against the expertise and lessons learned, over many years, of what leads to successful outcomes for nature and people.⁵ Crucially, a healthy, clean and sustainable environment is a recognized human right in itself,⁶ so activities that pollute, destroy or degrade the environment can amount to, not only lead to, a violation of human rights.

On the other hand, lack of respect for human rights can contribute to negative outcomes for nature. In particular, it is widely recognized that the violation of the collective customary tenure rights of forest peoples and communities, i.e. the lack of land tenure security, and the lack of self-determination rights for communities to decide on how to use their land, is an underlying driver of deforestation and forest degradation.⁷ This is because forests and other ecosystems managed and customarily owned by Indigenous peoples and other communities with customary

³ As referenced in TNFD (2021) *TNFD: Proposed Technical Scope. Recommendations for the TNFD* <https://tnfd.global/wp-content/uploads/2021/07/TNFD-%E2%80%93-Technical-Scope-3.pdf>

⁴ https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_SummaryForPolicymakers.pdf ; https://report.ipcc.ch/ar6wg2/pdf/IPCC_AR6_WGII_FinalDraft_FullReport.pdf

⁵ <https://www.globalwitness.org/en/campaigns/environmental-activists/last-line-defence/> ; <https://www.globalwitness.org/en/campaigns/environmental-activists/last-line-defence/>

⁶ Office of the High Commissioner for Human Rights, 'Right to Healthy Environment, 12 April 2022, <https://www.ohchr.org/en/statements-and-speeches/2022/04/right-healthy-environment>

⁷ Forest Peoples Programme (2018) Closing the gap: Rights-based solutions for tackling deforestation. Moreton-in-Marsh, England.

https://www.forestpeoples.org/sites/default/files/documents/Closing%20The%20Gap_0.pdf and Forest Peoples Programme, Pusaka and Pokker SHK (2014) Securing Forests, Securing rights: Report of the International Workshop on Deforestation and the Rights of Forest Peoples. <https://www.forestpeoples.org/en/topics/rights-land-natural-resources/publication/2014/securing-forests-securing-rights-report-intern>

tenure systems are generally in better health than those under any other type of management, and tenure security is an important condition that enables communities to sustainably manage their land and challenge external interruptions and threats.⁸

- b. Building on headway made to date: Those on the frontlines of the nature crisis have been extremely vocal in emphasizing that human rights are critical. For example, this can be seen in collectively developed statements such as the [The Land Rights Standard](#), [The Geneva Declaration](#), the [Global Pact to Protect 80% of the Amazon by 2025](#), the [Global Alliance of Territorial Communities](#) five key asks, [A Call to Action from the Global Women’s Assembly for Climate Justice](#) and recommendations for how to [integrate Indigenous rights reporting](#) into TCFD-style frameworks. Disrespecting and ignoring this work will not help TNFD establish credibility and trust in its process.
- c. Existing responsibilities and frameworks: Established over a decade ago, the UN Guiding Principles on Business and Human Rights (UNGPR) clearly articulate that **companies and financial institutions have responsibilities to respect human rights** – and they are expected to do so by carrying out human rights due diligence processes to “identify, prevent, mitigate and account for how they address their impacts on human rights”.⁹ These expectations are also contained in the [OECD Guidelines for Multinational Enterprises](#), and their related [guidance](#). The [Kunming Declaration](#) also includes commitments “to respect, protect and promote human rights obligations when taking actions to protect biodiversity”.¹⁰ Models already exist, such as the Universal Standards of the [Global Reporting Initiative](#), that align with the style of framework proposed under the TNFD and which see reporting on nature and human rights as integrated. The [Glasgow Leaders’ Declaration on Forests and Land Use](#) also recognises the rights of Indigenous Peoples, as well as local communities in accordance with national legislation and international instruments. This makes it hard to understand why TNFD would actively choose to exclude human rights, or suggest that sound outcomes for nature can be achieved without addressing rights violations.

Human rights, such as requirements to refrain from activities where Indigenous Peoples and local communities have not given their free, prior and informed consent, have also been acknowledged in at least a dozen initiatives for high-risk

⁸ Veit, P (2021) 9 facts about community land and climate mitigation. World Resources Institute. <https://files.wri.org/d8/s3fs-public/2021-10/9-facts-about-community-land-and-climate-mitigation.pdf> ; World Resources Institute (WRI) (2016) Climate Benefits, Tenure Costs. https://files.wri.org/d8/s3fs-public/Climate_Benefits_Tenure_Costs.pdf ; Intergovernmental Panel on Climate Change (IPCC) (2019) Special Report on Climate Change and Land. <https://www.ipcc.ch/srcc/>

⁹ UNGPR para 15(b)

¹⁰ <https://www.cbd.int/doc/c/c2db/972a/fb32e0a277bf1cffff742be5/cop-15-05-add1-en.pdf>

industries. These are as diverse as the [Aluminium Stewardship Initiative](#), the [Accountability Framework initiative](#), the [IFC Performance Standards](#), [The Equator Principles](#), the [Roundtable on Sustainable Palm Oil](#), the Universal Standards of the [Global Reporting Initiative](#) and many others. This recognition required a great deal of awareness raising, time and energy to achieve. While these initiatives are far from perfect, TNFD will undermine the headway made on human rights and lessons learned over many years if it ignores them.

- d. **Financial materiality: Adverse human rights impacts negatively affect financial sustainability.** Evidence shows that social opposition against developments and projects on the ground constitutes a significant financial risk to companies and investors in agricultural, energy and extractive sectors, especially when these cause serious violations of human rights, such as eviction, resettlement and disruption of local livelihoods.¹¹ Often, such opposition leads to long disruption of project operations, and sometimes to permanent shut-down, for example through physical blockades on the ground or via legal complaints and court cases. In addition to directly affecting financial bottom-lines, cases of social conflicts could be the source of serious reputational risks for the upstream companies, downstream buyers and their financiers.¹²
2. **Require companies and financial institutions to report on impacts on, and adverse risks to, nature and human rights - removing the loophole that only requires impacts to be reported if there is a significant financial impact on business. If TNFD is to create an evidence-led reporting framework, it needs to explicitly require businesses to provide meaningful data of what its risks and impacts on nature and human rights are.** This is also important to allow business' claims and reports to be independently scrutinized against on-the-ground realities. It is also vital that TNFD requires positive and negative impacts to be reported separately, and not rolled into 'net' reporting. Reporting must also incorporate information on existing actions by businesses to address (e.g. prevent, mitigate and remedy) risks and impacts that they have identified. **However, this is not what TNFD is proposing.** Under its Beta Framework, TNFD requires a business to identify how it interacts with nature - including its *dependencies* on nature or natural systems, arising *opportunities*, *risks* and positive or negative *impacts* on nature. But while a business needs to assess these factors - it does not have to report on them. It only explicitly has to report on those that may financially impact its business in the short, medium or long term. TNFD is focused only

¹¹ Alforte, A, et al (2014) Communities as Counterparties: Preliminary Review of Concessions and Conflict in Emerging and Frontier Market Concessions. https://rightsandresources.org/wp-content/uploads/Communities-as-Counterparties-FINAL_Oct-21.pdf

and The Munden Project (2012) *The financial risk of insecure land tenure: An investment view* <https://rightsandresources.org/wp-content/exported-pdf/rritenureriskreportfinaldec2012.pdf>

¹² Joint letter, 2021. Response to Call for Public Input on Climate Change Disclosures from Commissioner Allison Herren Lee. <https://www.sec.gov/comments/climate-disclosure/ccl12-9061308-246408.pdf>

on getting business to report on significant financial risks or benefits that arise from its relationship to nature. This assessment is likely highly subjective. An 'ethical' firm may consider that all nature-related harms will impact their business. A company currently complicit in environmental and human rights abuses is less likely to think this way.

3. **Adopt forms of transparency that support the rights of communities and workers to know which companies or financial institutions are backing activities, companies or supply chains operating in their local area.**

A business' environmental and human rights policies are often put forward as key to its due diligence and risk management through its operations, supply chains or financing. However, these commitments mean little if those whose environment or human rights are at risk of being violated have no way of knowing which company or financier is involved. Too often, undue secrecy prevents local people trying to stop harms to nature from raising concerns with business before they reach crisis point.

Many environmental issues, such as reducing office energy consumption or reducing water use don't necessarily require local-to-global data. But the most serious threats to nature do. If TNFD focuses mostly on high-level metrics - even at biome level - this cannot be independently scrutinized against practices on the ground. TNFD should explore how it can integrate finance and supply chain traceability and transparency - including by drawing from existing standards and tools developed for high-risk industries. Businesses that do not know what they're buying or financing cannot show if those products were produced legally or show what impacts on nature they had.

4. **Require businesses to report meaningfully on their nature-related promises, claims and connection to severe impacts.**

Too often, greater stock is put into a business' policies, plans and promises about what it will do in future - than how it is responding, in concrete ways, to concerns put before it today. This can present a misleading picture of a business' real-world actions and priorities. An example of reporting measures that assist greater accuracy include requiring all businesses to:

- a. Publish grievance lists - that is outstanding allegations, litigation or complaints against it. This is important to provide information about third-party claims that may contradict a business' stated policies or reports, and ensure that businesses feel external accountability to support remedy and redress for people or biomes harmed;
- b. Publish a list of all Indigenous, tribal, and other local communities impacted by proposed and existing projects and operations;
- c. Report [lobbying efforts](#) - including the activities of industry groups to which it is a member. Lobbying to retain subsidies or benefits for unsustainable and environmentally harmful practices is necessary information to understand a business' real-world nature strategies. This must also extend to reporting on actions to seek exemptions from or challenge environmental regulations;

- d. Publish exit or exclusion lists - which name firms or projects a company or financial institution will not do business with on the basis of environmental or social concerns.
5. **Undertake scoping to examine TNFD's proposal in the context of its impacts on equality, equity and just transition.** This will ensure it does not reinforce inequalities and adopts appropriate safeguards. [Third World Network](#) has expressed concern that a nature-related risk approach will lead to a revaluation of credit ratings, and countries who face escalating risks to nature will have their credit ratings downgraded, leading to higher costs of capital. TNFD has yet to grapple with discussions of a just transition and how to ensure that monetarily poor countries ravaged by climate change and heavily indebted after the COVID-19 pandemic do not face more expensive loan repayments as a result of TNFD. We recommend the TNFD directly work with Third World Network to discuss and address this concern. Similarly, TNFD has not yet considered how issues such as land inequality contribute to the nature crisis. It must set requirements on business to cap and reduce its land footprint, and transition out of land-intensive industries. This must be done in an equitable way that targets businesses that have the largest adverse impact on land inequality. While TNFD has limited its purview to reporting, it should also seek to understand how its efforts can complement, or reinforce, calls for accountability, remedy and redress.
6. **Urgently recruit and resource staff who have the specialist skills in how to work effectively with marginalized groups, rights holders and grassroots organizations, and to publicly outline its engagement plan for working with these groups.** Indigenous peoples, Afro-descendant communities, local communities, land and environmental defenders and grassroots organizations, including women and youth within these groups, have been at the forefront of the defense of nature, and are demanding respect for our living world. These voices are critical to ensure the integrity of TNFD's outcomes.
7. **Publicly test TNFD's recommendations against real-world cases of nature-related harms.** To date, TNFD has put emphasis on business pilot testing its framework. But it is also critical that TNFD work with rights holders and civil society organizations to develop and test its proposals against real-world case studies. Understanding what TNFD's proposed approach means in practical cases is the best measure of evaluating its strengths and weaknesses, and whether measures would capture corporate-led nature and human rights harms.

The IPCC's sixth assessment report on climate change, focused on impacts, adaptation, and vulnerability, emphasizing the interconnectedness between climate crisis, biodiversity crisis and social inequalities.¹³ The science is clear: to sustain life on earth, we need to address the

¹³ https://www.ipcc.ch/report/ar6/wg2/downloads/report/IPCC_AR6_WGII_SummaryForPolicymakers.pdf ; https://report.ipcc.ch/ar6wg2/pdf/IPCC_AR6_WGII_FinalDraft_FullReport.pdf

interdependence between the climate, ecosystems, biodiversity and human societies. Lasting planetary health is indivisible from social justice. The current multiple crises cannot be tackled separately. In order to protect critical forests and ecosystems (including their biodiversity), social inequities will need to be addressed. The rights of people who live in the forest and from the forest need to be recognized as a core human right.

We call on the TNFD to address the concerns raised in this letter and to consult broadly with rights holders and civil society organizations to address additional concerns with the current TNFD draft.

Signed by: