Rainforest Action Network submission to the TNFD on its draft Food and Agriculture sector guidance, March 2024

1. Introduction

Rainforest Action Network (RAN) is an NGO that aims to work towards a world where the rights and dignity of all communities are respected and where healthy forests, a stable climate and wild biodiversity are protected and celebrated. RAN works to preserve forests, protect the climate and uphold human rights by challenging corporate power and systemic injustice through frontline partnerships and strategic campaigns. For further questions or clarification about this submission, please contact Shona Hawkes, Senior Advisor at RAN: shona@ran.org

RAN is among the dozens of civil society organizations and networks, rights-holders and environmental defenders - whose members include over 370 organizations in 85+ countries who have outlined specific concerns related to the TNFD framework and its consultation processes.[1] RAN has also shared close to 200 pages of technical analysis, policy feedback, alternative options, case studies and analysis of practical implications of proposed recommendations with the TNFD secretariat during the drafting process across 2022 and 2023.[2]

This submission does not revisit broader concerns we have regarding the TNFD structure or efficacy but focuses on analysis and alternative options within TNFD's decided approaches. It also points out various examples where TNFD is likely to undermine existing gains made on increasing corporate expectations in Food and Agriculture:

- **Data:** As outlined again in this submission, TNFD's data approach is extremely subjective, non-comparable, non-verifiable and open to abuse. There is a substantial risk that readers will be *worse informed* of how companies relatively perform on biodiversity impacts.
- **Materiality:** Our analysis suggests that the objective bar on 'materiality' is so low that it would exclude some of the largest, most powerful agribusiness traders on the planet trading in some of the most high-risk commodities and who have most power in determining market conditions. Additionally, 'materiality' approaches skew data, what is disclosed/emphasized or not.
- **Legitimizing biodiversity destruction:** The amalgamation of data on adverse and positive impacts on biodiversity - such as in C1.1 - risk promoting the financialization and commodification of nature by allowing companies to buy 'restored' or 'conserved' land to, in effect "offset" their adverse nature impacts.
- **Spatial footprint:** C1.0 on 'spatial footprint' is not an actual 'spatial footprint' as it similarly amalgamates data. It also excludes supply chains. This approach undermines the Science-Based Targets Network recommendations on land footprint, which applies to direct operations and supply chains and pre-existed the TNFD metrics. The question: Is the company planning to use/rely on more land or less land? is a simple and fundamental question that should be addressed.
- **Practical examples:** We provide several examples - from loopholes on definitions of deforestation to a case study of JBS - that point out that TNFD's proposed approach will facilitate greenwashing.
- **Human rights:** While Table 9 references AFI positions on human rights - this again excludes traders. Additionally, by failing to include geolocation and supply chain transparency that respects communities right to know which company is operating on their land and excluding grievance list reporting to disclose complaints, TNFD continues to act against the substantiation of human rights. Additionally, the examples given do not cover human health - which can be particularly impacted by chemical pesticides or fertilisers.
- **Finance:** An ongoing concern with all sector guidance is that it excludes the role of the finance sector - impacting on market incentives and conditions.
- **Fundamental questions:** Unless you have spent hundreds of hours studying TNFD, the guidance doesn't allow readers to identify such core issues as: Which companies are

[1] https://forestsandfinance.org/wp-content/uploads/2023/08/Joint-CSO-letter-to-the-TNFD.pdf
[2] RAN and others resources are available via: https://forestsandfinance.org/tnfd/#1-5

covered/excluded under these definitions? How does this compare with other standards? Can biodiversity experts and environmental defenders gain a clear idea of what a report would look like for specific companies they are tracking?

Priority recommendations have been provided in red. Additional recommendations have been provided in grey.

2. Fundamental questions

Recommendation i): Clearly state that TNFD has been developed by corporations, for corporations. And as such, is not an appropriate blueprint for regulatory discussions.

We continue to have deep reservations that TNFD has failed to communicate in a way to concretely allow biodiversity and human rights experts to understand its proposal. This is particularly the case for biodiversity leaders - particularly rights holders and grassroots organizations that have deep insight into trying to resist or address corporate harms to biodiversity and people. TNFD has undertaken over 200 pilots with companies, but only a few dozen hours with civil society organizations or rights holders. Since at least April 2022, groups have called for TNFD to provide practical examples of TNFD reports based on hypothetical or real companies - that would allow people to easily see examples across types or companies or industries of TNFD's proposed recommendations. We don't believe that this is a difficult or unreasonable ask - yet TNFD has failed to provide this. In our direct experience we see that this has: a) Excluded people who feel that they're 'not qualified' to comment on TNFD even where they have very deep expertise on what works, or doesn't, to shift company behavior on biodiversity and human rights; or b) Led to rampant misunderstandings and misinformation about what TNFD is proposing. For example, a common misperception is that TNFD applies double materiality or is akin to the types of in-depth reporting seen in other initiatives. We have written elsewhere about the lack of evidence or research behind TNFD's model, noting that TNFD has never claimed to be evidence-based.

Unless you have invested hundreds of hours in understanding TNFD, in practical terms it is not possible from this guidance to accurately identify:

- **Who would this apply to?** i.e. Would it cover or exclude specific companies of interest?
- **What would a report look like?**
- **Will this enable greenwashing or counter it?**
- **What data are companies required to disclose? What is optional?**

A further question would be:
- **Does this strengthen, or undermine, existing gains made and pressure points for Food and Agriculture companies to improve their approach to biodiversity and human rights?**

The implications of these poor processes is reflected in the quality of TNFD's recommendations. They have been discussed at length in various civil society letters, rights holder feedback, advocacy meetings and detailed submissions to the TNFD Secretariat.[3] Noting that UNDP is a key funder of TNFD, it also appears likely to be in breach of UNDP consultation standards.

Noting also, that many groups raised concerns that up to 98% of recommendations made to TNFD were made in secret. In draft 4, TNFD provided a limited option for groups to pro-actively nominate for their public consultation letter to appear on TNFD's website - which have since been taken down (public was not the default, as in its peers such as ISSB). In eliciting feedback on its sector guidances, TNFD appears to have reverted to secrecy meaning there will be no public record of *who* has made recommendations on guidances, *what* those recommendations were, *which voices* have not taken part and whose inputs were acted on and whose inputs or evidence were ignored. This exacerbates a culture of distrust with regards to TNFD and the basis of its decision-making which appears to contradict existing research, evidence and lessons learned.

3. Loopholes: Contextualising Food & Agriculture industry guidance within the broader TNFD framework

Recommendation ii): Provide practical case studies of what the minimum, lowest bar to meet the TNFD recommendations on Food and Agriculture would be.

Recommendations: Undertake public consultations and consultations with targeted groups based on these recommendations including: rights holders, environmental defenders, civil society organizations, government officials working in environment or human rights and agrifood academics.

The TNFD framework recommends that companies reporting using the TNFD framework report against a set of 'core' metrics. Someone has to likely have invested hundreds of hours in understanding the TNFD to be familiar with what this means in practical terms.

Noting that:

1. ***Of the 14 recommendations, companies can pick which recommendations they choose, or choose not, to adopt.*** In 2023, 6 years after TCFD reporting began only **4%** of companies reported against all 11 recommendations and **42%** reported against 4 or fewer recommendations.[4]
2. ***Under TNFD, if a company decides to report against the metrics recommended disclosure, they do not need to report against all metrics.*** This is communicated on a 'comply or explain' basis. They can report - for example - that they do not operate in

[3] https://forestsandfinance.org/tnfd/#1-5
[4] https://www.fsb.org/2023/10/2023-tcfd-status-report-task-force-on-climate-related-financial-disclosures/

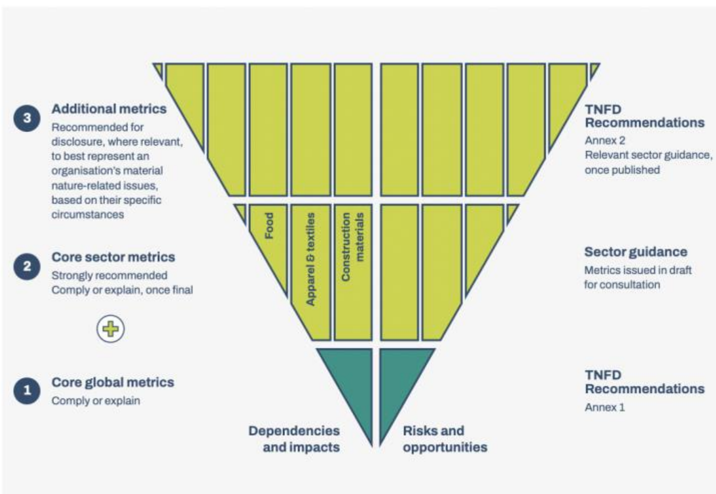
high-risk operations relevant to that metric i.e. they're not exposed to oceans. More critically, TNFD specifically gives the example that they can state that those metrics are not 'material'. In short, this can include metrics related to activities linked to environmental or human rights abuses but which will not be financially risky to the company. There is no way for the public to verify if a company is abusing the 'non-material' loophole. Presumably, companies most exposed to environmental and human rights abuses are so because they will face few financial consequences for doing so.

3. ***We are also extremely concerned about TNFD's positions on offsets - as the metrics appear to allow 'net' reporting.*** This would also appear to allow companies engaged in biodiversity harms to simply 'disappear' their impacts - by buying dubious, likely fraudulent 'offsets' at a fraction of the cost of the profits they make from biodiversity harms. This lack of clarification also appears to contradict reassurances provided by the TNFD Secretariat in early engagement that 'net' approaches would not be allowed.
4. ***Even if a company states that a certain metric is relevant and is financially material - it has the option to state that it is not able to compile relevant data on that specific metric at this time.*** An additional concern is that issues which are more financially material but less impactful to biodiversity will be prioritized and amplified in TNFD reports, than the most impactful to biodiversity but less financially material. For example, costs related to pollination or predicted increased water costs may be given greater priority than land clearing in supply chains.
5. ***Even if a company chooses to report against the core metrics it can select its own methodology for collating metrics.*** This allows for forum shopping - where companies can pick and choose the weakest models or even invent their own.
6. ***TNFD does not recommend reporting on the geolocation of the company's operations and that of its suppliers.*** This means that a company's claims cannot be checked against realities on the ground.
7. ***As TNFD does not recommend public disaggregated data disclosures to allow for independent verification that would build trust in the process - nor even have its own data verification process - a company's claims are not verified or checked.*** Public disclosure is particularly important given a series of sustainability auditing scandals. By public disclosure - we mean a form of reporting that allows claims to be cross-checked against realities on the ground - for example, by being able to trace suppliers and the geolocation of products grown. Unlike financial auditing which is tightly regulated with substantial oversight, the sustainability auditing industry has little independent oversight and in many cases it is company's themselves that set their Terms of Reference and auditing parameters.
8. ***As TNFD does not recommend reporting a grievance list - if there are complaints regarding a company's biodiversity practices or even failing to accurately report on biodiversity - a company does not need to acknowledge this in its TNFD reports.***

In sum, the TNFD framework - at multiple stages - allows companies to self-select, deflect, ignore, overlook or mislead about their biodiversity impacts. The data generated is highly subjective, unverifiable and non-comparable across companies. In cases, it's highly likely that investors may be *worse informed* after reading reports than if no report existed at all.

Much of the Food & Agriculture industry guidance is focused on the 'LEAP' approach. Under the TNFD, a company is free to adopt whichever process it chooses to inform its reporting. It can use LEAP, it can use an alternate approach or it can invent its own. This submission focuses on information relevant to the 'reporting' aspects of TNFD.

In this submission, we do not revisit the structural issues and recommendations that RAN has made of the TNFD framework as a whole in its technical submissions on draft 1, draft 2 and draft 3. This submission focused on the Food and Agriculture sector - both the application of TNFD Final Framework to the agribusiness sector and to the Food and Agriculture draft guidance.



Recommendations of the Taskforce on Nature-related Financial Disclosures - September 2023. p.65[5]

4. (Im)material: Materiality loophole leaves out many of the world's largest agribusiness companies key to setting market conditions

Recommendation iii): At minimum, on reporting TNFD should recommend that businesses disclose their impacts on nature, irrespective of financial materiality.

[5]https://tnfd.global/wp-content/uploads/2023/08/Recommendations_of_the_Taskforce_on_Nature-related_Financial_Disclosures_September_2023.pdf?v=1695118661

Recommendation iv): Given the clear unworkability of TNFD's current definition, it must urgently adopt 'double materiality' or risk the use of TNFD framework for greenwashing.

Recommendation v): TNFD should revise its language and data approach that currently appears to endorse business practices of companies that state that they do not know the origin of their products. *For companies operating in high-risk commodities and high-risk jurisdictions, this is an admission that they could be trading in illegally produced goods or be complicit in environmental and human rights abuses - but they believe that their right to trade is superior to their obligations to operate in compliance with the law and their own policies.*

When applied to practical examples, the TNFD framework and proposed agribusiness guidance doesn't appear to definitively recommend that some of the world's largest, most powerful agribusiness companies report against *any* metrics or to disclose their related strategies. The industrial agribusiness sector is made up of millions of farmers or producers and billions of consumers. Market conditions are largely set by a handful of powerful traders in the middle.[6] In essence, those with the most power and control over the industrial agribusiness system are not even clearly in scope. This is due to the TNFD's narrow baseline on materiality. This section discusses these issues in general, followed by case studies of the implications of these decisions in practice. Additional detail on TNFD's approach to materiality is included in the Annex.

Firstly, the mental gymnastics behind the definition it has adopted is that a company only need to report on biodiversity or human rights harms or risks where they are financially material. The detail behind TNFD's approach to materiality is outlined in further detail in (see further Annex 1). Yet, companies already have obligations to report on financially material impacts and risks to their business - whether originating from biodiversity or other concerns. In short, environmental abuses largely occur precisely because they are not financially material.

Secondly, as UCL researchers pointed out long before the TNFD's first draft. It is, at best, extremely difficult for scientists to predict biodiversity tipping points or understand in all their complexity local biodiversity and the impacts that certain actions will make, or the actions of various actors will make cumulatively. Similarly, it is extremely difficult to predict the future of markets. Is it realistic to expect CEOs to stand behind a potential downgrading of their company's value based on highly speculative guesses about in future how likely or not the market is to see activities that are not financially material become financially material in future, at some hypothetical point? Particularly that disclosure initiatives are distracting from and undermining calls for efforts more likely to shift markets and effect the bottom line - such as stronger rules and enforcement on corporate liability, obligations on remedy and increased environmental regulation.[7] This issue was raised by various actors, including Securities

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[6] This is documented extensively in the agri-food studies literature and grey literature. The work of Jennifer Clapp is a good entry point examining power in agri-food sector, including the financial sector.

[7] This has been extensively documented by Global Witness and others in the UK, in their efforts to call for government to act on its own Global Resources Initiative taskforce recommendations on regulating the financial sector on deforestation. Additionally, also seen in the 2022 Montreal COP, where discussions of

Exchanges in Thailand and India in the ISSB debate that quantifying how adverse social or environmental impacts – which may not be financially detrimental today – will affect a businesses' financial value is challenging for enterprises or may lead to misleading disclosures.[8]

Thirdly, the definition adopted by TNFD - and the ISSB definition from which it derives - is so vague it appears impossible to objectively determine a minimum standard. *Who* is the general end-user of a report - given that the investment community spans everything from oil company pension funds, to ethical investment endowments, to NGO employee plans? *How* is it possible to establish what this hypothetical 'end-user' would care about? Especially, if a company is not obligated to disclose 'non-material' biodiversity impacts - that would at least allow an investor to decide whether they agree what data is immaterial or not. Further, some of the world's largest agribusiness companies - such as Cargill and COFCO - are privately or state owned, not publicly traded. Who is the end-user in this case?

It is almost impossible to identify a clear, objective baseline of what the guidance is proposing based on this definition.[9]

TNFD's narrow baseline on materiality would suggest that many of the world's largest agribusiness companies - those who have the greatest measure of control and power in the industrial agribusiness system - wouldn't have to report against any metrics. The caveat to the metrics pillar of the TNFD framework is that companies report metrics ***as material***. Companies will apply double materiality if they are legally required to in their jurisdiction or can choose to apply double materiality if they choose to - but this is not the minimum TNFD standard.

As outlined above, the definition of 'materiality' under 'enterprise value' is highly subjective and difficult, to put it mildly, to objectively say whether it is or is not met.[10] Auditors often use a rule-of-thumb that a 10% impact on profits/assets is financially material. While impacts below this *may be considered* it is not clear-cut and impacts at 3% or below are non-material. While companies may choose to interpret 'materiality' more broadly, this 10% figure is likely to represent the lowest bar for which 'materiality' can be clearly established i.e. that a company

reporting took up the vast majority of negotiating time - leading to draft language on 'liability' and redress being dropped from Target 15 in the later stages. This coincided with a host of events on disclosure in the Finance and Business event stream.

[8]https://forestsandfinance.org/news/new-evidence-reiterates-that-tnfd-doesnt-have-a-mandate-for-its-enterprise-value-only-approach/

[9] It contrasts sharply with other, far more successful financial sector due diligence processes - such as on anti-corruption and anti-money laundering - that have instead outlined clear, far more objective measures to track, and act on, risk. This is particularly pertinent given the relationship between biodiversity loss and environmental crime.

[10] Rainforest Action Network has provided various technical documents to TNFD outlining the evidence base showing that 'enterprise value' is unworkable for biodiversity and outlining the evidence in forms of case studies, academic research and policy points. This was provided in various documents to the TNFD secretariat such as an almost 100-page May 2022 submission on draft 1; A draft briefing paper on double materiality provided to TNFD in mid-2022; a joint September 2022 submission on draft 2; and a February 2023 submission on draft 3.

has failed to disclose material information.[11] In many jurisdictions, companies already have a requirement to report on issues that are financially material to their business based on this 10% threshold.

Additionally, Table 4 is an example of single materiality, as it only lists impacted ecosystem services that can have financial materiality. It doesn't spell out impacts on biodiversity, as in species abundance. For example, it appears that a company could meet all the requirements of TNFD reporting without having to explicitly state that it is linked to any risk of species extinction - arguably the most extreme and irreversible form of biodiversity loss. Similarly, despite the COVID-19 pandemic being one of the most far-reaching economic events in recent living history the table does not appear to have any way of recognising pandemic prevention as - in TNFD's terms - an 'ecosystem service' or similar role.

Recommendation vi: Guidance should also list "zoonotic pandemic prevention" in its primary impact drivers or similarly ensure that this is reflected.

Recommendation vii: TNFD should explicitly state that any risks linked to species extinction must be fully disclosed.

4.a) Case study: Limiting the metrics and strategy pillar to financial materiality excludes many of the world's largest agribusiness traders.

Recommendation viii: The Food and Agribusiness guidance should require double materiality.
Recommendation ix: The TNFD framework should require double materiality.

Since 2016, the Forest & Finance coalition has undertaken an analysis of financial sector exposure to forest-risk commodities. This incorporates an analysis of what portion of an agribusiness company group's operations are exposed to six high forest-risk commodities: palm oil, pulp and paper, rubber, timber, beef and soy. This uses sources such as annual reports.

Rainforest Action Network used these figures as a proxy to understand the implications of TNFD's approach to materiality.[12] This is specifically relevant to the TNFD pillars on metrics and on strategy (see Annex for further information on materiality). RAN's analysis excluded pulp, rubber and timber products as they come under a separate TNFD guidance. This left palm oil, soy and beef as proxy figures.

As has been extensively documented in the academic and grey literature, the industrial agribusiness sector has a highly concentrated nexus of power. There are typically millions, if not billions, of farmers and billions of consumers but a relatively small number of companies in the

[11] Noting also that as a company doesn't have to report 'non-material' impacts contestations of materiality can't be examined if investors and others aren't even informed of what the risks are.
[12] Note, the appropriateness of use as a proxy figure was also checked with Profundo, the lead analysts on this data.

middle. In simple terms, the market conditions in various agribusiness commodities - from grain to forest-risk commodities - are typically controlled by a small number of traders. Part of this structure also reduces the impacts to traders of physical risks - such as floods or other natural events. As has been seen over the last two decades, traders do well irrespective of whether prices are secure or volatile, in times of scarcity or abundance. As price setters, they are able to adapt accordingly. Traders may also have highly diversified business strategies - operating in multiple sectors, not simply trading agricultural goods but engaged in a broader array of activities.

Put simply, traders are least likely to face direct impacts from biodiversity loss but most likely to be able to determine market conditions that impact biodiversity outcomes.

The below table shows the practical implications of TNFD's approach to 'materiality'. This suggests that in the most high-risk sectors for biodiversity loss, it could be almost impossible for some company group exposure to be seen definitively as 'financially material'. While certainly there are company groups that have a high exposure to high-risk commodities that would be included or companies that may opt not to undertake company group reporting but to report via subsidiary - this table shows that traders that have high exposure to the sector and/or have made headlines for years about allegations of deforestation or similar would be easily excluded.

In some cases, it appears impossible for a trader to even hit a 10% 'materiality' threshold as its forest-risk commodity exposure comprises less than 10% of its company group business. In others, the 'materiality' threshold would require a third, or more, of a forest-risk commodity business to face adverse financial impacts to breach this 10% threshold. Given that law enforcement on deforestation is far from 100%, it similarly points to the impossibility of any biodiversity loss being so significant as to impact company group materiality. The willingness of international companies to buy and trade goods produced illegally likely contributes to the prevalence of illegal deforestation and attendant law enforcement issues.

This reflects the basic truth known by many rights-holders and grassroots organizations. The rapid destruction and degradation of tropical and other forests is occuring precisely because companies face few consequences for doing so and are profiting sizably. It also cements concerns raised about the TNFD's taskforce membership as solely made of corporations - such as Bunge, Nestle and for a period Olam - without rights holders, CSOs or government officials.

In its current form, TNFD is legitimizing this approach and narrative. At best, this is confusing and conflating the issue, at worst, it is undermining the efforts of frontline environmental defenders trying to confront and prevent forest and other biodiversity destruction. In fact, putting environmental defenders in harms way by setting a bar for progress so low, that it allows companies linked to rampant forest destruction, trade in illegal goods or sourcing from - and therefore financing - individuals linked to environmental or human rights violations, to position themselves as biodiversity champions or at least making progress.

Portion of large agribusiness traders business in high forest-risk commodities and if they would meet a 10% ‘as material’ threshold[13]			
Company group	**% of company operations linked to forest-risk commodities** Palm oil, soy, beef.	**% of supply chain financially impacted before being seen ‘as material’.**	**Clearly in scope for ‘as material’ metrics reporting.**
ADM	Palm: 4.74% Soy: 4.74%	None. As sits below 10%.	No.
Bunge *Sits on TNFD.*	Palm: 3.84% Soy: 3.84%	None. As sits below 10%.	No.
Cargill[14]	Palm: 3% Beef: 0.5% Soy: 3%	None. As sits below 10%.	No. As Cargill is private, enterprise value definition of what is material to ‘end-users’ also unclear.
COFCO	Palm: 10.95% Soy: 21.91%	30.5%.	Not feasible. Would require almost ⅓ of all high-risk commodity business to be financially impacted.
Louise Dreyfus	Palm: 1.82% Soy: 1.82%	None. As sits below 10%.	No.
JBS *The world’s largest meatpacker.*	Beef: 16.3%	61.5%	Not feasible. Would require almost ⅔ of all high-risk commodity business to be financially impacted.
Olam *Previously sat on TNFD.*	Palm: 3.92% Soy: 3.92%	None. As sits below 10%.	No.
Wilmar *Controls an estimated*	Palm: 18.67% Soy: 7.49%	38.5%	Not feasible. Would require almost 40% of

[13] Similar results are found for Bollore (palm oil: 0.22%) or POSCO (palm oil 2.28%).

[14] Note: Profundo has noted that some companies are particularly challenging to calculate adjusters for as they are privately traded - such as Cargill.

40% of global palm oil trade.			all high-risk commodity business to be financially impacted.
Based on data available at: https://forestsandfinance.org/wp-content/uploads/2022/10/FF-2022-Full-update-Segment-country-adjusters-for-upload-220919.xlsx			

4b). Case study: Applying the TNFD framework to meatpacker JBS - A concerning practical example of TNFD's approach to greenwashing

Recommendation x: Explicitly state that companies should be required to report a grievance list.[15]
Recommendation xi: Remove materiality exemptions from core metrics.
Recommendation xii: The Food and Agribusiness guidance should require double materiality.
Recommendation xiii: The TNFD framework should require double materiality.

JBS is the world's largest meat-packer that has regularly made headlines over allegations surrounding its environmental, human rights and governance record.

According to an investigation by Global Witness, from mid-2019 to mid-2020 more than 1 in 6 of JBS' audited purchases in the Amazon state of Pará in Brazil were not compliant with their legal obligations.[16] This was mostly due to deforestation caused by their direct suppliers. This covered almost 94,000 head of cattle. Of over a dozen companies audited in Pará, JBS accounted for nearly 69% of 'irregular' cattle purchases. In 2020, the Global Witness report *Beef, Banks and the Brazilian Amazon* revealed that between 2017 and 2019, JBS bought cattle from 327 ranches in Pará containing over 20,000 football fields-worth of illegal deforestation.

This analysis was provided to prosecutors in Pará, who carried out an official audit of JBS's cattle purchases between 2018 and mid-2019. They confirmed the audit findings of the Global Witness report. Officials found that around a third of the company's audited purchases were not compliant with its legal obligations.

[15] A draft briefing paper on grievance lists was provided to TNFD in February 2023 in RAN's submission on TNFD draft 3, and technical options have been discussed extensively in various meetings, submissions etc.
[16] https://www.globalwitness.org/en/campaigns/forests/global-witness-calls-financiers-stop-bankrolling-rainforest-beef/

As a result of these failures, prosecutors took the unprecedented step of fining JBS almost US$1 million. A year later, in 2020, Global Witness found that JBS continued purchasing from 144 of these same ranches. JBS denied these, and many other, claims related to Global Witness' reporting. Some supermarkets have stopped stocking JBS products and some financiers have formally or informally placed JBS on an exclusion list. Yet, RAN pointed out that even Moody's - a TNFD taskforce member - has identified that even if markets continue to come more stringent in future regarding beef and deforestation, these issues would not be material due to diversification of JBS' operations. In fact, in 2023 JBS itself notes that its sources from illegal (or 'irregular') sources. The fact that this - according to JBS - is 'only 6%' and celebrated as 'progress' is particularly alarming. Many groups within Brazil and internationally have been raising human rights, environmental or governance concerns about JBS.

The baseline of materiality for TNFD is 'enterprise value' unless double materiality is legally required in that jurisdiction. JBS' company group is headquartered in Brazil.

Under the TNFD metrics:

- TNFD's core metric C7.2 recommends a "description and value of significant fines/penalties received/litigation action in the year due to negative nature-related impacts." However, this sits within the 'metrics' pillar which explicitly states that companies should "disclose the metrics and targets used to assess and manage **material** nature-related dependencies, impacts, risks and opportunities". Companies are only recommended to report significant fines related to illegal environmental practices *as material.* For a company group like JBS, a USD$1 million fine is less than a rounding error.
- It is not readily apparent if TNFD reporting is cumulative or year-on-year. This suggests that JBS would have no obligation to update it's metrics to ensure that deforestation or land conversion uncovered after it has occurred is included in its metrics.
- Despite shocking allegations that 1 in 6 of JBS' cattle were not compliant with the law (the majority laws on deforestation) - if this figure applied across *all of JBS' beef operations* it would remain light years away from the materiality threshold.
- Companies are only recommended to report if they are facing OECD complaints. Public allegations, active campaigns and media exposes don't need to be disclosed.
- There is no recommendation to provide public data so that company claims can be verified or cross-checked. If a company disputes NGO data about its deforestation footprint, it does not have to acknowledge it.
- There is no recommendation for a company to report where it faces allegations of being linked to biodiversity or human rights harms. So it does not need to capture these issues.

Issues with JBS' existing reporting - including against the CDP have been raised extensively, including to TNFD. The TNFD failed to act on these existing precedents and practical examples. Rainforest Action Network explicitly raised a JBS case study with TNFD in its almost 100 page technical submission made in May 2022. A case study on TNFD and JBS also appeared on the Forest and Finance coalition webpage on TNFD. In March 2023, JBS made headlines over its

CDP reporting - with the companies' self-reporting leading it to be classified as a 'leader' on climate issues.[17] Two of TNFD's co-founders - Global Canopy and WWF - have both been involved in civil society actions related to JBS over several years. [18]

5. Land footprint: Undermining pre-existing SBTN guidance

Recommendation xiv: Amend C1.0 (total spatial footprint) - ideally in the whole framework - to remove the exemption that excludes traders or those buying products.

Recommendation xv: Add a specific proposed core sector metric that can show if a company in its direct sourcing or supply chains is using more, or less, land.

As recognised by groups such as the International Land Coalition, land concentration is a key determinant of outcomes for land equality and for biodiversity. The Science-Based Targets Network land guidance includes a specific pillar that companies should *reduce* their land footprint. RAN, and others, have specifically referenced the importance of capping and reducing land footprint throughout their analysis, recommendations and stated concerns to TNFD.

The inclusion of a land footprint - if information can be verified as accurate - to the TNFD framework could be highly relevant. A trader or company whose future plans rely on greater and greater control of the world's finite land will create ongoing pressure on biodiversity and people. Similarly, if a trader is capping and reducing its land footprint this could signal a greater commitment to limiting adverse impacts on biodiversity.

The SBTN definition of land footprint which pre-existed TNFD's final languard specifically notes that land footprint should apply to **sourcing.** The wording of the land footprint core metric in the TNFD framework seems to be manipulated to expressly exclude the most powerful players in agriculture and other high-risk commodities. While we have not undertaken a comprehensive analysis, a brief look at the TNFD draft 4 documents for consultation gives the impression that this language was added in the final version and not consulted on.

The TNFD directly contradicts even the pre-existing SBTN land guidance. The Science-based Targets Network *expressly* states that land footprint calculations apply to exposure from *direct operations* and *sourcing.* At minimum, the wording of the TNFD **core land footprint** measure should be addressed. The agriculture guidance should also *explicitly state* that this should include a land footprint that applies to sourcing companies. It should explicitly state that agricultural trading companies should explicitly report their footprint. Similarly, this should apply to guidance applied to forestry and paper etc.

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[17]https://www.theguardian.com/environment/2023/mar/30/brazilian-meatpackers-a--sustainability-rating-raises-grade-inflation-concerns

[18] Back in 2020, eight NGOs raising concerns to the TNFD Informal Working Group on various issues specifically raised concerns about JBS' inclusion in the group. TNFD's reference to JBS as a member is here: https://tnfd.global/november-2020-newsletter/

Currently C1.0 refers to “land spatial footprint” but includes various caveats.

Firstly is:

- *“Total surface area controlled/managed by the organisation, where the organisation has control (km2)”*

This appears explicitly designed to exclude traders.

Secondly is:

- This is then combined with “total distributed area” and “total restored/rehabilitated area”.

This is despite C1.1 already covering land-use change.

In effect, the information this will yield is NOT a spatial footprint. It is an amalgam of data that will **not** show what should be an extremely fundamental question: Is the company using more or less land in its operations, supply chains or financing?

The fundamental basis of agriculture is land-use. More broadly, it is hard to understand how overlooked it is in TNFD’s analysis - other than the guidance writing process has had little, if any, engagement with CSOs specialized in land issues - such as the International Land Coalition or others. For example, land use should be included in analytical examples such as Table 9.

6. Legitimizing biodiversity destruction

Recommendation xvi: At absolute minimum, require disaggregated data that differentiates between positive or negative impacts on biodiversity.

Recommendation xvii: Respect the widely documented science and evidence that show that ‘credits’ or ‘offsets’ or similar approaches legitimize and drive biodiversity destruction - not negate or neutralise it.

Recommendation xviii: Remove metrics or similar recommendations that promote the financialisation or commodification of biodiversity.

For example, see C1.1 - This metric and additional guidance provided in the Food and Agriculture guidance, appear to suggest a ‘net’ figure based on ‘combining’ negative impacts on biodiversity such as land conversion and the ‘extent’ of land, freshwater and ocean ecosystem ‘conserved or restored’.

This serves to:

- Render invisible the actual adverse impacts on biodiversity (even if assuming data methodologies are legitimate and reported accurately).

- Promote the acquisition by private companies of biodiversity to offset their adverse impacts - either by direct control of resources or through market offets. This promotes the further control of biodiversity by corporations - which operates in direct contradictions of the recommendations of the IPBES 2022 Values report.

The Green Finance Observatory has specifically raised concerns that TNFD is being structured in a way as to enable and legitimize biodiversity credits and offsets, which TNFD clearly does not have a mandate to do. As this has not been explicitly consulted on, discussed or explored. Noting also, that in their submission to TNFD in May 2024 - a joint open letter from three Goldman prize winners (the highest honor for environmental activism) and 62 organizations and networks representing 370+ organizations in 85 countries specifically raised concerns about biodiversity offsets.[19] The Global Forest Coalition, the Green Finance Observatory and various other organizations can speak further to the evidence behind the widespread failure of offsetting schemes, including in biodiversity.

7. Defining deforestation: At least five separate loopholes suggests that TNFD appears to have, in effect, no minimum expectation that companies should report their links to deforestation

Recommendation ixx: Close loopholes on deforestation and land conversion.

The Agriculture guidance makes various references to deforestation and deforestation-risk commodities. It doesn't include this definition in the actual paper but requires cross-checking against a separate glossary document.[20] The Agriculture guidance appears divorced from the realities of current reporting, industry issues or evidence as to what works/doesn't work to shift industry behavior.

The narrow focus on reporting on deforestation, also ignores the fact that massive areas of natural ecosystems are lost to conversion for agriculture, with huge biodiversity impacts. This should not go undisclosed nor unaddressed.

TNFD refers to an FAO definition of deforestation that:

- "Includes permanent reduction of the tree canopy cover below the minimum 10% threshold."
- "The term specifically excludes areas where the trees have been removed as a result of harvesting or logging, and where the forest is expected to regenerate naturally or with the aid of silvicultural measures."
- Considers monoculture plantations, such as eucalyptus or pine, "forests".

[19] https://forestsandfinance.org/wp-content/uploads/2023/08/Joint-CSO-letter-to-the-TNFD.pdf
[20] https://tnfd.global/wp-content/uploads/2023/09/Glossary_of_key_terms_v1.pdf?v=1702506695

Under this definition:

- A company or its supply chain is free, in theory, to destroy up to **90%** of the forest without being classed as deforestation.[21]
- Even if a company or its supply chain breaches the threshold of destroying the forest canopy to **9%** or below, it can simply speculate that the forest will regenerate and this isn't classed as deforestation.

Confusingly, the agriculture guidance references the deforestation guidance.. But separately in the TNFD glossary it refers to deforestation-free as "Commodity production, sourcing or financial investments that do not cause or contribute to deforestation (as defined by the Accountability Framework)."[22] The Accountability Framework glossary that it then links to its definition of deforestation which is fundamentally differently from that proposed by TNFD.[23] These appear to be contrasting definitions.

Further, under the TNFD Framework:

- Even if a company or its supply chain destroys so much forest canopy to reduce it to 9% canopy cover, if its business is profitable it can simply decide that this is not a 'material risk' today or that in future it will manage these risks by diversifying its business. As the TNFD metrics do not recommend *impact reporting* but only '*as material*' - this means that a company adopting TNFD's baseline position on materiality is not expected to report this.
- TNFD does not provide any objective definition of 'materiality' (see discussion elsewhere in this paper and JBS case study).
- Even if these various opt-outs aren't used, a company fined for procuring products from illegally deforested land (for example, trading in illegally produced goods) it is not required to report this under TNFD. The TNFD core metric only recommends that this is reported if 'financially material'.
  Under TNFD it is not even recommended that a company list current complaints, legal cases or grievances against it. The only complaints that it recommends are to be reported are under the OECD Guidelines on Multinational Enterprises. This excludes

[21] For example, if the forest canopy is currently 80% and a company destroys the majority of this down to 30% cover, this isn't classified as deforestation.

[22] https://tnfd.global/wp-content/uploads/2023/09/Glossary_of_key_terms_v1.pdf?v=1702506695

[23] Loss of natural forest as a result of: i) conversion to agriculture or other non-forest land use; ii) conversion to a tree plantation; or iii) severe and sustained degradation.

- This definition pertains to no-deforestation supply chain commitments, which generally focus on preventing the conversion of natural forests.
- Severe degradation (scenario iii in the definition) constitutes deforestation even if the land is not subsequently used for a non-forest land use.
- Loss of natural forest that meets this definition is considered to be deforestation regardless of whether or not it is legal.
- The Accountability Framework's definition of deforestation signifies "gross deforestation" of natural forest where "gross" is used in the sense of "total; aggregate; without deduction for reforestation or other offset.""

many of the world's largest producers of forest-risk commodities who are not OECD countries - such as Indonesia, Malaysia and some of the world's largest consumers of forest-risk commodities, such as China or India.
It also fails to recognise the sizeable barriers to filing formal complaints - or that even a community or small organization presenting evidence or speaking out about concerns against company groups whose annual budgets are often larger than the GDP of whole countries - is already an incredibly daunting, and often difficult, thing to do.

- Even if a company or its supply chain destroys the forest canopy to **9%** or less AND the company believes that this is financially material or operates in a jurisdiction with double materiality - as companies can pick and choose what TNFD recommendations they report against, or not, they can simply opt not to report against the recommendation on metrics.
- Further, even if a company does report against the recommendation on metrics - it is not expected to report against all metrics, but can simply choose to 'explain' why it does not report against them.
- Moreover, even if it does report on the metrics - there is no standardized methodology. Meaning that it can simply pick and choose a weak methodology, or invent its own, to manipulate figures.

In short, a brief thought experiment quickly identifies no less than five separate loopholes on deforestation reporting:

- The definition of 'deforestation' would exclude most forest-risk commodity deforestation
- The materiality loophole on metrics reporting
- The materiality loophole on reporting of fines for illegal practices or sourcing
- The failure to recommend reporting of complaints or allegations of biodiversity and human rights harms.
- The framework reporting loophole means that TNFD companies can simply choose not to report against recommendations that are problematic for them (such as metrics).

If we count the loopholes slightly differently, it could be nine:

- If companies are reporting against the metric on recommendation they can simply 'explain' why they are choosing not to report against certain metrics.
- If a company does report against the relevant metrics it is free to choose whatever methodology it likes. So it can forum shop for a pre-existing weak methodology or invent its own to cook the data.
- It's also not clear how TNFD addresses cumulative or single year reporting. The ability to profit from cleared land in future years in one of the main driver of land and forest conversion - data approaches that 'start from zero' each year, will fail to capture that a company is operating on land that rightfully should be a savannah, forest etc and will render invisible it's ongoing profiting from deforestation. This is, for example, why various initiatives and legal approaches have taken a 'no deforestation or conversation from year X' approach.
- TNFD data and metrics are aggregate, require no supply chain transparency and therefore completely unverifiable. So there is no public data that would allow journalists,

communities or NGOs to independently fact-check a company's claims against realities on the ground. Essentially, allow companies to publish junk data.

8. Legitimizing environmental crime and failure to conduct legal due diligence

Recommendation xx: The Food and Agriculture guidance should specifically require that companies have traceability and transparency geolocation requirements for their supply chains.

Recommendation xxi: Traceability and transparency should be required across the TNFD.

Agricultural commodities are at extreme risks of being linked to environmental and land-related crime, or at minimum legal non-compliance. While certainly there are companies that openly state that they source goods which are not produced legally (see JBS case study) - it is rare that companies openly disclose that they are linked to deforestation or biodiversity harms.

To date, one of the most far-reaching ways to connect companies to biodiversity harms - and to incentivise addressing biodiversity and human rights harms is supply chain transparency. The link between food and agriculture, biodiversity harms and secretive supply chains has been extensively documented. While there is legitimate nuance to discussions of geolocation and supply chains - even where companies are legally required to know the geolocation of their supply chain and source products, they have refused to make this information public or write transparency into their supply chains.[24]

TNFD's approach in its Food and Agriculture guidance undermines steps taken under existing laws and industry standards on this issue over many years. Additionally, as reported by Forest Trends and others, a large portion of land-clearing and deforestation driven by efforts to exploit loopholes in the current agribusiness trade - are illegal and/or not in compliance with existing laws. TNFD's approach to the sector is legitimizing approaches to legality, particularly environmental crime, that are deeply disturbing.

Notably:

- Companies that do not know the origins of their products are openly admitting that they are not doing checks to identify if their products were produced legally - let alone to biodiversity and human rights standards. TNFD should not be legitimizing companies that are - in effect - stating that they're comfortable trading in illegally produced goods.
- Geolocation data for the agriculture sector is *already legally required* in countries such as Brazil and in one of the world's largest trading blocks - the EU.
- Companies that choose to operate in, source from or finance high-risk commodities from high-risk areas for environmental and human rights abuses have a presumption of risk. I.e. The obligation is not to show that there is a problem, but to show that they are able

[24] For example, as extensively documented in Brazil. Also seen in countries which require chain of custody documentation for cattle etc for biosecurity purposes.

to operate legitimately in these high-risk areas. Otherwise, what emerges is in essence a 'don't ask, don't tell' policy.

- Companies choosing not to write transparency as a contract requirement are operating in essence, a 'don't ask, don't tell' policy. The largest price-makers and terms of market in the sector are traders, not operators. If traders and their key buyers demanded basic supply chain transparency - in line with what they should be required for basic legal due diligence - the traceability issues would have been resolved years ago.
- Small-scale producers themselves have often advocated for increased transparency. Today, a range of simple technologies - designed for farmers with limited access to technology and internet - allow them to trace their supply chains.

As a recent Indigenous author emphasized in critiquing TNFD: "Indigenous organizations have been clear that effective disclosure requires "companies to publicly report on their value chains, including the exact name and location of their suppliers, and actual and potential impacts identified, in order to allow us to identify the actors violating our human rights including our right to a healthy environment, and give us the necessary tools needed to monitor companies' value chains...".[25]

9. Key definitions missing or not clearly explained

In addition to the challenges of actually understanding what TNFD is proposing in practical terms - there are additional, unnecessary challenges in the guidance. Key definitions are not included or fundamental issues are not explained clearly. At times, TNFD's guidance contradicts existing industry standards and there is no way to compare what TNFD is recommending against existing standards.

The Agriculture guidance does not include:

- TNFD's glossary definition of deforestation.
- A plain-language definition of materiality that allows the reader to see what would be excluded.
- A clear distinction between LEAP and reporting.
- A table identifying the reporting expectations in pre-existing standards and guidances against what TNFD recommends.
- Hypothetical case studies - showing what is/what is not reported.

10. Scale, scope and irremediality of impact vs. cost to business

A general observation of the TNFD approach to Food and Agriculture is that it risks *detracting* from environmental or human rights impacts which have the greatest impact on biodiversity and people. The OECD Guidelines on Multinational Enterprises and Responsible Business Conduct clearly outline that a company should focus its due diligence first on the most serious

[25] https://www.savimbo.com/blog/moving-beyond-a-tokenistic-participation-of-indigenous-peoples-in-nature-financing

environmental and human rights issues. This is based on scale, scope and irremediality (i.e. if the impact can be reversed). Instead, the TNFD directs companies to focus on the most costly impacts or largest threats/opportunities to the financial health of its business.

One potential example of this could be sugar. As Bunge notes in its annual report: “Once planted, sugarcane may be harvested for several continuous years, but the yield decreases with each subsequent harvest. As a result, the current optimum economic cycle is generally five to seven consecutive harvests, depending on location.”[26] To extrapolate, this suggests a business model based on short-term harvesting or purchase of sugar before moving on to a different site. Further, that the company itself has factored in impacts of the fertility of land, the impact of fertilisers and the intensity of water use into its business model by simply relocating - without respect of the local people and other life that rely on local biodiversity, water sources and soils. More broadly, given extreme cases of environmental and human rights abuses involved in the sugar industry - it receives hardly any mention in the guidance at all.

11. Human rights

Recommendation xxii: Adopt transparency and traceability requirements which are critical to substantiate human rights. Specifically, the right of communities to know which company is sourcing from, financing or producing on local lands.

Recommendation xxiii: Adopt a clear recommendation on grievance list reporting.

In Table 9, TNFD lists several good examples under human rights - drawn from the AFI guidances (p.43).

However:

- Like much else related to land under the Food and Agriculture guidance, the reference to Free, Prior and Informed Consent and to land acquisition used appears narrow and excludes traders. It’s not clear if this is due to materiality definitions that would see these risks as not materiality relevant to the most powerful players in agribusiness supply chains - but in doing so, it undermines the emphasis on FPIC across the supply chain

Also, there is no assessment on the impacts on human health, from the intense pollution associated with many agri commodity production, including strong pesticide pollution.

TNFD should also recommend that a clear requirement for grievance list reporting. This should apply to all reporting companies - but is particularly important for Food and Agriculture - given that grievance list reporting is already normalized in high-risk commodities such as palm oil, and increasingly being extended to other commodities. TNFD’s failure to include grievance list reporting would be undermining existing norms and standards.

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[26] https://www.sec.gov/ixviewer/ix.html?doc=/Archives/edgar/data/0001144519/000114451923000010/bg-20221231.htm#ifdfc286003904d949445c2e3a4e486d6_16

The span of companies undertaking grievance list reporting range from [Golden-Agri Resources](https://www.goldenagri.com.sg/sustainability/responsible-sourcing/grievance-list-and-reports/) to Louis Dreyfus Company to the International Finance Corporation.[27]

Arguably, grievance lists are one of the most material forms of information that can be provided to investors and one of the easiest to compile - as the company should be tracking grievances and they involve either direct concerns raised to a company, concerns raised by a company picked up in its media monitoring or frequently direct requests for comment by journalists reporting on allegations. It is hard to argue against why investors shouldn't be provided easy to access information about where a company is facing allegations linked to environment or human rights harms sufficiently serious to be escalated to a risk officer or management level. As these are highly pertinent to how investors understand its biodiversity or human rights policies and practices. RAN has further discussed grievance lists - their market role, basic requirements for effective grievance lists and why they are important in Annex 1 of our February 2023 submission to TNFD.[28] We can also facilitate access to technical experts on grievance lists.

12. Financiers: Completely excluded from Food and Agriculture guidance - despite widespread evidence of impact

Recommendation xxiii: Finance should not be excluded from guidance on Food and Agriculture. Particularly given its widely documented role in outcomes for people and the environment.

An additional point is that, in contrast to the widely documented evidence of the role of financiers in driving (or halting) harms in the food and agriculture sector, including deforestation. TNFD has been designed in a way that excludes financiers completely from any sector obligations. Notably, two of TNFD's own four co-founders - Global Canopy and WWF - have extensively documented the impact of financiers in backing food and agriculture companies. The finance sector directly profits from, and is therefore complicit in, environmental and human rights harms from the Food and Agriculture sector.

In this way, TNFD is lowering the bar - lessening the pressure on financiers to act. The role of financiers in deforestation in food and agriculture supply chains, in environmental and human rights harms in the sugar industry and many other factors have been extensively documented. This includes multiple reports, datasets and submissions made by the Forest and Finance coalition members over the last decade. There are too many to list here. We are happy to provide a list on request.

This directly undermines the materiality of biodiversity harms in the Food & Agriculture sector. If financiers have little stake in caring about the biodiversity and human rights impacts of the food and agriculture companies they finance the default is for banks and others to ignore

[27] https://www.goldenagri.com.sg/sustainability/responsible-sourcing/grievance-list-and-reports/
[28] https://forestsandfinance.org/wp-content/uploads/2023/03/20Feb2023-RAN-submission-to-TNFD-.pdf

environmental and human rights harms - including in some cases widespread illegality or extreme threats to environmental human rights defenders - and simply finance the most profitable companies. Even if those profits rely on externalizing the cost of land, the cost of labour and their environmental impacts. Given that the cost of finance is much more material to companies in many cases than the maximum fines a government can issue for environmental violations - this skews the market against acting on adverse biodiversity and human rights impacts. The role of finance has been identified, for example, by Brazilian regulators in the inclusion of obligations for financiers under the Forest Law. Similarly, in the UK and EU there has been a widely documented policy debate that new laws on deforestation should not exempt finance.

We find it hard to reconcile that any evidence-led approach to shifting markets or corporate behavior could exclude finance - leading us to assume that this decision has not been made on the basis of facts or evidence.

ANNEX 1: The detail behind TNFD's definition of materiality

This section seeks to outline in greater detail the basis of TNFD's definition on materiality. So as to support the arguments made earlier in this submission.

Figure 1: TNFD's recommended disclosures

Governance	Strategy	Risk & impact management	Metrics & targets
Disclose the organisation's governance of nature-related dependencies, impacts, risks and opportunities.	Disclose the effects of nature-related dependencies, impacts, risks and opportunities on the organisation's business model, strategy and financial planning where such information is material.	Describe the processes used by the organisation to identify, assess, prioritise and monitor nature-related dependencies, impacts, risks and opportunities.	Disclose the metrics and targets used to assess and manage material nature-related dependencies, impacts, risks and opportunities.
Recommended disclosures	**Recommended disclosures**	**Recommended disclosures**	**Recommended disclosures**
A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.	**A**. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.	**A**(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.	**A**. Disclose the metrics used by the organisation to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process.
B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.	**B**. Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organisation's business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place.	**A**(ii) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s).	**B**. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.
C. Describe the organisation's human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks and opportunities.	**C**. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.	**B**. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.	**C**. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.
	D. Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.	**C**. Describe how processes for identifying, assessing, prioritising and monitoring nature-related risks are integrated into and inform the organisation's overall risk management processes.	

Recommendations of the Taskforce on Nature-Related Financial Disclosures - September 2023, p.9.

On **Metrics & Targets** – the actual data – that a company discloses is related to the need for a company to assess and manage *"**material** nature-related risks and opportunities in line with its strategy and risk management process."* (emphasis added).

Similarly on **Strategy** the caveat is "**where such information is material**".

The Risk & Impact section doesn't reference materiality. However, this pillar essentially relates to the process of how an organisation identifies risk – not the risk itself.

On Governance this doesn't reference materiality. Part A) and B) are process points - i.e. how the company approaches biodiversity, not its actual outcomes.

TNFD definition of Materiality
The below is from the TNFD glossary p28

Materiality
Report preparers should use the definitional guidance regarding materiality provided by the regulatory authorities for their reporting jurisdiction(s).

In the absence of any such guidance, the TNFD recommends that organisations apply the ISSB's approach to identifying information that is material for users of general financial reports as a baseline. Report preparers who want or need to report to a different materiality approach may apply an impact materiality approach to identify information in addition to the ISSB's baseline. With respect to impact materiality, the TNFD has aligned its recommendations (and supporting additional guidance) with the language and approach of the GRI's Sustainability Reporting Standards.

Organisations seeking to align with Target 15 of the GBF [Global Biodiversity Framework] will want to consider the application of an impact materiality lens to identify information that is incremental to the global baseline. International Financial Reporting Standards (2023) IFRS S1: General Requirements for Disclosure of Sustainability-related Financial Information; GRI (2021) GRI 1: Foundation 2021, Section 2.2.

ISSB definition of materiality:
Recommendations of the Taskforce on Nature-Related Financial Disclosures - September 2023, p.41-42.

"The information that the ISSB requires an entity to provide to meet the needs of primary users of general purpose financial reports (sometimes referred to as 'financial materiality') is set out in its IFRS-S1 General Requirements (paragraphs 17–18) as follows:

An entity shall disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects. In the context of sustainability-related financial disclosures, information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which include financial statements and sustainability-related financial disclosures and which provide information about a specific reporting entity.[29]"

[29] See also the ISSB FAQ page which on materiality states:

"The IFRS Foundation's focus is on meeting the information needs of investors. A company is asked to disclose material information about the sustainability-related risks and opportunities that could reasonably be expected to affect its prospects. The definition of material information is aligned with that used in IFRS Accounting Standards—that is, information is material if omitting, obscuring or misstating it could be reasonably expected to influence investor decisions."

Materiality: Lowering the bar
Currently, one of the world's largest markets - the EU - has already adopted a position of double materiality reporting. Similarly, a recent draft document suggests that China - again, one of the world's largest markets - may do the same. Bizarrely, what is presented as a 'global standard' by the TNFD has *already* in-built chaotic and non-comparable data by in-building non-comparable definitions of materiality. It is odd to see a voluntary standard that lowers the bar below the existing legal baseline.

As outlined above, the TNFD's baseline position is not double materiality - i.e. the reporting of impacts of nature on a business, and the impacts of business on nature. A company that is in a jurisdiction legally requiring double materiality should take this as its baseline and a company that chooses to go further can - but it is not the recommended baseline.

The ISSB standard is often referred to as an 'enterprise value' definition. However, what a hypothetical 'investor' may consider material is not tested because a company does not have to disclose impacts that it believes to be non-material - it denies investors information to formulate their own view. Note, this framing appears simply a reworking of what existing financial reporting standards are - which should cover all significant financially material aspects - whether the origins are related to biodiversity or any other measure.

The ISSB definitions makes it near impossible to objectively identify any obligations beyond this. As essentially it is open to a contest of definitions about *who* the hypothetical end-user is (and who this excludes, such as ethical funds), *what* information they would choose to care about and *how* they would treat this hypothetical information. Added to this, is the point made by UCL academics well before TNFD ever released a first draft - that it is extremely difficult for scientists to accurately predict biodiversity tipping points, in short how individual or cumulative activities will impact on biodiversity in future. In short, to understand what is 'financially material' this would require corporations to accurately predict biodiversity outcomes that scientists themselves are struggling to predict.