



The Taskforce on Nature-related Financial Disclosures (TNFD)

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Why do financial institutions keep financing biodiversity destruction & human rights abuses?

Common questions from rightsholders & CSOs

How TNFD compares to key priorities of those on the frontline of the biodiversity crisis

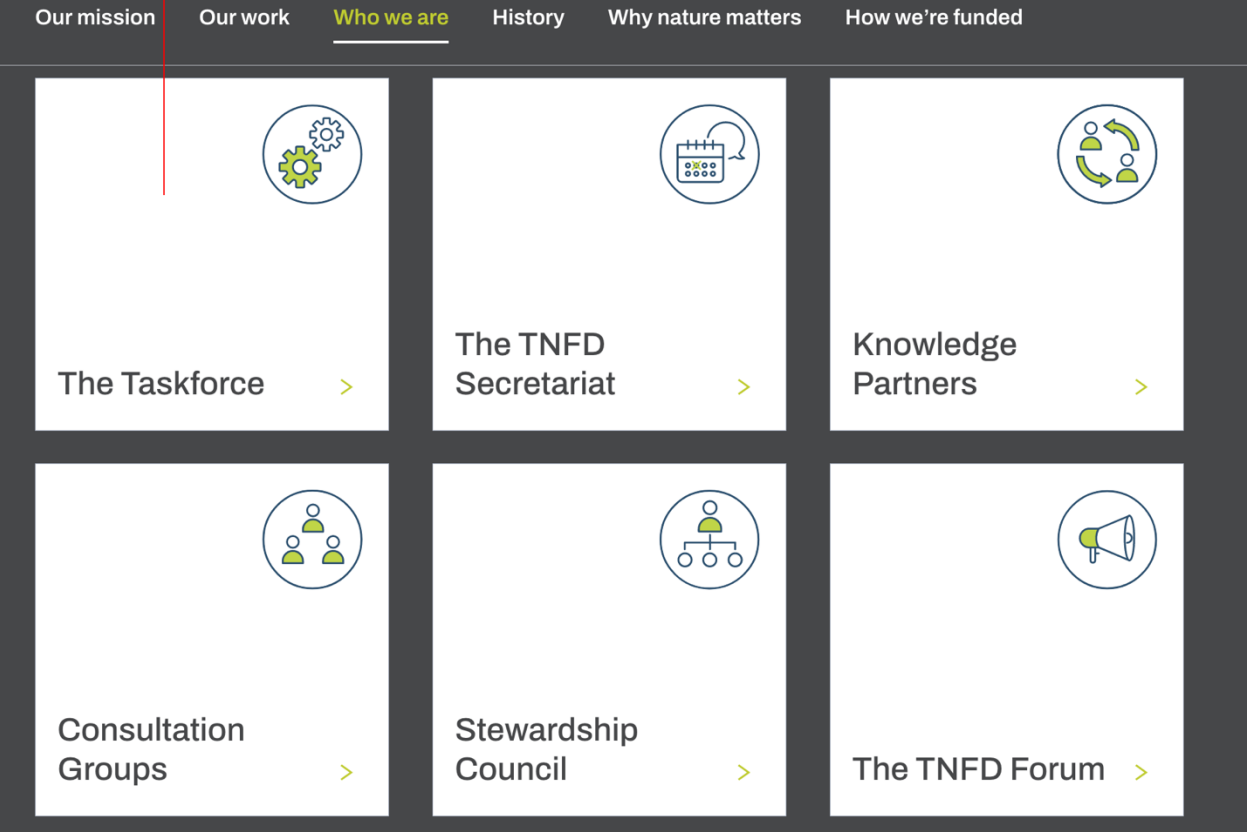
Would a company or bank:

- Face **legal consequences** for environmental & human rights abuses? **No.**
- **Have to give up the profits** it made from harmful activities & financing? **No.**
- Have to **provide remedy and redress** to people or ecosystems harmed? **No.**
- Disclose **where it is operating, buying from or financing** – so that people can know if a company or bank is linked to problems in their area? **No.**
- **Disclose complaints or allegations** against it of serious environmental or human rights harms? **No.**
- Report where it was linked to illegal practices or **fined for illegal practices?** **Mostly no.**

WHO

were the ultimate decision-makers of TNFD?

The Taskforce – made up of staff from 40 corporations is the ultimate decision-maker on TNFD.



The taskforce that decided the TNFD framework in September 2023 did **NOT** include Indigenous Peoples, regulators, unions, environmental defenders or scientists.

Source: TNFD

WHAT

is in a company's TNFD report?

956,000
ha of protected areas

799,000
Obligatory

165,000
voluntary

For each ha altered/
impacted in the world
we protect 11 ha



Impact drivers	Materiality of the impact	
Water use		
Use of continental water ecosystems		
Use of marine ecosystems		
Use of land ecosystems		
GHG emissions		
Non-GHG emissions		
Water pollutants		
Soil pollutants		
Solid waste		

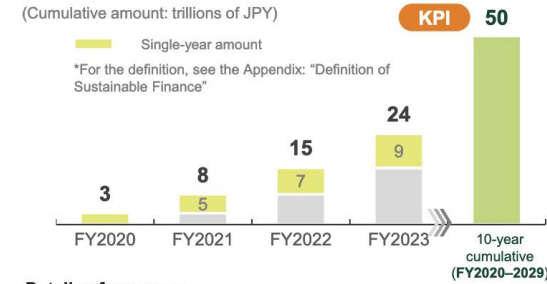
Materiality*

Very high High Moderate Low Non-material

Sustainable Finance

We are actively advancing sustainable finance to assist our clients in solving social issues and are on track to achieve our execution target of JPY 50 trillion by 2030, with JPY 20 trillion allocated to green finance.

Amount of sustainable finance (cumulative)



Details of progress

- In addition to our traditional strength in project finance for renewable energy, we are also enhancing our proposals to support our customers' decarbonization and transition efforts.
- By product, green finance and sustainability-linked loans in particular have accounted for a large proportion of results, and social finance, etc., have shown a steady increase.

SMBC 三井住友銀行

Global

1st Green loan*1 2nd Sustainable loan*2, Social loan*1

*1: Dealogic (amounts extended in FY2023)

*2: Environment Finance (number of credits executed in FY2023)

Case studies

Indonesia	India
Blue bonds contributing to the conservation of marine ecosystems (samurai government bonds)	Green loan for wind and solar power generation
UK	Chile
Social loans for affordable housings	Social loans for businesses working committing to financial inclusion

Support for the formulation of sustainable finance frameworks

- To support Mazda's net zero efforts, as a structuring agent, SMBC Group supported the formulation of the finance framework
- The framework was adopted as the **Climate Innovation Finance Promotion Project by the Ministry of Economy, Trade and Industry (METI)**, the first project by the automobile companies in Japan

SMBC SMBC NIKKO
SMBC SUMITOMO MITSUI BANKING CORPORATION
Support using the Group's knowledge



SMBC banks, Metrics & Targets section, TNFD report

Excerpts, Vale TNFD report

TNFD

Indicator	Sustainability Report 2023
Total spatial footprint (km²) (sum of): → Total surface area controlled/ managed by the organization, where the organization has control (km²); → Total disturbed area (km²); and → Total rehabilitated/restored area (km²).	26% Inside, 74% Outside Biodiversity-sensitive Regions (Dependency Analysis).
Extent of land/freshwater/ocean ecosystem use change (km²) by: → Type of ecosystem; and → Type of business activity. Extent of land/freshwater/ocean ecosystem conserved or restored (km²), split into: → Voluntary; and → Required by statutes or regulations. Extent of land/freshwater/ocean ecosystem that is sustainably managed (km²) by: → Type of ecosystem; and → Type of business activity.	Total volume of water withdrawn 2023 - 86,840,746 m³. 27 million hectares monitored through satellite and radar, page 53.
Pollutants released to soil (tons) by type, referring to sector-specific guidance on types of pollutants.	Hazardous landfill disposal 2023 - 128 metric tons.
Volume of water discharged (m³), split into: → Total; → Freshwater; and → Other. Including: → Concentrations of key pollutants in the wastewater discharged, by type of pollutant, referring to sector-specific guidance for types of pollutants; and → Temperature of water discharged, where relevant.	Total volume of water discharged 2023 ~ 74,855,953 m³. Total volume of fresh surface water discharged 2023 - 13,693,867 m³.
Indicator	Sustainability Report 2023
Weight of hazardous and nonhazardous waste generated by type (tons), referring to sector-specific guidance for types of waste. Weight of hazardous and nonhazardous waste (tons) disposed of, split into: → Waste incinerated (with and without energy recovery); → Waste sent to landfill; and → Other disposal methods. Weight of hazardous and nonhazardous waste (tons) diverted from landfill, split into waste: → Reused; → Recycled; and → Other recovery operations.	→ Hazardous waste incineration 2023 - 169 metric tons. → Non-hazardous waste incineration without energy recovery 2023 - 491 metric tons. → Non-hazardous waste incineration with energy recovery 2023 - 6,208 metric tons. → Hazardous waste landfill disposal 2023 - 128 metric tons. → Non-hazardous waste landfill disposal 2023 - 27,802 metric tons. → Waste Reused, Recovered, and Recycled 2023 - Hazardous - 698 metric tons; 60 metric tons; 1,461 metric tons. Non-Hazardous - 22,683 metric tons; 15,637 metric tons; 63,147 metric tons.
Water withdrawal and consumption (m³) from areas of water scarcity, including identification of water source.	See Page 87 for the holistic water indicators.
Quantity of high-risk natural commodities (tons) sourced from land/ocean/freshwater, split into types, including proportion of total natural commodities. Quantity of high-risk natural commodities (tons) sourced under a sustainable management plan or certification programme, including proportion of total high-risk natural commodities.	2023 - 51% of Brazilian soy was originated in the Cerrado biome.
For those organizations that choose to report on state of nature metrics, the TNFD encourages them to report the following indicators, and to refer to the TNFD additional guidance on measurement of the state of nature in Annex 2 of the LEAP approach: → Level of ecosystem condition by type of ecosystem and business activity; and → Species extinction risk.	Reported on the LEAP Approach, Page 27.

Bunge 2024 TNFD report

The **LEAP Approach** stands for:

Step 1
L **Locate** the company's interface with nature across geographies and value chain

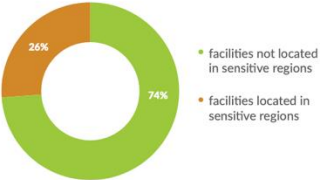
As shown in the map below, we mapped Bunge's processing facilities and defined locations where Bunge directly interfaces with nature and biodiversity-sensitive regions as per [the ArcGIS Biodiversity Hotspots 2016 map](#).



Step 2
E **Evaluate** the dependencies and impacts on the nature

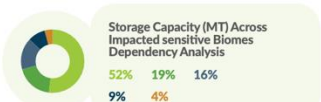
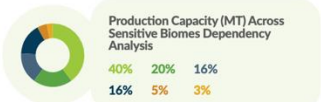
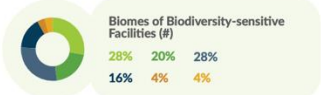
Having located each processing facility, we conducted a dependency analysis to evaluate the level of interface of our facilities within biodiversity sensitive regions compared to the overall company.

Facilities in Sensitive Regions for Biodiversity



Step 3
A **Assess** the nature-related risks and opportunities

The analysis of our processing facilities in biodiversity-sensitive regions clearly revealed two regions, the Cerrado and Atlantic Forest, also known as Mata Atlântica. Both biomes in Brazil stand out due to their high degree of endemism and significant habitat loss.



Step 4
P **Prepare** the response to nature-related risks and opportunities

The current guidance proposed by TNFD is based on owned and/or controlled operations. Overall, approximately 26% of our facilities and 25% of our total production are located in sensitive areas for biodiversity, while 24% of our storage capacity also impacts such regions. The biomes of Cerrado and Mata Atlântica, both in Brazil, are the most important for us for concentrating 60% of our impacts and 71% of our dependencies.

We understand that, for dealing with agricultural commodities, it is not only where we operate but where these commodities come from as relevant aspect related to biodiversity. In these terms, that is why our analysis considered our production and storage capacities, for they show impacts, dependencies, risks and opportunities that our supply shed may have on biodiversity matters.

The two key aspects related to biodiversity are water, mainly in regions of scarcity, and deforestation and land conversion from natural habitats, thus intrinsically related to biodiversity loss and dependencies. In this report, we have comprehensive disclosure of biodiversity-related matters such as climate and SBTs, water management in our operations as well as our journey fighting deforestation and ecosystem loss in our supply shed for South America, Africa and Asia.

TNFD reports

<https://tnfd.global/knowledge-hub/example-tnfd-reporting/>

Banking on Biodiversity Collapse case study on **Bunge** TNFD report.

Finding:

- Omits key data – including full exposure to deforestation in the Cerrado, suppliers' involving in illegal land grabs and displacement of Indigenous and Quilombola communities.
- A quick online search more informative than TNFD report.

Also **Vale** TNFD report.

Omits:

- Ongoing Indigenous Peoples' protests against Vale.
- Investors in 9 countries exclude Vale.
- US SEC case over misleading reporting - \$55 million.
- Ongoing investigations into tailings dams. 2019 collapse killed 270 people.

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 <u>where such information is material.</u>	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 <u>material</u> nature-related dependencies, impacts, risks and opportunities.
Recommended disclosures	Recommended disclosures	Recommended disclosures	Recommended disclosures
<p>A. Describe the board's oversight of nature-related dependencies, impacts, risks and opportunities.</p> <p>B. Describe management's role in assessing and managing nature-related dependencies, impacts, risks and opportunities.</p> <p>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.</p>	<p>A. Describe the nature-related dependencies, impacts, risks and opportunities the organisation has identified over the short, medium and long term.</p> <p>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.</p> <p>C. Describe the resilience of the organisation's strategy to nature-related risks and opportunities, taking into consideration different scenarios.</p> <p>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.</p>	<p>A(i) Describe the organisation's processes for identifying, assessing and prioritising nature-related dependencies, impacts, risks and opportunities in its direct operations.</p> <p>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).</p> <p>B. Describe the organisation's processes for managing nature-related dependencies, impacts, risks and opportunities.</p> <p>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.</p>	<p>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.</p> <p>B. Disclose the metrics used by the organisation to assess and manage dependencies and impacts on nature.</p> <p>C. Describe the targets and goals used by the organisation to manage nature-related dependencies, impacts, risks and opportunities and its performance against these.</p>

A ‘TNFD report’ can involve reporting against as few as 1 recommendation and not reporting against the others.

TNFD baseline is to report how nature impacts the business **NOT** how business impacts nature. This is a lower standard than existing laws in some places.

See definition ‘materiality’ [TNFD Glossary](#), p.41

	Issue	Example of positions that could be adopted	TNFD position
1.	Community's right to know	Affected communities can know if a reporting company is operating in, sourcing from or financing activities in their area.	X <u>i.e.</u> TNFD does not recommend reporting: geolocation, supplier lists, exclusion list/investee universe etc.
2.	Materiality	Double materiality: Businesses disclose their impacts on biodiversity & impacts of nature-related issues on business.	X Baseline limited to enterprise value/single materiality.
3.	Claims can be fact-checked on the ground	Public disclosure of datasets & other information allows for TNFD report claims to be independently checked against realities on the ground.	X Basic positions (<u>i.e.</u> 1, 2, 4) & use of high-level metrics means that most claims reported cannot be independently fact-checked.
4.	Systemic reporting of complaints	Businesses systematically disclose a list of complaints or allegations (grievance list) it faces on its biodiversity & human rights practices.	X Taskforce members faced almost 300 allegations of rights abuses over the last 10 years.
5.	Human rights	Human rights central to all parts of the TNFD and seen as fundamental to biodiversity outcomes.	? Recommends companies disclose human rights due diligence – but barriers to HR substantiation in the framework <u>i.e.</u> 1, 4, 6 & broader issues.
6.	Remedy & redress	All reporting companies, including investors, establish a grievance mechanism & show that it is credible & operational.	X Invites organisations to report if they have grievance mechanisms – but doesn't appear to require them.
7.	Lobbying	Businesses report their lobbying positions & practices on nature-related issues, including via industry groups.	? Some recommendation but vague.
8.	Exclusion	There is a process to exclude/suspend companies involved in egregious practices, bad faith reporting or greenwashing.	X

	Issue	Example of positions that could be adopted	TNFD position
	Commodification of nature	There is serious and systemic engagement with recommendations from the Intergovernmental Platform on Biodiversity & Ecosystem Services – including the role market-based thinking has placed in exacerbating biodiversity loss.	✗ TNFD's potential to escalate the commodification of nature through new 'nature markets' has never been interrogated
	Profits from harm	Any profits connected to biodiversity or human rights harms are not retained – for example, through remedy & redress.	✗ Under TNFD, companies can keep 100% of any profits made from biodiversity & human rights harms.
	Accountability	Companies reporting under TNFD clearly state that legal accountability is fundamental to 'transition risk' & endorse environmental defender-led work on corporate accountability laws on environmental & human rights. TNFD definitively states that as a corporate-written framework it should absolutely not be considered as the basis of future laws.	✗ There is deep critique that TNFD is distracting from & undermining laws that would create actual risk for biodiversity harms.

Offsets: TNFD never consulted on the issue of offsets. It's use of 'net' metrics reporting facilitates offsets facilitates offsets. Key groups involved in promoting offsets also involved in TNFD.

Additional risk: TNFD will steer companies to act on their most financially impactful issues related to biodiversity. **NOT** to focus on their worst impacts on biodiversity. For example, TNFD doesn't require a company to act on extinction risks.

TNFD is **NOT** 'aligned' with the Global Biodiversity Framework

*Target 15: a) Regularly monitor, assess, and **transparently disclose** their risks, dependencies and **impacts** on biodiversity, including with requirements for all large as well as transnational companies and financial institutions along their operations, supply and value chains, and portfolios.*

*b) Provide **information needed to consumers** to promote sustainable consumption patterns...*

*...in order to progressively **reduce negative impacts on biodiversity**, increase positive impacts, reduce biodiversity-related risks to business and financial institutions, and promote actions to **ensure sustainable patterns of production**.*

For example:

- TNFD data can't be cross-checked against realities on the ground.
- TNFD data don't respect community's basic right to know.
- TNFD baseline reporting on how nature impacts business NOT how business impacts on biodiversity.
- Consumer campaigns rely on tracing banks to companies they finance or company supply chains.
- No process to exclude companies using TNFD self reports for greenwashing.

WHY

has TNFD adopted such problematic recommendations?

Sample of serious environmental or human rights concerns raised against TNFD taskforce company group members

This table suggests the scale and breadth of serious human rights and environmental concerns raised against company groups chosen for the taskforce as raised by communities, civil society groups or investors.
This list of 18 company groups equates to 45% of the taskforce.

<u>Company group</u>	<u>Investor Exclusion List*</u>	<u>Listing in the Business & Human Rights Resource Centre database</u>	<u>OECD case (2020-2024)</u>	<u>Legal case (2019-2024)</u> <u>(non-exhaustive)</u>	<u>Other</u>
<u>Anglo American</u>	21	12 allegations 37 response requests 24 HRD attacks	GLAN vs. Anglo American PLC (2021)		
<u>AXA</u>	1	6 response requests		Sherpa criminal complaint filed against BNP Paribas, Credit Agricole, BPCE and AXA (2023)	
<u>Bank of America</u>		18 response requests			Consistently the 4th or 3rd largest banker of fossil fuels in Banking on Climate Chaos reports

At least **45%** of companies on the TNFD taskforce face serious environmental or human rights concerns.

This includes companies that investors themselves have excluded.

Complaint To UNEP On TNFD

Ten civil society and rights holder organizations and networks – whose members include over 200 organizations on five continents – file [a complaint](#) to the UNEP grievance mechanism. The complaint alleges that UNEP – in co-founding and continuing to support the Taskforce on Nature-related Financial Disclosures (TNFD) – has breached its own policies on environmental defenders, gender equity, access to information and the precautionary approach. It also highlights that [45% of taskforce members](#) face serious environmental and human rights concerns. This includes legal cases, OECD cases, investor exclusions and mass payments. This also directly undermines the work of environmental defenders seeking justice. The complaint is filed by Rainforest Action Network, Forests & Finance coalition, Global Forest Coalition, BankTrack, Milieudefensie, Third World Network, Women's Earth and Climate Action Network, Friends of the Earth International, Indigenous Environmental Network and Movimento pelo Soberania Popular no Mineração.

DOWNLOAD THE COMPLAINT

Scan to see the complaint.



ALTERNATIVES

Liability and redress: Corporations face few, or no, legal or financial consequences for biodiversity destruction and human rights harms. Financial institutions have virtual impunity. Communities want justice.

Even on reporting, the **Global Reporting Initiative** already has a framework for business reporting its impact on biodiversity. It is far from perfect – but much stronger and widely used than TNFD.

Vale TNFD report vs. Reality for communities impacted by the 2015 Mariana disaster.



What are alternatives to TNFD?

Liability and redress

Legal options:

- Stronger environmental laws & ensuring that finance isn't excluded.
- Company law reform – i.e. French Duty of Vigilance law.

Principle:

- It should be more expensive & legally problematic to do the wrong thing, than to act responsibly.

For example: compensation, damages, fines and legal consequences.

- Ending impunity benefits companies that are doing the right thing and empowers staff that are internally fighting for change.

What are alternatives to TNFD?

Transparency that matters

1. **Complaint reporting:** Is the financial institution or company facing allegations of biodiversity or human rights harms or risks?
2. **Finance chains:** Project and company-name reporting.
3. **Supplier lists:** Allow traceable supply chains.
4. **Exclusion lists:** By company or project.

Principles:

- Affected communities have the right to know who is financing activities in their area.
- Claims can be independently verified and fact-checked against realities on the ground.
- Financial institution and company policies and practices are more likely to be broken or risk greenwashing if affected communities do not know of these financial or supply chain links.

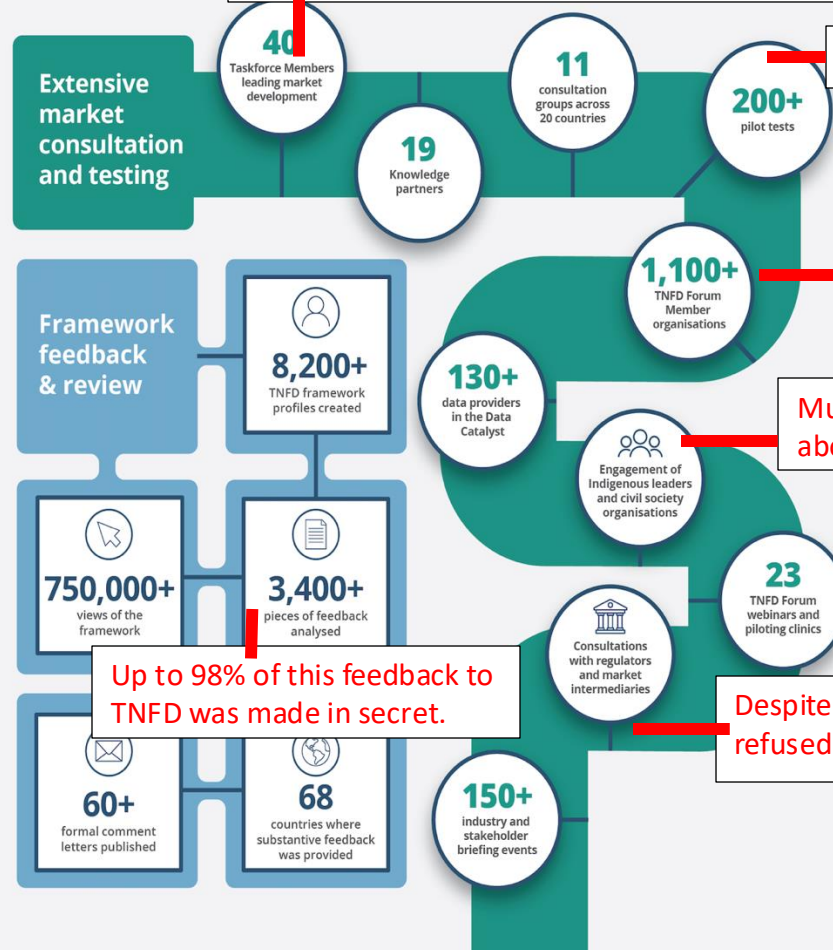
What are alternatives to TNFD?

Policy making approaches

Principle:

- Financial institutions and companies should NOT be writing their own regulations.
- Policy-making that applies to the financial sector should follow basic principles of good governance. This includes centering the expertise of those adversely impacted by biodiversity harms, including Indigenous Peoples.
- Ideally, principles within the Escazu Agreement should be adopted as the norm for sound policy making.
- We need to move beyond ‘financial sector exceptionalism’. i.e. That the basic rules of good governance – on everything from impunity to policy-making – do not apply.

Solely made up of corporations. No gov't officials, no scientists, no IPs, no CSOs, no smallholders.
"Leaders" include: Dow Inc, BlackRock, Bayer AG, Suzano, Bank of America, Anglo American, Bunge, KPMG, BNP Paribas, HSBC. Not clear who appointed them.



TNFD has refused to disclose who is in/not in the consultation groups.

Companies trialled TNFD tools for assessment/reporting & gave feedback. There was no pilot to test if TNFD's framework would catch biodiversity harms or lead to greenwashing. During its development TNFD didn't provide a single example of what a TNFD report would look like.

Much of this 'engagement' was CSOs & IPs raising profound concerns about TNFD and greenwashing risks.

Up to 98% of this feedback to TNFD was made in secret.

Despite being written by corporations, for corporations TNFD has refused to state that it is not an appropriate blueprint for regulation.