

TNFD Consultation: Technical Scope

Submitted via email to TNFD Working Group, 31 March 2021

Dear TNFD team,

We would like to provide a few brief comments on the '**Technical Scope of the Taskforce on Nature-related Financial Disclosures Consultation Document**'.

FAIRR welcomes the initiative overall as starting point to help investors manage nature-related risks. As an investor network focused on agriculture with members with over 30 trillion in collective assets, FAIRR is well positioned to support interaction with investors on the topic.

We would like to clarify that we have not had time to consult with the FAIRR investor members on this more broadly due to the timeframe of the consultation; the comments below are from the FAIRR secretariat rather than representing our members. We will be consulting more broadly with our members on policy issues around climate change and biodiversity in the year ahead.

The broad comments which we would like to submit are as follows:

- We agree with the broad goal in **Section 1.2**, and the focus on double materiality.
- We welcome the clarity provided by **Section 2.1** which attempts to define 'decision-useful information by clarifying (a) the decisions which disclosures made in accordance with TNFD recommendations are intended to inform and (b) the potential users of this information (e.g. corporates, financial institutions, rating agencies, financial supervisors, shareholders, citizens, public bodies etc.). We hope this approach will be embedded in the Taskforce's work going forward.
- On **Section 2.2** Definition of nature-related risks and opportunities:
 - We agree that the approach taken under TCFD of focussing on physical and transition risks is a good starting point but would like the Taskforce to give further consideration to whether it can be copied directly when considering nature-related financial risks. Specifically, definitions of risk may need to be adapted to decide on the appropriate treatment of systemic risks and take account of the relative immaturity of the policy landscape. We welcome the recognition that this should be an early task for the Taskforce.
 - Rather than absorb opportunities into the different risk types (physical, transition), they could be separated out in order to increase the visibility of the likely solutions and ensure each potential solution is given adequate consideration by corporates. This could be based on a similar approach taken by TCFD (see Section B of TCFD Recommendations 2017, Figure 1 below) i.e. split opportunities into specific categories of Resource Efficiency, Energy Source, Products & Services, Markets and Resilience.
- **Section 2.3** Scope: This section (2.3) would benefit from an introductory paragraph.
- **Section 3.1** Prioritisation: we strongly support a proposed approach and would recommend that the food supply chain with a particular focus on impacts of commodities such as beef on

deforestation would be the most appropriate place to start. This would align with recent evidence from [Chatham House](#) that agriculture is the top threat for some 86% of the species known to be at risk of extinction; and evidence from WRI which found that [cattle](#) was the agricultural commodity most associated with deforestation over 2001-15.

- Potential gaps:
 - In terms of metrics, it would be helpful to include a recommendation in the front section of the report that the TNFD should give early consideration to identifying nature-related metrics which are meaningful to investors. We believe that it may be possible for TNFD to score a quick win on metrics relating to land use were it to give early priority to the food or agriculture sectors.
 - Finally given the Convention on Biological Diversity is due to meet this year, we feel it would seem sensible to include explicit reference to the importance of establishing linkages between the work of TNFD and the UN CBD process.

Kind regards,

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