

## TNFD will not stop UK banks from financing deforestation, contrary to the government's argument

There is significant cross-Party support for an amendment to the Financial Services and Markets Bill which could stop UK financial institutions [ploughing billions of pounds into deforestation each year](#), a key driver of climate change and biodiversity loss worldwide.

The **government argues** that the voluntary risk-reporting framework being developed by the Taskforce on Nature-related Financial Disclosure (TNFD) will stop UK financial institutions making these deforestation deals in the future.

This ignores the advice they have received from their own expert body, as well as significant flaws with the TNFD framework and its underlying theory of change.

### The TNFD will not stop deforestation financing because:

#### 1. The government's own expert says TNFD is not the solution

The Global Resource Initiative (GRI) Taskforce – established by government and led by the former Chair of Barclays, Sir Ian Cheshire – has already [reviewed and rejected the TNFD](#) in its assessment of how to stop UK banks financing deforestation abroad.

The GRI Taskforce studied many corporate disclosure frameworks including the TNFD and concluded new due diligence laws are needed instead, as Sir Ian Cheshire reiterated in his recent open letter to government about the Financial Services and Markets Bill.

#### 2. The TNFD is focussed on reducing risks to a company's profitability, not harm to nature

Financial institutions are not required to mitigate or reduce their harmful impact on biodiversity or human rights under TNFD. The framework is designed to help companies identify the 'material' financial risks to their business model resulting from their dependence and negative impact on nature. Reporting risks to nature is not the same as reducing them.

TNFD relies on the veracity and accuracy of self-reported information that will not be independently scrutinised or verified. Financial institutions will still face no consequences for the continued destruction of vital forest ecosystems and linked human rights abuses. It is not a preventative framework. A financial institution could report the deforestation they finance but keep the profits.

TNFD has been described as the "[the next frontier in corporate greenwashing on nature](#)".

#### 3. TNFD will become operable too late to stop commodity-driven deforestation by 2025

TNFD is a voluntary reporting aide, it will not change the way companies operate. Commodity-driven deforestation [must be ended by 2025](#) to limit global temperature rises to 1.5c. A due diligence law is needed to transform financial flows now.

#### 4. A lack of information is not the problem

Financial institutions already have the data sources and due diligence systems necessary to eliminate deforestation risk from their portfolios. They choose not to act because they can get away with it under existing financial regulations in the UK. Voluntary biodiversity reporting will not change this.

See [Global Witness's briefing on the Financial Services and Markets Bill here](#).