August 5, 2026

JBA Comments on Taskforce on Nature-related Financial Disclosures (TNFD) Discussion paper on Environmental Crime

No.	Question	Comments
1.	Does the guidance provide sufficient clarity on where and how environmental crime should be considered within the LEAP approach? Which sections were most useful? What additional clarifications, examples or practical guidance would be beneficial?	This guidance would be useful because it clearly sets out a direction for integrating environmental crime into each stage of the LEAP approach. In particular, it is important that environmental crime be positioned not merely as a compliance matter, but also as a factor that may affect the assessment of nature-related dependencies, impacts and risks. At the same time, for financial institutions that already prohibit environmental crime under cross-cutting or sector-specific policies—both at the initial transaction assessment stage and during follow-up monitoring—it would be beneficial to provide examples and guidance on how to implement the Scoping phase in practice, so as to avoid duplicative work.
2.	Is there any material that you consider unclear, inaccurate, confusing or not useful in practice? Please explain why.	We note that there may be cases where exit decisions are made based on NGO reports, media information, discrepancies in documentation, or other indicators that would be classified as “potential exposure.” In this regard, the distinction between “potential exposure” and “known exposure,” as well as the corresponding actions required under the “Prepare” phase for each category, may be inconsistent with existing risk management practices at financial institutions.

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		Differences across financial sub-sectors are not yet sufficiently addressed. Banks, securities firms, asset managers, and insurers differ in terms of how they may be exposed to environmental crime, the data available to them, and the practical measures they can take.
3.	What challenges do you anticipate organisations may face when applying this guidance in practice? What additional guidance, examples or resources would help address those challenges?	Challenges organisations may face are as follows: ・ Due to complex supply chains, it would be difficult to identify the ultimate beneficiary, beneficial owner, country of origin, and logistics routes. ・ Differences across jurisdictions mean that thresholds for illegality and levels of enforcement are not consistent, making assessments challenging. ・ As relevant data is fragmented, the information that can be verified may remain limited. ・ Gaps can easily arise between risk identification conducted under the LEAP approach and the risk identification processes underpinning existing environmental and social policies. Additionally, the following would be helpful: ・ Examples illustrating how the approach can be linked and integrated with existing environmental and social policies and frameworks (e.g., cross-cutting transaction prohibition policies, sector policies, AML/KYC processes, and credit screening processes).

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4.	Does the guidance provide sufficient balance across corporates and financial institutions, including different financial subsectors? Are there sector-specific considerations or examples of implementation challenges that are currently missing?	Among financial institutions, banks in particular engage in a broad range of lending and investment activities and are involved in many types of transactions, such as project finance and non-recourse loans. As a result, obtaining an understanding of the actual situation could require substantial effort and may present significant practical challenges. It would therefore be helpful to provide guidance that is appropriately tailored to banking practices.
5.	Do you have any comments on the definition of environmental crime provided in the draft guidance and the five primary categories discussed?	The definition of environmental crime as illegal activities that directly cause harm to the environment is appropriate. The five categories identified—illegal deforestation and land conversion, illegal mining and resource extraction, illegal fishing, wildlife trafficking, and waste and pollution crime—provide a reasonable basis.
6.	Do you agree with the distinction between direct and indirect exposure to environmental crime? How can the TNFD improve the guidance on how these concepts apply in the context of corporates and financial institutions? Is there an appropriate balance between the two?	We agree with the distinction, as financial institutions are exposed to the risk of indirect involvement in environmental crime through their borrowers, investees, and other counterparties. While Box 9 provides useful examples, a broader range of case studies and past examples would be helpful in deepening understanding. We also consider the balance between direct and indirect exposure to be appropriate, as both are important and should be recognised as such.

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7.	Does the guidance provide sufficient clarity on how organisations should address uncertainty, incomplete information and data limitations when assessing potential exposure to environmental crime?	This guidance is helpful in that it does not treat uncertainty merely as a lack of information, but instead recognises it as an inherent element of nature-related assessment. On the other hand, more practical specificity is needed to support its application in financial institutions' decision-making processes. In particular, it is particularly important to clearly state the following: · A lack of information does not necessarily indicate a low level of risk. · The principle of adopting a conservative approach where multiple indicators overlap. · How unverified information should be documented internally, including who should escalate it, and through what process. For financial institutions that have already adopted cross-cutting prohibition policies, there are situations where greater uncertainty may lead to more cautious transaction decisions. Therefore, it would be helpful for the TNFD to clarify not only how uncertainty should be disclosed, but also the decision-making principles that should be applied when uncertainty exists.

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8.	Do you agree with the proposed approach to disclosure of information about environmental crime using the TNFD recommended disclosures as described in the draft additional guidance for component P3 of the LEAP approach? Are there any legal, operational, confidentiality or practical considerations that should be addressed more explicitly?	We agree with the proposed approach of disclosing information on environmental crime in a manner that avoids making definitive statements about individual cases and instead focuses on the institution’s approach and policies, such as the scope of prohibited transactions, as well as its management and control framework.
9.	What tools, datasets, indicators or sources of information do you find useful for identifying potential environmental crime in and around your operation, value chain, financed activities or portfolios?	In addition to the tools, datasets and information sources introduced in the guidance, the following qualitative indicators may also be useful in practice: · Whether there has been significant public criticism, allegations or large-scale opposition movements. · Whether there are significant adverse impacts on the surrounding natural environment or ecosystems. · Whether strategies, policies, and assessments addressing environmental and social issues have been developed and implemented. · Whether relevant certifications have been obtained.

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10.	Do you have suggestions of any additional case studies that the TNFD should include to illustrate the concepts, challenges, or approaches discussed in the guidance?	The inclusion of additional case studies that are more closely aligned with common practice would be highly valuable, including examples such as the following: ・ How to address inconsistencies in the country of origin and anomalies in transportation routes. ・ How suspected environmental crime involving a client company is reflected in credit decisions and ongoing monitoring. ・ Examples from financial institutions that have adopted cross-cutting prohibited transaction policies. ・ Examples where, rather than narrowing the scope during the Scoping phase, institutions apply common cross-cutting principles for prohibited transactions and conservative decision-making.

(End)