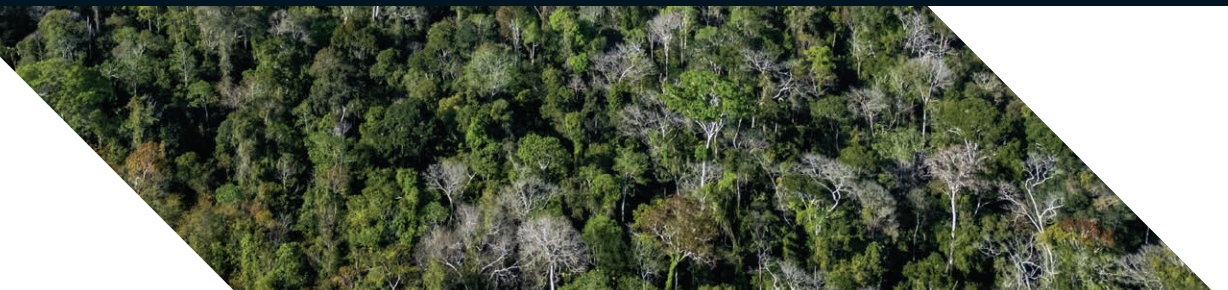




Japanese Companies' Trends in TNFD Disclosures 2024

Insights from Benchmark Results



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in TNFD Disclosures 2024
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WWF Japan
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Purpose of This Report

This report analyzes the results of a benchmarking study based on the "TNFD Key Points" published by WWF Japan. It outlines the initial trends and challenges observed in early TNFD disclosures in Japan, and presents expectations for future TNFD reporting. The report aims to contribute to the effective use of the TNFD framework as a tool for advancing nature-positive outcomes.

Since the release of TNFD v1.0 in September 2023, many Japanese companies have begun disclosing information in alignment with the TNFD framework. With the highest number of TNFD Adopters globally, TNFD disclosures by Japanese companies have attracted significant international attention.

The proactive stance of Japanese companies in undertaking TNFD disclosures despite the absence of prior examples is commendable. However, some reports have raised concerns as to whether these disclosures are genuinely aligned with the goal of achieving nature-positive outcomes.

Environmental degradation has largely stemmed from the fact that the negative impacts of corporate activities on nature have not been sufficiently recognized as social costs and have therefore been neglected as “negative externalities”. In recent years, however, stakeholders, including financial institutions, have increasingly come to the view that such externalities can no longer be neglected, in light of the growing economic losses caused by natural disasters and environmental destruction. Accordingly, companies are increasingly expected to take responsible ownership of the negative impacts their business activities have on nature and to internalize the associated social costs by reflecting them in management decisions and disclosures. In this context, the importance of analyzing and disclosing companies’ dependencies and impacts on nature is receiving growing attention.

Therefore, TNFD disclosures are not intended to be mere promotion of a company’s good practices. The reality is that many business activities put pressure on nature. It is imperative to first analyze the dependencies and impacts between a company’s operations and nature, which have not been adequately assessed or disclosed until now, and to report these findings with transparency. Based on the results of such analysis, companies develop strategies and risk management measures aimed at avoiding or mitigating negative impacts on nature. They establish appropriate metrics and targets, demonstrate governance structures to oversee these efforts, and show commitment to business transformation that reduces pressure on nature. Such proactive approaches are increasingly recognized and can contribute to enhancing corporate value.



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TNFD is structured around four pillars: Governance, Strategy, Risk and Impact Management, and Metrics and Targets. In the TNFD disclosure recommendations (Figure 1), the phrase “nature-related dependencies and impacts” appears 13 times. This highlights the expectation that companies, in preparing TNFD-aligned disclosures, should begin by analyzing their nature-related dependencies and impacts. Based on this analysis, they are expected to identify related risks and opportunities and provide disclosures aligned with the four pillars. Conversely, if a company proceeds with disclosure without understanding its dependencies and impacts on nature, the report is likely to lack substance or meaningful content.

In the process of identifying dependencies and impacts, it is crucial to clarify what elements of a business depend on or impact nature, where these interactions occur, and how they take place. Unlike greenhouse gas emissions, which can be measured using a common metric such as CO2e (carbon dioxide equivalent), there is currently no single standardized metric for nature-related factors. Therefore, it is important to approach this complex matter as it is, rather than attempting to oversimplify it. In particular, activities at the end of the value chain (corresponding to the starting point of Scope 3) such as the production and extraction of raw materials, have a significant impact on nature. However, the dependencies and impacts of these activities on nature have not been adequately analyzed or disclosed to date. Advancing nature-related analysis in line with the TNFD framework is expected to prompt companies to pay closer attention to this overlooked area, assess their dependencies and impacts more thoroughly, and shift their operations toward reducing their pressure on nature.

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
<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>

Reference: TNFD (2023) | Recommendations of the Taskforce on Nature-related Financial Disclosures (P. 9)
<https://tnfd.global/wp-content/uploads/2023/08/Recommendations-of-the-Taskforce-on-Nature-related-Financial-Disclosures.pdf?v=1734112245>

Overview of TNFD Key Points

The TNFD provides a range of effective tools to support companies in their transformation toward nature-positive outcomes. These include a framework for analyzing nature-related dependencies and impacts, as well as lists of data tools to facilitate the collection and assessment of relevant information.

However, within the extensive materials published by the TNFD, the items that should be prioritized may vary depending on factors such as the characteristics of the market in which a company operates, the nature of its business, and the level of practice it currently undertakes to address nature-related impacts. With this context in mind, WWF Japan identified four key elements from the TNFD framework that are considered particularly important for early-stage disclosures in the Japanese market, regardless of industry or business model, and compiled them as the “TNFD Key Points.”

Key Point	1	Application of Materiality
	2	Nature-related Issues and Identification of Priority Locations
	2-1	Direct Operations
	2-2	Upstream and Downstream Value Chain(s)
	3	Mitigation Hierarchy
	4	Engagement with Indigenous Peoples, Local Communities and affected stakeholders



Overview of the Benchmarking Analysis Based on the TNFD Key Points

WWF Japan conducted a benchmarking analysis aligned with the TNFD Key Points. This analysis involved a preliminary review focusing solely on whether disclosures related to specific indicators were made or not. Therefore, the purpose of this analysis is not to rank companies, but to provide guidance for those disclosing in 2024 on their next steps and to offer a useful reference for companies planning future disclosures by highlighting leading examples.

Companies covered by the analysis

Companies that published TNFD disclosures based on TNFD v1.0 by December 31, 2024
Note: The analysis excludes financial institutions, service-oriented businesses, and companies generally considered to have relatively lower usage of natural capital.

The analysis covers the following 65 companies. (‘Cor Ltd’ in the company names is omitted. The order is based on the Japanese syllabary (aiueo) order)

- | | | |
|-------------------------------------|---|-------------------------------|
| • Asahi Group Holdings | • Sumitomo Forestry | • Nippon Steel |
| • Ajinomoto | • Sekisui Chemical | • Nh Foods |
| • AEON Mall | • Sekisui House | • Nomura Real Estate Holdings |
| • ITO EN | • Seven & i Holdings | • FamilyMart |
| • ITOCHU | • Sony Group | • Fujifilm Holdings |
| • Oji Holdings | • Daio Paper Corporation | • Bridgestone |
| • Osaka Gas | • Taisei | • Pola Orbis Holdings |
| • ONO PHARMACEUTICAL | • Dai Nippon Printing | • Maruha Nichiro |
| • Kao | • Daiwa House Industry | • Mitsubishi |
| • The Kansai Electric Power Company | • Takenaka | • Meiji Holdings |
| • Kirin Holdings | • Chubu Electric Power Company | • Morinaga Milk Industry |
| • Kubota | • Tsumura | • Yamaha |
| • Kumagai Gumi | • Denso | • The Yokohama Rubber |
| • Coca-Cola Bottlers Japan Holdings | • Tokyu Fudosan Holdings | • Resorttrust |
| • KOSE | • Tokyo Electric Power Company Holdings | • LOTTE Holdings |
| • Sapporo Holdings | • Toyota Tsusho | • ANA Holdings |
| • Suntory Holdings | • Nissan Chemical | • J.Front Retailing |
| • Shiseido | • The Nisshin OilliO Group | • LIXIL |
| • Shimadzu | • Nissin Foods Holdings | • TDK |
| • SHIMIZU | • Nissui | • TOPPAN Holdings |
| • Sumitomo Rubber Industries | • Japan Airport Terminal | • Toyo Tire |
| • Sumitomo | • Japan Airlines | |

Analysis Methodology

This analysis refers to corporations' TNFD disclosures issued based on TNFD V1.0, as well as information obtained from URLs included within those TNFD disclosures (URLs included in the TNFD disclosures are referenced; however, links beyond those URLs are not referenced).

Note: For Key Point 4, additional sources such as other company publications and websites are also referenced.

Assessment Criteria

This analysis evaluates the disclosure status of each company with respect to the four key points outlined in the “TNFD Key Points.” The level of disclosure is represented using a star-based scale: ☆ (no stars) indicates limited reference to the relevant key point, and the number of stars increases with the depth and comprehensiveness of the disclosure.

For Key Points 2 through 4, a four-star rating reflects a level of disclosure that is considered well aligned with the expectations of the TNFD framework. However, achieving this level of disclosure can be challenging, particularly in the early stages of adoption. Companies are therefore expected to treat the four-star level as a target for future disclosure, and to make stepwise improvements over time.



Benchmarking Results and Corporate Disclosure Trends

Application of Materiality

1 Overview

TNFD proposes two disclosure approaches: financial materiality and impact materiality. Adoption of financial materiality is mandatory under TNFD, while disclosure including impact materiality is recommended. In TNFD disclosures, companies are required to clearly state which materiality approach they have chosen and adopted, whether financial materiality only or a combination of financial and impact materiality.

Many of the negative impacts of corporate activities on nature have long been treated as externalities under the existing economic system. Analyzing the dependencies and impacts between business and nature from previously unexamined perspectives, and disclosing that information in monetary terms, constitutes an essential first step toward mitigating negative impacts.

However, evaluating the state of nature solely in monetary terms often fails to fully capture its complexities. Some aspects of nature may not be easily translated into monetary value due to the absence of established methodologies and data, and others may be undervalued when assessed financially, yet both may nonetheless be essential for maintaining ecosystems and the overall condition of nature.

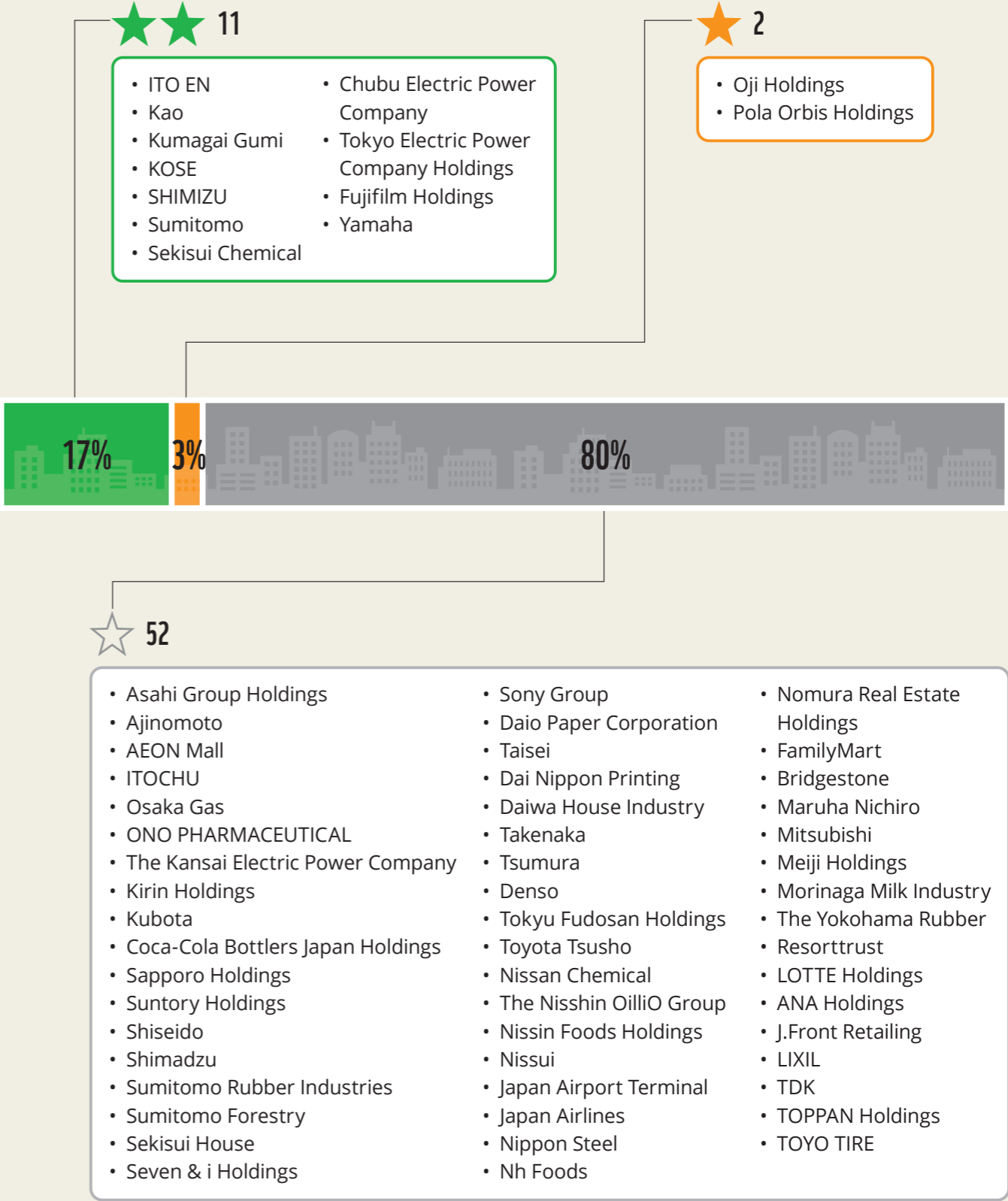
To halt biodiversity loss and degradation of natural capital, it is essential for companies to adopt a double materiality approach that includes not only financial materiality but also impact materiality, and to analyze the state of nature from diverse perspectives.

To encourage companies to adopt double materiality in their disclosures, Key Point 1 focuses on confirming that the chosen materiality approach is clearly stated.

2 Criteria

★★	A clear statement that the double materiality approach has been adopted.
★	A clear statement that only the financial materiality approach has been adopted.
☆	No clear statement regarding which materiality approach has been adopted.

3 Benchmarking Analysis Results



4 Trends in 2024 Disclosures

Only thirteen companies disclosed their materiality approach, while the majority did not clearly state which approach they had adopted.

Companies that comprehensively disclose the general requirements tended to clearly state the adopted materiality approach in accordance with General Requirement 1:

Application of Materiality. However, even among companies that comprehensively disclose the general requirements, there were cases where materiality was interpreted and disclosed simply as “key issues.” While considering “key issues” is an important step when assessing their own materiality, this alone does not correspond to the “materiality approach” required in TNFD disclosures.

5 Looking Ahead: Opportunities for Enhanced Reporting

In line with the TNFD’s recommendation that “the organisation should clearly state the materiality approach taken,” this key point assesses whether companies have disclosed their chosen materiality approach.

At the same time, assigning monetary values based on financial materiality without first conducting a sufficient analysis of an organization’s dependencies and impacts on nature may fail to reflect the complexity of natural systems and risk producing misleading figures. Therefore, it is advisable not to rush into monetary quantification before establishing a solid understanding of nature-related

dependencies and impacts. Many companies are still at the starting point of TNFD-aligned disclosure, just beginning to analyze their dependencies and impacts on nature. As disclosure practices advance, it is important not to treat financial materiality as the sole endpoint. Companies are encouraged to adopt an impact materiality perspective and assess their dependencies and impacts on nature from multiple angles, as incorporating a double materiality approach is expected to ultimately lead to more comprehensive and holistic financial materiality disclosures.



Nature-related Issues and Identification of Priority Locations

In Key Point 2, this benchmark applies two separate criteria: one for a company’s direct operations (Key Point 2-1) and another for its upstream and downstream value chains (Key Point 2-2), recognizing that the level of difficulty in analyzing nature-related dependencies and impacts differs between these areas. Nevertheless, analyzing nature-related dependencies and impacts serves as the foundation of TNFD disclosures across all areas. As outlined below, asking what elements of nature are involved, where these interactions take place, and how they occur is essential for both direct operations and assessments of upstream and downstream activities in the value chain.



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What elements of business activities depend on and impact nature?

The relationship between companies and nature is inherently complex. To clarify this relationship, it is necessary to start by identifying the elements of a company’s business activities that depend on or impact nature. These elements can be broken down and categorized by product lines, manufacturing processes, or the commodities used, and so forth. There is no single correct way to group business elements. Regardless of the approach taken, it is crucial to deepen the level of detail in the analysis. For example, if a company chooses to analyze its business through the lens of the commodities used, it should carefully examine which specific commodities have particularly significant dependencies and impacts on nature, ensuring that the analysis is conducted with an appropriate and refined level of granularity.

Trends in 2024 Disclosures

All companies covered in this benchmark identified and disclosed in their TNFD reports the elements of their business that have high dependencies on and impacts on nature. This included identifying commodities used as raw materials or relevant business segments. Identifying these elements is the starting point of TNFD disclosure and an essential step that cannot be skipped. Many companies used data tools such as ENCORE to support this process, as these tools help visualize nature-related dependencies and impacts across sectors. ENCORE is particularly useful in the early stages of analysis for identifying key aspects of business activities. However, as it provides only general, sector-level insights and does not account for a company’s specific context, it is important to go beyond ENCORE. Companies should incorporate their own business characteristics and impact drivers when identifying the key elements of their activities.

Looking Ahead: Opportunities for Enhanced Reporting

The selection of elements to be analyzed often reflects a company’s strategic priorities. For example, a beverage company that sources barley, palm oil, and grapes may choose to begin its analysis with barley due to its large procurement volume, with palm oil due to its high deforestation risk, or with grapes because they are grown on the company’s own farms and thus easier to assess. Such selection of elements for analysis reveals a company strategic approach to nature-related issues. Therefore, rather than merely presenting the results of data tools, companies are increasingly expected to disclose the rationale and process behind selecting their focus areas for analysis.

There is no single “correct” choice when selecting which business elements to begin analyzing. However, commodities designated as High Impact Commodities (HICs) by the Science Based Targets Network (SBTN) are widely recognized as having significant negative impacts on nature. The TNFD also recommends referencing SBTN’s High Impact Commodity List (HICL) (TNFD V1.0 P.56) .

If a company sources commodities that are widely recognized as having significant negative impacts on nature, such as those listed in the SBTN HICL or regulated under the European Union Deforestation Regulation (EUDR), but lowers the priority of analyzing their dependencies and impacts, it is desirable to disclose answers to readers’ potential questions, including why the priority was lowered, whether the company recognizes the risks associated with these commodities, and what the timeline is for advancing the analysis going forward.

Where do a company’s business activities depend on and impact nature?

In the process of identifying which elements have significant dependencies and impacts on nature, it is necessary to increase the level of spatial granularity. For example, when analyzing commodities, even resources that are commonly considered to have a relatively low volume of dependency can have significant negative impacts on nature depending on where they are sourced. By conducting analysis based on specifying locations at a finer level of detail, companies can achieve a more precise understanding of the dependencies and impacts between their business activities and nature.

Trends in 2024 Disclosures

The difficulty of identifying the geographic locations where an organization interfaces with nature differs significantly between direct operations and the upstream and downstream parts of value chains. Companies generally already have data on their direct operation sites. On the other hand, identifying interfaces with nature in the value chain requires tracing commercial and logistical flows to pinpoint relevant locations. This difference in the difficulty of location identification between direct operations and the value chain was reflected in the benchmark analysis results.

Looking Ahead: Opportunities for Enhanced Reporting

Including the value chain, companies face a large number of geographic locations where they interface with nature, making it necessary to narrow the focus, for example by first identifying priority locations. In the 2024 disclosures, although some companies identified such locations, only a few disclosed the criteria and process used to select them.

When companies identify priority locations, those choices often reflect their broader strategy for addressing nature-related issues. These locations may be areas where the company heavily depends on nature or where it causes significant impacts on ecosystems. However, if the rationale behind selecting these locations is not clearly explained, it becomes difficult for readers to understand how the locations relate to the company’s actual business activities. It is therefore important for companies to disclose not only which locations are prioritized but also the criteria, methodology, and strategic thinking behind their selection. In addition, once a location is identified as a priority, companies are expected to explain what concrete actions they plan to take there. In future disclosures, both the reasoning behind the selection of priority locations and the specific measures planned for those areas are likely to draw increasing attention.

How do business activities depend on and impact nature?

Following the identification of what elements and where a company’s business activities depend on or impact nature, it is necessary to analyze how natural capital and ecosystem services are utilized. This is because even the same natural capital can have different dependency and impact relationships depending on the method of use and the condition of nature at each location.

To clarify how natural capital and ecosystems are used, analysis based on the state of nature at specific locations is essential. In this context, employing the TNFD concepts of material locations and sensitive locations helps prioritize where the analysis of ‘how’ should be focused.

Trends in 2024 Disclosures

In the 2024 disclosures, many companies analyzed how their business depends on and impacts nature without linking these assessments to specific geographic locations, even after identifying the relevant business elements. While many companies used ENCORE to assess how they depend on and affect nature, the insights provided by ENCORE are

general and sector-based. Therefore, location-based analysis is essential. To fully understand the condition of nature and to clarify both the pathways of dependency and impact, companies need to go beyond existing data tools and conduct additional, company-specific Analysis.

Looking Ahead: Opportunities for Enhanced Reporting

If companies rely only on general data tools, their analysis tends to remain broad and generic, which limits the added value of their disclosures. As TNFD recommends (TNFD V1.0 P.50), identifying nature-related dependencies and impacts through clear dependency and impact pathways requires location-specific analysis of the state of nature and ecosystem services. By understanding how nature and local ecosystems connect to their business through these pathways, companies can make their dependencies and impacts more visible.

Going forward, it will be increasingly important to see disclosures that clearly explain how companies depend on and impact nature based on detailed, location-specific analysis.



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2-1 Direct Operations

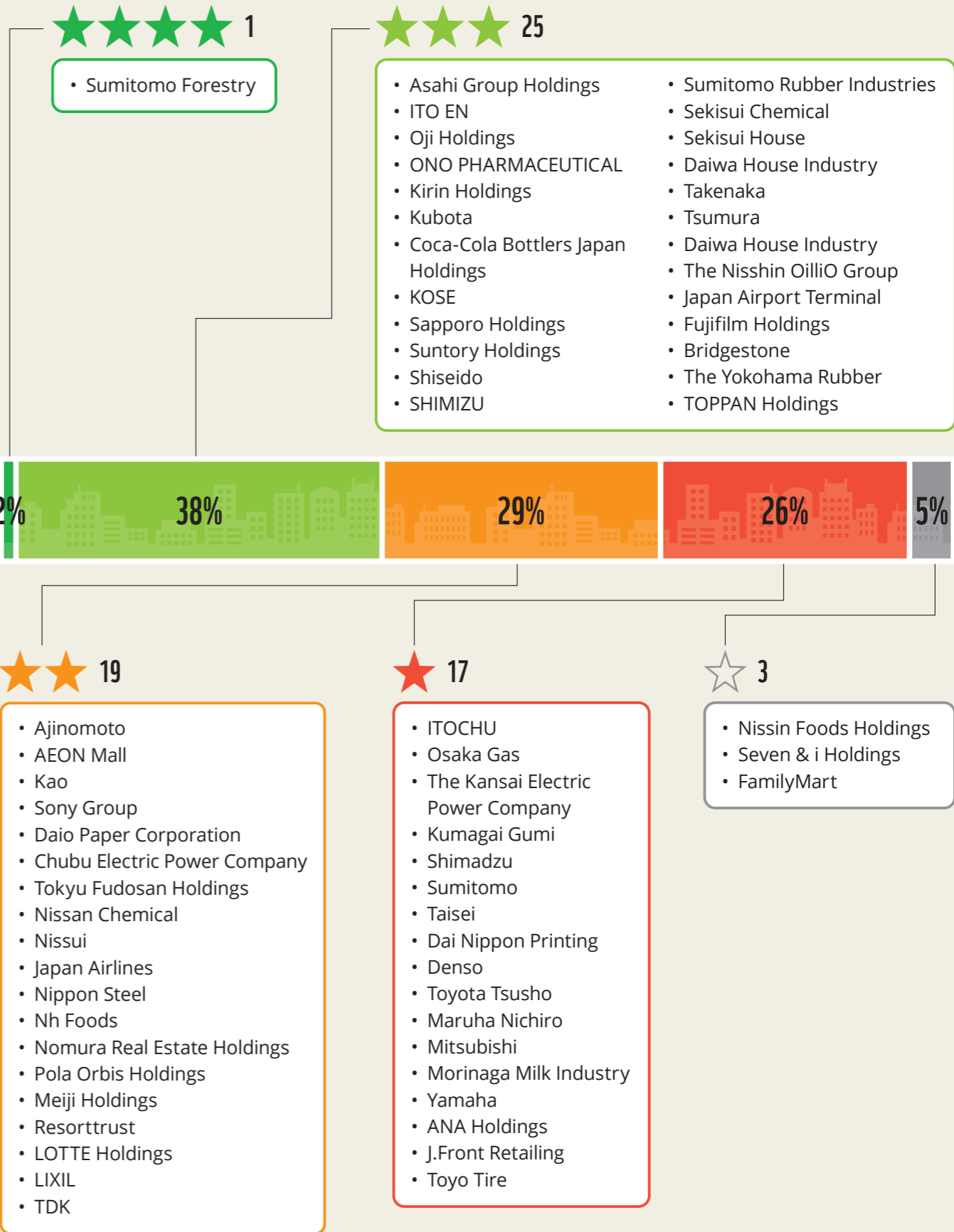
1 Overview

In the case of direct operations, the starting point is whether companies have identified what elements of their business activities to analyze. Since companies have a clear understanding of where these direct operations are located, for ★★ and above, the focus is on the extent to which companies disclose information about these locations and the depth of their analysis regarding their dependency and impact pathways.

2 Criteria

★★★★★	<p>A. All four types of nature-related issues have been identified based on analysis of dependency and impact pathways; and;</p> <p>B. Material locations for direct operations have been disclosed based on the identification of the four nature-related issues; and;</p> <p>C. Sensitive locations for direct operations have been disclosed.</p>
★★★★	Based on analysis of dependency and impact pathways at major and reasonably comprehensive direct operation sites, all four types of nature-related issues have been identified and disclosed, along with the locations where dependencies and impacts occur (If the number of such locations is large, it is acceptable to disclose this information as a proportion or by the number of locations. For example, companies may report both the number of locations where dependencies and impacts occur and the total number of direct operation sites).
★★★	Major direct operation sites are identified, a certain level of analysis on dependency and impact pathways has been conducted, and the four nature-related issues have been identified and disclosed.
★★	<p>A. Some analysis of direct operations has been conducted following LEAP approach. or;</p> <p>B. As a result of examining nature-related dependencies and impacts in direct operations, the company discloses the business activities that have been identified as subject to assessment. The review process includes identifying impact drivers based on internal analysis and comparison with publicly available analytical tool results.</p>
★	<p>A. The four nature related issues (dependencies, impacts, risks and opportunities) in direct operations are not disclosed. or;</p> <p>B. The four nature related issues are identified and disclosed using publicly available analytical tools. However, the analysis remains general, for example at the sector level, and is not specifically linked to the company's own business activities.</p>
☆	

3 Benchmarking Analysis Results



4 Trends in 2024 Disclosures

Most companies have identified the locations of their direct operations, and many have conducted partial analyses of their dependencies and impacts on nature as part of their existing efforts. As a result, 26 companies (38%) received a rating of ★★ or higher, making this one of the more advanced areas of disclosure.

However, disclosures by 17 companies (25% of those assessed) relied on the results of data tools such as ENCORE, which provide industry-level characteristics, to identify nature-related dependencies and impacts. In these cases, the disclosures did not go beyond the identification of general issues for assessment. Going forward, companies are expected to build on their understanding of operational locations to conduct more detailed analyses of how their direct operations depend on and impact nature, particularly by identifying specific dependency and impact pathways.

Among companies conducting location-based analyses, many selected ecosystem integrity and water risk as key elements for assessment. This is likely because these areas are supported by well-developed data tools, such as IBAT and the WWF Biodiversity Risk Filter for ecosystem integrity, and Aqueduct and the WWF Water Risk Filter for water. By overlaying the locations of their own facilities onto the maps

provided by these tools, companies were able to more easily identify potential high-risk sites.

The importance of analyzing nature-related dependencies and impacts in direct operations varies significantly between companies. Such dependencies and impacts tend to be particularly significant at locations where raw materials are produced or harvested. For companies that manage their own forests, operate their own farms, or own mining operations within their corporate group, the priority of analyzing direct operations may be relatively higher. In contrast, companies that procure raw materials externally need to ensure traceability in order to understand where those materials are produced or harvested.

All three companies that received a ☆ in Key Point 2-1 procure agricultural products and other raw materials externally and have therefore started their analysis from upstream value chains rather than direct operations. Prioritizing the analysis of upstream value chains, where dependencies and impacts on nature are more significant, is a valid and useful approach in TNFD disclosures. For this reason, the lack of progress in analyzing direct operations should not be viewed negatively, as it can be considered a reflection of focus on more material parts of the value chain.

5 Looking Ahead: Opportunities for Enhanced Reporting

However, when advancing the analysis of dependency and impact pathways, it is not sufficient to simply overlay existing data tools with the locations of a company's operations. For example, if a company identifies a site adjacent to an area inhabited by rare species as a potential risk, it must also analyze how its business activities affect those species. If a company's operations have the potential to negatively affect endangered species, it should first identify the factors causing these impacts and promptly implement measures to avoid or mitigate the risks. However, if the impact on endangered species is limited, the associated risk is correspondingly lower.

In industries such as construction, where direct operation sites like construction locations frequently change, some companies have begun developing their own risk assessment tools tailored to these unique circumstances. Because existing data tools have limitations in their coverage, it is increasingly important for companies to perform analyses that focus on dependency and impact pathways, taking into account their specific business characteristics. Moving forward, companies are expected to supplement general data tools with customized approaches tailored to their specific business characteristics.

Identification of Priority Location by Sumitomo Forestry Co., Ltd.

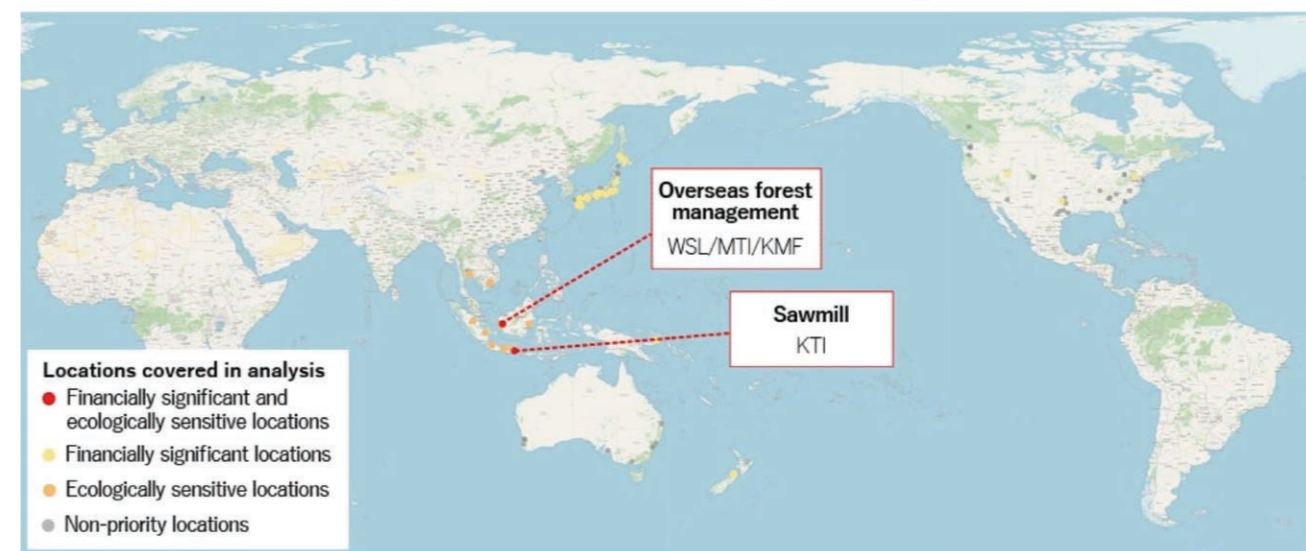
Sumitomo Forestry Co., Ltd. directly manages forests as part of its operations and has disclosed its dependencies and impacts on nature within its direct operations. In its disclosure report, the company presents a visual map with operational sites plotted geographically. It also distinguishes between financially significant locations and ecologically sensitive locations using color coding, making it easier to understand why specific locations are prioritized and which types of risks are concentrated in which regions.

In addition, Sumitomo Forestry's disclosure clearly explains the criteria used to identify Financially Significant locations and Ecologically Sensitive locations. For instance, the type of risk differs depending on whether an ecologically sensitive location is designated because of its importance

for biodiversity or due to water-related risks. By showing the criteria used for identifying these locations and assigning scores to each factor, the company helps readers of the TNFD disclosure gain a clear and objective understanding of how it evaluates risks as well as its dependencies and impacts on nature.

Disclosure is meant to provide stakeholders, including financial institutions, with essential information to support their decision-making. By transparently sharing priority locations and the process used to identify them in a verifiable manner, companies enable stakeholders to assess whether the company's strategies, choice of metrics, and responses to natural environment risks and opportunities are appropriate.

Scores for identified priority locations and the sensitivity of the ecosystem in which each is located



	Importance of biodiversity	Ecosystem integrity (high integrity)	Ecosystem integrity (rapid decline)	Importance of providing ecosystem services	Physical water risks	Total assessment
WSL/MTI/KMF	4	5	5	3	5	4.4
KTI	4	3	5	3	5	4.0

For financially significant locations (B in the "Classification of Priority Areas" figure), selection was based on actual conditions, with the basic criterion that one or more of the rating items in ENCORE^{*1} must be very high, and that the ratio of sales or transaction value to each business must be 10% or more, and that in the event of an emergency it is considered difficult to replace the location within one year.

For locations located in ecologically sensitive areas (C in the figure "Classification of Priority Areas"), the sensitivity of the ecosystem in which each location is located was assessed using ENCORE and IBAT^{*2}, etc. to evaluate five requirements ([1] significance of biodiversity, [2] high integrity of the ecosystem, [3] rapid decline in ecosystem integrity, [4] significance of providing ecosystem services and [5] physical water risk) on a five-point scale [1-5]. Locations with an average score of 4 or higher for the five requirements were selected.

^{*1} ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure. A nature-related risk analysis tool developed by the Natural Capital Finance Alliance, an international financial industry organization for the natural capital sector, and others

^{*2} IBAT: Integrated Biodiversity Assessment Tool. Integrated Biodiversity Assessment Tool developed by the World Conservation Monitoring Centre of the United Nations Environment Programme and others to integrate biodiversity information globally

Reference: Sumitomo Forestry | Responding to TCFD and TNFD <https://sfc.jp/english/sustainability/environment/tcfd-tnfd/tnfd-leap-approach/>

2-2 Upstream and Downstream Value Chains

1 Overview

Identifying locations where a company interfaces with nature within upstream and downstream value chains is more challenging compared to direct operations. Companies that procure products or raw materials from their value chains need to trace these chains to pinpoint where and how they depend on and impact nature.

In upstream and downstream value chains, companies must first identify what elements of their business activities should

be analyzed. These may include the commodities used, products, locations, processes, or the degree of influence the company has over each activity. Even when these elements are specified, information about where interactions with nature occur is often difficult to obtain. Starting from the ★★ stage, the assessment therefore examines the extent to which companies have identified relevant locations, while also assessing whether they have analyzed how their business activities depend on and impact nature.



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2 Criteria



- A. Full value chain elements subject to assessment, all four types of nature-related issues have been identified based on analysis of dependency and impact pathways; and;
- B. Material locations within the value chain have been disclosed based on the identification of the four nature-related issues; and;
- C. Sensitive locations within the value chain have been disclosed.



- A. Regarding one or more value chain elements that have been identified as subject to assessment, the company has applied the LEAP approach or its own evaluation methods to analyze dependencies and impacts at potential priority locations and identify nature-related risks. and;
- B. Based on the nature-related risks identified in A), the company has specified some of the priority locations at sub-national spatial scales.



- A. The company has begun to trace parts of its value chain related to the identified elements subject to assessment, by implementing raw material procurement policies, engaging with suppliers, or using certification schemes. and;
- B. The company has partially identified and disclosed potential priority areas at a broad spatial scale, for example, by country.



- A. Analysis of value chains has been conducted following LEAP approach. or;
- B. As a result of examining nature-related dependencies and impacts in the value chain, the company discloses the elements of the value chain (e.g., primary commodities, products, regions, or processes) that are subject to assessment. The review process includes identifying impact drivers based on internal analysis and comparison with publicly available analytical tool results.



- A. The four nature related issues (dependencies, impacts, risks and opportunities) in value chains are not disclosed. or;
- B. Although, the four nature related issues are identified and disclosed using publicly available analytical tools, the analysis remains general, for example at the sector level, and is not specifically linked to the company's own business activities.

3 Benchmarking Analysis Results

★★★★★ 0

N/A

★★★★★ 12

- Asahi Group Holdings
- ONO PHARMACEUTICAL
- Kao
- Kirin Holdings
- Sapporo Holdings
- Sekisui House
- Daiwa House Industry
- Tsumura
- Nissin Foods Holdings
- FamilyMart
- Meiji Holdings
- Yamaha

19%

38%

29%

14%

★★★ 25

- Ajinomoto
- AEON Mall
- ITO EN
- ITOCHU
- Oji Holdings
- Coca-Cola Bottlers Japan Holdings
- KOSE
- Shiseido
- SHIMIZU
- Sumitomo Rubber Industries
- Sumitomo Forestry
- Seven & i Holdings
- The Nisshin OilliO Group
- Nissui
- Japan Airlines
- Nippon Steel
- Nh Foods
- Bridgestone
- Pola Orbis Holdings
- Maruha Nichiro
- Morinaga Milk Industry
- The Yokohama Rubber
- LOTTE Holdings
- ANA Holdings
- TOPPAN holdings

★ 19

- Suntory Holdings
- Shimadzu
- Sumitomo
- Sekisui Chemical
- Sony Group
- Daio Paper Corporation
- Taisei
- Dai Nippon Printing
- Takenaka
- Denso
- Toyota Tsusho
- Nissan Chemical
- Japan Airport Terminal
- Nomura Real Estate Holdings
- Fujifilm Holdings
- Mitsubishi
- J.Front Retailing
- LIXIL
- Toyo Tire

★ 9

- Osaka Gas
- The Kansai Electric Power Company
- Kubota
- Kumagai Gumi
- Chubu Electric Power Company
- Tokyu Fudosan Holdings
- Tokyo Electric Power Company Holdings
- Resorttrust
- TDK



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4 Trends in 2024 Disclosures

Ensuring traceability and identifying where interactions with nature occur have been major challenges in analyzing upstream and downstream parts of the value chain.

In the disclosures of 29 companies, representing 43 percent of those assessed, traceability efforts were not explicitly reported, with most relying on general industry-level analysis using tools such as ENCORE. The difficulty of ensuring traceability varies by industry and by the raw materials involved. However, even in sectors or for commodities where tracing is particularly challenging, companies can take practical steps such as developing procurement policies and progressively conducting supplier surveys to collect nature-

related data. Companies that had taken such measures to start tracing their value chains and had identified areas that could be considered priority locations accounted for 26 firms, or 39 percent of the total.

Only 12 companies, representing 18 percent of the total, reported having secured at least partial traceability within identified elements of their value chains, identified priority locations, and conducted dependency and impact analyses for those locations. Aside from a few companies that have been leading the way, many companies still appear unprepared to carry out location-based analysis within their value chain assessments.

5 Looking Ahead: Opportunities for Enhanced Reporting

The granularity of dependency and impact analyses is crucial when identifying priority locations. Although the required level of detail for traceability varies depending on the specific risks a company has identified, location information generally needs to be more precise than just the country or regional level. For instance, TNFD's guidance on agricultural commodities advises aiming for farm-level data, including GPS coordinates (TNFD, 2024, Additional sector guidance – Food and agriculture v1.0, p.19). This finer scale is necessary because even adjacent areas can differ greatly in their dependence on and impact to nature, influenced by factors

such as farmers' practices and the local condition of natural ecosystems.

The TNFD sector-specific guidance serves as a useful reference for establishing a clear path toward ensuring traceability. Companies are expected to refer to the relevant TNFD sector guidance for their industry as needed, and advance their analysis of what elements, where, and how they depend on and impact nature throughout both the upstream and downstream value chains.

Disclosure on upstream value chain traceability status by Kao Corporation

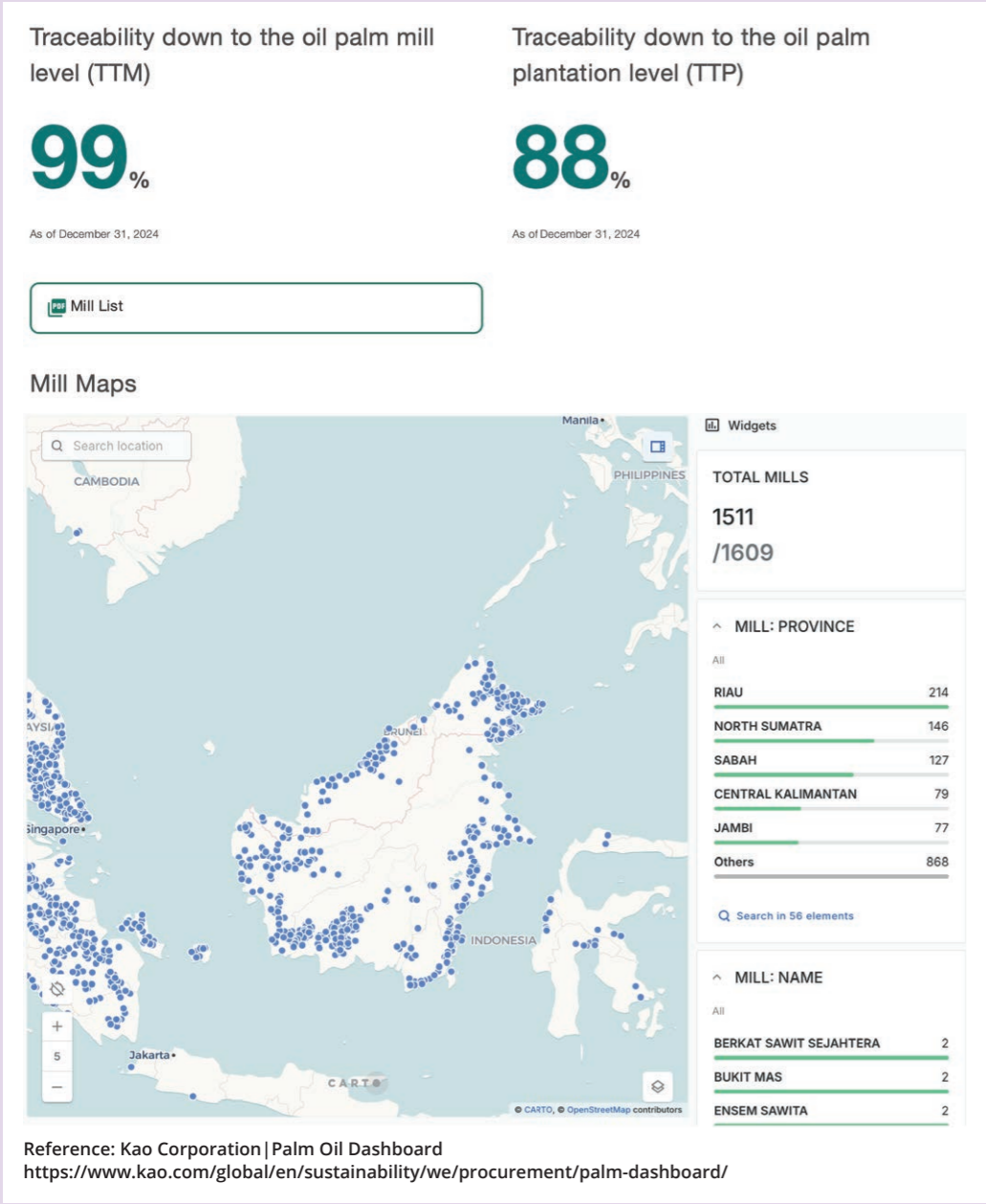
Kao Corporation identifies palm oil as a commodity sourced from a “high-risk supply chain” due to its significant dependencies and impacts on nature at production sites. The company discloses information about its palm oil procurement through its Sustainability Report and the website “Palm Dashboard.” These disclosures include several strong points that highlight the company’s approach to managing nature-related risks.

First, Kao Corporation identifies potential risks caused by palm oil production, such as deforestation and peatland development. To ensure that the company does not contribute to these negative impacts, it has established a

procurement policy based on NDPE (No Deforestation, No Peat, No Exploitation), which it publicly discloses.

To verify that procurement aligns with this policy, Kao aims to achieve traceability of palm oil sources back to the producing farms. Regarding this goal, Kao discloses the following information:

- A mill list plotted on a mill map to reveal the locations of procurement sources
- The proportion of palm oil traceable at both mill and farm levels
- Results of NDPE surveys conducted to ensure the company is not contributing to negative impacts



The disclosure of such information enables third parties to verify the implementation status of the procurement policy.

An important point is that Kao’s efforts to ensure traceability contribute to more reliable and high quality disclosures on the upstream parts of its value chain in line with TNFD recommendations. In addition to presenting its procurement policy, the company shares concrete information on its implementation and progress, supporting transparency and accountability.



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Mitigation Hierarchy (Prioritizing Avoiding and Minimizing Negative Impacts)

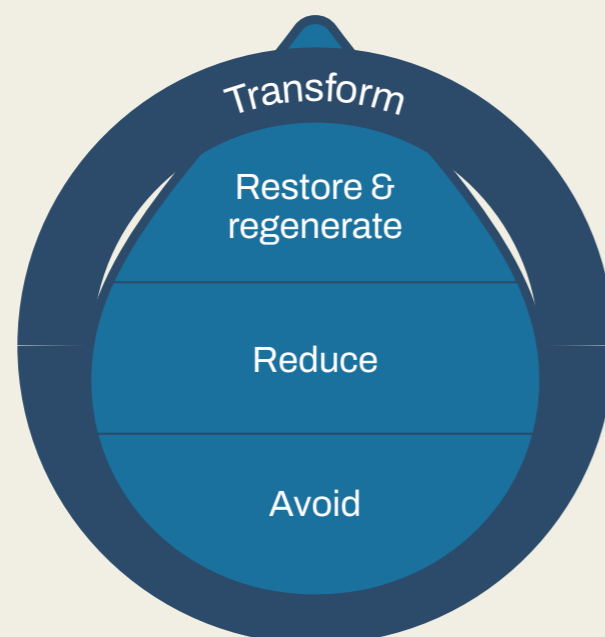
1 Overview

In addressing dependencies and impacts on nature, it is essential for a company to first focus on avoiding and minimizing its negative impacts on nature. Negative impacts will persist unless those causing them take action to avoid and reduce them.

Moreover, if companies cause significant negative impacts at the far end of the value chain while emphasizing restoration and recovery activities only near their domestic direct operations, they risk being criticized for greenwashing. It is important to progressively advance efforts toward nature-positive outcomes in accordance with the mitigation hierarchy.



Figure 2: The SBTN AR3T Action Framework Mitigation Hierarchy



Reference:
TNFD (2023) | Recommendations
of the Taskforce on Nature-related
Financial Disclosures (P. 38)
[https://tnfd.global/wp-content/
uploads/2023/08/Recommendations-
of-the-Taskforce-on-Nature-
related-Financial-Disclosures.
pdf?v=1734112245](https://tnfd.global/wp-content/uploads/2023/08/Recommendations-of-the-Taskforce-on-Nature-related-Financial-Disclosures.pdf?v=1734112245)

2 Criteria



- A.** Disclosure of commitments to avoid or minimize the prioritized negative impacts on nature identified under both Key Point 2-1 (direct operations) and Key Point 2-2 (value chain), along with disclosure of measures or actions taken under those commitments.
- And;
- B.** Implementation and disclosure of prioritized restoration and regeneration activities in response to the risks and opportunities identified under Key Point 2.



Disclosure of commitments to avoid or minimize the highest-priority negative impacts on nature, based on the prioritization of impacts identified under both Key Point 2-1 (direct operations) and Key Point 2-2 (value chain), along with disclosure of measures or actions taken under those commitments.



Disclosure of a commitment to avoid or minimize at least some of the negative impacts on nature identified under Key Point 2-1 (direct operations) or Key Point 2-2 (value chain), along with disclosure of measures or actions taken under that commitment.



Disclosure of at least one example of measures to avoid or minimize negative impacts on nature.



No disclosure of measures taken or commitments made to avoid or minimize negative impacts on nature.



3 Benchmarking Analysis Results



4 Trends in 2024 Disclosures

To avoid and minimize the negative impacts of a company’s business activities on nature, it is essential to identify and analyze the nature of those impacts. Negative impacts cannot be eliminated overnight; therefore, it is necessary to develop a plan to avoid and minimize them, and to build internal consensus around its implementation.

In 12 cases, or 18 percent of the companies reviewed, disclosures presented examples of efforts to avoid and minimize negative impacts on nature. However, such efforts were not linked to a clear organization-wide plan or policy and appeared to be ad hoc or temporary in nature. While ad hoc efforts can be meaningful to some extent, their overall impact tends to be limited. Without a clear direction to transform nature-intensive business models, supported by management-level commitment and shared internal targets, existing operations may continue to cause negative impacts on nature. Companies are therefore expected to go beyond simply sharing examples and instead disclose how they plan to address their negative impacts on nature in a more

structured and forward-looking way.

The most commonly reported efforts to avoid and minimize negative impacts in direct operations focused on reducing water use. Since water-saving initiatives directly reduce costs, many companies had already set internal targets before the TNFD framework was released. These existing efforts, therefore, aligned well with the TNFD disclosure process.

In the value chain, many companies had previously adopted zero-deforestation policies and responsible sourcing of minerals, even before the TNFD was introduced. However, avoiding and minimizing negative impacts requires more than simply setting policies. It involves ensuring traceability and confirming that the company is not contributing to deforestation or other nature-related harms. This is particularly critical for upstream issues, where companies often disclose commitments or policies, but few provide detailed information on how they are actually implementing those measures.

5 Looking Ahead: Opportunities for Enhanced Reporting

The 2024 disclosure benchmark assessed whether companies have made commitments to avoid and minimise negative impacts on nature. However, to properly evaluate corporate efforts to address such impacts, it is important to examine not only the existence of these commitments but also the following four additional elements.

Quality of Commitments

Stated commitments should be effective in minimizing negative impacts and demonstrate a certain level of ambition. In the future, more attention is expected to be placed on the quality of corporate commitments, particularly whether the actions companies commit to are genuinely effective and sufficient in avoiding and minimizing negative impacts on nature.

Timeframe for Achieving Commitments

The timeline for achieving stated commitments is also a critical factor. A target without a clear deadline cannot be considered a true target. If the timeframe is extremely long, for example 30 years in the future, it may fall short of aligning with international expectations such as those outlined in the Kunming Montreal Global Biodiversity Framework (GBF). The ambition reflected in what actions will be taken, by when, and on what timeline will be an important focus in advancing

nature positive outcomes.

Appropriateness of Metrics for Set Targets

Even when commitments themselves are meaningful for achieving nature positive outcomes, there are cases where the metrics set to measure progress toward those targets are inadequate. For example, some companies in the agriculture, forestry, and livestock sectors have committed to zero deforestation but use the procurement rate of certified products that do not guarantee zero deforestation as a metric. In addition to ensuring that the targets themselves are appropriate, close attention should also be paid to whether suitable metrics are being used to track progress.

Transparency in Progress Toward Targets

There were cases where companies stated commitments but did not disclose their current progress. No matter how strong the targets are, if disclosures do not show how much progress has been made toward these goals and what actions remain to be taken, readers cannot assess whether the targets are appropriate. Therefore, in addition to disclosing commitments, targets, and appropriate metrics, companies are expected to clearly report their current status and explain the actions they will take to close the gap between their progress and their targets.



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Metrics & Targets Setting at Oji Holdings Corporation

Oji Holdings, a major paper manufacturer, produces a portion of its raw wood materials through its own forest plantations. The natural conditions of these plantations are analyzed using heat maps and site area data. Priority areas have been identified, including the operational region of CENIBRA in the Atlantic Forest of Brazil, which produces timber through its forest plantation business used for pulp manufacturing, as well as forests within Japan.

The company has established policies such as the “Sustainable Forest Management Policy” and the “No Deforestation and No Conversion Commitment”, declaring its efforts to avoid deforestation and illegal logging as well as to conserve biodiversity, soil quality, and water supplies. In its TNFD disclosures, the company describes how it monitors the conditions of biodiversity, soil, and water quality, and explains the measures it takes to avoid negative impacts.

In addition, the company presents metrics and targets related to forest restoration and regeneration, outlining how it plans to advance these efforts. It also publicly communicates its commitments to restoration and regeneration activities in core business areas. Among disclosures up to 2024, this company’s reporting is regarded as one of the most comprehensive examples adhering to the mitigation hierarchy.

If efforts to avoid and minimize negative impacts are not properly implemented, there is a risk that emphasizing restoration and regeneration too heavily in TNFD disclosures could be seen as greenwashing. On the other hand, leading companies that have made progress in avoidance and minimization are expected to advance their restoration and regeneration initiatives and create pioneering examples on the path toward nature-positive outcomes.

State of Nature Assessment Results

Bases			State of nature				
Company	Country	Area (thousands of ha)	Biodiversity importance	Proximity to biodiversity significance area	Biodiversity intactness*1	Forest cover loss*2	Water risk
CENIBRA	Brazil	250	High	High	High	Low	Low
KTH	Indonesia	82	Medium	Low	High	High	Low
APFL	Australia	5	High	Low	High	Medium	Low
GPFL	Australia	3	Medium	Low	High	Low	Medium
Pan Pac, Oji FS	New Zealand	48	Medium	Medium	High	Medium	Low
SPFL	New Zealand	13	Low	Medium	High	Low	Low
QPFL	Vietnam	10	Medium	Low	High	Medium	Medium
-	Japan	188	High	High	High	Low	Medium

Metrics and Targets

Metrics	Targets
Area of natural forest regenerated on property*1	At least 3,000 ha between 2024 and 2033
Number of native tree species planted on property*2	At least 500,000 seedlings between 2024 and 2033
Area of ecological corridors formed outside owned property*3	At least 3,500 ha between 2024 and 2033

Reference: Oji Holdings Corporation | Oji Group TNFD REPORT 2024
https://www.ojiholdings.co.jp/en/uploads/sustainability/docs/tnfd_report_2024_en.pdf

Engagement with Indigenous Peoples, Local Communities and affected stakeholders

1 Overview

Indigenous Peoples and Local Communities (IPLCs) possess deep knowledge of natural capital and biodiversity, making them both vital partners in achieving nature-positive outcomes and among the most vulnerable to the degradation of nature. Engagement with IPLCs and other

affected stakeholders, with a strong emphasis on human rights, is essential not only for addressing nature related and social issues but also for building governance that can drive progress toward nature positive outcomes.

2 Criteria

★★★★★	Proportion of locations identified with material nature-related issues and/or in sensitive locations that have active engagement with Indigenous Peoples, Local Communities and affected stakeholders on nature-related issues.
★★★★	<p>A. A process has been initiated to identify areas across both the company's direct operations and overall value chain where Indigenous Peoples, local communities, and other affected stakeholders are present, in regions identified as having material locations and/or sensitive locations and the process is described in the disclosure.</p> <p>and;</p> <p>B. Engagement processes have been carried out, at least partially, in the identified areas, and the disclosure describes these activities.</p>
★★★	The disclosure indicates that the scope of grievance mechanisms and human rights due diligence covers not only the company's direct operations but also, at a minimum, the upstream value chain, and includes Indigenous Peoples, local communities, and other affected stakeholders.
★★	The disclosure indicates support for international standards such as the UN Declaration on the Rights of Indigenous Peoples, the UN Guiding Principles on Business and Human Rights, and internationally recognized human rights applicable to affected stakeholders.
★	No mention of human rights in the context of engagement with IPLCs and other affected stakeholders.

3 Benchmarking Analysis Results

★★★★★ 0

N/A

★★★★ 3

- Oji Holdings
- Kirin Holdings
- Sumitomo Forestry

★★★ 16

- Asahi Group Holdings
- ITO EN
- ITOCHU
- Osaka Gas
- The Kansai Electric Power Company
- Suntory Holdings
- Sumitomo
- Daiwa House Industry
- Chubu Electric Power Company
- Tokyo Electric Power Company Holdings
- Nissan Chemical
- Nissui
- Fujifilm Holdings
- Pola Orbis Holdings
- Yamaha
- Toyo Tire

5%

25%

70%

★ 46

- Ajinomoto
- AEON Mall
- ITOCHU
- ONO PHARMACEUTICAL
- Kao
- Kubota
- Kumagai Gumi
- Coca-Cola Bottlers Japan Holdings
- KOSE
- Sapporo Holdings
- Shiseido
- Shimadzu
- SHIMIZU
- Sumitomo Rubber Industries
- Sekisui Chemical
- Sekisui House

- Seven & i Holdings
- Sony Group
- Daio Paper Corporation
- Taisei
- Dai Nippon Printing
- Takenaka
- Takenaka
- Tsumura
- Denso
- Tokyu Fudosan Holdings
- Toyota Tsusho
- The Nisshin OilliO Group
- Nissin Foods Holdings
- Japan Airport Terminal
- Japan Airlines
- Nippon Steel
- Nh Foods

- Nomura Real Estate Holdings
- FamilyMart
- Bridgestone
- Maruha Nichiro
- Mitsubishi
- Meiji Holdings
- Morinaga Milk Industry
- The Yokohama Rubber
- Resorttrust
- LOTTE Holdings
- ANA Holdings
- J.Front Retailing
- LIXIL
- TDK
- TOPPAN Holdings
- Toyo Tire

★ 0

N/A



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4 Trends in 2024 Disclosures

The importance of linking nature-related issues with the challenges faced by Indigenous Peoples, local communities (IPLCs), and other affected stakeholders is not yet widely recognized among companies. Only three companies provided disclosures that met the ★★★ criteria.

To identify IPLCs that should be engaged with, companies need to ensure traceability in their value chains and first identify areas with significant nature-related dependencies and impacts. The current disclosures suggest that companies making progress in identifying such areas also tend to be ahead in engaging with IPLCs.

All companies that made disclosures in 2024 showed support

on their websites for international standards referenced by the TNFD, including the UN Declaration on the Rights of Indigenous Peoples and the UN Guiding Principles on Business and Human Rights.

However, in practice the criteria for ★★ proved to be significantly more challenging for companies. The two-star criteria require that the scope of grievance mechanisms and human rights due diligence covers not only the company's direct operations but also, at a minimum, the upstream value chain and Indigenous Peoples and Local Communities (IPLCs). As a result, only 19 companies, representing 28 percent of those reviewed, achieved ★★ or higher.

5 Looking Ahead: Opportunities for Enhanced Reporting

This key point focuses on whether grievance mechanisms clearly state that they accept complaints from all stakeholders and do not place any restrictions on who can submit complaints. However, even if a company claims to accept complaints from all stakeholders, the mechanism cannot function effectively unless relevant stakeholders are aware of

its existence. Therefore, information on multilingual support and how complaints are handled is also necessary. Going forward, greater attention will be given to the accessibility, transparency, and the engagement and dialogue initiatives that follow in grievance systems.

Kao Corporation's grievance mechanism regarding palm oil procurement

Kao Corporation has established a grievance mechanism to receive complaints and inquiries from independent smallholder farmers in Indonesia regarding palm oil production, which is a major procurement commodity for the company.

This initiative ensures that producers at the very start of the value chain, along with workers involved throughout, have practical access to the mechanism. It also addresses language and awareness barriers to improve accessibility. Kao also discloses the operational status of this grievance mechanism to maintain transparency. Specifically,

information such as the number of farms covered, the number of inquiries and complaints received, and details about the nature of these complaints and the responses provided are made publicly available. This allows for an objective assessment of how effectively the grievance system is functioning.

Through these efforts, Kao demonstrates its commitment to responsible sourcing in the supply chain while maintaining close connections with on-the-ground stakeholders, presenting this approach to stakeholders with transparency.

Grievance Mechanism (KGM)

The Kao Grievance Mechanism (KGM), managed in collaboration with Caux Round Table Japan (CRT Japan), an NPO that forms a network of business leaders to promote sustainable and socially responsible business, is a grievance mechanism that targets independent oil palm smallholders in Indonesia who link Kao's supply chain. KGM aligns with UN Guiding Principles' effectiveness criteria for grievance mechanism, prioritizing independent oil palm smallholders' (farmers') accessibility and continuous consultation for user-centric design and performance improvement.

Under KGM, Kao, which uses palm oil, and the CRT Japan, together with oil suppliers and plantation companies, receive complaints from independent oil palm smallholders (farmers) in the local language (Indonesian) via a smartphone system (Suara Petani (Farmer's voice)) jointly developed by the two companies about matters such as human rights violations and land disputes, and inquiries about matters closely related to plantation operations (obtaining RSPO certification, labor safety during plantation work, the timing of replacing oil palms, how to purchase fertilizer, etc.). Kao investigates, addresses, resolves and follows up the received complaints and reports them with regular disclosure of the grievance list.

Kao is stepping up its efforts to solve fundamental issues of society and environment, especially human rights by monitoring the risk of human rights and environment and to improve the productivity of independent oil palm smallholders. When finding non-compliance on Kao's supply chain, Kao requests suppliers to make improvements, confirms improvement status, and retains the option to terminate its business contracts with them in accordance with its corporate protocols.

Number of smallholders covered by the Kao Grievance Mechanism

259 smallholders

As of December 31, 2024

 Outline of Kao Grievance Mechanism (KGM)

 Grievance List

Combined number of grievance cases (total number)

271 cases

From September 2022 to December 2024

Reference: Kao Corporation | Palm Oil Dashboard <https://www.kao.com/global/en/sustainability/we/procurement/palm-dashboard/>



This report highlights key trends seen in TNFD disclosures up to 2024 and shares what's expected going forward.

Based on the results of this benchmark analysis, two key focus areas for companies in their future TNFD disclosures are:

- **Conducting thorough analyses to identify what elements of nature their business activities depend on and impact, where these dependencies and impacts take place, and how they occur.**
- **Developing and initiating strategies to transform existing business models in order to avoid and minimize identified negative impacts.**

Going forward, whether aiming for their first TNFD disclosure or updating existing reports, companies are expected to prioritize these two points as critical elements in their TNFD disclosure preparations.





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