T N
F D Taskforce on Nature-related
Financial Disclosures

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders

Version 1.0   September 2023

tnfd.global

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD   Taskforce on Nature-related Financial Disclosures

Contents

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related
Financial Disclosures

Objective of this guidance

To support meaningful engagement by companies and financial institutions with Indigenous Peoples, Local Communities, affected and other stakeholders for assessment, management and disclosure of nature-related dependencies, impacts, risks and opportunities.

Desired outcomes of use of this guidance

- An effective process of engagement with Indigenous Peoples, Local Communities, affected and other stakeholders across the organisation to help inform identification, assessment, management and disclosure of nature-related dependencies, impacts, risks and opportunities.
- Disclosures consistent with TNFD recommended disclosure Governance C and general requirement 6.

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures
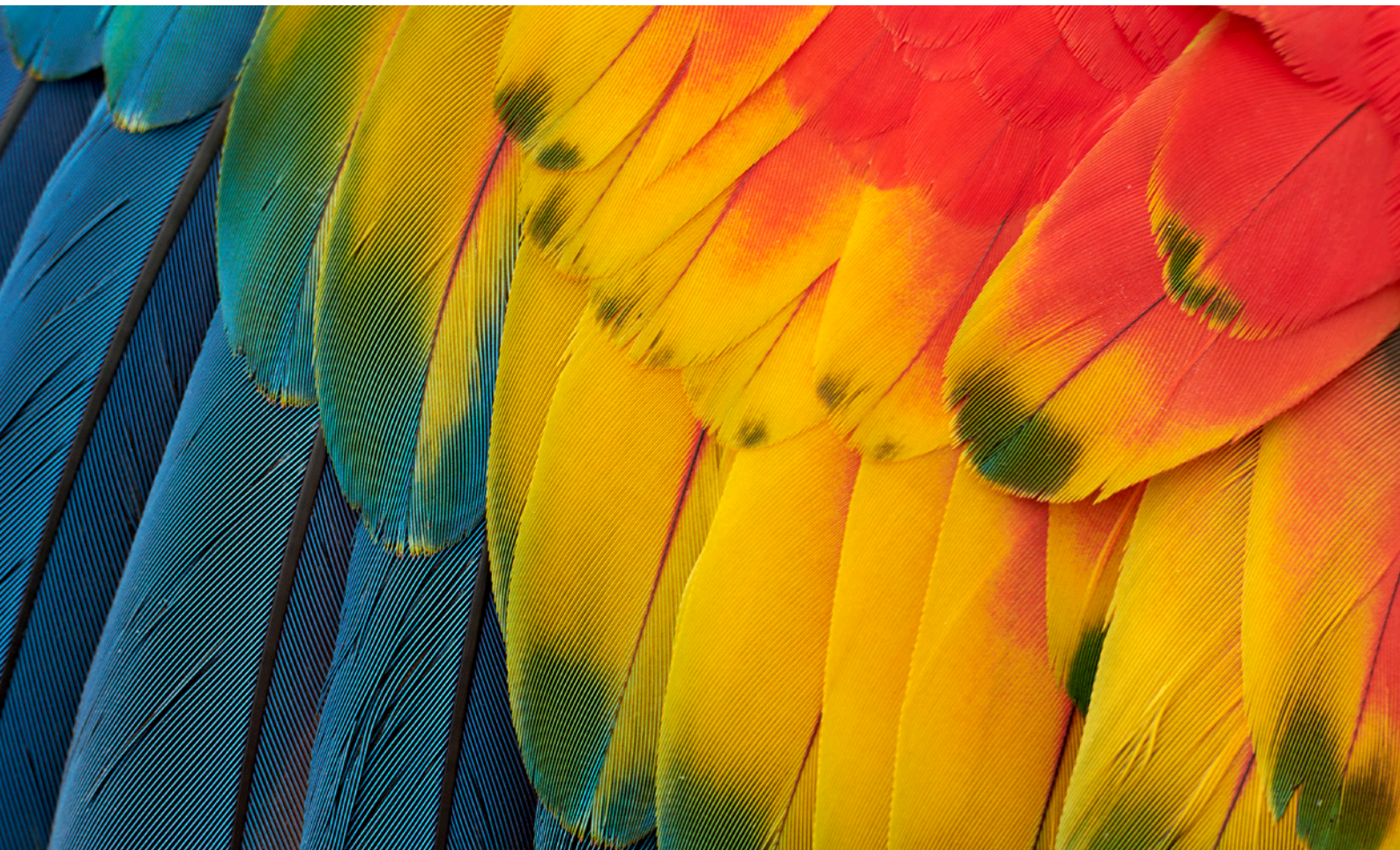
1. Introduction to TNFD's guidance on engagement

QUICK REFERENCE GUIDE

Relevant recommended disclosure:

Governance C

Relevant LEAP components:

Engagement is an important cross-cutting component of the TNFD's LEAP approach, informing all phases of LEAP.

1.1. Context

People are part of nature, value and depend on nature for the benefits it contributes to people, have impacts (both positive and negative) on nature through their activities, and can act as stewards to restore and conserve nature. Nature is particularly important for those whose lives and livelihoods depend directly and significantly on the land, territories, resources and water, such as Indigenous Peoples and Local Communities. The response to the global challenge of halting and reversing nature loss can benefit significantly from the traditional knowledge of Indigenous Peoples and Local Communities.

The current and future prospects of societies and economies everywhere depend fundamentally on ecosystem functions and the services that nature provides. These services include the provision of freshwater, food and timber, pollination of crops by wild pollinators, regulation of soil quality, water flow and climate, and mitigation of natural hazards like floods and storms, along with many others.

Ecosystem functions and services important to an organisation's[1] business model can be provided in the vicinity of the direct operations of a business or in another location related to its global supply chains. Ecosystem services can also be provided by ecosystems across large geographic areas. For example, the Amazon supports climate regulation services critical to farms as far away as the Midwestern region of the U.S.

All of us are rights-holders and stakeholders in the effort to conserve, protect and restore nature's ability to maintain ecosystem functions and provide ecosystem services today and in the future. Under the Universal Declaration of Human Rights (UDHR), all human beings are 'rights-holders'. However, not all individuals and groups will have their human rights put at risk or impacted by a project or its associated activities. It is important to identify stakeholders whose human rights may be put at risk due to business activities and recognise such stakeholders as 'rights-holders' in the context of engagement.[2]

• Rights-holders include individuals whose human rights are affected, including the right to water, food, an adequate standard of living and the right to a clean, healthy and sustainable environment. Rights-holders also include members of groups whose collective

---

1   The term 'organisations' in this guidance refers to companies and financial institutions.

2   Organisation for Economic Co-operation and Development (2017), Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector; Assembly, UN General (1948), Universal Declaration of Human Rights

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD   Taskforce on Nature-related
Financial Disclosures

rights are affected, especially Indigenous Peoples and Local Communities.

- Stakeholders include financial institutions (such as investors, other capital providers and insurers), government agencies, policy makers and regulatory authorities, intergovernmental organisations, scientists, consumers, landowners, civil society organisations, other businesses and communities interacting with the same ecosystems and Indigenous Peoples and Local Communities.

Productive relationships with these rights-holders and stakeholders are critical for the effective assessment and management of nature-related dependencies, impacts, risks and opportunities. Most businesses engage with parts of government (such as tax authorities and local planning agencies) and providers of capital on a regular basis. These interactions are typically defined through regulation and standard business procedures or contractual arrangements. Engagement with Indigenous Peoples and Local Communities and affected stakeholders, however, is typically less defined in standard business procedures and not well executed. These relationships can be as important, and in some cases more consequential, for the organisation's assessment and management of nature-related dependencies, impacts and risks and opportunities.

For example:

- An organisation that engages in activities that could impact the lands, territories and/or resources of Indigenous Peoples and Local Communities may be able to create mutually beneficial and respectful new opportunities and develop nature-based solutions through meaningful engagement and collaboration.
- An organisation that inadequately engages with Indigenous Peoples and Local Communities can violate their rights and expose itself to increasing risks, including liability and reputation risk and/or the risk of potential changes in consumer attitudes

towards the business, including their willingness to purchase its products and services.

1.2. Scope and content of this guidance

This document provides guidance on meaningful and respectful engagement with Indigenous Peoples and Local Communities and affected stakeholders as it pertains to the assessment and management of nature-related dependencies, impacts, risks and opportunities.

The TNFD recognises that larger systemic risks associated with nature loss cannot be addressed by individual actors acting alone and that siloed approaches to ecosystem management can result in negative outcomes overall. The TNFD acknowledges the need for engagement with multiple stakeholder groups and the relevance of this type of engagement for the assessment and management of nature-related dependencies, impacts, risks and opportunities.

Although many of the approaches highlighted in this guidance are applicable to multi-stakeholder processes and the importance of these for nature-related issues[3] is recognised (see Section 5.4), this guidance is not focused on these processes. Instead, this guidance is centred on listening to, understanding and responding to the perspectives of Indigenous Peoples, Local Communities and affected stakeholders, so their views and knowledge can inform the identification of nature-related issues and the potential impacts on people, as well as potential responses and assessments of their effectiveness.

The Taskforce recognises that the guidance provided here only pertains to those human rights issues associated with the nature-related dependencies, impacts, risks and opportunities connected to an organisation's business model and value chain. International standards, such as the United Nations Guiding Principles on Business and Human Rights (UNGPs) and other guidelines and initiatives, such as the recently merged Taskforce on Inequality and

---

3   Nature-related dependencies, impacts, risks and opportunities are referred to as 'nature-related issues' in this guidance.

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures

Societal-related Financial Disclosures (TISFD),[4] cover a broader set of human rights and societal dimensions that are expected to complement those covered by the TNFD in this guidance.

This guidance is based on existing international law and best practice international standards, guidelines and frameworks, in particular the UN Guiding Principles on Business and Human Rights (UNGPs), the UN Declaration on the Rights of Indigenous Peoples, the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the Convention on Biological Diversity Global Biodiversity Framework and relevant voluntary guidelines. A full list of sources is provided in the reference list for this guidance. Key sources include the:

- AccountAbility AA1000 Stakeholder Engagement Standard
- Convention on Biological Diversity (CBD)
  - Voluntary Guidelines on Traditional Knowledge (Article 8j): Akwé: Kon Voluntary Guidelines, Tkarihwaié:ri Code of Ethical Conduct, Mo'otzKuxtal Voluntary Guidelines, Rutzolijirisaxik Voluntary Guidelines
  - Kunming-Montreal Global Biodiversity Framework
  - Nagoya Protocol on Access and Benefit Sharing
- Convention on the Elimination of all forms of Discrimination against Women (CEDAW)
- IFC Performance Standards (PS), including IFC PS 6 on Biodiversity and IFC PS 7 on Indigenous People
- IFC Stakeholder Engagement: A Good Practice Handbook for Companies doing Business in Emerging Markets
- International Labour Organisation (ILO) Convention 169 on Indigenous and Tribal Peoples
- IPBES Global Assessment Report on Biodiversity and Ecosystem Services and IPBES Methodological

Assessment Report on the Diverse Values and Valuation of Nature
- IUCN Guidance on Stakeholder Engagement
- OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector
- OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
- UN General Assembly Resolution of 26 July 2022 on the human right to a clean, healthy and sustainable environment (UNGA Resolution 76/300)
- UN Guiding Principles on Business and Human Rights (the UNGPs)
- UN Declaration on the Rights of Indigenous Peoples (UNDRIP)

Application of this guidance

This guidance is intended to help an organisation establish and maintain productive relationships with relevant Indigenous Peoples, Local Communities and affected stakeholders so that the organisation can fully and effectively engage. Nothing in this framework may be construed as diminishing or extinguishing the rights that Indigenous Peoples currently have or may acquire in the future.

---

4   This name may change subject to consultation.

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

Taskforce on Nature-related Financial Disclosures

This guidance is structured as follows:

- Section 2 covers who should be the focus of engagement, including Indigenous Peoples, Local Communities and affected stakeholders;

- Section 3 covers engagement in the context of due diligence standards, including international standards and relevant legislation, and provides an overview of guidelines specifically for engagement with Indigenous Peoples and Local Communities;

- Section 4 covers how to build preparedness for engagement, including governance, organisational strategy and how to map relevant stakeholders;

- Section 5 covers how to design and conduct engagement, including understanding the values of nature, principles for good engagement, modes of engagement, multi-stakeholder processes and how to enable meaningful engagement; and

- Section 6 covers how to incorporate engagement in systems for action and feedback.

A glossary and full reference list are also provided, along with annexes that outline international laws on Indigenous Peoples' rights relevant to nature-related issues. The Taskforce encourages readers to refer to the source documents directly.

1.3.   Benefits of engagement

Understanding nature and nature-related issues from the perspectives of Indigenous Peoples, Local Communities and affected stakeholders provides the following important outcomes and benefits to an organisation:

More effective management	Inclusive collaboration	Meet international standards and jurisdictional requirements
Helps organisations to manage and respond to nature-related issues more effectively.	Establishes inclusive, respectful and open collaboration with Indigenous Peoples and Local Communities and affected stakeholders. This can create opportunities of value to the organisation that contribute to the restoration and protection of nature and benefit these groups.	Helps organisations to meet expectations under international standards of responsible business practice and the growing range of related legislation in different jurisdictions, as well as reporting requirements and investor expectations.

High quality engagement with Indigenous Peoples, Local Communities and affected stakeholders helps organisations to reach a fuller understanding of nature-related issues, manage these issues effectively and establish relationships of trust, based on transparency and mutual respect. Given that meaningful engagement is a continuous process, this will serve the organisation well over the medium and long-term.

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

T N F D   Taskforce on Nature-related
             Financial Disclosures

1.4. Engagement and human rights in the TNFD recommendations

The importance of organisational stakeholder engagement and human rights policies and processes is reflected in the TNFD's recommended disclosures, specifically in TNFD general requirement 6 and recommended disclosure Governance C.

TNFD general requirement 6 on engagement

The organisation should describe its process for engaging Indigenous Peoples, Local Communities and affected stakeholders about their concerns and priorities with respect to nature-related dependencies, impacts, risks and opportunities in its direct operations and value chain.

TNFD recommended disclosure Governance 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.

Engagement is included in the TNFD's general requirements because of the critical importance of effective and meaningful engagement with Indigenous Peoples, Local Communities and affected stakeholders to any robust identification, assessment and management of nature-related issues. A specific recommended disclosure (Governance C) on human rights and engagement is included to provide report users with decision-useful information to assess whether the human rights policies and engagement activities of the organisation are appropriate for managing its nature-related issues.

"The entity and the resources and relationships throughout its value chain form an interdependent system in which the entity operates."

ISSB's IFRS-S1 General Requirements

The TNFD's implementation guidance for recommended disclosure Governance C states that an organisation should describe its human rights policies and engagement activities related to its assessment and management of nature-related dependencies, impacts, risks and opportunities. This should cover all relevant stakeholders, with a priority on Indigenous Peoples, Local Communities, and affected stakeholders, which are the focus of this guidance. It should do so with reference to, and implementation of, the UNGPs, the UN Declaration on the Rights of Indigenous Peoples (UNDRIP), and internationally recognised human rights as applicable to affected stakeholders.

This should include:

- A summary of the organisation's commitments regarding:

  - International standards of responsible business practice as set out in the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct;

  - Respect of the rights of Indigenous Peoples as reflected in the UN Declaration on the Rights of Indigenous Peoples, ILO Convention 169, the Convention on Biological Diversity; and

  - The UN General Assembly Resolution 76/300 on rights to a healthy environment;

- A description of how human rights due diligence processes, including but not limited to those covering the rights of Indigenous Peoples and Local Communities, are embedded in an organisation's strategy, policies, codes of conduct, governance structures and best practices;

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

T N Taskforce on Nature-related
F D Financial Disclosures

- The processes adopted to enable the monitoring, management and remediation of any adverse human rights impacts caused by the organisation or to which it significantly contributes through its business activities, supply chains and business relationships, including organisational grievance mechanisms;

- A summary of the organisation's governance on nature-related advocacy and lobbying, and the organisation's approach to engagement with public authorities on nature-related initiatives, policies and/ or regulation;

- A summary of the organisation's key nature-related advocacy and lobbying priorities and positions. This should be complemented, where relevant, with a summary of the main direct advocacy and lobbying activities undertaken by the organisation associated with nature-related regulation and public policy development;

- A description of the organisation's involvement in any ongoing cases, or cases concluded in the reporting year, that concern nature-related dependencies or impacts that are brought to National Contact Points under the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct;

- The engagement process(es) undertaken including:

  - A description of the Indigenous Peoples, Local Communities and affected stakeholders engaged in the assessment and management of nature-related dependencies, impacts, risks and opportunities, how they were identified, and a confirmation that this description has been agreed with those engaged;

  - A statement of the purpose of the engagement and whether it takes place in relation to assessment, solution-finding, monitoring and/or evaluation of nature-related issues;

  - A description of the approach to and process of engagement, whether engagement is one-off, periodic or ongoing, and whether it is through formal or informal structures;

  - A description of whether engagement has been based on free, prior and informed consultation and participation and how Free, Prior and Informed Consent (FPIC) has been obtained;

  - A statement of how equitable Access and Benefit Sharing has been attained, particularly as it relates to Indigenous Peoples and Local Communities; and

  - A description of the results of the engagement processes with Indigenous Peoples, Local Communities and affected stakeholders, including how these are incorporated or otherwise addressed in the organisation's materiality assessment, decision-making and responses to nature-related issues and their societal dimensions; and

- A statement of whether and how senior management and the board are informed about engagement processes with Indigenous Peoples, Local Communities and affected stakeholders, and their results.

1.5. Engagement in the LEAP approach

The TNFD has developed an integrated approach for the identification and assessment of nature-related dependencies, impacts, risks and opportunities called the LEAP approach.

- **Locate** your interface with nature;
- **Evaluate** your dependencies and impacts;
- **Assess** your risks and opportunities; and
- **Prepare** to respond to nature-related risks and opportunities and report.

Engagement is an important cross-cutting component of the TNFD's LEAP approach, informing all phases of LEAP. Conducting engagement throughout the LEAP approach can guide report preparers on what to consider when preparing the content of TNFD recommended disclosures, in line with TNFD general requirement 6.

Table 1 indicates how an effective engagement process informs each of the components of the LEAP approach, with key questions for engagement for each component. Further details on the LEAP approach are provided in TNFD's additional guidance on LEAP.

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

T N
F D   Taskforce on Nature-related
            Financial Disclosures

Table 1: Questions for engagement with Indigenous Peoples, Local Communities and affected stakeholders throughout the LEAP approach

Scoping the assessment	
Question for engagement: How do views, knowledge and input from Indigenous Peoples, Local Communities, affected and other stakeholders inform thinking on potentially material nature-related dependencies, impacts, risks and opportunities associated with the organisation's activities (direct operations and value chain)?	
Locate the organisation's interface with nature	**Questions for engagement**
L1: Span of the business model and value chain What are our organisation's activities by sector, value chain? Where are our direct operations?	Are there Indigenous Peoples, Local Communities and affected stakeholders in the geographic locations of our direct operations? Where are they located?
L2: Dependency and impact screening Which of these sectors, value chains and direct operations are associated with potentially moderate and high dependencies and impacts on nature?	Are Indigenous Peoples, Local Communities and affected stakeholders typically involved in or impacted by the activities of these sectors and value chains?
L3: Interface with nature Where are the sectors, value chains and direct operations with potentially moderate and high dependencies and impacts located? Which biomes and specific ecosystems do our direct operations, and moderate and high dependency and impact value chains and sectors, interface with?	Are there Indigenous Peoples, Local Communities and affected stakeholders in these locations? At which locations are our organisation and its value chains interfacing with Indigenous Peoples' lands, territories and sacred sites? What knowledge, including traditional knowledge, do Indigenous Peoples, Local Communities and other stakeholders have of these ecosystems? What is the perspective of Indigenous Peoples, Local Communities and other stakeholders on the value and importance of these ecosystems?
L4: Interface with sensitive locations Which of our organisation's activities in moderate and high dependency and impact value chains and sectors are located in ecologically sensitive locations? And which of our direct operations are in these sensitive locations?	Are there any Indigenous Peoples, Local Communities and stakeholders who are also interfacing with nature in these sensitive locations? What are Indigenous Peoples, Local Communities and affected stakeholders' perspectives on our sensitive location identification?

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures

Evaluate nature-related dependencies and impacts	**Questions for engagement**
E1: Identification of environmental assets, ecosystem services and impact drivers What are the sectors, business processes and activities to be analysed? What environmental assets, ecosystem services and impact drivers are associated with these sectors, business processes, activities and assessment locations?	Are there any Indigenous Peoples, Local Communities and stakeholders whose human rights and livelihoods, depend on these environmental assets and ecosystem services?
E2: Identification of dependencies and impacts What are our dependencies and impacts on nature?	What environmental assets and ecosystem functions and services do Indigenous Peoples, Local Communities and affected stakeholders depend on or impact? What rights do they have over these environmental assets and ecosystem services?
E3: Dependency and impact measurement What is the scale and scope of our dependencies on nature? What is the severity of our negative impacts on nature? What is the scale and scope of our positive impacts on nature?	Which Indigenous Peoples, Local Communities and stakeholders value and depend on nature and what is their dependency?[5] How do the organisation's activities affect their dependencies on nature and ability to access ecosystem services?
E4: Determination of impact materiality Which of our impacts are material?	Which Indigenous Peoples, Local Communities and stakeholders may be impacted by our impact on nature? What are the actual and potential impacts on the rights and livelihoods of Indigenous Peoples, Local Communities and affected stakeholders? What are their perspectives on how they will be impacted in the immediate, short, medium and long term?

5   The IPBES values assessment highlights the diverse values of nature and their contributions to people.

Assess nature-related risks and opportunities	**Questions for engagement**
A1: Risk and opportunity identification What are the corresponding risks and opportunities for our organisation?	What are the insights into the risks and opportunities for our organisation based on our engagement with Indigenous Peoples, Local Communities and affected stakeholders?
A2: Adjustment of existing risk mitigation and risk and opportunity management What existing risk mitigation and opportunity management processes and elements are we already applying? How can risk and opportunity management processes and associated elements (e.g. risk taxonomy, risk inventory, risk tolerance and criteria) be adapted?	How do these mitigation and management processes consider related impacts on, relationships and engagement with Indigenous Peoples, Local Communities and affected stakeholders? What are the perspectives of Indigenous Peoples, Local Communities and affected stakeholders on the organisation's existing and adapted risk mitigation and risk and opportunity management processes?
A3: Risk and opportunity measurement and prioritisation Which risks and opportunities should be prioritised?	What are the perspectives of Indigenous Peoples, Local Communities and affected stakeholders on the risks and opportunities that the organisation should prioritise?
A4: Risk and opportunity measurement and prioritisation Which risks and opportunities are material and therefore should be disclosed in line with the TNFD recommended disclosures?	How are the perspectives of Indigenous Peoples, Local Communities and affected stakeholders considered when determining the materiality of risks and opportunities to the organisation?

Prepare to respond and report	Questions for engagement
P1: Strategy and resource allocation plans What risk management, strategy and resource allocation decisions should be made as a result of this analysis?	Does the resource allocation reflect identified needs for meaningful and ongoing engagement as part of mitigation and management strategies?
P2: Target setting and performance management How will we set targets and define and measure progress?	Are the targets defined, and is progress measured with input from Indigenous Peoples, Local Communities and affected stakeholders?
P3: Reporting What will we disclose in line with the TNFD recommended disclosures?	What are the expectations in terms of disclosure of Indigenous Peoples, Local Communities and affected stakeholders?
P4: Presentation Where and how do we present our nature-related disclosures?	Are nature-related disclosures presented in a way that the results are available, easily accessible, culturally appropriate, and easily interpreted by Indigenous Peoples, Local Communities and affected stakeholders?

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures

2. Who to engage

The UN Guiding Principles define stakeholder engagement as an:

'Ongoing process of interaction and dialogue between an enterprise and its stakeholders that enables the enterprise to hear, understand and respond to their interests and concerns, including through collaborative approaches.'[6]

An organisation's stakeholders are defined as the people or groups who can directly or indirectly be affected, negatively or positively, by the organisation's activities or through its value chains. Stakeholders also include those who might have an interest in, or may influence, the organisation's activities. This TNFD guidance recognises that the human rights or wider interests of Indigenous Peoples and Local Communities may at times be affected by an organisation's nature-related activities or value chains. It also recognises that they may have knowledge or interests that make them important partners for organisations to engage with in the design or implementation of nature-related strategies and solutions.

2.1. Indigenous Peoples and Local Communities

Indigenous Peoples make up less than 5% of the world's population and manage less than half of terrestrial landscapes and a third of inland waters,[7] yet they have succeeded in protecting 80% of our global biodiversity,[8] even in the context of historic power imbalances. Indigenous Peoples and Local Communities have a critically important role to play in halting and reversing nature loss and identifying and scaling nature-based solutions that benefit nature, and the corporates, financial institutions and communities that depend on the ecosystem services nature provides.

The Intergovernmental Platform on Biodiversity and Ecosystem Services (IPBES) global assessment also found that nature is generally declining less rapidly on Indigenous Peoples' lands than on other lands, as is the knowledge of how to manage it.[9] It also noted that governance, including customary institutions, management systems and co-management regimes for conservation and sustainable use, which involves Indigenous Peoples and Local Communities and incorporates their local knowledge, can be an effective way to safeguard nature and its contributions to people.

---

6   United Nations (2012) The Corporate Responsibility to Respect Human Rights: An Interpretive Guide

7   World Wide Fund for Nature (WWF), UN Environment Programme-World Conservation Monitoring Centre (UNEP-WCMC), et al. (2021) The State of Indigenous Peoples' and Local Communities' Lands and Territories: A technical review of the state of Indigenous Peoples' and Local Communities' lands, their contributions to global biodiversity conservation and ecosystem services, the pressures they face, and recommendations for actions. Gland, Switzerland

8   Garnett, S. T., Burgess, N. D., Fa, J. E., Fernández-Llamazares, Á., Molnár, Z., Robinson, C. J., ... & Leiper, I. (2018) A spatial overview of the global importance of Indigenous lands for conservation. Nature Sustainability, 1(7), 369-374

9   The Intergovernmental Science Policy Platform on Biodiversity and Ecosystem Services (2019), Summary for Policymakers of the Global Assessment Report on Biodiversity and Ecosystem Services

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures

There is no agreed definition of Indigenous Peoples adopted in international law.[10] A strict definition is seen as unnecessary and undesirable. The United Nations uses a working definition from the Martinez Cobo Study:

'Indigenous communities, peoples and nations are those which, having a historical continuity with pre-invasion and pre-colonial societies that developed on their territories, consider themselves distinct from other sectors of the societies now prevailing on those territories, or parts of them. They form at present non-dominant sectors of society and are determined to preserve, develop and transmit to future generations their ancestral territories, and their ethnic identity, as the basis of their continued existence as peoples, in accordance with their own cultural patterns, social institutions and legal system.'[11]

Under international law, Indigenous Peoples have internationally recognised rights which include, but are not limited to: the right to self-determination; the right to own, control, and use their lands, territories and resources; and the right to give or withhold Free, Prior and Informed Consent to matters affecting their lives, rights, and territories.

The UN Declaration on the Rights of Indigenous Peoples (UNDRIP)[12] and the International Labour Organization (ILO) Convention No. 169 are among the important international instruments and jurisprudence that affirm the rights of Indigenous Peoples.

The UN Convention on Biological Diversity (CBD) recognises the roles, rights and contributions of Indigenous Peoples and Local Communities to the conservation and sustainable use of biodiversity, and this is emphasised in CBD guidelines and the Kunming-Montreal Global Biodiversity Framework (GBF) (see Box 2). The GBF highlights the importance of whole society approaches, inclusive decision making and human rights-based approaches to engagement. The framework extensively highlights the importance of Indigenous Peoples and Local Communities.

Box 1: Indigenous Peoples and Local Communities Engagement and the Kunming-Montreal Global Biodiversity Framework

The Kunming-Montreal Global Biodiversity Framework (GBF) acknowledges the important roles and contributions of Indigenous Peoples and Local Communities as custodians of biodiversity and as partners in its conservation, restoration and sustainable use. The framework's implementation must ensure that the rights, knowledge, including traditional knowledge associated with biodiversity, innovations, worldviews, values and practices of Indigenous Peoples and Local Communities are respected, and documented and preserved with their Free, Prior and Informed Consent. This must include their full and effective participation in decision-making, in accordance with relevant national legislation, international instruments, including the United Nations Declaration on the Rights of Indigenous Peoples, and human rights law.[13] Further information on applying a human rights-based approach in the GBF is covered in the guidance on 'Applying a human rights-based approach to the Global Biodiversity Framework'.

---

10 United Nations (2007) Declaration on the Rights of Indigenous Peoples: A Manual for National Human Rights Institutions

11 Asia Pacific Forum of National Human Rights Institutions and the Office of the United Nations High Commissioner for Human Rights (August 2013) The United Nations Declaration on the Rights of Indigenous Peoples, Office of the United Nations High Commissioner for Human Rights. A Manual for National Human Rights Institutions

12 UN Human Rights, Office of the High Commissioner (2007) UN Declaration on the Rights of Indigenous Peoples

13 Convention on Biological Diversity (2022) Kunming-Montreal Global Biodiversity Framework. Section C. Considerations for implementation

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

Taskforce on Nature-related Financial Disclosures

A number of targets in the GBF are relevant to Indigenous Peoples and Local Communities, in particular Targets 1, 2, 3, 5, 9, 10, 13, 15, 21, 22 and 23.

Target	Text
Target 1	Respects the rights of Indigenous Peoples and Local Communities.
Target 2	Evidence of the role of Indigenous Peoples and Local Communities in effective restoration.
Target 3	Respects the rights of Indigenous Peoples and Local Communities, including over their traditional territories.
Target 5	The right to respect and protect customary sustainable use by Indigenous Peoples and Local Communities.
Target 9	The right to protect and encourage customary sustainable use by Indigenous Peoples and Local Communities.
Target 10	Nature's contribution to people from biodiversity to people's well-being and quality of life.
Target 13	The right to ensure the fair and equitable sharing of benefits that arise from the utilisation of genetic resources and from digital sequence information on genetic resources, as well as traditional knowledge associated with genetic resources.
Target 15	The importance of compliance with access and benefit sharing.
Target 21	The importance of traditional knowledge, innovations, practices and technologies of Indigenous Peoples and Local Communities only being accessed with their Free, Prior and Informed Consent, in accordance with national legislation.
Target 22	• The right to full and effective participation in decision-making related to biodiversity. • The right of Indigenous Peoples and Local Communities to full, equitable, meaningful and informed participation and leadership at all levels of action, engagement, policy and decision-making related to biodiversity. • The right to access information related to biodiversity. • Respects the rights of Indigenous Peoples and Local Communities over lands, territories, resources and traditional knowledge.
Target 23	The right to ensure gender equality in the implementation of the framework.

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

Taskforce on Nature-related Financial Disclosures

2.2. Affected stakeholders

The term 'affected stakeholders' has been central to responsible business practice standards promoted by the UN, OECD and by national governments that have developed national action plans on business and human rights.[14] International standards on environmental and human rights due diligence, including the UN Guiding Principles on Business and Human Rights (UNGPs) which were unanimously endorsed by the UN Human Rights Council in 2011, include an expectation that organisations engage with *affected* stakeholders throughout the due diligence process. Priority should be given to affected stakeholders whose human rights are adversely impacted by business operations.

Affected stakeholders are defined by the TNFD as 'people or groups that have been, or may be, negatively affected by an organisation's operations, products, services and value chains, including an organisation's nature-related dependencies, impacts, risks and/or opportunities, and responses to those issues'.

Affected stakeholders can range from local communities and rights-holders living adjacent to the organisation's operations or the site of its activities to those living at a distance, for example, by nature loss, such as the loss of migratory species, or impact drivers, such as water or air pollution that the organisation generates.

An organisation's nature-related dependencies, impacts, risks and opportunities[15] and responses, as well as other aspects of its activities and business relationships, may affect human rights, including the rights of Indigenous Peoples and Local Communities through:

- Changes in the state of nature and ecosystem services caused, or contributed to, by the organisation's business model (both negative and positive);
- The impact drivers in the organisation's business model and activities (such as air, water and soil pollution and land use change); and
- Responses to nature-related risks and opportunities (such as nature-based solutions or a change in business strategy or business model).

As part of their engagement activities, and consistent with the UNGPs, organisations need to consider the human rights aspects of the nature-related dependencies, impacts, risks and opportunities of their business model. Human rights due diligence (HRDD) is a process by which an organisation identifies, prevents, mitigates and accounts for its adverse impacts on people's human rights across its activities and business relationships.[16] The due diligence process is informed throughout by engagement with affected stakeholders.

Stakeholder groups that might be affected by an organisation's nature-related activities or value chains include the following groups:[17]

- **Affected communities**, including people or groups that have been, or may be, affected by an organisation's nature-related activities or through an organisation's value chain relationships. As noted above, affected communities can range from local communities living adjacent to the organisation's operations or the site of its activities to those living at a distance but affected, for example, by nature loss, such as the loss of migratory species, or

---

14 World Economic Forum (2022) Engaging Affected Stakeholders: The Emerging Duties of Board Members: Insight Report by the Global Future Council on Human Rights

15 Nature-related issues refers to nature-related dependencies, impacts, risks and opportunities

16 United Nations Human Rights, Office of the High Commissioner (2011) The UN Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework. See Principle 17

17 Organisation for Economic Cooperation and Development (2017) OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive sectora

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

Taskforce on Nature-related
Financial Disclosures

impact drivers, such as water or air pollution that the organisation generates.

- **Indigenous Peoples and Local Communities**, as covered above, may also be affected by an organisation.

- **Rights-holders:** Under the Universal Declaration of Human Rights, all human beings are 'rights-holders'. However, not all individuals will have their human rights put at risk or impacted by a project or its associated activities. It is important to identify human rights risks related to project activities among stakeholders and recognise such stakeholders as 'rights-holders' in the context of engagement.

- **Own workforce**, including an organisation's full-time and part-time direct employees; employees on short-term contracts or zero hours contracts; non-employee workers who are individual contractors supplying labour (including so-called 'gig' workers); workers provided through employment agencies; and migrant workers.

- **Value chain workers**, including all individuals performing work in an organisation's upstream or downstream value chain, where that work relates to the organisation's own products or services. They may include migrant workers, workers providing on-site security or cleaning services, smallholder farmers, workers involved in waste picking in a recycling process, and informal workers. They may be at any tier in the organisation's value chain.

- **Consumers and end-users**, including all individuals who acquire, consume or use the organisation's goods and services for personal use, either for themselves or for others, and not for resale or commercial purposes.

These groups are not mutually exclusive. Workers in the workforce or value chain may be members of affected communities, while others may be consumers of products. This guidance does not cover specific standards and expectations regarding trade union rights and workers' human rights to freedom of association and collective bargaining, nor does it address engagement through social dialogue.[18]

Marginalised groups

Within each group of stakeholders, the greatest care and attention should be given to the most marginalised people and groups,[19] given that they may be at heightened risk of harm from an organisation's activities that may cause negative impacts on nature. Marginalised groups may also stand to gain the most from approaches that integrate their concerns and perspectives into an organisation's nature-related strategies and achieve positive nature outcomes. Considerations should be made on the differentiated risks that may be faced by women and men.

Depending on the local context, marginalised groups may include migrant workers, women, elders, children or youth, Indigenous Peoples, and people with disabilities.

---

18 Where workers are affected by the organisation's activities and responses to nature-related issues, this guidance should be applied with reference to international standards and with due attention to ensuring that engagement processes do not undermine the role of trade unions, or opportunities for workers to organise through trade unions.

19 Marginalised groups have certain socio-economic characteristics that make them more likely to suffer from discrimination, unequal access to rights, unequal access to – and control over – resources or unequal access to development opportunities.

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

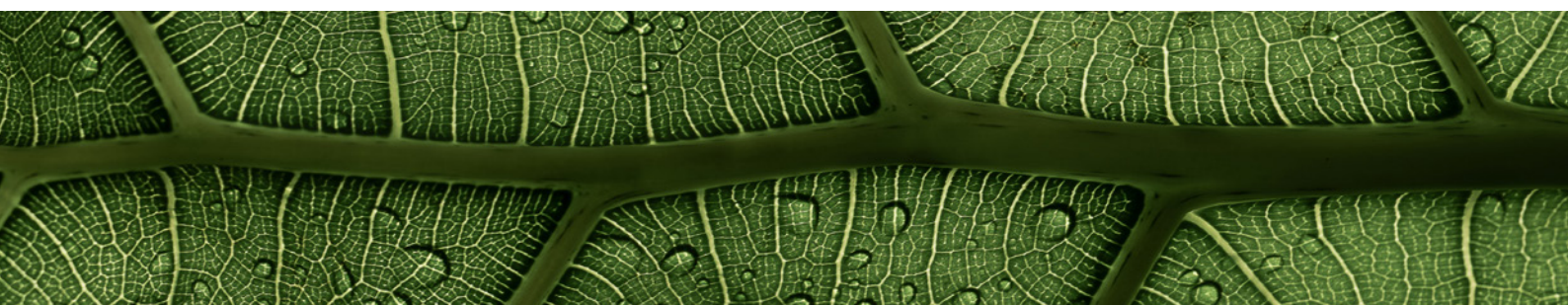Taskforce on Nature-related Financial Disclosures

Box 2: Gender considerations in engagement

The IFC's Good Practice Handbook for Companies on Stakeholder Engagement highlights several key factors that should be taken into account to ensure the effective integration of women in stakeholder engagement processes.[20] These include:

- The need to recognise that men and women may not only have different priorities and perspectives on the issues under discussion, but may be differently affected by a project, activity or initiative, and have different relationships with natural resources. For example, men may use a forest for hunting and wood, whereas women rely on it for foraging and medicinal plants;

- The need to seek out the views of women to ensure a complete picture of potential nature-related dependencies, impacts, risks and opportunities;

- The value of disaggregating data by gender to better understand gender differences and ensure that these are taken into account where data is used for decision-making purposes;

- The importance of having a representative sample by gender when undertaking surveys and interviews, recognising that categories of survey participant such as 'head of household' will usually skew heavily towards men, while female-headed households are important to include, since single mothers and widows may represent some of the most vulnerable households;

- The need for engagement processes to be culturally appropriate for women, recognising that women may be more comfortable talking to other women, and that survey or engagement teams should have female members who can engage women where needed;

- The need for attention to whether women are able to take part in engagement processes and if, for example, they need childcare at certain times of day or if certain times and locations are more convenient;

- The opportunity to use engagement techniques that facilitate women's participation, such as time spent in small groups, having single-sex groups for some discussions, asking specifically 'what do women in the room think about this issue?' and getting issues known to be important to women onto a meeting agenda or into survey questionnaires;

- The need in some cultures to create a separate venue where women's own issues and concerns can be raised; and

- The importance of remembering that women are not a homogenous group and will not share all the same interests or priorities, which necessitates attention to the representation of women across socioeconomic, racial, ethnic, religious and gender identity lines, as well as women of different ages, marital status and women with disabilities. Consultation with local NGOs or community-based organisations (CBOs) that represent women from minority groups may be helpful in ensuring representation.

20 International Finance Corporation (2007) Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures

3. Engagement and due diligence standards

Engagement underpins an integrated approach to the rights of Indigenous Peoples and Local Communities and affected stakeholders as part of human rights and environmental due diligence.

3.1. International standards

Human rights and environmental due diligence are central to the international standards of responsible business practice set out in the UNGPs[21] and the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct.[22]

UNGP Article 15 sets out that:

'In order to meet their responsibility to respect human rights, business enterprises should have in place policies and processes appropriate to their size and circumstances, including:

a. *A policy commitment to meet their responsibility to respect human rights;*
b. *A human rights due diligence process to identify, prevent, mitigate and account for how they address their impacts on human rights;*
c. *Processes to enable the remediation of any adverse human rights impacts they cause or to which they contribute.'*

Engage with affected stakeholders

International standards on environmental and human rights due diligence include an expectation that organisations engage with affected stakeholders throughout the due diligence process. This applies to the organisation's nature-related impacts and responses to those, wherever these may affect the human rights of Indigenous Peoples, Local Communities and stakeholders, as well as other aspects of the organisation's activities and business relationships. The UNGPs provide that organisations should "seek to understand the concerns of potentially affected stakeholders by consulting them directly in a manner that takes into account language and other potential barriers to effective engagement."[23]

Identify and address actual and potential negative impacts

Human rights due diligence involves an organisation identifying and addressing the actual and potential negative impacts on people's human rights across its business model and value chain relationships; avoiding, preventing, mitigating and remediating those impacts with which it is involved; and tracking, communicating and accounting for the effectiveness of its efforts.

---

21 United Nations Human Rights, Office of the High Commissioner (2011) The UN Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework

22 Organisation for Economic Cooperation and Development (2011) OECD Guidelines for Multinational Enterprises on Responsible Business Conduct

23 United Nations Human Rights, Office of the High Commissioner (2011) The UN Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework. See commentary, Principle 18

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures

Address the harms to affected stakeholders

Where negative impacts on the human rights of Indigenous Peoples, Local Communities and other affected stakeholders are directly linked to an organisation's operations, products or services through its value chain relationships, but without any contribution on its part, the organisation is expected to use its leverage to seek to address the harms through prevention, mitigation and, where appropriate, remediation.

The conduct of human rights due diligence is further detailed in the following comprehensive guidance for organisations with practical advice and real-life examples on how to apply the UNGPs:

- *The Corporate Responsibility to Respect Human Rights: An Interpretive Guide*;[24]
- *Doing Business with Respect for Human Rights;*[25] and
- *Human Rights Due Diligence Training Facilitation Guide.*[26]

When conducting human rights due diligence with regards to impacts on Indigenous Peoples, an organisation must apply the United Nations Declaration of the Rights of Indigenous Peoples (UNDRIP).

3.2. Relevant legislation

In many states, there will be some form of legislation regarding engagement with affected stakeholders, which may cover governments' own obligations to consult with communities on investment and development projects that affect them and the expectations and legal obligations of business and other third parties involved with such activities. States are increasingly adopting mandatory due diligence and disclosure requirements in line with their own obligations to protect human rights.

Understand existing legislation and guidance

In countries where there are Indigenous Peoples and Local Communities, legislation or at least guidance may exist regarding Indigenous Peoples' rights including requirements to attain Free, Prior and Informed Consent for activities that impact their lands, territories and resources. Laws and provisions related to the respect of Indigenous People's rights will apply in countries that have signed the UNDRIP.

Comply with existing legislation and guidance

Organisations should ensure they are familiar with Indigenous Peoples' rights, relevant legislation and guidance, and be able to comply with them. At the same time, they should not assume that existing legislative or regulatory requirements meet the standard for, or are sufficiently specific about, meaningful stakeholder engagement as set out in this TNFD guidance. Compliance with the law may not be sufficient to achieve the positive benefits of effective stakeholder engagement regarding an organisation's nature-related issues, or to minimise negative impacts on stakeholders and associated business risks. Organisations are expected to respect human rights even if the legal protection of rights in the country of operation is weak.

Corroborate third party assurances

Organisations should take care before relying on assurances that third parties, including governments, businesses or others, have already conducted stakeholder engagement and reached agreements with affected stakeholders. It will be important to seek corroboration of such claims directly from the Indigenous Peoples and Local Communities living in the affected territories, or where activities will be implemented, before determining these assurances adequately meet the organisation's perspective, needs and the expectations of good practice. Organisations

---

24 United Nations Human Rights, Office of the High Commissioner (2012) The Corporate Responsibility to Respect Human Rights: An Interpretive Guide

25 Shift, Oxfam, Global Compact Network Netherlands (2016) Doing Business with Respect for Human Rights: A Guidance Tool for Companies

26 United Nations Development Programme (2021) Human Rights Due Diligence Training Facilitation Guide

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

T N
F D   Taskforce on Nature-related
Financial Disclosures

should note that third party assurances cannot be used in place of due diligence and do not transfer responsibility from the organisation.

3.3. Guidelines on engagement with Indigenous Peoples and Local Communities

The CBD Article 8(j) establishes the obligation to ensure that the full and effective participation of Indigenous Peoples and Local Communities is considered during the planning and implementation of projects such as mining, infrastructure development or tourism ventures.

Article 8(j) of the CBD sets out that:

'Each Contracting Party shall, as far as possible and as appropriate: Subject to its national legislation, respect, preserve and maintain knowledge, innovations and practices of indigenous and local communities embodying traditional lifestyles relevant for the conservation and sustainable use of biological diversity and promote their wider application with the approval and involvement of the holders of such knowledge innovations and practices and encourage the equitable sharing of the benefits arising from the utilization of such knowledge, innovations and practices.'

Voluntary guidelines developed under Article 8(j)

The guidelines recognise the unique relationship that Indigenous Peoples and Local Communities have with their lands, as well as the importance of their traditional knowledge, cultural practices and livelihoods. These include: [27]

- **The Akwé: Kon Voluntary Guidelines** for the conduct of cultural, environmental and social impact assessments for developments proposed to take place on, or which are likely to impact, sacred sites, lands and waters traditionally occupied or used by Indigenous Peoples and Local Communities.[28]

- **The Tkarihwaié:ri Code of Ethical Conduct** to ensure respect for the cultural and intellectual heritage of Indigenous Peoples and Local Communities.[29]

- **The Mo'otz Kuxtal Voluntary Guidelines** for the development of mechanisms, legislation or other appropriate initiatives to ensure the Prior and Informed Consent (PIC), Free, Prior and Informed Consent (FPIC) or approval and involvement, depending on national circumstances, of Indigenous Peoples and Local Communities has been obtained before accessing their knowledge, innovations and practices. This includes the fair and equitable sharing of benefits arising from the use of their knowledge, innovations and practices relevant for the conservation and sustainable use of biological diversity and the reporting and prevention of unlawful appropriation of traditional knowledge.[30]

- **The Rutzolijirisaxik Voluntary Guidelines** for the repatriation of traditional knowledge relevant for the conservation and sustainable use of biological diversity.[31]

---

27 Convention on Biological Diversity Voluntary Guidelines on Traditional Knowledge

28 Convention on Biological Diversity (2004) The Akwé: Kon Guidelines

29 Convention on Biological Diversity (2011) The Tkarihwaié:ri Code of Ethical Conduct

30 Convention on Biological Diversity (2019 The Mo'otz Kuxtal Voluntary Guidelines

31 Convention on Biological Diversity (2019) The Rutzolijirisaxik Voluntary Guidelines for the Repatriation of Traditional Knowledge (cbd.int)

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures

Box 3: Access and Benefit Sharing (ABS)

The Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilisation (ABS) to the Convention on Biological Diversity (CBD) is a supplementary agreement to the CBD referenced in Article 8(j). It aims to promote the conservation and sustainable use of biodiversity, while also ensuring the fair and equitable sharing of benefits that arise from the use of genetic resources and traditional knowledge associated with genetic resources.

The Nagoya Protocol is based on the principle of Prior Informed Consent (PIC)[32] being granted by a provider to a user and negotiations between both parties to develop Mutually Agreed Terms (MAT). This is to ensure the fair and equitable sharing of genetic resources and traditional knowledge associated with genetic resources and associated benefits.

The preamble contains seven paragraphs relevant to Indigenous Peoples and Local Communities. These paragraphs include references to Article 8(j), the interrelationship between genetic resources and traditional knowledge associated with genetic resources and their inseparable nature.

The Protocol contains significant provisions relating to traditional knowledge associated with genetic resources held by Indigenous Peoples and Local Communities, as well as to genetic resources held by Indigenous Peoples and Local Communities, where the rights of these communities over resources have been recognised. The Protocol sets out clear obligations to take into consideration Indigenous and Local Communities' customary laws, community protocols and procedures, as applicable, with respect to traditional knowledge associated with genetic resources and to seek the prior informed consent of Indigenous Peoples and Local Communities in these situations. It also provides for the sharing of benefits arising from the use of traditional knowledge associated with genetic resources, as well as benefits arising from the use of genetic resources, in accordance with domestic legislation. Benefit sharing must be based on mutually agreed terms.

Principles of access and benefit sharing are key to any engagement between organisations, Indigenous Peoples and Local Communities and the quality and nature of that dialogue should be disclosed. High-quality dialogue and collaboration between organisations and Indigenous Peoples and Local Communities embracing these principles are a sign of a genuinely collaborative approach to the use of genetic resources, the traditional knowledge associated with genetic resources and environmental assets more broadly, and traditional knowledge.

3.3.1. Free, Prior and Informed Consent

The UNDRIP sets out the specific human rights of Indigenous Peoples to have their Free, Prior and Informed Consent sought in relation to activities impacting their land, territories or other resources, and the right to provide or to withhold that consent. The CBD also adopted Mo'otz Kuxtal Voluntary guidelines as outlined above.

While the right to Free, Prior and Informed Consent is particular to Indigenous Peoples, where an organisation's activities impact the lands, waters and livelihoods of other Local Communities, it may judge

---

32 PIC is 'The permission given by the competent national authority of a provider country to a user prior to accessing genetic resources, in line with an appropriate national legal and institutional framework.' https://learnnagoya.com/guides/

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

Taskforce on Nature-related Financial Disclosures

it appropriate to apply other approaches, such as an Informed Consultation and Participation (ICP)[33] process. Doing so may help reduce risks and secure opportunities and benefits associated with the activities.

The OECD Due Diligence Guidance on Meaningful Stakeholder Engagement in the Extractive Sector and the Business Reference Guide to the UN Declaration on the Rights of Indigenous Peoples highlight a range of additional considerations when the mode of engagement is based on the objective of Free, Prior and Informed Consent.

Legal requirements for Free, Prior and Informed Consent

ILO Convention 169, UNDRIP and CBD set out certain duties of states regarding the conduct of Free, Prior and Informed Consent in situations where public or private sector activities affect Indigenous Peoples' lands, territories and resources, or their broader right to self-determination. In a growing number of countries, such duties are reflected in national legislation, with varying levels of specificity.

If an organisation plans to rely on any prior engagement process with Indigenous Peoples, care should be taken to ascertain its extent and quality. As the International Finance Corporation notes in its Stakeholder Engagement Handbook:[34]

"In some sectors, such as natural resource extraction for example, government may be required to engage with indigenous communities prior to the involvement of a private company in the project. The manner in which such consultation takes place and the level of stakeholder satisfaction following such engagement can have direct implications for the project company that is subsequently granted an exploration license in an area impacting indigenous communities. For this reason, it is advisable to conduct due diligence on prior consultations with indigenous peoples to determine at what stages such engagement took place and what commitments were made or what unresolved issues still exist."

Further guidance and information on the conduct of Free, Prior and Informed Consent can be found in the Mo'otz Kuxtal Voluntary guidelines and the UN Food and Agriculture Organisation (FA) toolkit.[35]

---

33 The IFC performance standards reference ICP which involves a more in-depth exchange of views and information, and an organised and iterative consultation, leading to the client's incorporating into their decision-making process the views of the affected communities on matters that affect them directly, such as the proposed mitigation measures, the sharing of development benefits and opportunities, and implementation issues.

34 International Finance Corporation (2007) Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets

35 UN Food and Agriculture Organisation (2011) Toolkit on how to implement the FPIC process

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

T N
F D   Taskforce on Nature-related Financial Disclosures

4. Preparedness for engagement

Before engaging with Indigenous Peoples, Local Communities and affected stakeholders when assessing and responding to nature-related issues, it is critical that organisations have the right policies, processes, systems and strategy in place.

> *"Relationship building takes time. Many of the hallmarks of good relationships – trust, mutual respect, understanding – are intangibles that develop and evolve over time, based on individual and collective experiences and interactions. For this reason, companies are now beginning to engage with stakeholders at a much earlier stage of a project than in the past. This is especially true for larger, more complex or controversial projects, where companies are initiating engagement at the very early ... phases, signalling to communities and other local stakeholders that their views and well-being are considered important." International Finance Corporation, Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets.[36]*

This section highlights the importance of organisational preparedness and provides guidance on when and how to conduct effective engagement with Indigenous Peoples, Local Communities and affected stakeholders.

4.1. Governance of engagement

Boards can play an important role in establishing an organisational culture that seeks out and values the perspectives of Indigenous Peoples, Local Communities and affected stakeholders, including those who are most marginalised. Boards may themselves look for appropriate ways to engage directly with stakeholders' perspectives that are respectful and culturally appropriate. Guidance developed by the World Economic Forum Global Future Council on Human Rights provides questions for an organisation's board to determine how well the organisation engages with affected stakeholders:[37]

1. Does the organisation know who its affected stakeholders are?
2. Does the organisation have the appropriate mechanisms in place to understand the potential adverse human rights impacts on affected stakeholders and how to respond appropriately?
3. Is the board sufficiently engaged in overseeing these mechanisms and ensuring their effectiveness?
4. Does the board have the right skills, experience and knowledge to undertake these tasks?
5. Does the board have the right monitoring and review mechanisms in place to undertake these tasks?

4.1.1. Policies and systems for engagement

Effective engagement with Indigenous Peoples, Local Communities and stakeholders who are, or may be, affected by the organisation's nature-related issues and responses should be formally integrated into the organisation's policies, processes and systems.

To be effective, this should include a clear policy framework on engagement with Indigenous Peoples, Local Communities and affected stakeholders that takes a long-term view and focuses on building relationships, avoiding negative impacts on stakeholders, achieving

---

36 International Finance Corporation (2007) Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets

37 The World Economic Forum (2022) Guidance Note: Board duties in ensuring company engagement with affected stakeholders

positive outcomes for stakeholders, and identifying opportunities for mutual benefit.

The organisation should have robust policies that respect Indigenous Peoples' and Local Communities' rights and that prevent and address any coercion, manipulation, intimidation, redress and grievances of Indigenous Peoples, Local Communities and affected stakeholders.

4.1.2. Information flows, responsibilities and accountability

Engagement with Indigenous Peoples, Local Communities and affected stakeholders needs to be effectively managed, with a clearly defined strategy, set of objectives, timetable, budget and allocation of responsibilities. Setting an organisation up for success in its engagement involves:

- Ensuring all staff are aware of the engagement policy and processes for engagement with Indigenous Peoples, Local Communities and affected stakeholders;
- Informing third parties who interact with Indigenous Peoples, Local Communities and affected stakeholders in connection with the organisation's business about the policy and any current engagement processes or resulting agreements, to help ensure that these are supported and not undermined;
- Establishing clear responsibilities and accountabilities, including to senior leadership within the organisation, for the appropriate conduct of engagement in line with the organisation's policies;
- Ensuring staff responsible for engagement have appropriate training and experience and understand the local context and operating environment, including an understanding of local languages, customary law and community protocols;
- Building a culture where staff who are not part of formal engagement processes recognise their own

responsibility for supporting and sustaining positive relationships through their own practices; and,

- Appropriate processes and expectations for informing senior management and the board of significant issues arising in the conduct of engagement with Indigenous Peoples, Local Communities and affected stakeholders, or of significant issues raised through those processes.

4.1.3. Effective grievance mechanisms and remediation

Engagement processes should enable the development of positive relationships to surface and address concerns about the impacts on stakeholders of an organisation's policies, plans and activities that relate to nature.

At the same time, grievances may arise about the conduct of the process, the implementation of its results, or substantive issues that a stakeholder feels have not been appropriately addressed. Similar risks exist in any such process. A well-defined and functioning grievance mechanism that provides a recognised and effective channel for such issues to be surfaced and formally addressed is important so that grievances can be identified and resolved before they compound, escalate and undermine the engagement process. It is also important to track grievances, the organisation's response and the outcome to ensure timely closing and learning of lessons.

The international standards on responsible business practice (the UNGPs and OECD guidelines) set out an expectation that all businesses should have an effective operational-level grievance mechanism in place for individuals and communities who may be adversely affected by the organisation's activities, which includes its responses to nature-related issues. The UNGPs establish clear criteria for the effectiveness of such mechanisms in Guiding Principle 31, which states that they be legitimate, accessible, predictable, equitable, transparent, rights-compatible, a source of

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD — Taskforce on Nature-related Financial Disclosures

continuous learning, and designed with the input of their stakeholders.[38]

Effective grievance redress requires incorporating the principles of meaningful engagement in the design and implementation of remedial actions intended to respond to adverse impacts on nature and affected stakeholders. Grievance redress processes must find remedies in consultation with affected stakeholders and with the Free, Prior, and Informed Consent of Indigenous Peoples and Local Communities. Feedback channels should be established to ensure full and timely implementation of remedies.[39]

Grievance mechanisms are distinct from the process of stakeholder engagement itself. Neither is a substitute for the other, but they are complementary and mutually reinforcing.[40]

4.2. Resource allocation

Engagement with Indigenous Peoples, Local Communities and affected stakeholders requires adequate resources to succeed, including human and financial resources, time and, in some situations, technological resources.[41] This may include the availability of key representatives and assistance with building the capacity of Indigenous Peoples, Local Communities and affected stakeholders. This could occur, for example, if an engagement involves technical issues for which they will require training to participate on equal terms, or the ability to hire an expert advisor of their choosing.

Resources for engagement should be agreed up front in the process, recognising that needs may evolve, and should be supported by management.

Engagement processes can fail if they overlook the resource of time. Project and activity timelines need to factor in the time needed for Indigenous Peoples, Local Communities and affected stakeholders to put their own preparations in place for the engagement. Sufficient time must also be allowed for the engagement itself, traditional/customary governance systems (particularly where there are complex issues), divergent perspectives, and significant consequences to the decisions made.

Where the resource of time is overlooked or underestimated, this can undermine relationships with the Indigenous Peoples, Local Communities and affected stakeholders and have serious consequences for the success of the proposed activities. Those affected may seek other avenues to raise concerns that have not been resolved.

4.3. Embedding into organisational strategy

Engaging Indigenous Peoples, Local Communities and affected stakeholders in ongoing business activities is not a one-off activity or peripheral process. To succeed and support effective identification, assessment and management of nature-related issues, engagement should be embedded into the wider organisational strategy and responses. This is important for a variety of reasons, including allocation of adequate time and other resources to the engagement process.

---

38 United Nations Human Rights, Office of the High Commissioner (2011) The UN Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework. See Principle 31

39 Organisation for Economic Cooperation and Development (2017) OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive sector, United Nations (2020) Stakeholder Engagement and the 2030 agenda – a practical guide, UN Working Group on Business and Human Rights (2021) UNGPs 10+ A roadmap for the next decade of business and human rights

40 International Council on Mining and Metals (2019) Handling and resolving local-level concerns and grievances: Human rights in the mining and metals sector

41 AccountAbility (2015) The AA1000 Stakeholder Engagement Standard

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

T N
F D Taskforce on Nature-related
Financial Disclosures

The organisation's strategy can leverage the following insights:

- Where and how Indigenous Peoples, Local Communities and stakeholders depend on the same environmental assets and ecosystem services as the organisation, and the potential impacts of nature loss and degradation on their rights and welfare;

- Where and how Indigenous Peoples, Local Communities and stakeholders are affected by an organisation's impacts on nature, both positive and negative, including impact drivers such as air, water and soil pollution;

- Where and how the organisation's strategy for managing nature-related risks and opportunities implies impacts (both positive and negative) on, or opportunities for, Indigenous Peoples, Local Communities and stakeholders, and whether and how negative impacts will be avoided or minimised; and

- Whether and how estimations of the resilience of the organisation's strategy on nature-related issues take sufficient account of the perspectives, priorities, needs and plans of Indigenous Peoples, Local Communities and affected stakeholders, and the quality of the organisation's existing relationships.

4.4. Mapping Indigenous Peoples, Local Communities and affected stakeholders

The starting point for engagement in the identification, assessment and management of nature-related issues is to develop a full understanding of Indigenous Peoples, Local Communities and stakeholders who may:

- Have shared dependencies on nature alongside the organisation, particularly in areas important for biodiversity, high integrity ecosystems, as experiencing rapid decline in ecosystem integrity, and/or areas of high physical water risk, and where nature loss and degradation have potential impacts on their basic rights and welfare;

- Be affected negatively by the organisation's impacts on nature;

- Be affected by an organisation's responses to nature-related issues, including mitigation and adaptation strategies, and any related innovations or changes in their business model; and

- Be important to advance nature-related opportunities and bring added value to the realisation of such opportunities.

Organisations should consider Indigenous Peoples, Local Communities and all categories of affected stakeholders outlined above, including the organisation's own workforce, value chain workers and end-users and consumers. These groups can be separated further into internal or external stakeholders, given their varied levels of interest in a project and the differentiated impact. Stakeholders who are particularly marginalised should be prioritised for engagement. Care should be taken not to assume that any group is not affected without evidence for that conclusion.

Stakeholder groups are far from homogenous. They comprise groups of people differentiated by wealth, ethnicity, gender and other socio-economic stratifications and these groups have different power relations and interests in the engagement process. Migrant workers, women workers, young workers, people with disabilities and some ethnic or racial groups may have distinct vulnerabilities and perspectives that need to be included in the engagement process. Similarly, it may be important to understand the experiences and perspectives of women, youth, distinct racial groups and other sub-groups within communities and among smallholder farmers to effectively identify the range of nature-related issues resulting from an organisation's strategies and action plans. It is essential to consider that stakeholders' needs may change over time, so their requests should be reassessed throughout projects and the strategies adapted accordingly.[42]

---

42 Agrawal, A., & Redford, K. (2009) Place, conservation, and displacement. Conservation and Society, 7(1); Lazos-Chavero, E., et al. (2016) Stakeholders and tropical reforestation: challenges, trade-offs, and strategies in dynamic environments. Biotropica 48(6)

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

Taskforce on Nature-related
Financial Disclosures

Identifying Indigenous Peoples and Local Communities depends on the context and differs from country to country. In some countries, the occupation and use of lands and territories before colonial invasion serve as a standard means of identifying Indigenous Peoples, while in other countries, legislation and complementary measures might have already identified some Indigenous Peoples.[43] In African countries and some other contexts, other features, including attachment and use of their lands, or marginalisation based on methods of life or forms of production that are different from the dominant model are more relevant. Particular attention should be provided to Indigenous Peoples in voluntary isolation, who are difficult to identify and often the most vulnerable.

The mapping process should distinguish these sub-groups clearly and seek to understand the distinct ways in which these groups may need to be engaged to understand how they may be affected and to share their perspectives.

4.4.1. Representatives

In many situations, organisations will engage with Indigenous Peoples, Local Communities and affected stakeholders through their representatives. In the case of Indigenous Peoples, the election of representatives may be based on their rights, institutions, culture, customary law and established practices and traditions, while for workers, this may be based on processes that align with international standards.

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures

5. Designing and conducting engagement

Once Indigenous Peoples, Local Communities and affected stakeholders and their representatives have been identified, there is an opportunity to involve them in the design of the engagement process. This is particularly relevant as organisations apply the LEAP approach to evaluate their dependencies and impacts on nature, assess their nature-related risks and opportunities and prepare to respond. The LEAP approach can help to ensure that there is alignment between the organisation and those it engages with on the purpose, phases and outputs of the process. Engagement in the LEAP approach can also help ensure that the approaches adopted are culturally appropriate and support participation and inclusion (see Table 1 above).

Engagements where the expectations of the organisation and the Indigenous Peoples, Local Communities and affected stakeholders are misaligned can lead to an erosion in relationships that jeopardise the intended benefits.

5.1. Understanding values of nature and its contributions to people

Understanding the values of nature is a fundamental step to comprehend and manage the interlinkages between people and nature, including the ways in which people conceive of, and value, nature. Consideration of the different values of nature and how these values inform decisions is essential to the design of meaningful engagement processes, assessment and management of nature-related issues.

Values of nature vary across knowledge systems, languages, cultural traditions and environmental contexts. The way people value nature is influenced by how they interpret their relationship with nature. People perceive, interpret, judge and relate to nature in different, and sometimes, incompatible ways. Some actors' values can dominate decisions while other actors may be marginalised, often leading to inequitable outcomes or conflicts.[44]

The IPBES values assessment[45] highlights the diverse values of nature and their contributions to people. The assessment follows a plural value lens[46] which can:

- Help organisations engage with diverse knowledge and value systems about nature;
- Allow for the recognition of a variety of perspectives held by those engaged on the multiple values of nature;
- Help organisations understand the process of collecting, synthesising and communicating knowledge about the ways in which people ascribe importance and meaning of nature;
- Demonstrate the importance of cultural values to people and nature, especially Indigenous Peoples and Local Communities; and
- Help avoid the risk of excluding legitimate ways of defining, knowing and valuing nature and biodiversity.

---

44 The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES) (2015) The IPBES Conceptual Framework—Connecting nature and people. Current Opinion in Environmental Sustainability

45 The Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (2022) Methodological Assessment Report on the Diverse Values and Valuation of Nature of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services

46 A plural value lens (value-pluralism) can encompass a wide variety of dimensions that assess the interdependence between nature and societies, including biophysical, health, sociocultural or holistic approaches.

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related
Financial Disclosures

5.2.   General principles of meaningful engagement

Respected guidance identifies a range of principles that should guide any engagement process, regardless of the mode of engagement.[47]

Engagement process principles should:

- Be targeted at those most severely and likely to be impacted;
- Be responsive to the perspectives, needs and interests of marginalised groups, including Indigenous Peoples and Local Communities;
- Be based on the prior disclosure and dissemination of relevant, objective, meaningful and easily accessible and understandable information in a timeframe that enables engagement in a gender, age and culturally appropriate format;
- Ensure the diversity of participants based at a minimum on gender, age, ethnicity and disability status;
- Consider the different access and communications needs of various groups and individuals, especially those who are vulnerable or disadvantaged, and use language, formats and techniques that are culturally appropriate;
- Facilitate two-way communication, enabling all participants to exchange views and information, hear from others, take the initiative in raising issues and having their issues addressed, including outside of formal meetings;
- Be carried out in a non-discriminatory manner, free of external manipulation, interference, coercion and intimidation, including the application of ethical codes of conduct to ensure cultural behaviours are respected, especially of Indigenous Peoples and Local Communities;
- Be gender-inclusive, recognising that men and women often have differing views and needs;

- Be adequately documented, both in substance and process;
- Report back in a timely way to those engaged, with clarification of next steps; and
- Be ongoing.

Indigenous Peoples and Local Communities engagement process principles are based on the Tkarihwaié Code of Ethical Conduct to ensure respect for the cultural and intellectual heritage of Indigenous and Local Communities relevant to the conservation and sustainable use of biological diversity, adopted under the Convention on Biological Diversity. This is intended to provide guidance on activities and interactions with Indigenous Peoples and Local Communities and on the development of local, national or regional codes of ethical conduct, with the aim of promoting respect and preserving and maintaining traditional knowledge, innovations and practices for the conservation and sustainable use of biodiversity. These principles include:

- **Respect for intellectual property of Indigenous Peoples and Local Communities:** Community and individual concerns over, and claims to, cultural and intellectual property relevant to traditional knowledge, innovations and practices related to the conservation and sustainable use of biodiversity should be acknowledged and addressed with Indigenous Peoples and Local Communities prior to starting engagement.
- **Non-discrimination:** The ethics and guidelines for all engagement should be non-discriminatory, particularly in relation to gender, disadvantaged groups and representation.
- **Transparency/full disclosure:** Indigenous Peoples, Local Communities and affected stakeholders should be adequately informed in advance about the nature, scope and purpose of any proposed activities carried out by others that may involve the use of their traditional knowledge, innovations and

---

47 International Finance Corporation (2007) Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets, International Union for Conservation of Nature (IUCN) (2021) Stakeholder Engagement in IUCN projects

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

Taskforce on Nature-related Financial Disclosures

practices related to the conservation and sustainable use of biodiversity that occur on or are likely to have an impact on sacred sites, lands and waters that they traditionally occupy or use. This information should be provided in a manner that takes into consideration and actively engages with the body of knowledge and cultural practices of Indigenous Peoples and Local Communities.

- **Free, Prior and Informed Consent:** Any activities or interactions involving the traditional knowledge of Indigenous Peoples and Local Communities associated with the conservation and sustainable use of biological diversity that occur on or are likely to have impact on sacred sites, lands and waters that they traditionally occupy or use should be carried out with their Free, Prior and Informed Consent and/or approval. Such consent or approval should not be coerced, forced or manipulated.

- **Intercultural respect:** Traditional knowledge should be respected as a legitimate expression of the culture, traditions and experience of Indigenous Peoples and Local Communities and as part of the plurality of existing knowledge systems. In any activities or interactions, give specific consideration to the respect of cultural, heritage, ceremonial and sacred sites, sacred species, and secret and sacred knowledge.

- **Fair and equitable sharing of benefits:** Indigenous Peoples and Local Communities should receive fair and equitable sharing of benefits for their contribution to activities or interactions related to biodiversity and traditional knowledge that are proposed to take place on or likely to impact sacred sites, lands and waters that they traditionally occupy or use. These should be equitable within and among relevant groups, take into account relevant community level procedures, and promote the objectives of the Convention on Biological Diversity.

- **Precautionary Approach:** The prediction and assessment of potential harms to biological diversity should include local criteria and indicators and should fully involve the relevant Indigenous People and Local Communities.

Further engagement principles are covered in the next sections of this guidance and in the IFC guidance for companies doing business in emerging markets, IUCN stakeholder engagement guidance and ICMM's Stakeholder Research Toolkit.

5.3. Modes of engagement

Engagement with Indigenous Peoples, Local Communities and affected stakeholders encompasses a broad variety of methodologies. These include 'pushing' information out ('pitch' or 'disclose'), 'pulling' information in ('consult'), engaging in a problem-solving dialogue ('collaborate'), and partnering and sharing power over decisions and actions ('agree').[48] The different modes of engagement are not mutually exclusive and may take place in parallel with different groups or in cycles, with the caveat that 'pitching' will never be sufficient on its own.

The methodologies for engagement with Indigenous Peoples, Local Communities and affected stakeholders can make a nature-related assessment more collective, holistic and robust.

---

48 Shift (2013) Bringing Human Rights Lens to Stakeholder Engagement

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

Taskforce on Nature-related
Financial Disclosures

Box 4: Examples of modes of engagement

Disclose: In all engagement processes, organisations will need to disclose information to Indigenous Peoples, Local Communities and stakeholders about the full range of nature-related issues impacting them, including, importantly, the potential harmful impacts of an organisation's nature-related issues and responses.

For example:

- In considering a strategy to improve plastic waste management and recycling where waste-pickers typically do most of the work collecting and sorting the waste, it is essential to begin the engagement process by disclosing what the changes in the strategy will mean for their livelihoods and for their health and safety in the waste-picking process.

- In advance of an engagement with Local Communities about planned changes in water usage and recycling, those communities will need to understand the opportunities and benefits that these changes might bring, such as the sustainability of their own water supply or potential job creation in the area, and any potential negative impacts, such as changed water flows and distribution.

Consult: Organisations will need to consult with Indigenous Peoples, Local Communities and affected stakeholders as part of the identification, assessment and management of nature-related issues. For Indigenous Peoples, the consultation process should follow the international standards on Indigenous Peoples' rights, established in the ILO 169 Convention and the UN Declaration of the Rights of Indigenous Peoples.

For example:

- In considering a strategy to move a part of its operations to a less water-stressed region, an organisation may consult with workers and their representatives about the effects on jobs, particularly on low-paid workers. This may help identify opportunities for reskilling, for some workers to transfer to other locations, or for other terms that ease the transition for that workforce.

- In considering the restoration and protection of wetlands, an organisation may consult with communities that use or otherwise claim rights to the lands that would be acquired for those purposes. This can help identify their dependencies on the land and the cultural and land-related concerns of any Indigenous Peoples that are present. It can lead to a better and shared understanding of the viability of different land-related options and of the agreements that would be needed with rights-holders and affected communities to avoid impacts on them, maximise potential benefits and ensure business continuity.

Collaborate: Engagement with Indigenous Peoples, Local Communities and affected stakeholders may involve collaboration in certain processes or to achieve certain outcomes.

For example:

- An organisation may collaborate with Local Communities to arrive at a joint assessment of local water usage and impacts on nature to determine a shared response and plan of action for the impacts.

Agree: Engagement may require clear agreements and partnerships where decision making and action is shared for nature-related issues to be managed. This can be particularly necessary in engagements with Indigenous Peoples, given their right to Free, Prior and Informed Consent about activities impacting their lands, territories and resources.

For example:

- An organisation may engage and negotiate with Indigenous Peoples to reach an ABS agreement on the use of genetic resources that derives from Indigenous Peoples' traditional knowledge, and to share the economic benefits with those Peoples.

- An organisation may engage with smallholder farmers to reach a form of agreement or partnership that introduces more sustainable farming methods, supports the creation of a local cooperative, and increases the prices paid and security of supply.

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

Taskforce on Nature-related Financial Disclosures

5.4. Multi-stakeholder processes and collaborations

The systemic risks associated with nature loss cannot be addressed by individual actors acting alone or working in silos. Furthermore, siloed approaches to natural resource management can result in negative outcomes overall. For example, some efforts to manage individual operational impacts on nature through efficiency gains can drive increased cumulative resource use by stakeholders,[49] thereby increasing risk. This is also referred to as 'rebound effect'.

Given that different efforts to manage impacts and dependencies often relate to the same ecosystem, decisions made to manage such impacts and dependencies are more effective if supported by strong coordination between stakeholders. Therefore, coordinated, collective action by multiple stakeholders is important to support the assessment and management of nature-related dependencies, impacts, risks and opportunities.

One well-established way in which organisations engage in multi-stakeholder collaborations is through landscape approaches. An integrated landscape management approach is a way of managing the landscape that involves collaboration among multiple stakeholders, with the purpose of achieving sustainable landscapes. The governance structure, size and scope, and number and type of stakeholders involved (from the private sector, civil society and from the government, for example) can vary.

The level of cooperation also varies, from information sharing and consultation to more formal models with shared decision-making and joint implementation aimed at improving the allocation and management of land to achieve social, economic and environmental objectives, while preserving valuable ecosystems and the services they provide.[50] These approaches can address risks at a landscape scale and can provide an effective way to coordinate engagement with stakeholders.

Multi-stakeholder processes may, and typically should, involve representation from Indigenous Peoples, Local Communities and affected stakeholders and aim to address nature-related issues of shared interest. Since landscape approaches recognise the interconnections between people and nature, they are well-suited to participatory processes and governance structures that empower marginalised groups.

49 Linstead, C. (2018) The contributions of improvements in irrigation efficiency to environmental flows. Frontiers in Environmental Science (6)

50 Global Canopy Programme (GCP), EcoAgriculture Partners, the Sustainable Trade Initiative (IDH), The Nature Conservancy (TNC), and World Wide Fund for Nature (WWF) (2021) The Little Sustainable Landscape Book

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD   Taskforce on Nature-related
        Financial Disclosures

Box 5: Collaborative engagement – The importance of multi-stakeholder place-based approaches

Collaboration with other stakeholders, including supply chain partners and downstream consumers, governments and other businesses that interact with the same ecosystems, is critical when assessing and responding to nature-related dependencies, impacts, risks and opportunities. Nature-related risks and opportunities extend beyond the organisation's direct operations and value chains into surrounding areas and are often shared.

This is where organisations and investors can have blind spots in their risk assessment, and physical risks along the value chain can create transition risks, such as policy, legal and reputational risks, that have not been adequately foreseen. There may be nested risks present in the broader landscapes that overlap with an organisation's farm, facilities and supply chain. Engaging with other businesses that share similar dependencies or impacts in a specific ecosystem or biome may provide the organisation with new and useful perspectives and identify collaborative opportunities that can be mutually beneficial.

Multi-stakeholder engagement, like landscape approaches, can improve the robustness of an assessment using the LEAP approach. Sharing resources and expertise with other organisations, and using this to inform coordinated action between stakeholders, can make assessment of and response to nature-related issues more collective, holistic and robust.

Collaboration activities could include:

* Conducting shared assessment of relevant ecosystems;
* Establishing new platforms for collaboration with stakeholders;
* Developing, and committing to, a shared roadmap for specific places or practices;
* Collaborative implementation of risk response activities;
* Partnerships for opportunities;
* Engagement with clients and investees; and
* Collaborative monitoring.

Engagement actions with local communities and civil society groups can include involvement in landscape partnership agreements, or multi-stakeholder governance structures, to share unique place-based insights and data, identify risks and opportunities in the landscape, and agree on shared goals and strategy. Organisations should discuss how outcomes and results may be refined in the future and what implications they present for both the organisation and Indigenous Peoples, Local Communities and affected stakeholders.

For more, see CDP (2023) Guidance on Landscape and Jurisdictional Approaches, IUCN (2017) Business for Sustainable Landscapes: An action agenda for sustainable development and additional cases studies included in the reference list.

5.4.1. Management of trade-offs

An integrated management approach is more likely to lead to sustainable landscapes in the long term by explicitly addressing trade-offs and synergies among stakeholders and between different parts of the landscape, and by building collaborative relationships. Although synergies may have been identified, trade-offs are sometimes unavoidable.

Achieving multiple objectives means accepting trade-offs,[51] and these should be assessed and agreed with Indigenous Peoples, Local Communities and affected stakeholders at the start of projects. It is crucial that the reasons for trade-offs are substantiated and based on sound science and best practices to achieve the 'highest and best outcomes.'[52]

Case study: Identifying trade-offs between biodiversity and ecosystem services for land-use decisions

Decision-support tools help assess the delivery of selected ecosystem services, trade-offs between ecological and social outcomes, and social-economic outcomes, such as livelihoods and food security.

A study conducted in the Southern Slope of the Tunari National Park in the Bolivian Andes explored trade-offs between biodiversity conservation, production land uses and ecosystem service delivery within a terrestrial land-use zoning context. The Southern Slope, facing the city of Cochabamba, is a source of land use conflicts due to its unique biodiversity, concentrated in small *Polylepis* forest remnants, and numerous local communities strongly relying on subsistence agriculture and animal husbandry. Additionally, land use conversion in the study area disrupts ecosystem services, such as water delivery, erosion and runoff control, which are important to both local communities and citizens living in the valley.

To identify trade-offs, the study analysis uses systematic conservation planning, in conjunction with online policy support tools such as AguAAndes, to provide information on land use conflicts in data-poor but biodiverse protected areas. The use of the conservation planning and tools has uncovered ways to reconcile production land uses and biodiversity conservation and identify trade-offs and synergies between biodiversity conservation and other ecosystem services.

References are included in the reference list.

51 Holl, K. D., & Brancalion, P. H. S. (2020) Tree planting: Not a simple solution. Science, 368(6491), 580–581

52 Gann, G. D., McDonald, T., Walder, B., Aronson, J., Nelson, C. R., Jonson, J., Hallett, J. G., Eisenberg, C., Guariguata, M. R., Liu, J., Hua, F., Echeverría, C., Gonzales, E., Shaw, N., Decleer, K., & Dixon, K. W. (2019) International principles and standards for the practice of ecological restoration. Restoration Ecology, 27(S1), S1–S46

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures

5.5. Enabling meaningful engagement

The design of any engagement process will need to consider the practical arrangements. Attention should be paid to any barriers to engagement, such as:

- Access to timely information;
- Barriers of language or literacy;
- Ease of access to certain locations;
- Barriers to the necessary trust and confidence to engage openly and without fear of retaliation;
- Cultural appropriateness of venues, such as meetings in large, official office buildings with heavy security compared to a local village or farm site;
- Barriers to respect for Indigenous Peoples' and Local Communities' structure of decision-making;
- Barriers of language and knowledge systems;
- Timing of meetings, where attendance can be limited by holidays, harvest time or busy work periods, including times of the day when women are typically busy; and
- Barriers faced by certain sub-groups who may need separate spaces and means to raise their voices. This could include women in situations where their voices are marginalised in community decision-making, or migrant workers who fear for their jobs if they raise concerns.

The International Finance Corporation's 'Good Practice Handbook for Companies on Stakeholder Engagement' highlights several key factors that should be considered to ensure the effective integration of gender considerations in stakeholder engagement processes.[53]

Stakeholders will need to be fully informed in advance of any engagement process so they can understand what the process is, what the timeframe and timetable and objectives are, and consult background information, and any supporting resources, so they can prepare their thinking.

Organisations need to consider both the resources that they will need to bring to the engagement and the resources required of the stakeholders concerned. Engagement with those concerned can be important in understanding those resource needs. Organisations can work with stakeholders to identify costs and how they can be minimised or covered so that they are not a barrier to engagement.

Capacity building support

Indigenous Peoples, Local Communities and affected stakeholders may also need time, resources and support to build their own capacity so that they can engage as equals in the process. For example:

- If an organisation is drawing on scientific data on ecosystems to assess the viability of an activity or strategy, it is important that the stakeholders have the capability to understand and interpret that information and trust that it is legitimate and gathered and used without bias;
- In instances where there are diverse stakeholders involved, such as smallholder farmers from across a region or those farming different commodities, those diverse stakeholders may need specific support and resources to organise their own voices and concerns so that they can engage effectively with the organisation.

In the design phase, an organisation can engage with Indigenous Peoples, Local Communities, affected stakeholders and their representatives to identify such needs and how they can be resourced in ways that are acceptable to them. This can include, if necessary, bringing in third-party expertise that the stakeholders identify or otherwise recognise and accept.

Processes where stakeholders feel, at the time or subsequently, that they did not have the opportunity to engage on an informed and equal basis result in inherently fragile outcomes and may lead to loss of trust and poor relationships into the future. They may also lead to formal objections and obstruction to the organisation's plans.

---

53 International Finance Corporation (2007) Stakeholder Engagement: A Good Practice Handbook for Companies Doing Business in Emerging Markets

**Guidance on engagement with Indigenous Peoples,
Local Communities and affected stakeholders**
Version 1.0   September 2023

TNFD Taskforce on Nature-related
Financial Disclosures

6. Engagement in systems for action and feedback

Engagement processes will only succeed and add value for all parties if it delivers results. Without this, the process risks being seen by stakeholders as insincere, and relationships may worsen rather than improve as a result, increasing risks for the organisation and undermining opportunities that may otherwise have materialised.

It is therefore important that, as the organisation prepares to respond to nature-related issues, it also:

- Has internal systems for integrating the views and proposals of Indigenous Peoples, Local Communities and affected stakeholders into decision-making at management level;
- Ensures that commitments or agreements are formally recorded and integrated into systems to ensure they are implemented, with accountability for action;
- Keeps Indigenous Peoples, Local Communities and affected stakeholders informed of progress, changes or delays in the implementation of commitments or agreements and explains any reasons for changes or delays; and
- Keeps Indigenous Peoples, Local Communities and affected stakeholders informed of the results and conclusions of the project.

Providing feedback to stakeholders on how their inputs in an engagement process have influenced the organisation's decisions or actions, or why particular feedback has not been acted on, is important to maintain positive relationships and a foundation for future engagement. Without such feedback, frustrations can fester and assumptions may be made about the organisation's motivations and practices. At worst,

this may culminate in pushback or protest when the organisation seeks to proceed with its plans.

Where the mode of engagement is intended to be one of collaboration, or a process to reach and implement an agreement, continuous updates on developments from all involved are essential to ensure success.

As part of their governance of engagement processes, organisations should have formal and accountable internal processes and mechanisms to track and report back regularly on commitments and agreements made.

6.1. Engaging Indigenous Peoples, Local Communities and affected stakeholders in monitoring and evaluation

Engagement in evaluating activities undertaken

Where an organisation is seeking to develop nature-related metrics and targets, it can be important to include the development of these within the engagement process to:

- Jointly develop metrics and monitoring mechanisms with Indigenous Peoples, Local Communities and stakeholders, especially those affected;
- Ensure that the metrics and targets are seen as credible by those most directly affected by the outcomes and reflect outcomes that are of greatest significance to their interests and wellbeing;
- Ensure that inputs to the evaluation of progress against targets are credible, seen as legitimate, and provide for qualitative as well as quantitative factors, as appropriate;

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures

- Build confidence that there will be accountability for outcomes, based on the clarity and transparency with which they will be measured and evaluated; and

- Enable easy access to the data needed to evaluate progress against targets, not least where Indigenous Peoples, Local Communities and affected stakeholders may be best positioned to gather and provide certain types of data.

The TNFD has published additional guidance on target setting. Including Indigenous Peoples, Local Communities and affected stakeholders in the design, monitoring and evaluation of progress towards nature-related targets can help to ensure the credibility of the outcomes that the organisation reports back to stakeholders, including through formal reporting. This will also ensure Indigenous Peoples and Local Communities can exercise custodian responsibilities to act on behalf of the environment and support the change management process. As with other forms of collaborative engagement, stakeholders will need to have the technical capacity to engage in joint monitoring and evaluation, or to be supported in building or accessing that capacity.

Evaluating the quality of engagement processes

Engagement is a process, not an event or a one-off exercise. Organisations need to evaluate whether an engagement process is leading to the desired outcomes and positive relationships with Indigenous Peoples, Local Communities and affected stakeholders so they can identify opportunities for learning and improvement to strengthen both ongoing and future engagement processes.

The evaluation of engagement processes requires measurable indicators and necessitates feedback from the stakeholders concerned. Indicators will be most credible if developed with the stakeholders concerned, and if agreed upfront in the design of the engagement process. Feedback may be gathered through existing engagements or through separate in-person, survey-based, digital or other interactions in simple and culturally appropriate language.
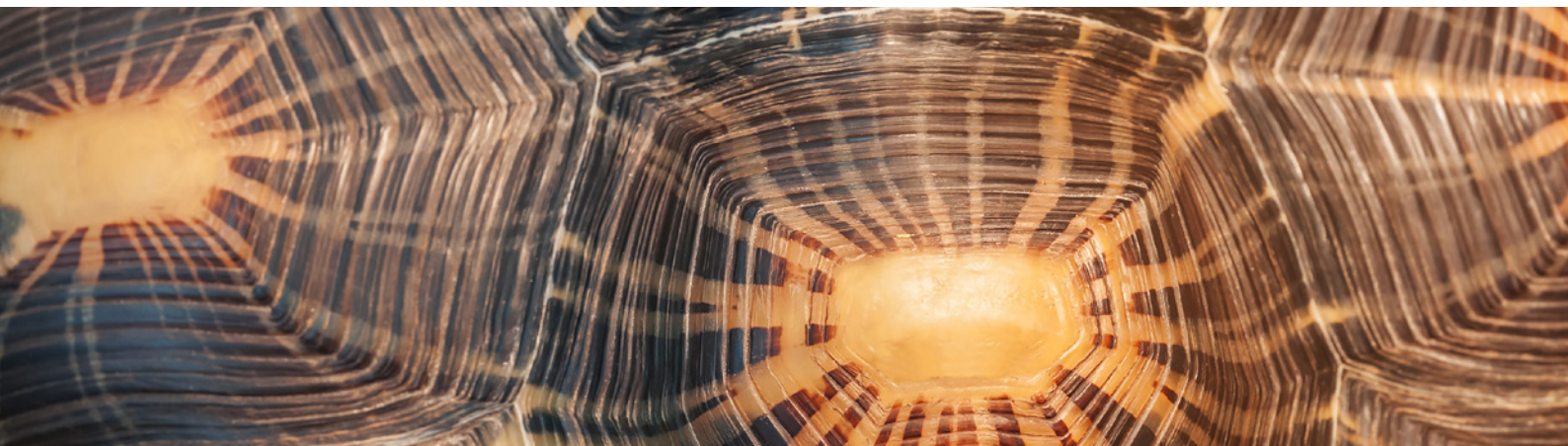
Organisations may also engage an independent expert to evaluate their engagement activities. To ensure that feedback from Indigenous Peoples, Local Communities and affected stakeholders effectively highlights opportunities to strengthen and improve engagement processes, it is important to ensure that individuals feel able to provide their honest views, without fear of repercussions.

Details of this engagement with stakeholders in the evaluation of an activity or initiative can be found in the Shift Project's Stakeholder Voice Report.[54] Guiding indicators to evaluate stakeholder engagement processes are detailed in the OECD Guidance for Meaningful Stakeholder Engagement in the Extractive Sector[55] and the ICMM Understanding Company-Community relations toolkit.[56]

---

54 Shift (2019) Stakeholder Voice: Learning from Affected Stakeholders to Better Evaluate Program Effectiveness and Outcomes

55 Organisation for Economic Cooperation and Development (2017) OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive sector

56 International Council on Mining & Metals (2013) Understanding Company-Community Relations Toolkit

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0 September 2023

TNFD Taskforce on Nature-related Financial Disclosures

Glossary and acronyms

Glossary

Term	Definition
Affected stakeholders/ affected communities	People or groups that have been, or may be, negatively affected by an organisation's operations, products, services and value chains, including an organisation's nature-related dependencies, impacts, risks and/or opportunities, and responses to those issues. Affected communities can range from local communities living adjacent to the organisation's operations or the site of its activities to those living at a distance but affected, for example, by nature loss, such as the loss of migratory species, or impact drivers, such as water or air pollution that the organisation generates. Affected communities can include Indigenous Peoples who have internationally recognised rights related to their lands, territories, resources, cultures, traditional knowledge and the conduct of their affairs, and the right to Free, Prior and Informed Consent before activities affecting their lands may proceed. *Source:* *Adapted from: World Economic Forum (May 2022),* Engaging Affected Stakeholders: The Emerging Duties of Board Members: Insight Report by the Global Future Council on Human Rights
Customary sustainable use	Uses of biological resources in accordance with traditional cultural practices that are compatible with conservation or sustainable use requirements. *Source:* *Convention on Biological Diversity (2019),* Glossary of Relevant Key Terms and Concepts within the Context of Article 8(j) and Related Provisions
Ecosystem function	The flow of energy and materials through the biotic and abiotic components of an ecosystem. It includes many processes such as biomass production, trophic transfer through plants and animals, nutrient cycling, water dynamics and heat transfer. Ecosystem functions and processes underpin the production of ecosystem services *Source:* *IPBES (2019),* The Global Assessment Report on Biodiversity and Ecosystem Services

Indigenous Peoples	There is no formal definition adopted in international law. A strict definition is seen as unnecessary and undesirable. The United Nations use a working definition from the Martinez Cobo Study: 'Indigenous communities, peoples and nations are those which, having a historical continuity with pre-invasion and pre-colonial societies that developed on their territories, consider themselves distinct from other sectors of the societies now prevailing on those territories, or parts of them. They form at present non-dominant sectors of society and are determined to preserve, develop and transmit to future generations their ancestral territories, and their ethnic identity, as the basis of their continued existence as peoples, in accordance with their own cultural patterns, social institutions and legal system.' It also notes that an Indigenous person is: '... one who belongs to these indigenous populations through self-identification as indigenous (group consciousness) and is recognised and accepted by these populations as one of its members (acceptance by the group). This preserves for these communities the sovereign right and power to decide who belongs to them, without external interference.' According to ILO Convention 169, Indigenous Peoples are descendants of population 'which inhabited a country or geographical region during its conquest or colonization or the establishment of present state boundaries' and 'retain some or all of their own social, economic, cultural and political institutions'. *Source: Asia Pacific Forum of National Human Rights Institutions and the Office of the United Nations High Commissioner for Human Rights (August 2013), The United Nations Declaration on the Rights of Indigenous Peoples, Office of the United Nations High Commissioner for Human Rights. A Manual for National Human Rights Institutions*
Landscape approaches	A conceptual framework whereby stakeholders in a landscape aim to reconcile competing social, economic and environmental objectives. It seeks to move away from the often-unsustainable sectoral approach to land management. A landscape approach aims to ensure the realisation of local level needs and action (i.e. the interests of different stakeholders within the landscape), while also considering goals and outcomes important to stakeholders outside the landscape, such as national governments or the international community. *Source: Global Canopy Programme, EcoAgriculture Partners, the Sustainable Trade Initiative, The Nature Conservancy and WWF (2021), The Little Sustainable Landscape Book*

Local Communities	The term 'Local Communities' is used based on the characteristic listed by the Convention on Biological Diversity and its article 8 (j) which refer to: 'Local communities embodying traditional lifestyles relevant for the conservation and sustainable use of biological diversity'.
	Source: *Convention on Biological Diversity,* Article 8: In-situ Conservation
	The Convention on Biological Diversity in its decision XI/14, Article 8(j) and related provisions, 'Takes note of the characteristics listed in section I of the annex to the report of the Expert Group Meeting as potentially useful advice in identifying local communities, within the mandate of the Convention.'
	Source: *Convention on Biological Diversity,* Decision adopted by the Conference of the Parties to the Convention on Biological Diversity at its Eleventh Meeting. XI/14. Article 8(j) and related provisions
	The experts recommended that a working definition may be possible based on the following characteristics, some of which could be considered essential:
	Local Communities living in rural and urban areas of various ecosystems may exhibit some of the following characteristics:
	a. Self-identification as a local community;
	b. Lifestyles linked to traditions associated with natural cycles (symbiotic relationships or dependence), the use of and dependence on biological resources and linked to the sustainable use of nature and biodiversity;
	c. The community occupies a definable territory[57] traditionally occupied and/or used, permanently or periodically. These territories are important for the maintenance of social, cultural and economic aspects of the community;
	d. Traditions (often referring to common history, culture, language, rituals, symbols and customs) that are dynamic and may evolve;
	e. Technology/knowledge/innovations/practices associated with the sustainable use and conservation of biological resources;
	f. Social cohesion and willingness to be represented as a local community;
	g. Traditional knowledge transmitted from generation to generation including in oral form;
	h. A set of social rules (e.g. that regulate land conflicts/sharing of benefits) and organisational-specific community/traditional/customary laws and institutions;
	i. Expression of customary and/or collective rights;
	j. Self-regulation by their customs and traditional forms of organisation and institutions;
	k. Performance and maintenance of economic activities traditionally, including for subsistence, sustainable development and/or survival;
	l. Biological (including genetic) and cultural heritage (bio-cultural heritage);

---

57 Territory is interpreted as lands and waters.

	m. Spiritual and cultural values of biodiversity and territories;
	n. Culture, including traditional cultural expressions captured through local languages, highlighting common interest and values;
	o. Sometimes marginalised from modern geopolitical systems and structures;
	p. Biodiversity often incorporated into traditional place names;
	q. Foods and food preparation systems and traditional medicines are closely connected to biodiversity/environment;
	r. May have had little or no prior contact with other sectors of society, resulting in distinctness, or may choose to remain distinct;
	s. Practice of traditional occupations and livelihoods;
	t. May live in extended family, clan or tribal structures;
	u. Belief and value systems, including spirituality, are often linked to biodiversity;
	v. Shared common property over land and natural resources;
	w. Traditional right-holders to natural resources;
	x. Vulnerability to outsiders and little concept of intellectual property rights.
	Source: Report of the Expert Group Meeting of Local Community Representatives within the Context of Article 8(j) and Related Provisions of the Convention on Biological Diversity
Nature's contributions to people	Nature's contributions to people (NCP) refer to all contributions – beneficial and detrimental – that people, individual or collectively at various scales, derive or endure from nature. The concept of NCP offers a pluralistic way of understanding how the status and trends of nature (including biodiversity and ecological processes) link with people's lives, livelihoods and quality of life, while at the same time acknowledging manifold perspectives and worldviews about human-nature relations. NCP serves as an umbrella concept, embodying different notions such as ecosystem goods and services, nature's gifts and many others, and facilitates respectful collaboration and mutual enrichment between different knowledge systems and worldview. *Source: IPBES,* Information Note on Applying "Nature's Contributions to People"

Prior and Informed Consent/ Free, Prior and Informed Consent/ Approval and Involvement	• **Free** implies that Indigenous Peoples and Local communities are not pressured, intimidated, manipulated or unduly influenced and that their consent is given, without coercion; • **Prior** implies seeking consent or approval sufficiently in advance of any authorisation to access traditional knowledge, respecting the customary decision-making processes in accordance with national legislation and the time requirements of Indigenous Peoples and Local Communities; • **Informed** implies that information is provided that covers relevant aspects, such as: the intended purpose of the access; its duration and scope; a preliminary assessment of the likely economic, social, cultural and environmental impacts, including potential risks; personnel likely to be involved in the execution of the access; procedures the access may entail and benefit-sharing arrangements; • **Consent or approval** is the agreement of the Indigenous Peoples and Local Communities who are holders of traditional knowledge or the competent authorities of those Indigenous Peoples and Local Communities, as appropriate, to grant access to their traditional knowledge to a potential user, including the right not to grant consent or approval; • **Involvement** refers to the full and effective participation of Indigenous Peoples and Local Communities in decision-making processes related to access to their traditional knowledge. Consultation and full and effective participation of Indigenous Peoples and Local Communities are crucial components of a consent or approval process. *Source: Convention on Biological Diversity, (2019),* Glossary of Relevant Key Terms and Concepts within the Context of Article 8(j) and Related Provisions
Rebound effect	The pattern by which resource users tend to compensate for improved efficiency by shifting behaviour towards greater consumption, which undermines apparent gains. For example, an increased fuel saving on a motor vehicle tends to be compensated by spending more money on other resources or by driving more. *Source: Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES),* Glossary of Definitions

Rights-holder	Under the Universal Declaration of Human Rights, all human beings are 'rights-holders'. However, not all individuals will have their human rights put at risk or impacted by a project or its associated activities. It is important to identify human rights risks related to project activities among stakeholders and recognise such stakeholders as 'rights-holders' in the context of engagement.
	Indigenous Peoples and Local Communities are recognised as holders of particular rights that should be respected in accordance with relevant national legislation, international instruments, including the United Nations Declaration on the Rights of Indigenous Peoples, and human rights law. (See Annex 1 on Indigenous Peoples' rights).
	Source: Universal Declaration of Human Rights
Sacred site	May refer to a site, object, structure, area or natural feature or area, held by national Governments or Indigenous communities to be of particular importance, in accordance with the customs of an Indigenous or Local Community, because of its religious and/or spiritual significance.
	Source: Convention on Biological Diversity (2019), Glossary of Relevant Key Terms and Concepts within the Context of Article 8(j) and Related Provisions
Sacred species	A plant or animal that Indigenous Peoples and Local Communities deem to be of particular importance, in accordance with the traditions and/or customs, because of its religious or spiritual significance.
	Source: Convention on Biological Diversity (2019), Glossary of Relevant Key Terms and Concepts within the Context of Article 8(j) and Related Provisions
Social impact assessment	A process of evaluating the likely impacts, both beneficial and adverse, of a proposed development that may affect the rights, which have an economic, social, cultural, civic and political dimension, as well as the well-being, vitality and viability, of an affected community. That is, the quality of life of a community, as measured by various socio-economic indicators, such as income distribution, physical and social integrity and the protection of individuals and communities, employment levels and opportunities, health and welfare, education, and the availability and standards of housing and accommodation, infrastructure, services.
	Source: Convention on Biological Diversity (2019), Glossary of Relevant Key Terms and Concepts within the Context of Article 8(j) and Related Provisions

Stakeholder	Stakeholders are persons or groups who are directly or indirectly affected by a project, as well as those who may have interests in a project and/or the ability to influence its outcome, either positively or negatively. **Source:** *Organisation for Economic Co-operation and Development (2017),* OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector
Stakeholder engagement	Stakeholder engagement involves interactive processes of engagement with relevant stakeholders through, for example, meetings, hearings or consultation proceedings. Effective stakeholder engagement is characterised by two-way communication and depends on the good faith of the participants on both sides. **Source:** *Organisation for Economic Co-operation and Development (2023),* OECD Guidelines for Multinational Enterprises on Responsible Business Conduct
Traditional knowledge	The knowledge, innovations and practices of Indigenous and Local Communities embodying traditional lifestyles relevant for the conservation and sustainable use of biological diversity. **Source:** *Convention on Biological Diversity (2019),* Glossary of Relevant Key Terms and Concepts within the Context of Article 8(j) and Related Provisions

**Guidance on engagement with Indigenous Peoples,
Local Communities and affected stakeholders**
Version 1.0   September 2023

Taskforce on Nature-related
Financial Disclosures

Acronyms

ABS – Access and Benefit Sharing

CBD – Convention on Biological Diversity

CBO – Community-based organisation

CEDAW – Committee on the Elimination of Discrimination against Women

FLR – Forest Landscape Restoration

FPIC – Free, Prior and Informed Consent (FPIC)

HRDD – Human Rights Due Diligence

ICMM – International Council on Mining and Metals

ILO – International Labour Organization

IUCN – International Union for Conservation of Nature

LEAP – TNFD's nature-related risk and opportunity assessment approach (Locate, Evaluate, Assess, Prepare)

MAT – Mutually Agreed Terms

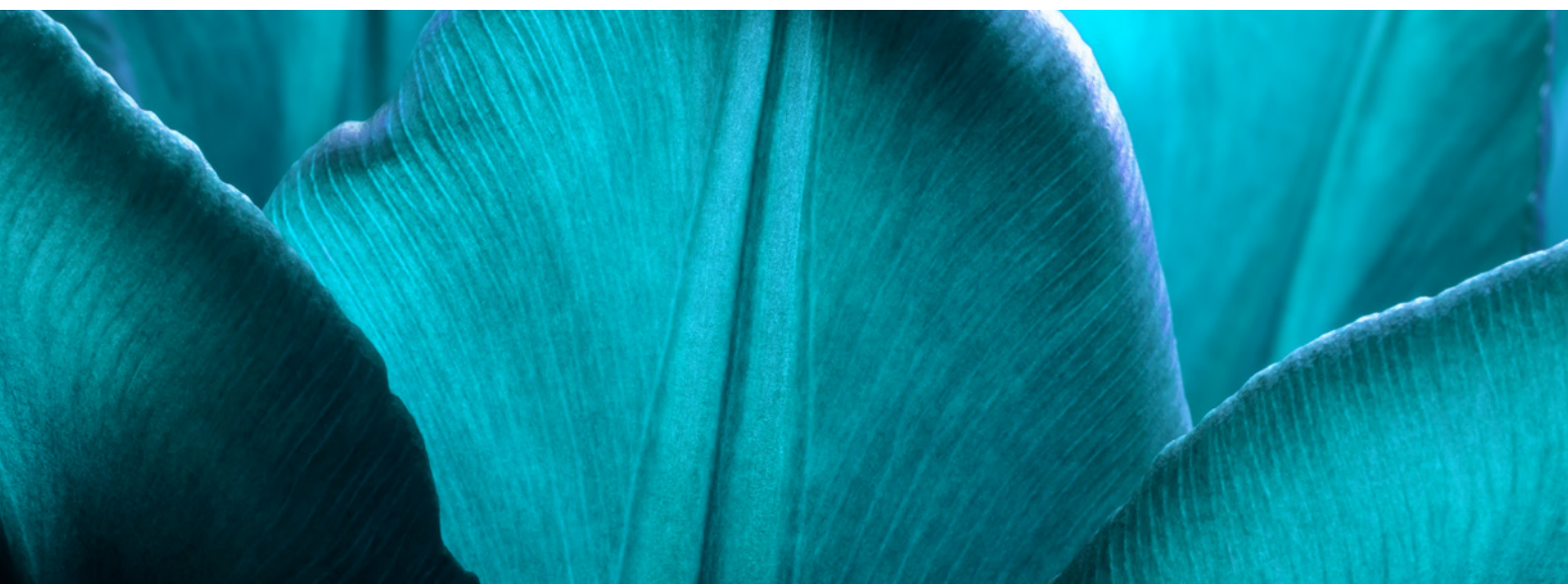**OECD** – Organisation of Economic Co-operation and Development

PIC – Prior Informed Consent

TISFD – Taskforce on Inequality and Social-related Financial Disclosures

TNFD – Taskforce on Nature-related Financial Disclosures

UNDRIP – United Nations Declaration on the Rights of Indigenous Peoples

UNGPs – United Nations Guiding Principles on Business and Human Rights

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures

References

Policy documents and guidelines

Assembly, UN General (1948), Universal Declaration of Human Rights

Convention on Biological Diversity (2023), Voluntary Guidelines on Traditional Knowledge

Convention on Biological Diversity (2022), Kunming-Montreal Global Biodiversity Framework. Section C. Considerations for implementation.

Convention on Biological Diversity (2019), Mo'otzKuxtal Voluntary Guidelines

Convention on Biological Diversity (2019), Rutzolijirisaxik Voluntary Guidelines for the Repatriation of Traditional Knowledge of Indigenous Peoples and Local Communities Relevant for the Conservation and Sustainable Use of Biological Diversity

Convention on Biological Diversity (2015), Nagoya Protocol on Access to Genetic Resources and the Fair and Equitable Sharing of Benefits Arising from their Utilization (ABS) to the Convention on Biological Diversity

 Convention on Biological Diversity (2011), Tkarihwaié:ri Code of Ethical Conduct to Ensure Respect for the Cultural and Intellectual Heritage of Indigenous and Local Communities

Convention on Biological Diversity (2004), Akwé: Kon Voluntary Guidelines for the conduct of cultural, environmental and social impact assessments regarding developments proposed to take place on, or which are likely to impact on, sacred sites and on lands and waters traditionally occupied or used by indigenous people

Convention on Biological Diversity, Glossary of Relevant Key Terms and Concepts within the context of Article 8 (j) and related provisions, endorsed by the Conference of the Parties to the Convention at its fourteenth meeting, within the context of Article 8(j) and related provisions in its decision 14/13.

FAO, Practical guidance for governments, companies, NGOs, indigenous peoples and local communities in relation to land acquisition

International Council of Metals and Mining (2015), Stakeholder Research Toolkit

International Financial Corporation (2012), Performance Standards on Environmental and Social Sustainability

International Financial Corporation (2007), A Good Practice Handbook for Companies Doing Business in Emerging Markets

International Labour Organisation (1989), Indigenous and Tribal Peoples Convention

International Union for Conservation of Nature (2001), Stakeholder Engagement in IUCN projects

International Union for Conservation of Nature (2018), Biodiversity guidelines for forest landscape restoration opportunities assessments

IPBES (2019), Summary for Policymakers of the Global Assessment Report on Biodiversity and Ecosystem Services

Organisation for Economic Co-operation and Development (2023), OECD Guidelines for Multinational Enterprises on Responsible Business Conduct

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures

Organisation for Economic Co-operation and Development (2017), Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector

United Nations (2022), The Human Right to a Clean, Healthy and Sustainable Environment

United Nations (2007), Declaration on the Rights of Indigenous Peoples: A Manual for National Human Rights Institutions

United Nations Human Rights, Office of the High Commissioner (2011), Guiding Principles on Business and Human Rights

UNESCO, Convention for the Safeguarding of the Intangible Cultural Heritage

Case studies on multi-stakeholder processes

Duguma, L. A., Minang, P. A., Mpanda, M., Kimaro, A., & Alemagi, D. (2015). Landscape restoration from a social-ecological system perspective? In P. A. Minang, M. van Noordwijk, O. E. Freeman, C. Mbow, J. de Leeuw, & D. Catacutan (Eds.), Climate-smart landscapes: Multifunctionality in practice (pp. 63–73). World Agroforestry Centre (ICRAF)

Dolch, R., Ndriamiary, J., Ratolojanahary, T., Randrianasolo, M., & Ramanantenasoa, I. (2015). Improving livelihoods, training para-ecologists, enthralling children: Earning trust for effective community- based biodiversity conservation in Andasibe, eastern Madagascar. Madagascar Conservation & Development, 10(1), 21

Douwes, E., & Buthelezi, N. (2016), Growing forests and communities. Journal of Geography, 29(5), 221–222

Fastré, C., Possingham, H.P., Strubbe, D. et al. Identifying trade-offs between biodiversity conservation and ecosystem services delivery for land-use decisions. Sci Rep 10, 7971 (2020)

Gann, G. D., McDonald, T., Walder, B., Aronson, J., Nelson, C. R., Jonson, J., Hallett, J. G., Eisenberg, C., Guariguata, M. R., Liu, J., Hua, F., Echeverría, C., Gonzales, E., Shaw, N., Decleer, K., & Dixon, K. W. (2019), International principles and standards for the practice of ecological restoration. Restoration Ecology, 27(S1), S1–S46

Höhl, M., Ahimbisibwe, V., Stanturf, J. A., Elsasser, P., Kleine, M., & Bolte, A. (2020), Forest landscape restoration – What generates failure and success? Forests, 11(9), 93 ttps://doi.org/10.3390/f11090938

Holl, K. D., & Brancalion, P. H. S. (2020), Tree planting: Not a simple solution. Science, 368(6491), 580–581.

Oldekop, J. A., Sims, K. R. E., Karna, B. K., Whittingham, M. J., & Agrawal, A. (2019), Reductions in deforestation and poverty from decentralized forest management in Nepal. Nature Sustainability, 2(5), 421–428. https://doi.org/10.1038/s41893-019-0277-3

Urzedo, D. I., Vidal, E., Sills, E. O., Pinã-Rodrigues, F. C. M., & Junqueira, R. G. P. (2016), Tropical forest seeds in the household economy: Effects of market participation among three sociocultural groups in the Upper Xingu region of the Brazilian Amazon. Environmental Conservation, 43(1), 13–23

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures

Annex 1: International laws and guidelines on Indigenous Peoples' rights

International Law	Relevance
Indigenous and Tribal Peoples Convention, (No. 169), ILO	This instrument contains Indigenous Peoples' rights that should be respected when a corporate or financial institution's operation has an impact on Indigenous Peoples' rights.
United Nations Declaration on the Rights of Indigenous Peoples	This instrument sets out Indigenous Peoples' human rights that should be respected when a corporate or financial institution impacts Indigenous Peoples' lands, territories, resources and cultures.
Convention on Biological Diversity	This instrument recognises the roles, contributions and rights of Indigenous Peoples and Local Communities in the conservation of biodiversity.
Akwé: Kon Guidelines	This guidance is essential for conducting cultural, environmental and social impact assessments of development projects that are to take place on, or are likely to affect, sacred sites or on lands or waters traditionally occupied or used by Indigenous and Local Communities. This guidance provides a collaborative framework within which governments, Indigenous and Local Communities, decision makers and managers of developments can: (a) Support the full and effective participation and involvement of Indigenous and Local Communities in screening, scoping and development planning exercises; (b) Properly take into account the cultural, environmental and social concerns and interests of Indigenous and Local Communities, especially of women who often bear a disproportionately large share of negative development impacts; (c) Take into account the traditional knowledge, innovations and practices of Indigenous and Local Communities as part of environmental, social and cultural impact-assessment processes, with due regard to the ownership of and the need for the protection and safeguarding of traditional knowledge, innovations and practices; (d) Promote the use of appropriate technologies; (e) Identify and implement appropriate measures to prevent or mitigate any negative impacts of proposed developments; (f) Take into consideration the interrelationships among cultural, environmental and social elements.

Mo'otz Kuxtal Guidelines	This guideline provides guidance for ensuring Free, Prior and Informed Consent of Indigenous Peoples and Local Communities, as well as obtaining a fair and equitable sharing of benefits arising from the use of the traditional knowledge associated with biodiversity.
Glossary of Relevant Key Terms and Concepts within the Context of Article 8(j) and Related Provisions	This glossary allows for a better understanding of key terms and concepts that should be considered in the creation of norms, policies, laws and frameworks, among others, regarding the rights of Indigenous Peoples.
Nagoya Protocol on Access and Benefit Sharing	The preamble contains seven paragraphs relevant to Indigenous Peoples and Local Communities. The Protocol contains significant provisions relating to genetic resources and traditional knowledge associated with genetic resources held by Indigenous and Local Communities.

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

TNFD Taskforce on Nature-related Financial Disclosures

Annex 2: Indigenous Peoples' rights

For further details, see: https://respectingindigenousrights.org

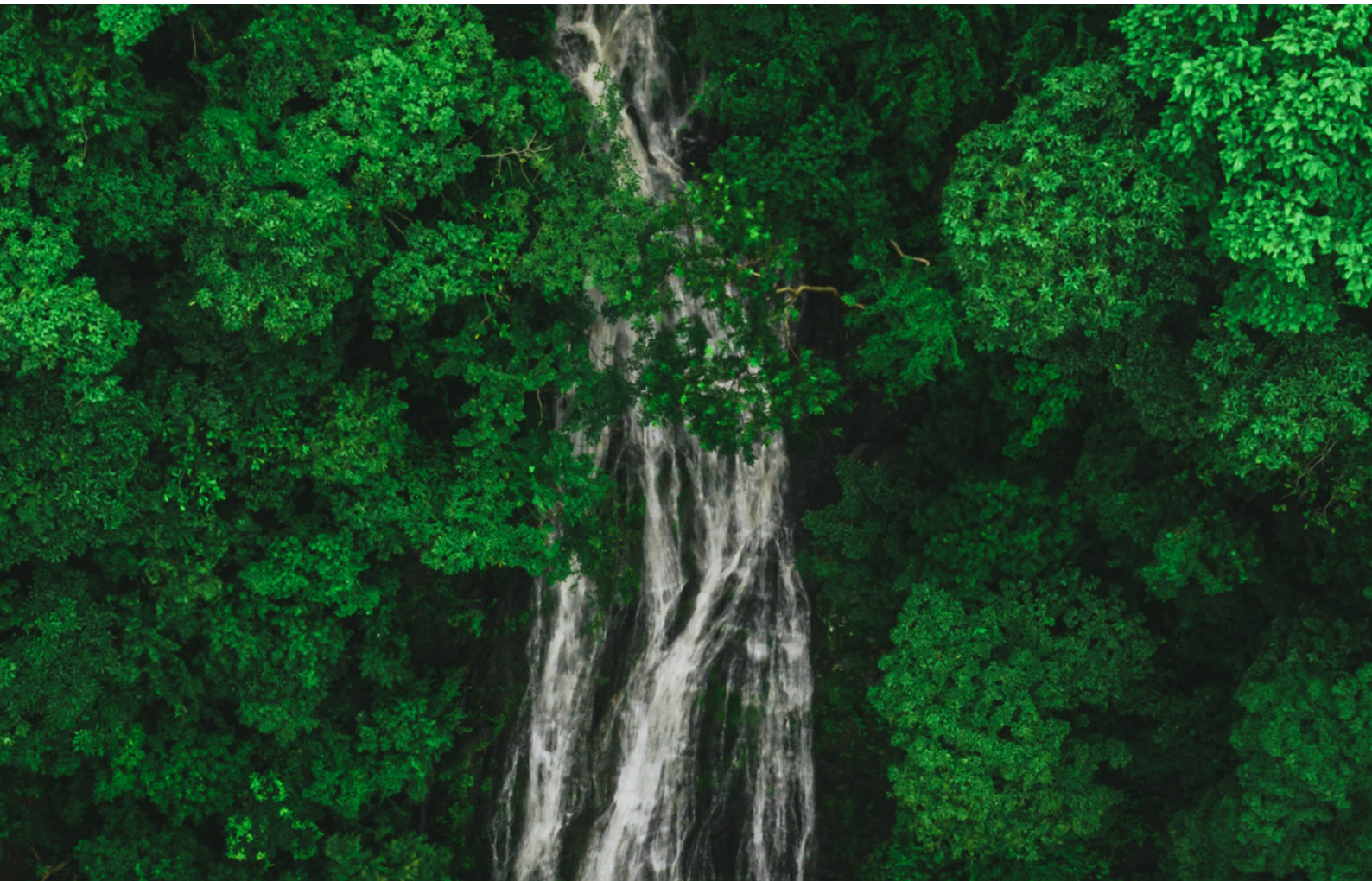| Right	Details
Individual and collective rights	The UNDRIP recognises Indigenous Peoples' right to the "full enjoyment, as a collective or as individuals, of all human rights and the fundamental freedoms as recognized in the Charter of the United Nations, the Universal Declaration of Human Rights and International Human Rights Law" (UNDRIP Article 1). The recognition of collective rights of Indigenous Peoples is fundamental for Indigenous Peoples' physical and cultural survival as peoples.
Right to self-determination	The UNDRIP affirms Indigenous Peoples' right to self-determination, which means they have the right to freely determine their political status and freely pursue their economic, social and cultural development (UNDRIP Article 3). In exercising their right to self-determination, Indigenous Peoples have the right to autonomy or self-government in matters relating to their internal and local affairs (UNDRIP Article 4).
Right to non-discrimination	The International Convention on the Elimination of All Forms of Racial Discrimination (ICERD) commits States to eliminate all forms of racial discrimination and promote understanding among races. The UNDRIP specifies that "Indigenous Peoples and individuals are free and equal to all other peoples and individuals and have the right to be free from any kind of discrimination, in the exercise of their rights, in particular that based on their Indigenous origin or identity" (UNDRIP Article 2). This means that States have an obligation to ensure that their constitution, regulation and policies do not discriminate against Indigenous Peoples.
Cultural rights	The UNDRIP, and international human rights more broadly, recognises Indigenous Peoples' right to: • Maintain and strengthen their distinct cultural institutions. • Not be subjected to forced assimilation or destruction of their culture. • Practice their cultural traditions and customs. • Maintain, protect and develop the past, present and future manifestations of their cultures. • Manifest, practice, develop, and teach spiritual and religious traditions, customs and ceremonies. • Maintain, control, protect and develop their cultural heritage, traditional knowledge and cultural expression.

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

Taskforce on Nature-related Financial Disclosures

Cultural rights(cont.)	Article 15 of the International Covenant on Economic, Social and Cultural Rights (ICESCR) addresses cultural rights. The Committee on Economic, Social Cultural Rights (CESCR) has specified that the communal dimension of Indigenous Peoples' cultural life is indispensable to their existence, development and well-being. In this regard, the Committee has stated that Indigenous Peoples' cultural values, and rights associated with their ancestral lands and their relationship with nature, should be regarded with respect and protected, in order to prevent the degradation of their particular way of life, including their means of subsistence, the loss of their natural resources and, ultimately, their cultural identity.
Rights to land, territories and natural resources	International human rights law recognises Indigenous Peoples' right to own, use, develop and control the lands, territories and resources that they possess by reason of traditional ownership or other traditional occupation or use, as well as those which they have otherwise acquired (UNDRIP Article 26; ILO Convention 169 Articles 13 & 14). This means that Indigenous Peoples' land rights are inherently derived through their traditional ownership, irrespective of whether it has been recognised formally by the State. Moreover, the UNDRIP, and international human rights law more broadly, recognise Indigenous Peoples' right to: • Maintain and strengthen their distinctive spiritual relationship with their lands, territories, waters and coastal seas and other resources and to uphold their responsibilities to future generations in this regard. • Redress, by means that can include restitution or, when this is not possible, just, fair and equitable compensation for the lands, territories and resources which they have traditionally owned or otherwise occupied or used, and which have been confiscated, taken, occupied, used or damaged without their Free, Prior and Informed Consent. • The conservation and protection of the environment and the productive capacity of their lands or territories and resources. • Determine and develop priorities and strategies for the development or use of their lands and territories and other resources. • Indigenous Peoples shall not be forcibly removed from their lands or territories. No relocation shall take place without the Free, Prior and Informed Consent of the Indigenous Peoples concerned and after agreement on just and fair compensation and, where possible, with the option of return. Indigenous Peoples' collective rights to land, territories, and natural resources are intrinsically linked and fundamental to "their cultures, their spiritual life, their integrity and their economic survival," as recognised by the Inter-American Court on Human Rights. The Court recognises that, "For Indigenous communities, relations to the land are not merely a matter of possession and production but a material and spiritual element, which they must fully enjoy, even to preserve their cultural legacy and transmit it to future generations, "and "to prevent their extinction as a people."

Right to life, security and physical integrity	Every human being has the right to life and security (UDHR Article 3, ICCPR Article 6, ICCPR Article 9). The UNDRIP also recognises that Indigenous Peoples have "the collective right to live in freedom, peace and security as distinct peoples and shall not be subjected to any act of genocide or any other act of violence, including forcibly removing children of the group to another group" (UNDRIP Article 7). Indigenous Peoples and Indigenous human rights defenders disproportionately experience violations of these rights, often by State and private sector actors. The harms of attacks against Indigenous People and community leaders are of collective nature, particularly where Indigenous Peoples' own representatives are targeted.
Right to free, prior and informed consent	The right to Free, Prior and Informed Consent is affirmed by international human rights treaty bodies including: The Human Rights Committee (CCPR), the Committee on the Elimination of Racial Discrimination (CERD), the Committee on Economic, Social and Cultural Rights (CESCR), the Committee on the Elimination of Discrimination Against Women (CEDAW), and the Committee on the Rights of Child (CRC).

Guidance on engagement with Indigenous Peoples, Local Communities and affected stakeholders
Version 1.0   September 2023

T N
F D   Taskforce on Nature-related Financial Disclosures

Acknowledgements

The Taskforce is grateful for the inputs from a range of individuals and organisations to produce this guidance. The Taskforce extends particular thanks to:

- The International Indigenous Forum on Biodiversity (IIFB), a collection of representatives from Indigenous Peoples, Indigenous governments, Indigenous non-governmental organisations and Indigenous scholars that organise around the Convention on Biological Diversity, who informed this guidance through a one-year dialogue with the TNFD, as well as the International Union for Conservation of Nature (IUCN) who supported this dialogue;

- The team at Shift, including Caroline Rees and Mark Hodge, who supported the initial drafting of this guidance for the TNFD's v0.4 beta framework;

- Bennett Freeman and Ragnhild Handagard, who prepared a landscape assessment of business and human rights considerations based on current international law and best practice that informed a TNFD discussion paper on societal dimensions of nature-related risk management and disclosure, NatureFinance who commissioned this landscape assessment, and the Children's Investment Fund Foundation (CIFF) who supported it;

- The Science Based Targets Network (SBTN) and its expert working group on stakeholder engagement guidance for review and input on alignment with SBTN's relevant guidance.

- The following organisations for review and input on this draft guidance, including the draft stakeholder engagement guidance in v0.4 of the TNFD beta framework: Accountability Counsel; CDP; The Convention on Biological Diversity (CBD) Secretariat; Nature Finance; Ocean Conservancy; the Organisation for Economic Co-operation and Development (OECD); the Pacific Institute; Principles for Responsible Investment (PRI); the United Nations Development Programme (UNDP); the United Nations Environment Programme Finance Initiative (UNEP FI); the United Nations Environment Programme World Conservation Monitoring Centre (UNEP WCMC); and WWF.

- The many other organisations and individuals who provided feedback on the TNFD draft stakeholder engagement guidance in v0.4 of the TNFD beta framework and the TNFD discussion paper on societal dimensions published in November 2022.