Comment Letter: Taskforce on Nature-related Financial Disclosures Guidance for the Technology and Communications Sector

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Introduction

This comment letter addresses the Draft Guidance for the technology and communications sector issued by the Taskforce on Nature-related Financial Disclosures (TNFD). The authors are researchers at the Centre for Climate Engagement, based at Hughes Hall in the University of Cambridge. Our organisation translates academic expertise in environmental law and policy into practical guidance and resources for decisionmakers, and we have recently initiated a programme of work focused on the governance of artificial intelligence's (AI's) environmental impacts. In this letter, we address aspects of the Guidance relevant to AI and related technologies, with a particular focus on legal and policy issues.

Context

We welcome the introduction of this Guidance for the technology sector. While digital technologies are often imagined as separate from the physical world, businesses in the technology sector rely on natural resources, contribute to environmental risks, and can play an important role in mitigating nature loss. Guidance to help technology companies and their investors understand their interaction with the natural world is crucial to aligning this sector with nature-related goals. Legal and policy frameworks for addressing nature loss are developing quickly, presenting a risk to businesses that do not understand nature-related impacts and dependencies and an opportunity to those that do.

We defer to companies in the technology sector on practical aspects of the Guidance, including whether its information is presented in a way that private actors can easily understand and implement. As a general point, we note that the success of any disclosure framework will depend on the broader context in which it operates. Government endorsement or adoption of standards may be important to harmonising and standardising disclosures across the sector, where environmental governance remains somewhat fragmented.[1] The TNFD's Guidance is an important step to ensuring consistency across and between jurisdictions, which may give businesses and investors more certainty when approaching these issues.

[1] We outline some issues with fragmentation of these standards in the context of climate change in our response to the UK Government's consultation on carbon and nature markets.

Impacts and dependencies

In general, we think the Guidance thoroughly explains the nature-related impacts and dependencies of datacentres and provides clear examples of how these may be represented in disclosures. We emphasise the importance of the location of datacentres to their nature-related impacts. Areas with abundant water resources or natural cooling may avoid environmental risks associated with water use, and areas where electricity is generated from renewable sources or where grid demand is less stressed may avoid nature risks associated with energy use. The Guidance does note this importance, particularly in relation to water use, but there may be other opportunities to more clearly highlight this. For example, the 'water use/replenishment' row in Table 9 lists examples of actions which businesses could take to reduce water-related risks in data centres. However, in some cases the choice of *where* a datacentre is located may be as important to mitigating risk as measures taken within datacentres. Tools and resources are emerging which may give businesses a clearer idea of where different datacentres are located, and what this may mean for their environmental impacts.[2]

More broadly, it is important to note that the nature-related impacts of technology companies may extend beyond their direct relationship to natural resources, physical infrastructure, or waste. For AI and related technologies, a business' downstream impacts on nature risk could depend on, for example, the extent to which their products or serves advance environmental goals (such as by improving forest monitoring), and the extent to which their products and services can aggravate environmental risks (such as by accelerating extractive industries). These impacts implicitly fall under the 'products and services' identified in Figure 3 but arguably do not feature heavily in the Guidance. This may be appropriate given that it could be difficult for many businesses to measure and address this type of impact, and that it is less proximate to their direct operations (and would possibly be covered through disclosure in other businesses). However, we think there may be scope to highlight these issues when considering the broader nature-related impacts of technology companies' value chains.

Although we acknowledge that the TNFD aims to specifically address nature-related risks, and that climate-related risks may already be covered when organisations report against the TCFD's rules or other frameworks, we believe there is scope to better emphasise the relationship between climate risks and nature risks in the Guidance.[3] The Guidance rightly emphasises how fossil fuel infrastructure which may support datacentres, through their demand for energy from the grid as well as back-up generation, may accelerate nature risks through land use and demand for resources. However, materiality ratings outlined in Tables 3 and 4 could prompt users to consider how climate change accelerates physical risks relevant to all of the identified

[2] See e.g. International Energy Agency (2025), 'Energy and AI Observatory'. Link., and FracTracker (2025), 'National Data Centers Tracker'. Link.

[3] See e.g. Elena Almeida et al (2025), 'Understanding the Climate-Nature Nexus and its Implications for the Economy and Financial System'. Centre for Economic Transition Expertise. Link.

environmental assets and ecosystem services. This may be foregrounded as part of the 'dependency and impact screening' guidance.

Table 4 notes that 'Direct water use by a datacentre facility itself is rated High. Indirect water use linked to electricity generation for continuous operation is included and could increase overall water footprint to VH'. This indicates potential limitations to construing materiality ratings narrowly in the LEAP process, and the importance of broad, whole life-cycle risk assessments. Where the Guidance recommends nature-based solutions, in Table 9, their potential co-benefits to addressing climate change (which in turn may mitigate climate-related nature risks) could also be emphasised. We support the recommendation in Section 2.1 that organisations draw on existing climate strategies in the scoping phase, but the Guidance could be clearer in prompting the use of climate scenario data, and more clearly reference projections from credible bodies such as the IPCC[4] and IEA[5] as suitable evidence bases for this analysis.

Business risks and opportunities

Nature loss presents fundamental business and financial risks, and we acknowledge that the Guidance can only list representative examples rather than present the full range of these risks, which depend heavily on TNFD users' specific circumstances. In general, however, we think that policy and legal issues associated with nature could be emphasised further in the Guidance. Amidst growing public attention to the environmental impacts of datacentres and the technology industry more broadly, emerging regulatory frameworks may present financial risks to businesses if not managed correctly. These include:

- The introduction of bans or moratoria on datacentre construction. These measures are set out in a US context through the US Data Center Moratorium Tracker.[6]
- Nature-related implications of broader AI policy, such as the EU's AI Act.[7] This regulatory landscape is set out in White & Case's Global AI Regulatory Tracker.[8] We identify some specific environmental aspects of current and proposed AI regulation in our working paper on Regulating the AI-Climate Nexus.[9]
- Specific planning or land use tools, for example the UK's Biodiversity Net Gain requirement for proposed developments.[10]

[4] IPCC Working Group II (2022), 'Climate Change 2022: Impacts, Adaptation and Vulnerability' in Sixth Assessment Report of the IPCC. Link.
[5] International Energy Agency (2025), 'World Energy Outlook 2025'. Link.
[6] Interconnected Capital (2026), 'US Data Center Moratorium Tracker'. Link.
[7] Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence (Artificial Intelligence Act).
[8] White & Case (2025), 'AI Watch: Global AI Regulatory Tracker'. Link.
[9] Nick Scott, E Wen Wong and Jeri Jiarui Wu (2025), 'Regulating the AI-Climate Nexus: Current trends, emerging issues, and ways forward'. Link.
[10] Department for Environment, Food and Rural Affairs (2025), 'Biodiversity Net Gain'. Link.

- Broader government strategies which may aim to drive investment towards datacentres in specific locations, for example the UK's proposed 'AI Growth Zones'[11] and China's 'Eastern Data and Western Computing' strategy.[12]
- Emerging supply chain due diligence requirements such as the EU's Corporate Sustainability Due Diligence Directive,[13] which may broaden the scope of environmental impacts on which certain large technologies must report.
- Policies which support the development of nature markets, which could provide an opportunity for certain businesses.[14]

Alongside these policy risks, nature-related litigation (which is noted only briefly as an example in Section 7) may present acute financial risks to businesses. These risks may accelerate as investors and civil society groups pay closer attention to and have greater access to information on businesses' nature-related impacts and dependencies.

- Planning, permitting, or land use law claims targeting the construction or expansion of datacentre facilities, which have emerged in jurisdictions such as Ireland,[15] the USA,[16] and the UK.[17]
- Specific nature-related claims against directors for breach of their fiduciary duties, which are at least in principle possible as outlined by the Commonwealth Climate and Law Initiative and other organisations.[18]
- Increasing scrutiny of the way that companies represent their use or development of AI, which could give rise to 'greenwashing' claims under consumer or financial law.[19]
- Potential contractual disputes with suppliers emerging directly from nature-related risks, or from the regulation which arises in response to them.

While it may not be appropriate for the Guidance to directly reference all of these risks, we believe that it could do more to emphasise the relationship between financial risk, policy, and litigation when considering transition and liability risks.

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[11] Department for Science, Innovation and Technology (2025), 'AI Growth Zones'. Link.
[12] Ning Zhang et al (2025), 'The 'Eastern Data and Western Computing' Initiative in China Contributes to its Net-Zero Target' in *Environmental Engineering-Perspective*. Link.
[13] Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on corporate sustainability due diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859.
[14] See e.g. Department for Energy Security and Net Zero, 'Voluntary Carbon and Nature Markets: Raising Integrity'. Link.
[15] ClientEarth (2025), 'ClientEarth Lawyers Intervene on Dangerous Data Centre That Could Send Signals for Europe'. Link.
[16] Dara Kerr (2026), 'Elon Musk's xAI Datacenter Generating Extra Electricity Illegally, Regulator Rules' in The Guardian. Link.
[17] FoxGlove (2026), 'Press Release: UK Government Admits "Serious Error" in Forcing Through Hyperscale Data Centre Without Environmental Protections'. Link.
[18] See e.g. Sharif A. Shivji KC et al (2024), 'Nature-related Risks and Directors' Duties Under the Law of England and Wales'. Link.
[19] See e.g. Centre for Climate Engagement (2024), 'Greenwashing: Legal Risks and Opportunities'. Link.

Conclusion

The Draft Guidance is a valuable resource which we believe has the potential to play an important role in managing environmental risks emerging from the rapid growth of AI and related infrastructure. Our comments aim to add further detail on specific issues identified in the TNFD's framework and, while some issues we identify may not warrant specific reference in the Guidance, we hope that this letter has been useful in setting out further issues and referencing other sources. We look forward to seeing the final guidance and following its implementation.