

TNFD Annual Review 2025

Title: Taskforce on Nature-related Financial Discourses (TNFD) programme		
Programme Value £ (full life): £7,301,855		Review date: 11/07/2026
Programme Code: PO022	Start date: 09/2023	End date: 31/03/2026

Summary of Programme Performance

Year	2021-22	2022-23	2023-24	2024-25	
Overall Output Score	A+	A+	N/A	A+	
Risk Rating	Moderate	Moderate	N/A	Moderate	

Link to TNFD Dev Tracker page:	<a href="#">DevTracker Programme GB-GOV-7-TNFD-PO002</a>
DevTracker Link to business case, addendum, change note:	<p>TNFD Business Case: <a href="https://devflow.northeurope.cloudapp.azure.com/files/documents/Business-case---TNFD-secretariat-20220816020812.docx">https://devflow.northeurope.cloudapp.azure.com/files/documents/Business-case---TNFD-secretariat-20220816020812.docx</a></p> <p>TNFD African Voice Business Case Addendum: <a href="https://devflow.northeurope.cloudapp.azure.com/files/documents/TNFD-African-Voice-Business-Case-Addendum-20230719090735.docx">https://devflow.northeurope.cloudapp.azure.com/files/documents/TNFD-African-Voice-Business-Case-Addendum-20230719090735.docx</a></p> <p>TNFD Business Case Change Control Note 2023-2025: <a href="https://devflow.northeurope.cloudapp.azure.com/files/documents/TNFD-Business-Case-Change-Control-Note_2023-2025-20240515090518.pdf">https://devflow.northeurope.cloudapp.azure.com/files/documents/TNFD-Business-Case-Change-Control-Note_2023-2025-20240515090518.pdf</a></p> <p>TNFD Business Case Change Control Note 2025-2026: <a href="https://devtracker.fcdo.gov.uk/programme/GB-GOV-7-TNFD-PO002/documents">https://devtracker.fcdo.gov.uk/programme/GB-GOV-7-TNFD-PO002/documents</a></p>
Dev Tracker links to all Log-frames during programme lifetime:	<p>TNFD Log-frame 2021 - 2023: <a href="https://devflow.northeurope.cloudapp.azure.com/files/documents/TNFD-Log-frame-20230720020727.xlsx">https://devflow.northeurope.cloudapp.azure.com/files/documents/TNFD-Log-frame-20230720020727.xlsx</a></p> <p>TNFD Log-frame 2024 – 2025: <a href="https://devflow.northeurope.cloudapp.azure.com/files/documents/Copy-of-TNFD-programme-Log-frame_2024-2025-20250203040239.xlsx">Copy-of-TNFD-programme-Log-frame_2024-2025-20250203040239.xlsx</a></p>
Dev Tracker Links to previous Annual Reviews	<p>TNFD 2022 Annual Review: <a href="https://devflow.northeurope.cloudapp.azure.com/files/documents/TNFD-Annual-Review-2022-20230719090713.docx">https://devflow.northeurope.cloudapp.azure.com/files/documents/TNFD-Annual-Review-2022-20230719090713.docx</a></p> <p>TNFD 2023 Completion Review: <a href="https://devflow.northeurope.cloudapp.azure.com/files/documents/TNFD-Programme-Completion-Review-2023-20240515090552.pdf">https://devflow.northeurope.cloudapp.azure.com/files/documents/TNFD-Programme-Completion-Review-2023-20240515090552.pdf</a></p>

	Starting point	Final result
Budget	£2,826,855	£2,626,855 for the TNFD’s ‘design and development’ period over June 2021 – September 2023

		<p>£1,675,000 was subsequently approved for the TNFD African Voice Addendum (disbursed to FSD Africa) over November 2021 – November 2022.</p> <p>In November 2023, an additional £2,000,000 funding was approved for the TNFD’s global market uptake phase over 2023 – 2025.</p> <p>In March 2025, an additional £1,000,000 funding was approved for the TNFD’s ongoing global market uptake phase over 2025 – 2026.</p> <p>As a result of these Addendums and Change Control Notes, the <b>total TNFD programme value has risen to £7,301,855.</b></p>
Timeframe	June 2021 – July 2023	Following the approval of our Change Control Notes, the timeframe has been extended, so the timeframe is now June 2021 – March 2026. <b>Defra will not provide further funding beyond March 2026.</b>

**SECTION A: SUMMARY AND OVERVIEW**

**A1. Description of the programme**

The UK Government’s funding to the global, market-led, and science-based Taskforce on Nature-related Financial Disclosures (TNFD) programme since 2021 has supported the development of its risk management and disclosure recommendations for organisations to assess, report, and act on their evolving nature-related dependencies, impacts, risks, and opportunities.

The TNFD was established in response to the need to factor nature into financial and business decisions. Following a two-year ‘design and development’ phase, the final TNFD recommendations and guidance were launched on 18<sup>th</sup> September 2023 at New York Climate Week.

The aim of the TNFD is to generate decision-grade natural capital reporting data that can facilitate the realignment of global financial flows in nature positive directions. The TNFD recommendations and guidance have been designed to be applicable to, and used by, organisations of different sizes, across sectors and jurisdictions on a voluntary basis – including investors, analysts, corporate executives, board members, regulators, stock exchanges and accounting firms.

The UK Government has continued to fund the TNFD initiative over its global market uptake phase to date, which commenced in September 2023, and is principally focused on the following objectives:

- Encouraging, enabling, and broadening global market uptake of the TNFD recommendations, across sectors and geographies.
- Increasing organisations’ disclosure ambition over time - encouraging market participants to ‘get started’ with some TNFD-aligned nature-related disclosures and increasing the number, depth, and quality of their nature-related disclosures over time.
- Collaborating with international standards bodies to ensure the integration of the TNFD and nature considerations into the global standards architecture.
- Supporting efforts to address the knowledge, capacity building and data needs of market participants.

Poor people and indigenous communities in developing countries are most directly dependent on the goods and services that ecosystems provide for their subsistence and livelihoods, and are therefore most affected by environmental degradation and biodiversity loss. Market participants in developing countries are more likely to face significant challenges in tackling biodiversity loss – for example, owing to challenges relating to limited capacity, counterparty data availability, regulatory expectations and support, and difficulties attracting the skills and talent with relevant expertise on nature risk. By supporting capacity building, stakeholder engagement, and knowledge sharing across developing countries, the TNFD empowers private sector organisations to address their nature risks, inject resilience into their business models and financial portfolios, leverage their natural capital, and support the transition towards nature positive pathways across their operations, supply chains, and portfolios – thereby supporting sustainable livelihoods and poverty reduction.

Strategic Alignment

The Dasgupta Review (2021) outlined that the degradation of nature is primarily driven by institutional and market failures that undervalue natural capital. This has led to the exploitation of natural resources at unsustainable rates, surpassing nature’s ability to regenerate itself. <sup>2</sup> The TNFD programme’s goals are aligned with the UK Government’s response to the Dasgupta Review, in which the UK Government committed to ‘ensuring economic and financial decision-making and the systems and institutions that underpin it, supports the delivery of [a] nature positive future’.

Widespread market uptake of the TNFD across sectors and geographies has game-changing potential for catalysing financial flows in nature positive directions. The work of the TNFD is aligned with pledges made under the Global Biodiversity Framework (GBF), agreed at CBD COP15 in 2022, which commits its 196 signatories (including the UK) to halt and reverse biodiversity loss by 2030. The TNFD recommendations and guidance are widely recognised as the main method through which to operationalise GBF Target 15, which pertains to disclosures on biodiversity-related risks, dependencies, and impacts. The TNFD is also linked to GBF Target 19, which pertains to catalysing finance for nature from all sources, given that the ultimate aim of the TNFD is to support the realignment of global financial flows towards nature-positive outcomes.

**A2. Supporting narrative for the overall score and what the programme has achieved for the review period**

The TNFD has been a high performing programme to date, scoring an A+ in both the 2022 Annual Review and the 2023 Programme Completion Review (which covered the completion of the TNFD’s ‘design and development’ phase). An Annual Review was not undertaken in 2024 since our funding for the TNFD’s uptake phase only commenced in March 2024.

For the 2024 – 2025 review period, the TNFD programme has been awarded an **A+ score**. This scoring is testament to the TNFD’s continuing ability to achieve its deliverables on time and on budget, and to either meet or exceed the majority of targets that were set in the Log-frame for the 2024 – 2025 period.

With regard to reporting in line with the International Climate Finance (ICF) KPI15, which measures the extent to which an intervention is likely to lead to transformational change, the programme has been awarded a **KPI15 score of 5** (out of a maximum of 5), signifying that **there is substantial evidence that suggests transformative change is likely or already occurring**.

Defra has contributed £2 million funding to the TNFD’s global market uptake phase from March 2024 to March 2025, in line with our Business Case Change Control Note (BC CCN) approved in November 2023. This funding has been used to support the TNFD Secretariat’s research activities, stakeholder engagement, working groups, ongoing technical development, capacity building,

communications, engagement at key international summits, and work to scale up market awareness and voluntary market adoption of the TNFD recommendations.

Since the TNFD’s first ‘adoption moment’ at Davos in January 2024 (where 320 organisations publicly committed to report in line with the TNFD recommendations), the number of ‘TNFD adopters’ has risen to over 500 organisations across sectors and geographies. **The publicly listed TNFD adopters represent over US\$6.5 trillion in market capitalisation and US\$17.7 trillion in AUM**, including 25% of the world’s systemically important banks (GSIBs).

Please see **Annex A** for examples of preliminary TNFD-aligned reporting. Three case studies are provided: Hindustan Zinc Limited, Oxbury Bank, and Tokio Marine Holdings – showcasing examples from across different sectors.

**A3. Major lessons and recommendations for the year ahead**

**A3.1. Lessons learned over the TNFD’s global market uptake phase**

A number of key lessons have been learned since the commencement of the TNFD’s Uptake Phase in September 2023. These lessons learned have been identified through extensive feedback from the 40-member TNFD Taskforce, alongside other key stakeholders and market participants. The TNFD regularly adjusts its Uptake Phase Workplan to ensure that ‘lessons learned’ are implemented. The lessons learned to date for the update phase are listed below:

- **The TNFD has recognised the need to focus more on the ‘opportunities’ angle of TNFD reporting:**  
The TNFD has successfully positioned itself as the leading nature-related risk management and disclosure mechanism for assessing, reporting, and acting on nature-related issues, in line with GBF Target 15. Among most stakeholders, the TNFD has successfully anchored its narrative around enlightened financial and investor self-interest - accentuating how nature resilience underpins business resilience and institutional risk-resilience, rather than corporate social responsibility. However, anecdotal feedback from some quarters suggests that risk management is sometimes associated with reporting burden. The TNFD has recognised that there is a need to do more to promulgate a more positive narrative on nature – in a manner that resonates with all stakeholders - and to emphasise the growth and ‘opportunities’ angle of taking action on material nature-related issues.

As a result, the TNFD will be working on a typology and case studies to accentuate the benefits that organisations can accrue from capitalising on growing nature-related opportunities. Furthermore, the TNFD is in the process of forming a new TNFD Working Group on nature-related opportunities to further progress opportunities-related work.

- **Feedback suggests that some small and medium-sized enterprises (SMEs) have found it challenging to meet some of the TNFD reporting demands of their corporate clients:**  
Now that many organisations are undertaking TNFD reporting and are making data and information requests on smaller organisations in their value chains, the TNFD has reflected that some of the specific needs of SMEs were not sufficiently accounted for in the TNFD’s ‘design and development’ phase. Indeed, ongoing research and feedback has revealed that SMEs are disproportionately more exposed to financially material nature risks (compared to larger organisations), particularly given that their primary operations have a greater interface with nature and that larger corporates down the value chain have greater elasticity and scope to switch their suppliers.

In response, the TNFD has taken steps to provide tailored support and resources for SMEs. For example, the TNFD is producing a ‘SME Toolkit for LEAP assessments’ to address cost

and resource requirements and the TNFD is identifying delivery partners to provide relevant training to value chain companies. (TNFD LEAP assessments, which stands for ‘Locate, Evaluate, Assess, Prepare’, provide guidance for organisations on the identification and assessment of their nature-related issues). By empowering SMEs to map, measure, and manage their risks, the TNFD’s SME guidance will help inject more resilience into the SME business pool and will enable more comprehensive and accurate TNFD reporting by their corporate clients.

A3.2. Actions taken on recommendations from the 2023 Programme Completion Review

The 2023 TNFD Programme Completion Review formulated several recommendations for implementation as the TNFD entered its uptake phase. We have listed the 2023 recommendations below (in bold), and outlined the actions that the TNFD has taken in response:

- 1. The UK Government strongly supports the development of global standards on sustainable finance, which is critical for ensuring the dissemination of consistent and comparable information to investors and decision-makers. To this end, we recommend that the TNFD initiative should continue undertaking outreach and engagement efforts to advocate for the integration of the TNFD recommendations into the ISSB’s emerging global baseline on sustainability reporting.**
  - The TNFD has continued to engage with the ISSB over its uptake phase. Its engagements have included a senior-level presentation to the ISSB Board; the production of a Correspondence Mapping Table that outlines the interoperability of the TNFD with the ISSB’s S1 Standard for ‘general sustainability disclosures’; and the publication of an [Evidence Paper](#) on the materiality of nature-related financial risks (in collaboration with Oxford University). In April 2025, the TNFD formalised its partnership with the International Financial Reporting Standards Foundation (IFRS Foundation) through a Memorandum of Understanding to align its work with the ISSB’s global sustainability standards.
- 2. In international meetings and summits, efforts should be made to reinforce the TNFD as the principal mechanism for operationalising Target 15 of the Kunming-Montreal Global Biodiversity Framework (KMGBF), which concerns reporting on biodiversity-related risks, dependencies, and impacts.**
  - As a result of effective outreach and engagement with wide-ranging stakeholders by the TNFD and its backers since the TNFD’s launch in 2021, the TNFD is now widely recognised internationally as the main method through which to operationalise GBF Target 15.
- 3. A number of forward-leaning institutions across sectors and geographies have begun referencing the TNFD framework in their annual or sustainability reports. We recommend that the TNFD encourages all financial institutions and companies who have piloted the framework or joined the TNFD Forum to start reporting in line with the TNFD framework in their corporate disclosures.**
  - The TNFD has been encouraging and enabling the voluntary market adoption of the TNFD recommendations through a variety of activities, including the development of supportive technical guidance, stakeholder engagement, communications, and capacity building. As a result of the TNFD’s efforts, over 500 organizations have committed to report in line with the TNFD’s recommendations (since the final recommendations were launched in September 2023).
  - The TNFD has established a network of 20 national and regional Consultation Groups to help expand its outreach, support awareness of the TNFD recommendations and guidance, identify current knowledge and understand gaps on nature-related issues, and build capacity for nature-related reporting across markets. As of July 2025, there are over 1540 members of the TNFD’s Consultation Groups

across the world. This means that, on average, just over one-third of the organisations that have joined a TNFD Consultation Group have committed to report in line with the TNFD recommendations. We encourage the TNFD to continue engaging with members of TNFD Consultation Groups to support them on their journey towards publicly committing to report in line with the TNFD recommendations.

**4. The TNFD should continue to try and secure G20 support and ongoing G7 support, to retain and reinforce its standing as the leading nature risk management and disclosure framework.**

- The TNFD was launched in 2021 with endorsement from the G7 Finance Ministers and the G20 Sustainable Finance Roadmap (which recognised the TNFD as a leading organisation in advancing nature and biodiversity-related measurement and reporting and was endorsed by the G20 Finance Ministers and Central Bank Governors). The TNFD has since engaged with all G7 and G20 countries at least once (engaging with their policy-making entities, central banks, or other regulatory entities) either directly or through partner channels.
- The 2023 G7 Environment Communique (under Japan’s presidency) stated that it looked “forward to the publication of the final TNFD Framework in September 2023 and urge[d] market participants, governments and regulators to support its development, which can play a leading role in achieving GBF Target 15”. The 2024 G7 Environment Communique (under Italy’s presidency) included a commitment to “explore how best to take forward nature reporting frameworks, such as inter alia the one produced by the Taskforce on Nature-related Financial Disclosures (TNFD), in line with Target 15a of the KMGBF, as appropriate, and leading international sustainability standards.” The 2024 G7 Environment Communique also committed to encouraging “companies and financial institutions to familiarize themselves with leading nature-risk assessment and reporting frameworks, to identify and address the evolving nature-related impacts and dependencies, risks and opportunities”.

**5. The TNFD should also begin selective secondary applications of its framework, such as usability and utility for sovereign wealth funds and Multilateral Development Banks.**

- To date, the TNFD has not received adequate funding or resourcing that would enable it to commence work on secondary applications of its framework, though will continue to explore options as the uptake phase progresses. Nevertheless, the TNFD has engaged with various multilateral and regional development banks and has delivered briefings to MDBs, PDBs, and DFIs (bilaterally and through multilateral institutions and networks).

**A3.3. Recommendations for the year ahead**

In addition to continuing to advance the recommendations that the UK Government formulated in 2023, we have developed the following recommendations for the TNFD Secretariat to focus on over 2025-26:

1. We recommend that the upcoming inaugural TNFD Annual Status Report (currently scheduled for launch in September 2025) prioritises generating decision-useful learnings on how the investor community is digesting TNFD reporting data and on the extent to which the TNFD has helped change business practices, integrate nature into decision-making, and led organisations to align their capital allocations in nature positive directions. We recommend that the Report includes case studies to showcase how TNFD adopters have generated

investor-material learnings, and that the Report provides insights on how TNFD reporting has resonated with organisations' finance, commercial, and procurement teams.

2. We recommend that the TNFD continues to build on the ISSB Memorandum of Understanding (MoU) that was signed earlier this year, in order to inform their prospective nature reporting standard in a manner that is interoperable with the work of the Global Reporting Initiative (GRI) and the European Financial Reporting Advisory Group's (EFRAG's) European Sustainability Reporting Standards (ESRS).
3. We recommend that the TNFD works with the International Organisation for Standardisation (ISO) to support the integration of the TNFD's LEAP approach into their Biodiversity [T331 Standard](#). The achievement of this certification would further enshrine the work of the TNFD within global baselines.
4. The UK will be hosting the 12<sup>th</sup> Plenary conference for the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES-12) in February 2026. IPBES is an independent intergovernmental body which provides policymakers with objective scientific assessments about the state of knowledge on biodiversity and ecosystem services. The main output of IPBES-12 will be the 'Business and Biodiversity Assessment'. Given the synergies between the work of the TNFD and IPBES, we encourage the TNFD to collaborate with the UK Government on delivering IPBES-12 to enhance private sector involvement, maximise the impact of the Report, and operationalise the findings of the IPBES assessments.
5. We recommend that the TNFD continues to engage with key financial regulators across jurisdictions to support the integration of nature into fiduciary duty.
6. We recommend that the TNFD works to secure TNFD adoption in a greater range of developing countries in order to amplify its impact amongst the poorest communities. It is well recognised that developing countries predominantly contain the highest concentrations of biodiversity and a greater proportion of people in developing countries rely on the ecosystem services that nature provides for their incomes and livelihoods.
7. We recommend that the TNFD strives to achieve a greater depth of TNFD adoption across the world, particularly in the countries where there are fewer than five TNFD adopters. Existing TNFD Consultation Groups, in particular, can act as a vehicle for enhancing the number of in-country TNFD adopters.

How this report was conducted

This 2025 Annual Review drew on evidence included in the Log-frame and the Quarterly Progress Reports submitted to the programme management team, other TNFD-related materials and publications, and relevant HMG policies and publications.

Actions following approval of this report

Aside from uploading to DevTracker to meet our transparency and accountability requirements, there are no outstanding actions to undertake following the sign off this Annual Review.

## SECTION B: THEORY OF CHANGE AND PROGRESS TOWARDS OUTCOMES

**B1. Summarise the programme’s [Theory of Change](#), including any changes to outcome and impact indicators from the original business case.**

The Theory of Change was developed and agreed in consultation with relevant colleagues at the TNFD Secretariat and represents a practical roadmap for how the TNFD’s activities and outputs will help to achieve high ambition outcomes and impacts. The experience of implementing the programme has not posed any challenges to the programme’s design or the initial assumptions when designing the Theory of Change.

The TNFD programme’s Theory of Change is located in **Annex B**.

### **IMPACT ASSESSMENT: KPI15 INDICATORS ON TRANSFORMATIONAL CHANGE**

The TNFD’s impact is measured using ICF KPI15, which is a qualitative process indicator that assesses the extent to which programmes classified as International Climate Finance (ICF) can be deemed likely to deliver transformational change.

Transformational change is defined as ‘change which catalyses further changes’, enabling either a shift from one state to another or faster change.

The programme team set the TNFD’s ‘Impact Milestone Target Score’ for 2024-2025 as ‘5’ (out of a maximum of 5), which would imply substantial evidence suggesting transformative change is likely or already occurring.

In accordance with ICF guidance, the programme team selected the following criteria relating to Transformational Change for the programme:

- Political will and local ownership [*Context*]
- Capacity and Capability increased [*Drivers*]
- Evidence of effectiveness is shared [*Drivers*]
- Scalability [*Mechanism*]
- Sustainable [*Enablers*]

How does the programme define transformational change?

**DESIRED PROGRAMME IMPACT (as set out in the Theory of Change - see Annex B):** *Global financial flows being redirected away from nature-negative outcomes and towards nature-positive outcomes (including in developing countries/emerging markets), supporting nature positive economies for sustainable development and poverty reduction.*

Transformational change entails the significant uptake of TNFD reporting by wide-ranging organisations across sectors, geographies, and financial markets. A multi-year TNFD reporting journey is required by organisations to broaden and deepen their TNFD-aligned nature-related assessments, begin and then increase their disclosures in line with the TNFD framework, integrate nature considerations within their governance processes and strategic, risk management, and capital allocation decisions, and then implement measures to both reduce their negative impacts on nature and increase their positive impacts on nature – for example through the implementation of inseting measures.



Nature remains a novel topic for most businesses and financial institutions, and significant capacity needs to be built within all business sectors and financial markets across the world for truly transformational change to occur. We therefore acknowledge that transformational impact will ultimately require longer than the timeframe of this programme, with quantifiable systemic and transformational change only realistically expected to occur by circa 2028.

The TNFD hosted an ‘Early Adoption’ event at Davos in January 2024, following the launch of the final TNFD recommendations and guidance in September 2023, where 320 organisations publicly committed to adopt TNFD-aligned reporting by either FY2024-25 or FY2025-26. Publication dates for TNFD-aligned annual reports will vary since deadlines for publishing accounts and reports depend on the company’s year-end. Subsequent TNFD adopters have been able to commit to report in line with the TNFD recommendations by a later financial year. In light of these conditions for commitment, most of the existing number of TNFD adopters (circa 500 organisations) will not have published their first round of TNFD-aligned reporting by the time Defra’s funding to the TNFD initiative ends in March 2026. This means that real-world transformational change can realistically only be enacted beyond the UK’s funding period. Nevertheless, for the programme’s duration, KPI15 sub-indicators will enable us to capture enough evidence to form a reasonable descriptive picture of ICF effectiveness in this area.

Baseline that transformational change is being assessed from:

Most corporates and financial institutions globally continue to have limited awareness of nature-related dependencies, impacts, risks, and opportunities and most organisations had not integrated nature considerations into their decision-making prior to utilisation of the TNFD’s LEAP framework or the commencement of TNFD-aligned reporting. Nevertheless, awareness of nature-related issues had heightened significantly over the TNFD’s ‘design and development’ phase (2021 – 2023), supported by the TNFD’s capacity building and stakeholder engagement efforts, and evidenced by high-levels of participation in the TNFD Forum and TNFD Consultation Groups.

Who else is crucial for ensuring transformational change?

Achieving transformational change depends on contributions from a wide range of international and national-level actors (including standard-setters, regulators, governments, and central banks) to create an enabling environment conducive to the delivery of the TNFD’s goals and the wider goals of the Global Biodiversity Framework.

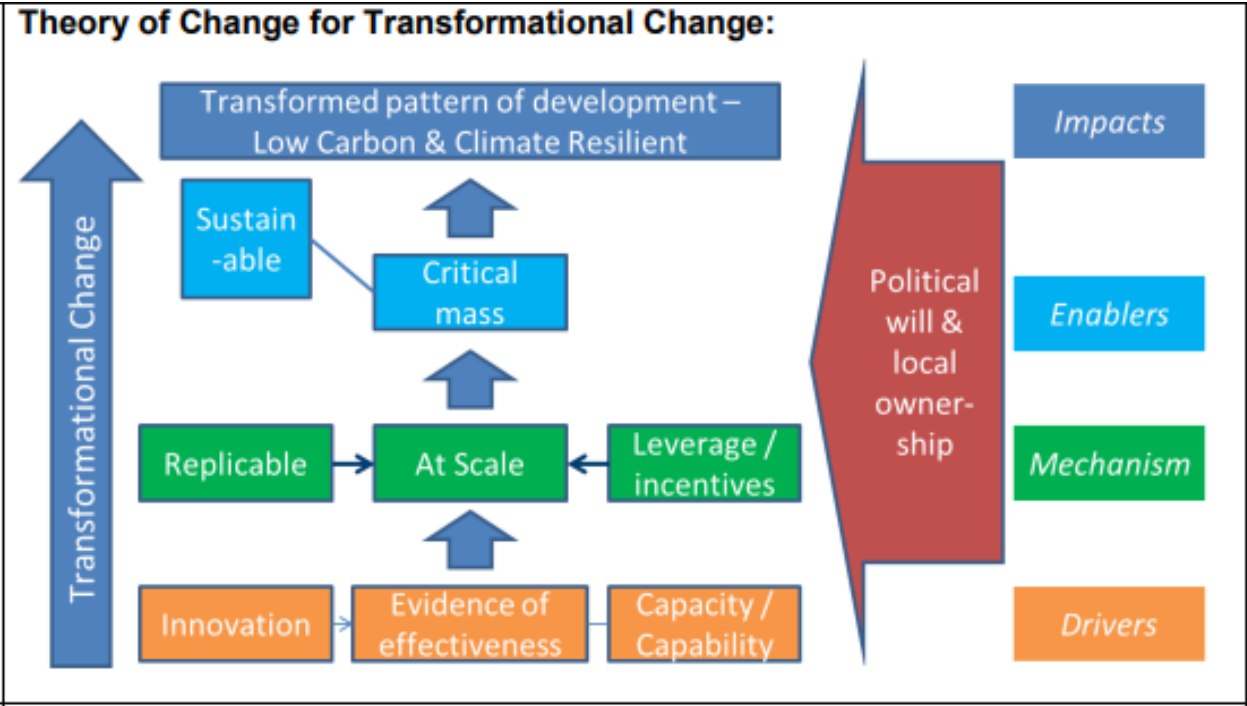
The TNFD programme’s Theory of Change is underpinned by the following key assumptions:

- That greater awareness of material nature-related issues engendered by risk management and disclosures helps to incentivise investment in nature-positive activities as well as disincentivise investment in destructive activities, thus affecting how markets operate.
- That asset managers can influence positive behaviour change in sectors responsible for environmental degradation through their investment decisions.

The experience of the TNFD initiative infers that these assumptions remain valid. Evidence suggests that the TNFD is serving as an invaluable tool for driving transparency and accountability, for increasing awareness of material nature-related issues, and for effecting positive change among corporates and financial institutions. Moreover, TNFD reporting has begun providing asset managers with greater access to decision-grade nature-related data which is empowering them with the critical information they need to embed nature issues within their stewardship, policies, and engagements with investee companies.

Criteria relevant to KPI 15:

The programme team has developed indicators that align with the methodology and criteria of the ICF KPI15 Theory of Change (see below) to assess the extent to which TNFD activities are likely to have a transformational impact.



**Figure 1:** ICF KPI15 Theory of Change for Transformation Change

The following criteria were selected as relevant to assessing ICF KPI 15:

- **Political will and local ownership [TOC Level: Context]: 40%**

**Indicator selection narrative:** Support, signalling, and the development of correspondence mapping represent crucial stepping-stones for enabling the development of TNFD-aligned standards and for achieving future regulatory arrangements for nature-related risk management and disclosure. Demonstrated interest from government policy makers and regulators in megadiverse countries is vital for ensuring in-country support for the work of the TNFD and for supporting action to tackle nature risks. Proactive engagement with IPLCs is essential for leveraging expertise and ensuring local involvement in actions and initiatives to halt and reverse nature loss and degradation. Participation in international forums and summits is important for garnering broad support from relevant stakeholder groups and achieving high-level political buy-in.

Indicator	Milestone Target 2025	Data Results 2025
Has any formal signalling been made by international sustainability standards (i.e. ISSB and CSRD) pertaining to the integration of nature into their sustainability reporting baselines?	Binary: Yes/No	Yes
Number of international sustainability standard setters that the TNFD has developed correspondence mapping with, for the purpose of facilitating the integration of the TNFD into emerging global baselines on sustainability reporting.	3	3 (2 public with GRI and ESRS, 1 internal with ISSB on their S1 standard)

Number of megadiverse countries engaged with – either with their governments or central bank.	10	12
Number of dialogues with IPLCs	10	13
Number of forums or summits where TNFD representatives have participated, in order to promote and socialise the TNFD.	50	175

**Justification of score:** A score of 5 was awarded, as the TNFD has considerably exceeded expectations in terms of its participation in forums and summits. Three correspondence mapping tables have been developed which outline the interoperability of the TNFD with GRI, ESRS, and ISSB (on their S1 standard). The GRI and ESRS tables are available via the [TNFD's website](#). The ISSB document is used for internal purposes so has not been published. The TNFD continues to collaborate closely with the ISSB, most recently providing a teach-in on the TNFD's approach and content. The TNFD has continued to undertake constructive dialogues with IPLC organisations in an effort to leverage their expertise and ensure inclusive decision-making. Moreover, the number of megadiverse countries where governments or banks were engaged has exceeded the delivery target.

- **Capacity and capability can be increased [TOC Level: Drivers]: 20%**

**Indicator selection narrative:** *The decision by an organisation to participate in a TNFD Consultation Group demonstrates its commitment to enhance its engagement with the TNFD and enhance its capabilities on nature risk and TNFD reporting. Public commitments to adopt the TNFD recommendations will require organisations to increase their capacity and capability on nature-related risk management in order to fulfil this commitment. Owing to their size and influence, enhanced capacity and capability on nature-related risk management by these corporations is critical for delivering transformational change.*

Indicator	Milestone Target 2025	Data Results 2025
Number of organisations who are members of TNFD Consultation Groups.	1500	1546
Number of organisations that have committed to reporting in line with the TNFD recommendations by FY2024 or FY2025	520	526
Number of companies in the MSCI World Index that have committed to adopt the TNFD recommendations.	150	146
Number of downloads of 'TNFD in a Box'.	5000	10,002

**Justification of score:** A score of 4 was awarded. The TNFD has exceeded expectations in the number of organisations who are members of TNFD Consultation Groups and the number of organisations who have publicly committed to reporting in line with the TNFD recommendations. The number of downloads of ‘TNFD in a Box’ also doubled target expectations (a downloadable capacity building tool that supports the adoption and implementation of the TNFD’s disclosure recommendations). However, the TNFD did miss the target for the number of companies in the MSCI World Index that have committed to adopt the TNFD recommendations by a small margin. The MSCI World Index captures large and mid-cap representation across developed markets (amounting to over 1350 constituent members) and covers approximately 85% of the free float-adjusted market capitalisation of each country.

- Evidence of effectiveness is shared [TOC Level: Drivers]: 15%

**Indicator selection narrative:** The TNFD LEAP framework represents a key document through which guidance on nature-related risk management is shared. The number of LEAP framework downloads measures the level of interest in the TNFD and highlights the extent to which the effectiveness of the TNFD is shared. The number of webinars organised, and major media coverages and interviews achieved similarly provide an insightful measure of the extent to which effectiveness is shared.

Indicator	Milestone Targets 2025	Data Results 2025
Number of online downloads of the TNFD’s LEAP framework	29,000	32,718
Number of webinars organized for knowledge sharing and dissemination	10	18
Total number of webinar participants	3500	6818
Number of major media coverages and interviews that have been undertaken to heighten the profile of the TNFD and demonstrate its effectiveness.	60	60

**Justification of score:** A score of 5 was awarded, as three of the above indicators were exceeded and one was met.

Scalability [TOC Level: Mechanism]: 15%

**Indicator selection narrative:** TNFD Consultation Groups facilitate outreach and engagement on nature-related business and finance and help to support and coordinate market uptake efforts. Consultation Groups therefore represent a key metric for measuring TNFD scalability. For organisations that have committed to adopt the TNFD recommendations, measuring the number of countries and SASB industries provide useful indicators of the scale and breadth of TNFD adoption globally.

Indicator	Milestone Targets 2025	Data Results 2025
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Number of TNFD Consultation Groups	20	20
Number of countries and jurisdictions from which organisations have committed to adopt the TNFD recommendations	55	54
Number of SASB industries from which organisations have committed to adopt the TNFD recommendations	65	67

**Justification of score:** A score of 4 was awarded as the targets were met or exceeded for two of the indicators, and only narrowly missed on one of the indicators.

Sustainable [TOC Level: Enablers]: 15%

**Indicator selection narrative:** Ongoing financial and in-kind support serves as a proxy for the enduring sustainability of the TNFD.

Indicator	Milestone Targets 2025	Data Results 2025
Is the TNFD projected to be on a secure footing in terms of ongoing financial and in-kind support post-March 2025?	Binary: Yes/No	Yes

**Justification of score:** A score of 5 was awarded as the TNFD is projected to be on a secure footing in terms of ongoing financial and in-kind support for the foreseeable future. The work of the TNFD is on course to be integrated into the emerging global sustainability reporting architecture, which would guarantee a secure long-term footing for the TNFD framework and would ensure that the impact of the TNFD would continue to be felt after the UK’s funding contribution ends.

Overall Score for the TNFD’s KPI15 assessment:			
Criteria	Score	Weighting	Weighted Score
Political will and local ownership	5	40%	2.0
Capacity and capability can be increased	4	20%	0.8
Evidence of effectiveness is shared	5	15%	0.75
Scalability	4	15%	0.6
Sustainability	5	10%	0.5
TOTAL		100%	4.65
Total weighing score / Total weighting = 4.65/5			

KPI15 reporting guidance stipulates that a whole number is needed so **4.65 rounds to a score of 5, signifying substantial evidence that suggests transformational change is likely or already occurring.**

**Overall assessment of programme impacts**

Based on the TNFD’s performance against the methodology established for assessing KPI15 indicator targets, the TNFD programme has been awarded a score of 5/5. This score demonstrates how the TNFD has effectively enhanced nature-related knowledge and capabilities among key audiences and has achieved scalability, sustainability, and evidence-sharing at a meaningful level.

**OUTCOMES – ASSESSMENT OF THE TNFD’S PERFORMANCE AGAINST ITS OUTCOME INDICATORS**

The TNFD programme uses the same Outcomes in both the Log-frame and the Theory of Change (see **Annex B**). There are six Outcomes outlined in the Theory of Change. However, indicators were only developed for four Outcomes as part of the Log-frame. The following Outcomes from the Theory of Change were excluded from the Log-frame:

- Growing nature-related stewardship policies and activities, reflecting the growth of their understanding, capabilities, and commitment on nature-related risk issues.
- Signs of investment in nature-related analytic and reporting capabilities among key potential users in the market.

Log-frame indicators were not developed for these Outcomes because it is premature for TNFD reporting to have made a discernible or measurable impact on delivering those Outcomes over 2024-25. Nevertheless, the TNFD programme team plan to use emerging data to develop appropriate indicators for those Outcomes over 2025-26. In addition to the Outcome indicators outlined below, many of the Output indicators can be used to capture the progress that the TNFD has made in advancing these desired Outcomes.

Outcomes		
Outcome Indicator (Units)	Log-frame Target	Result Achieved
<b>1. The growth across geographies and sectors in awareness about - and participation in - the work of the TNFD, through a number of distinct stages of engagement:</b> <ul style="list-style-type: none"><li>○ Number of webinars organised</li><li>○ Number of participants in TNFD webinars</li></ul>	10 webinars organised  3500 participants	<b>18 webinars organised</b>  <b>6818 participants</b>
<b>2. Efforts by leading organisations, including the ISSB, to develop nature standards and draw on the TNFD recommendations:</b>		

<ul style="list-style-type: none"><li>○ Production of correspondence mapping tables that outlines interoperability of TNFD and leading standard setters</li></ul>	Correspondence mapping table outlining the interoperability of the TNFD and leading standard setters produced.	<b>3 (2 public with GRI and ESRS; 1 internal with ISSB on their S1 standard)</b>
<b>3. The growth of interest and support from governments and financial regulators in the TNFD recommendations, specifically among G20 finance ministries and central government agencies:</b> <ul style="list-style-type: none"><li>○ Number of countries (inclusive of policy-making entities, central banks, or other regulatory entities) engaged by the TNFD.</li></ul>	Engagement with 40 countries (including a majority of the megadiverse countries and G20 countries)	<b>Engagement with 33 countries (of which 19 are megadiverse countries and G20 countries)</b>
<b>4. Market demand for nature-related knowledge, skill development, and data solutions:</b> <ul style="list-style-type: none"><li>○ Number of downloads of the 'Getting started with adoption of the TNFD recommendations' guidance document</li></ul>	29,000	<b>26,367</b>

**Overall narrative assessment of programme Outcomes**

Outcome 1 – The growth across geographies and sectors in awareness about – and participation in – the work of the TNFD, through a number of distinct stages of engagement:  
Webinars are an effective way of engaging with key stakeholders and raising awareness about the work of the TNFD across sectors and geographies. The TNFD has successfully delivered 18 webinars over the past year covering a range of topics, including ‘Committing to nature: Why become a TNFD adopter?’, ‘Bridging the capacity gap on nature’, ‘Nature risk is financial risk: case studies from the market’, ‘Understanding nature transition plans’, and ‘Boards and nature – the evolving landscape for directors’ duties’. All the TNFD’s webinars are stored in the ‘TNFD Webinar Library’: <https://tnfd.global/knowledge-hub/webinars/>. The 18 webinars cumulatively reached a total of 6818 participants. This level of participation implies an average of 379 attendees per webinar. The TNFD has therefore exceeded expectations for this Annual Review period, in terms of both the number of webinars and the overall number of webinar attendees.

**Outcome 1 Case study:**  
On 25 March, TNFD hosted the webinar [“Charting a sustainable path: Nature-climate scenarios in financial decision-making”](#) in partnership with Nature Finance, which was attended by over 1,000 individuals.

Outcome 2 – Efforts by leading organisations, including the ISSB, to develop nature standards and draw on the TNFD recommendations:  
The development of nature standards and ensuring that the TNFD recommendations are mainstreamed and onboarded within existing and emerging global sustainability standards



represents an effective way of securing the longevity and sustainability of the TNFD over the long-term. To this end, the TNFD has produced ‘Correspondence Mapping Tables’ for three international sustainability standard setters – the [Global Reporting Initiative](#) (GRI), the [European Sustainability Reporting Standards](#) (ESRS), and the [International Sustainability Standards Board](#) (ISSB) - which serve to delineate the interoperability of the TNFD and the standard setters. The TNFD has therefore met its target for Outcome 2. The integration of nature into global sustainability standards represents an invaluable step for increasing transparency and accountability for businesses’ impacts on nature, and for creating a level playing field on reporting practices pertaining to nature.

**Outcome 2 Case Study:**

The [‘Interoperability Mapping’](#) document between the GRI (Global Reporting Initiative) Standards and the TNFD disclosure recommendations and metrics was published in July 2024. GRI and the TNFD have worked closely together over 2022 – 2024 to support the development of each other’s guidance – notably GRI input into the TNFD recommendations and TNFD input into the GRI Biodiversity Standard. The mapping underscores the high level of alignment achieved between the TNFD recommendations and metrics and the GRI Standards reporting requirements and data-points.

The [GRI Biodiversity Standard \(GRI 101: Biodiversity 2024\)](#) is a voluntary standard that aims to improve transparency in biodiversity reporting. It can be used by any organisation worldwide and is particularly relevant for organisations that have determined biodiversity to be a material topic.

The key alignment outcomes of the Interoperability Mapping exercise are as follows:

- The use of consistent nature-related concepts and definitions, including the five direct drivers of nature and biodiversity loss, as defined by the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES).
- The reference and incorporation of GRI’s materiality approach focusing on impacts in the TNFD recommendations and guidance, following the TNFD’s flexible approach to materiality.
- The TNFD LEAP approach has been designed to help organisations report in line with both impact and financial materiality.
- All the disclosures in GRI 101: Biodiversity 2024 are reflected in the TNFD recommendations. All of the TNFD recommendations are reflected in the GRI Standards, except those exclusively covering nature-related risk and opportunity identification and assessment.
- Strong consistency between the TNFD core global disclosure metrics and the related metrics in the GRI Standards. A first mapping of the TNFD sector metrics and the relevant GRI Sector Standards also highlights consistency at this level.
- The TNFD LEAP approach – for identifying and assessing nature-related issues – is referenced in GRI 101. It pinpoints where impacts on biodiversity are most likely to be present and significant and provides guidance on measuring changes in the state of nature.
- GRI 101 uses the TNFD definitions and criteria when considering an organisation’s location in, or near ecologically sensitive areas.



Outcome 3 – The growth of interest and support from governments and financial regulators in the TNFD recommendations, specifically among G20 finance ministries and central government agencies:

The TNFD has sought to catalyse the growth of interest and support from governments and financial regulators in the TNFD recommendations, particularly among G7 and G20 countries and megadiverse countries. The rationale for prioritising these groupings is that the G7 and G20 governments represent the vast majority of jurisdictions through which global capital flows and is therefore regulated. Furthermore, the 17 megadiverse countries are key actors in the global effort to halt and reverse biodiversity loss owing to the high levels of biodiversity in their jurisdictions. The target associated with this outcome has been more challenging to deliver in the current geopolitical climate. The target to engage with 40 countries (either at governmental or regulatory level) has not been achieved. However, there has been engagement with 33 countries and financial regulators (of which 12 are megadiverse countries and 7 are non-megadiverse G20 countries).

**Outcome 3 case study:**

In the final quarter of 2024, the TNFD engaged with the Central Bank of Malaysia (in collaboration with BioFin) as part of the Central Bank of Malaysia and World Bank’s upcoming guide on [LEAP](#). The engagement covered nature risk scenario development and nature’s role in systemic risks and financial stability.

Outcome 4 – Market demand for nature-related knowledge, skill development, and data solutions: Market demand for nature-related knowledge, skill development, and data solutions is indicated by a proxy indicator: Number of downloads of the 'Getting started with adoption of the TNFD recommendations' guidance document. Strong market demand exemplifies the TNFD’s level of success in raising awareness on the importance of tackling nature risk. A total of 26,367 downloads were made of the 'Getting started with adoption of the TNFD recommendations' guidance document over the Annual Review reporting period – however, this fell slightly short of the milestone target of 29,000.

**B2. Describe where the programme is on/off track to contribute to the expected impact and outcomes. What action is planned in the year ahead?**

The TNFD met or exceeded the overwhelming majority of KPI15 indicators over the reporting period, achieving the highest KPI15 score of 5/5. Moreover, the TNFD met or exceeded most of the Outcome indicators that were set for the reporting period. However, the TNFD fell slightly short of the original ambition for two of the targets – namely Outcome Indicator 3.1 and Outcome Indicator 4.1. Nevertheless, the TNFD has made remarkable progress in delivering the overarching goals, in terms of outcome and impact, for the global market uptake phase to date. In-depth analysis of progress against outcomes and impacts was detailed in the previous section. The TNFD programme team will shortly be setting new targets for the 2025-26 reporting period and will seek to ensure that they are sufficiently stretching, given that the TNFD exceeded some of the indicators by a considerable margin in 2024-25.

**B3. Are there any changes to expected outcomes or impact on gender equality and social inclusion (GESI), compared to what was described in the Business Case?**

There have been no changes to the TNFD programme’s expected outcomes or impact on gender equality. GESI considerations have consistently been factored into the TNFD programme –through the actions and policies that the TNFD have implemented and, on a programmatic level, through the

development of GESI-related Log-frame indicators and targets which the TNFD is then assessed against via MEL processes such as the Annual Review. The TNFD Secretariat and the Green Finance Institute (which hosts the TNFD Secretariat) have policies and strategies in place to tackle discrimination and advance equality of opportunity.

The TNFD Secretariat collects gender-based data on usage of the platforms it provides and monitors gender representation in its Secretariat, resourcing, and membership. The TNFD Senior Leadership Team has direct influence over the construct of the Secretariat team, where over 70% are women. Of the 40 organisations represented on the TNFD Taskforce, 24 are represented by men and 16 by women. However, TNFD Taskforce membership is held at an organisational level and the TNFD does not have influence over the gender of the individuals who organisations select to act as representatives on the TNFD Taskforce. Following an upgrade to the TNFD’s CRM database, the TNFD has expanded the forms used for external engagement, such as newsletter sign up, forum membership, webinar/event registration, and capacity building initiatives, to include gender information. The TNFD programme will therefore be able to use more gender-based data as part of MEL reporting processes moving forwards.

The TNFD has ensured the meaningful integration of GESI indicators into the TNFD programme’s MEL assessment process, where relevant. In recognition of the critical role that indigenous peoples play as custodians of high-biodiversity ecosystems, Defra and the TNFD Secretariat agreed to set several Log-frame Indicators pertaining to IPLC engagement, including on the ‘Number of IPLC Business Engagement training sessions delivered’ and the ‘Number of dialogues with IPLCs’, for the current Annual Review period. In addition, Defra and the TNFD Secretariat set a Log-frame indicator on the ‘Number of engagements with the Taskforce on Inequality and Social-related Financial Disclosures (TISFD)’. The TNFD has exceeded the targets that were set for all three indicators, providing us with greater assurance that the programme is delivering impact in this area.

**B4. Justify whether the programme should continue, based on its own merits and in the context of the wider portfolio**

Based on the above analysis of KPI15 impact and outcomes achievement, Value for Money analysis (See Section E of this Annual Review), and the output scores, we believe that the TNFD programme has delivered a strong performance over the past year – achieving impressive results against set targets, successfully advancing the UK Government’s strategic goals, and representing good value for money.

Following the UK Prime Minister’s announcement in February 2025 to reduce the UK’s ODA budget from 0.5% of GNI to 0.3% of GNI by April 2027, Defra has had to adapt its ODA portfolio. Defra has funded the TNFD since its inception in 2021, supporting it over its ‘design and development’ phase and ‘global market uptake phase’ following the launch of the final TNFD recommendations and guidance in September 2023. Given the principal TNFD product (namely the TNFD recommendations and guidance) has been delivered, the impressive momentum behind TNFD market uptake to date, and the strong likelihood that the TNFD will be onboarded into global sustainability reporting architecture (thereby putting the TNFD on a secure long-term footing), Defra has made the decision to stop funding the TNFD initiative beyond March 2026 (at the end of FY2025-26). The UK Government will continue to collaborate with the TNFD initiative beyond FY2025-26 and support its ambitions where they are complementary to the UK’s strategic priorities.

SECTION C. DETAILED OUTPUT SCORING

The programme will be assessed using the below scoring methodology, in line with Official Development Assistance (ODA) guidance.

Description	Score
Outputs substantially exceeded expectation	A++
Outputs moderately exceeded expectation	A+
Outputs met expectation	A
Outputs moderately did not meet expectation	B
Outputs substantially did not meet expectation	C

Our Output Assessment is based on the Log-frame (2024 – 2025) results submitted to Defra by the TNFD, in line with our annual programme monitoring requirements.

**OUTPUT 1**

Output Title	Market adoption and Capacity Building		
Output number:	1	Output Score:	A
Impact weighting (%):	30%	Weighting revised since last AR?	N/A – new Log-frame following shift to the TNFD’s global uptake phase

Indicator(s)	Milestone(s) for this review	Target	Achieved
1.1	Number of downloads of the TNFD's LEAP framework (which provides guidance on the identification and assessment of nature-related issues)	29,000	32,591
1.2	Number of organisations who have publicly committed to adopt the TNFD recommendations by FY2024 or FY2025.	520	526
1.3	Number of countries and jurisdictions from which organisations have committed to adopt the TNFD recommendations.	55	54
1.4	Number of developing countries from which organisations have committed to adopt the TNFD recommendations.	27	23
1.5	Number of SASB industries represented among the TNFD adopters.	65	67
1.6	Number of TNFD Consultation Groups	20	20

**C1. Briefly describe the output’s activities and provide supporting narrative for the score.**

The total number of downloads of the TNFD LEAP framework (which provides guidance on the identification and assessment of nature-related issues) has exceeded the expected target. The number of organisations that have publicly committed to adopt the TNFD recommendations by FY2024 or FY2025 has slightly exceeded the target; this was achieved through a number of well-publicised ‘Adoption campaigns’ over the course of the market uptake phase to date, including at the World Economic Forum in Davos in January 2024 (where 320 organisations publicly committed to report in line with the TNFD recommendations, as ‘Early Adopters’). This was followed by ‘adoption moments’ at London Climate Action Week in June 2024 and at CBD COP16 in Colombia. Public commitments to adopt the TNFD recommendations represents a high-profile way for an organisation to publicly signal its commitment to take action on its nature-related risks, opportunities, impacts, and dependencies.

The TNFD achieved slightly less than the milestone target of 55 countries and jurisdictions from which organisations have committed to adopt the TNFD recommendations. The 54 countries are spread across the continents, but with significant variation in terms of the number of TNFD adopters in each of the 54 countries. Japan has the highest proportion of TNFD adopters at 164 organisations, followed by the UK with 68 organisations. In contrast, several countries only have one TNFD adopter within their jurisdiction (such as Bermuda, Chile, and Israel). This highlights that TNFD adoption is not equally spread and has significant concentrations in certain jurisdictions. Furthermore, the TNFD did not achieve the target of achieving at least one TNFD adopter in 27 developing countries, instead securing at least one TNFD adopter in 23 developing countries.

The Sustainability Accounting Standards Board (SASB) is a non-profit organisation, founded in 2011, to develop sustainability accounting standards. SASB groups its companies into industries based on their sustainability-related risks and opportunities. The SASB Standards identify the

subset of sustainability issues most relevant to financial performance in each SASB industry. The number of SASB industries represented among the TNFD adopters exceeded expectations, with organisations across 67 SASB industries being represented out of a possible total of 77 industries. Market uptake across sectors is important for ensuring economy-wide efforts to tackle nature risks.

The TNFD met its target for the number of Consultation Groups to be established in this review period. These are formed on the basis of in-country market demand and act as a strong proxy for market engagement with the TNFD recommendations. They help expand the TNFD’s continued outreach and engagement activities: supporting awareness of the TNFD recommendations and guidance, identifying current knowledge and understanding gaps on nature-related issues, and building capacity for nature-related reporting across markets. They are spread across continents, and include Groups for the ASEAN region, Brazil, China, Kenya, Switzerland, and the United Kingdom. More information can be found here: <https://tnfd.global/engage/tnfd-consultation-groups/>. The TNFD has several Consultation Groups currently in-development, based on strong in-country market interest.

The output **score of A** was awarded as most of the targets were met or exceeded.

**C2. Describe any changes to this output during the past year, and any planned changes as a result of this review.**

There were no changes to the output during the past year. Now that Defra’s funding for the TNFD initiative has been extended by one more year (to March 2026), Defra will soon either develop new milestone targets for existing Log-frame indicators or develop new Log-frame indicators for work that is specific to the extended funding period.

**C3. Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead**

We recommend that the TNFD works to secure TNFD adoption in a greater range of developing countries in order to amplify its impact amongst the poorest communities. It is well recognised that developing countries predominantly contain the highest concentrations of biodiversity and a greater proportion of people in developing countries rely on the ecosystem services that nature provides for their incomes and livelihoods. We also recommend that the TNFD strives to achieve a greater depth of TNFD adoption, particularly in the countries where there are fewer than five TNFD adopters. Existing TNFD Consultation Groups, in particular, can act as a vehicle for enhancing the number of in-country TNFD adopters.

**OUTPUT 2**

Output Title		Stakeholder Engagement and Guidance	
Output number:	2	Output Score:	A+
Impact weighting (%):	20%	Weighting revised since last AR?	N/A – new Log-frame following shift to the TNFD’s global uptake phase

Indicator(s)	Milestone(s) for this review	Target	Achieved
2.1	# of guidance documents published	Publication of the following guidance documents: 1) Biome guidance 2) Guidance on the application of TNFD recommendations for small and medium-sized enterprises (SMEs) 3) Sector Guidance	<b>New documents published:</b>  <b>Final: 15</b>  <b>Updated documents: 8</b>  <b>Draft: 4</b>  Link to TNFD publications: <a href="https://tnfd.global/tnfd-publications/">https://tnfd.global/tnfd-publications/</a>
2.2	Number of dialogues with IPLCs	10	<b>13</b>
2.3	Number of engagements with the Taskforce on Inequality & Social-related Financial Disclosures (TISFD)	4	<b>9</b>
2.4	Number of briefings delivered to non-governmental stakeholders (i.e. MDBs, PDBs, DFIs, industry associations, sustainable finance and investor associations, financial market regulators).	9	<b>9</b>

**C1. Briefly describe the output’s activities, and provide supporting narrative for the score.**

Following a revision to the TNFD’s Uptake Phase Workplan, the TNFD produced more supplementary guidance than anticipated when the Log-frame target was set. TNFD guidance plays an invaluable role in supporting organisations to effectively engage with (and benefit from) the TNFD’s recommended nature-related risk assessment and disclosure processes. Over the past year, 15 new [guidance documents](#) have been published and eight documents have been updated. The TNFD’s guidance covers a range of topics, including value chains, scenario analysis, biomes, in addition to sector-based guidance.

Given the crucial role of IPLCs as custodians of high biodiversity areas, the TNFD has pursued 13 dialogues with IPLCs over the global market uptake phase so far. As a result, the TNFD has produced various resources pertaining to IPLCs and prepared sessions specifically for the purpose of facilitating engagement between business leaders and IPLC representatives.

The interrelationship between nature loss and poverty and other social-related challenges is well-known. Collaboration between the TNFD and the Taskforce on Inequality and Social-related Financial Disclosures (TISFD) has been advantageous in ensuring alignment between the two complementary initiatives, with nine dialogues having been held since the commencement of the TNFD’s uptake phase rather than the target of four. The extent to which the TNFD has exceeded

this target is a testament to level of synergies between the ethos and priorities of the two initiatives. For example, ongoing exchanges have concentrated on supporting the TISFD through the provision of technical expertise, expertise on market standards, risk management and reporting practice, and experiences on governance and fundraising. The TNFD has a Memorandum of Understanding (MoU) in place with the TISFD and are shortly to appoint them as an official TNFD Knowledge Partner.

Briefings with non-governmental stakeholders are instrumental for raising awareness on the TNFD and nature risk and encouraging TNFD uptake. Nine briefings have been held over the TNFD’s uptake phase to date, which is in line with the target set.

**C2. Describe any changes to this output during the past year, and any planned changes as a result of this review.**

There were no changes to the output during the past year. Now that Defra’s funding for the TNFD initiative has been extended by one more year (to March 2026), Defra will soon either develop new milestone targets for existing Log-frame indicators or develop new Log-frame indicators for work that is specific to the extended funding period.

**C3. Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead**

The TNFD has performed well in stakeholder engagement and guidance outputs, with targets being either met or exceeded. We encourage the TNFD to continue its existing approach on all these output indicators, developing guidance where gaps are identified by market feedback, engaging constructively with IPLCs and the TISFD, and continuing to brief high-profile non-governmental stakeholders that are instrumental in delivering the shift to a nature positive future.

**OUTPUT 3**

Output Title		Global Nature-related Public Data Finance Facility	
Output number:	3	Output Score:	A
Impact weighting (%):	10%	Weighting revised since last AR?	N/A – new Log-frame following shift to the TNFD’s global uptake phase

Indicator(s)	Milestone(s) for this review	Target	Achieved
3.1	Blueprint developed for a preferred governance, funding, and operating model for the Global Nature-related Public Data Facility	Blueprint published	Blueprint published and launched at COP16 in Cali (November 2024)

**C1. Briefly describe the output’s activities and provide supporting narrative for the score.**

The TNFD released a Discussion Paper, titled ‘[Roadmap for Upgrading Market Access to Decision-Useful Nature-related Data](#)’, on schedule at CBD COP16 in Colombia. The Paper was developed in response to growing market demand for nature-related data and represents a cornerstone



document in highlighting the critical challenges in data accessibility, standardisation, and interpretation. The Paper seeks to guide global efforts to enhance the availability and usability of nature data across the value chain, including by developing a Nature Data Public Facility. The Roadmap received a positive reception from the market at launch, and it is currently undergoing a period of pilot testing prior to the launch of the Nature Data Public Facility.

C2. Describe any changes to this output during the past year, and any planned changes as a result of this review.

There were no changes to the output during the past year. Now that Defra’s funding for the TNFD initiative has been extended by one more year (to March 2026), Defra will soon either develop new milestone targets for existing Log-frame indicators or develop new Log-frame indicators for work that is specific to the extended funding period.

C3. Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead

The TNFD has developed a plan of action (see Gantt chart below with timelines) for taking its Roadmap forward for a proposed Nature Data Public Facility, in collaboration with key stakeholders in the nature data space. Defra has provided ongoing TNFD funding to support the delivery of this plan of action over the course of the next year.

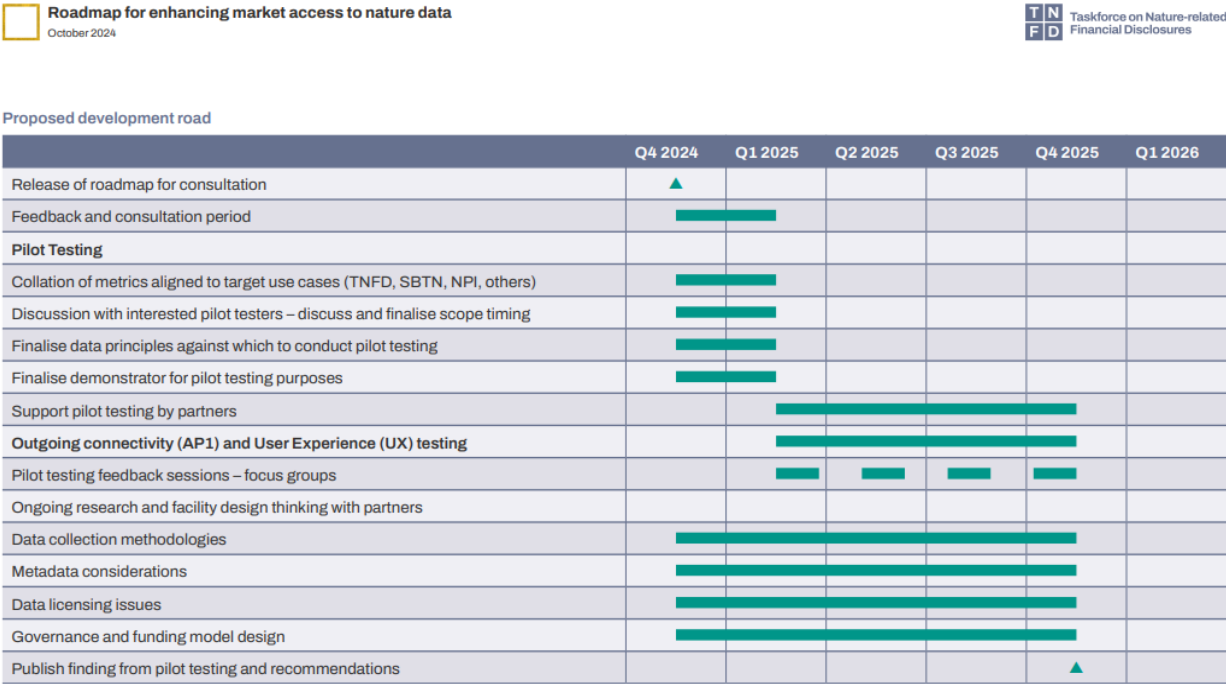


Figure 2: ‘Proposed development road’ in ‘[A Roadmap for upgrading market access to decision-useful nature-related data](#)’ (p.27).

OUTPUT 4



Output Title	UK TNFD National Consultation Group (NCG)		
Output number:	4	Output Score:	A+
Impact weighting (%):	10%	Weighting revised since last AR?	N/A – new Log-frame following shift to the TNFD's global uptake phase

Indicator(s)	Milestone(s) for this review	Target	Achieved
4.1	Number of events (webinars, teach-ins, roundtables, sector discussions) that the UK TNFD NCG has hosted or spoken at	40	51
4.2	Number of UK institutions engaged in bilateral or sector peer group discussions	100	123
4.3	Number of UK institutions who have committed to report in line with the TNFD recommendations by FY2024 or FY2025	65	68

**C1. Briefly describe the output’s activities and provide supporting narrative for the score.**

The [UK TNFD National Consultation Group](#) (UK TNFD NCG) is hosted by colleagues from the Green Finance Institute. It seeks to support awareness of the TNFD recommendations and guidance, identify current knowledge and understanding gaps on nature-related issues, and build capacity for nature-related reporting across markets. The UK TNFD NCG has exceeded expectations across its three targets.

Across Q4 in 2024, the UK Consultation Group presented at 12 roundtables, webinars and conferences, and hosted a webinar which had 120 attendees and showcased progress from three UK companies that have already published TNFD reports (United Utilities, Landsec, BAT).

The UK TNFD NCG has developed a list of 12 economic sector groups for prioritisation in terms of engagement on the TNFD recommendations, with the accompanying priority company list amounting to over 160 companies.

The UK continues to have the second highest proportion of TNFD adopters (after Japan), with the current adoption figure exceeding the target. Some of the most prominent UK adopters include AstraZeneca, the BBC, Federated Hermes, Fidelity International, Landsec, Legal & General, Reckitt, Schroders, Severn Trent, United Utilities, Anglo American, PwC, Morrisons, The Royal Botanic Gardens at Kew, and Sainsbury's.

**C2. Describe any changes to this output during the past year, and any planned changes as a result of this review.**

There were no changes to the output during the past year. Now that Defra’s funding for the TNFD initiative has been extended by one more year (to March 2026), Defra will soon either develop new milestone targets for existing Log-frame indicators or develop new Log-frame indicators for work that is specific to the extended funding period.

**C3. Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead**

We advise that the UK TNFD NCG continue its successful approach to supporting engagement by UK plc with the TNFD recommendations, in particular encouraging UK institutions to publicly commit to reporting in line with the TNFD recommendations as part of the COP30 adoption moment.

**OUTPUT 5**

Output Title		Nature Transition Plan	
Output number:	5	Output Score:	A
Impact weighting (%):	10%	Weighting revised since last AR?	N/A – new Log-frame following shift to the TNFD’s global uptake phase

Indicator(s)	Milestone(s) for this review	Target	Achieved
5.1	Publication of 'Draft Guidance on Nature Transition Plans' for consultation with the market and wider stakeholders	Draft Guidance on Nature Transition Plans' published, serving as a workable prototype, and released for consultation to the market and wider stakeholders.	<b>Draft Guidance published at COP16 and the deadline to provide feedback is 1 February 2025.</b>

**C1. Briefly describe the output’s activities and provide supporting narrative for the score.**

On 27 October 2024 at CBD COP16 in Colombia, the TNFD published a [‘Discussion Paper on Nature Transition Plans’](#) for corporates and financial institutions developing and disclosing a transition plan in line with the TNFD disclosure recommendations. In developing the discussion paper, the TNFD built on current market practice for climate transition planning, thus ensuring the TNFD facilitates an integrated approach to transition planning and disclosure. This Draft Guidance was published on schedule at COP16 and a well-attended event was arranged to mark the occasion.

**C2. Describe any changes to this output during the past year, and any planned changes as a result of this review.**

There were no changes to the output during the past year. Now that Defra’s funding for the TNFD initiative has been extended by one more year (to March 2026), Defra will soon either develop new milestone targets for existing Log-frame indicators or develop new Log-frame indicators for work that is specific to the extended funding period.

**C3. Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead**

The TNFD is proceeding with the development of final ‘Guidance on Nature Transition Plans’ following feedback from pilot testing, and the UK will continue to support this workstream.

**OUTPUT 6**

<b>Output Title</b>	<b>Education and Executive Training</b>		
<b>Output number:</b>	<b>6</b>	<b>Output Score:</b>	<b>A+</b>
<b>Impact weighting (%)</b>	<b>10%</b>	<b>Weighting revised since last AR?</b>	N/A – new Log-frame following shift to the TNFD’s global uptake phase

Indicator(s)	Milestone(s) for this review	Target	Achieved
6.1	# of downloads of 'TNFD in a Box' modules'	5000	9980
6.1	Number of participants in the 'TNFD in a Box' webinar on director duties	300	317
6.2	Number of IPLC Business Engagement training sessions delivered	3	5
6.3	Publication of the TNFD's 'White Label' capacity building material	TNFD 'White Label' capacity building material published	The "White Label" material, together with guidance for trainers and accompanying case studies was released on 27th January 2025, at the inaugural Train the Trainer programme in Cambridge.

**C1. Briefly describe the output’s activities and provide supporting narrative for the score.**

[‘TNFD in a Box’](#) is a downloadable capacity building tool that supports the adoption and implementation of the TNFD’s disclosure recommendations. It has five key modules covering key aspects of the TNFD’s recommendations and guidance, plus a high-level overview aimed specifically at boards, and is intended to support workshop-style presentations. The number of downloads of the ‘TNFD in a Box’ module has exceeded expectations by almost 100%, evidencing the strong demand for educational, training, and capacity building tools that the TNFD offers. The number of participants attending the ‘TNFD in a Box’ webinar on director duties also exceeded the target.

Following feedback from the comprehensive consultation the TNFD undertook with IPLC representatives as part of the ‘design and development phase’, the TNFD has delivered five ‘IPLC Business Engagement’ training sessions between IPLC leaders and business leaders. These sessions have helped to provide the foundation for better quality stakeholder engagement with IPLCs on the part of businesses and financial institutions.

The TNFD has also achieved its goal to launch a ‘White Label’ capacity-building material, which is a suite of training resources designed to be adapted and customised by training providers and in-house teams to enhance expertise in nature-related financial reporting. These materials, developed

in collaboration with the Cambridge Institute for Sustainability Leadership (CISL) are designed to bridge the gap in understanding and application of the TNFD recommendations across various sectors and audiences.

**C2. Describe any changes to this output during the past year, and any planned changes as a result of this review.**

There were no changes to the output during the past year. Now that Defra’s funding for the TNFD initiative has been extended by one more year (to March 2026), Defra will soon either develop new milestone targets for existing Log-frame indicators or develop new Log-frame indicators for work that is specific to the extended funding period.

**C3. Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead**

Capacity building materials and training sessions are an excellent way of deepening knowledge and understanding of the TNFD recommendations and nature risk more broadly among key audiences. We support the UK in continuing its existing approach towards capacity building and education over the coming year.

**OUTPUT 7**

<b>Output Title</b>	<b>Developing a Nature Risks Evidence Base</b>		
<b>Output number:</b>	<b>7</b>	<b>Output Score:</b>	<b>A</b>
<b>Impact weighting (%)</b>	<b>5%</b>	<b>Weighting revised since last AR?</b>	N/A – new Log-frame following shift to the TNFD’s global uptake phase

<b>Indicator(s)</b>	<b>Milestone(s) for this review</b>	<b>Target</b>	<b>Achieved</b>
<b>7.1</b>	Publication of additional case studies for the 'When the Bee Stings' report, in collaboration with Bloomberg	Additional case studies for 'When the Bee Stings' report published	<b>10 case studies from materials, consumer staples, transport, energy, industrials and utilities sectors were included in the ‘When the Bee Stings’ <a href="#">report</a></b>

**C1. Briefly describe the output’s activities and provide supporting narrative for the score.**

The TNFD collaborated on the production of 10 case studies for [BloombergNEF’s ‘When the Bee Stings’ report](#), which have further helped to substantiate the evidence base on the materiality of nature-related financial risks. BloombergNEF is a leading provider of forward-thinking primary research and analysis on the trends driving the transition to a lower-carbon economy.

BloombergNEF’s case studies examine 10 instances of companies suffering material financial losses, the threat of such losses, and share price pressure from poorly handled interactions with nature. The cases span a variety of sectors and geographies and demonstrate how various types of nature-related risks manifest. The cases are diverse, covering a wide range of industries, geographies, risks, and financial impacts.

The case studies are for the following companies: 3M, AAK, Bernard Matthews, Chevron, CMA CGM, Formosa Plastics, Freeport-McMoran, JBS, PG&E, and Tesla.

**C2. Describe any changes to this output during the past year, and any planned changes as a result of this review.**

There were no changes to the output during the past year. Now that Defra’s funding for the TNFD initiative has been extended by one more year (to March 2026), Defra will soon either develop new milestone targets for existing Log-frame indicators or develop new Log-frame indicators for work that is specific to the extended funding period.

**C3. Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead**

No further action needed.

**OUTPUT 8**

Output Title	Evidencing nature’s role in systemic risks/financial stability		
Output number:	8	Output Score:	A++
Impact weighting (%):	5%	Weighting revised since last AR?	N/A

Indicator(s)	Milestone(s) for this review	Target	Achieved
8.1	Number of articles published, following TNFD interviews or engagement, that evidence systemic nature risk	5	60

**C1. Briefly describe the output’s activities, and provide supporting narrative for the score.**

The TNFD actively keeps the media and relevant influencers appraised of its progress, achievements, and key outputs. Publishing articles in the media is an instrumental way to raise awareness on how nature risks create systemic financial risks to both core and wider audiences. The TNFD has significantly exceeded its target for this output. It has achieved this by maintaining strong and productive relationships with networks of journalists, media partners, and other communications professionals. TNFD-aligned articles have been published in prominent media outlets catering for the business, finance (including sustainable finance), and environmental communities around the world.

Examples of key media coverage include:

- [Analysis: New nature-based frameworks keep biodiversity in spotlight at Davos](#), Reuters
- [ESG round-up: Big financial names in new round of TNFD adopters](#), Responsible Investor
- [Corporate Nature Strategy Critical To Tackling \\$58 Trillion At Risk](#), Forbes
- [Comment: Nature loss is a strategic risk for companies. Here’s what to do about it](#), Reuters

- [Getting nature on the balance sheet](#), Outrage + Optimism
- [Companies grapple with ‘nature transition’ - but what does it mean?](#), Financial Times
- [Q&A with TNFD’s David Craig](#), Environmental Finance
- [ISSB research maps diversity in BEES, human capital reporting](#), IPE

**C2. Describe any changes to this output during the past year, and any planned changes as a result of this review.**

There were no changes to the output during the past year. Now that Defra’s funding for the TNFD initiative has been extended by one more year (to March 2026), Defra will soon either develop new milestone targets for existing Log-frame indicators or develop new Log-frame indicators for work that is specific to the extended funding period.

**C3. Progress on recommendations from the previous AR (if completed), lessons learned this year and recommendations for the year ahead**

We support the TNFD’s communications approach, and in particular efforts to target audiences that are less cognisant of the materiality of nature-related risks.

SECTION D: RISK

**Overview of programme risk during the past year and over the life of the programme, drawing on Defra’s Risk Management Policy and wider risk guidance.**

The TNFD programme has maintained a **moderate risk** rating over the past 12 months of the programme and continues to constitute an acceptable level of risk against Defra’s risk appetite. Defra regularly reviews programme risks and developments through its governance processes, including through its quarterly reporting meetings with the TNFD and the Quarterly Progress Reports that it receives from the TNFD. Defra’s membership of the TNFD Stewardship Council (which consists of the TNFD’s donors) means that it has a high level of visibility over current and emerging risks. The TNFD initiative has continued to successfully mitigate against the risks that were identified through due diligence.

Evolving risks and proposed mitigation activities are discussed during the quarterly programme management meetings between TNFD and the Defra programme team immediately following the submission of the Quarterly Progress Report. The PRO reports the overall risk rating to the Defra ODA Hub Risk Lead, identifying any specific risks that require escalation.

The Defra Grants Hub undertook a Risk and Assurance Review of the TNFD programme in late 2024. The ‘Risk and Assurance Overall RAG’ score was ‘**Good**’.

The programme’s current live risks are summarised below, compartmentalised by risk category:

Financial and Fiduciary:

- **Funding for the Secretariat** – Following the withdrawal of USAID funding for the TNFD Secretariat in Q1 2025, the TNFD does not currently have sufficient funds to deliver all the ambitions and goals outlined in its original ‘TNFD Strategy and Workplan: 2023-2025’. As a result, the TNFD is actively engaging with international foundations and foreign governments

to seek additional funding sources. Failure to plug the funding gap may result in the TNFD having to scale back some of its planned workstreams for 2025-26.

*Funding as from 10 July 2025*

TNFD Funders 2021-2025	Total Amount (GBP)	
<b>Government</b>	<b>£</b>	<b>15,719,171</b>
Australian Government	£	388,800
DEFRA	£	5,626,855
Dutch Government	£	292,870
IKI via UNDP	£	8,096,346
Japanese Government	£	303,642
NICFI via Global Canopy	£	293,546
Swiss Government	£	337,554
USAID	£	35,156
USAID via UNDP	£	344,403
<b>Philanthropic</b>	<b>£</b>	<b>1,944,495</b>
CIFF - Financing for Biodiversity	£	757,115
MacDoch Foundation	£	795,032
Rockefeller Foundation	£	392,348
<b>Total</b>	<b>£</b>	<b>17,663,666</b>

Delivery and Operational:

- **Insufficient buy-in and support from key stakeholders and standards** – Due to the dynamic external landscape of activity, the TNFD cannot achieve its full range of desired outcomes and impact alone. The TNFD has continued to actively engage with key stakeholders to encourage the integration of TNFD-aligned nature risk reporting into global sustainability-related frameworks, standards, and guidance. As a result, the TNFD has strengthened its relationships, collaborations, and alignment with key institutions. For example, the TNFD and GRI have worked together on joint case studies and guidelines, the CDP has produced an updated questionnaire aligned with the TNFD recommendations, the TNFD has produced Correspondence Mapping Tables with three international sustainability standard setters, and the TNFD is currently collaborating on a TNFD Evidence Paper (with Oxford University) on the materiality of nature-related risks, to help inform the ISSB's research project on nature.
- **Risk of Small & Medium-sized Enterprises (SMEs) being unable to meet the demands of TNFD adopters** – To assuage the risk of SMEs being unable to provide the nature data required by their corporate clients, the TNFD is producing a 'SME Toolkit for LEAP Assessments' to address costs and resource requirements, and the TNFD is identifying delivery partners to provide relevant training to value chain companies.
- **Technical challenges associated with using the TNFD framework and therefore with achieving desired impact** – To help overcome anticipated and professed gaps in expertise and capabilities among TNFD adopters, the TNFD is supporting ongoing technical work through the TNFD Working Groups and is undertaking a range of capacity building activities



to support market participants with using the LEAP framework and implementing the TNFD recommendations.

- **Lack of understanding on nature risk at senior level** – To provide greater understanding on nature risk at senior levels, the TNFD has made significant progress on establishing an international coalition of learning and education partner organisations to deliver high quality interventions that help elevate understanding of nature risk and address capability building needs. For example, the TNFD delivered a ‘TNFD in a Box’ webinar on director duties. The TNFD has established a Learning Lab and Trainer Portal and has joined the Global Capacity Building Coalition.
- **Risk of third-party contracts being awarded unfairly** – The TNFD Secretariat adheres to Green Finance Institute’s (GFI’s) Procurement Policy with regards to contracting downstream delivery partners (as the TNFD Secretariat is hosted by the Green Finance Institute). The Delivery Chain Map is regularly updated, and the performance of downstream delivery partners is monitored through MEL processes.
- **Risk of delivery partner withdrawal** – There continues to be no evidence to suggest that GFI will withdraw its support for administratively hosting the TNFD Secretariat.

Reputational:

- **Risk of media criticism by key influencers or NGOs, with potential accusations of greenwashing** – The TNFD keeps the media and relevant influencers apprised of its communications and messaging. The TNFD actively pursues dialogue and engagement with NGOs to explain its approach, take on board their expertise, input, and feedback, and build confidence in its approach. The TNFD maintains robust, up-to-date Q&As and has access to a media database to maintain horizon-scanning of international media and social media channels. There have been no media controversies pertaining to the TNFD since the final TNFD recommendations and guidance were launched in September 2023.

**Safeguarding / Sexual Exploitation, Abuse, and Sexual Harassment (SEAH)**

Defra’s safeguarding and SEAH commitments and requirements on the TNFD’s staff, partners, and associates are clearly set out through Article 17 of the signed TNFD Grant Agreement and ‘Schedule 10 – Joint Donor League on SEAH’ (also located in the Grant Agreement). Defra’s six guiding principles on SEAH cover: SEAH approach, complaints and whistleblowing, recruitment and training, risk management, code of conduct, and governance and accountability. The PRO and SRO for the TNFD programme completed all mandatory SEAH-related training ahead of the signing of the Grant Agreement. Safeguarding measures are monitored through routine programme management reporting and practices.

The Green Finance Institute (GFI), which hosts the TNFD Secretariat, has a Code of Conduct Policy, which sets out expectations and requirements relating to integrity and ethics, privacy and information protection, respect in the workforce, environmental health and safety, international governance, and safeguarding. GFI also has a separate Safeguarding Policy (last revised in February 2021). These policies were shared with Defra as part of the Business Case development process.

The GFI Code of Conduct (which contains safeguarding information) is shared with all new TNFD staff and is available to access on the TNFD’s Group SharePoint and HR Systems. The Induction/Onboarding process for new employees includes familiarisation with the policies currently



in place. New staff must sign a Conflict of Interest Declaration. The TNFD also requires references on prospective employees, as standard.

In line with Defra requirements, the GFI has committed to report any safeguarding/fraud concerns immediately to the programme manager, who would escalate concerns as per the relevant escalation procedure. As of January 2025, no safeguarding or fraud concerns have been relayed to the programme manager.

## **SECTION E: PROGRAMME MANAGEMENT: DELIVERY, COMMERCIAL & FINANCIAL PERFORMANCE**

**Summarise the performance of partners and Defra, notably on commercial and financial issues.**

The TNFD has proven a trusted and reliable delivery partner over the duration of this programme. Defra has made payments to the TNFD Secretariat in line with the timetable agreed in the Business Case and payments are based on deliverables that are reported on in the Quarterly Progress Reports.

The TNFD Secretariat has delivered the programme’s core objectives and outputs on time and on budget. Defra’s funding for the TNFD has continued to have a catalytic effect in crowding in additional funding for the work of the programme. Defra’s funding has also ensured that the TNFD has been able to make substantive progress at pace and on a much greater scale than would otherwise be the case.

### **Programme-level approach to monitoring and evaluation**

The PRO and SRO, who sit in IBC’s International Private Finance for Nature team, act as the main contacts for the TNFD on all matters relating to the funding and programme management of Defra’s contribution to the TNFD initiative, and for any issues that impact TNFD activities or the delivery of key milestones. The Defra programme manager and the SRO meet with TNFD/GFI representatives on a quarterly basis, covering the progress of the programme, operational processes, financial management, match funding, and risk management.

The TNFD Secretariat (hosted by GFI PMO Ltd) has performed diligently as the delivery partner. Comprehensive updates on programme activities, risks and finances have been provided in the Quarterly Progress Reports, TNFD contacts have been thorough and engaging in the Quarterly Meetings, requests for information by Defra have been responded to satisfactorily, and the TNFD has ensured that adequate resource is employed to support the completion of Defra’s programme management-related tasks and requirements. The TNFD have completed the Quarterly Progress Reports on time and to a high standard, enabling Defra to monitor the expenditure of Defra funds.

The Defra TNFD Policy Lead acts as the main contact for the TNFD Secretariat on all matters unrelated to programme management and funding, including ensuring alignment with UK domestic policies/regulation, providing strategic input to ensure the TNFD takes action conducive to the UK government’s commitments under the Green Finance Strategy and Sustainability Disclosures Requirements, and providing capacity building support to the TNFD’s Knowledge Hub.

Furthermore, the Defra TNFD Policy Lead sits on the monthly Stewardship Council meetings and raises any concerns/emerging risks, connects with other funding governments on the Stewardship Council to align on TNFD messaging, stakeholder engagement and market uptake action plans. In addition to bi-monthly meetings with one of the TNFD Co-Chair and Executive Director, further

meetings are held when needed to address specific questions and discuss engagement opportunities. Both Defra teams work closely to ensure coherence across policy programming.

The TNFD initiative continues to align with the goals of the Paris Agreement, signed at UNFCCC COP21, as the TNFD’s ambition to integrate nature-related risks, opportunities, impacts, and dependencies into corporate and financial decisions will help to reduce environmental harm.

**Value for Money (VfM) assessment for Annual Review**

The following VfM assessment has been undertaken consistent with Foreign, Commonwealth & Development Office (FCDO) guidance. This recommends that all programmes are assessed against the following four VfM categories:

- Economy - Are we (or our agents) buying inputs of the appropriate quality at the right price?
- Efficiency – How well are we (or our agents) converting inputs into outputs?
- Effectiveness – How well are the outputs produced by an intervention having the intended effect?
- Equity – To what extent are Gender Equality and Social Inclusion (GESI) considerations incorporated into the intervention?

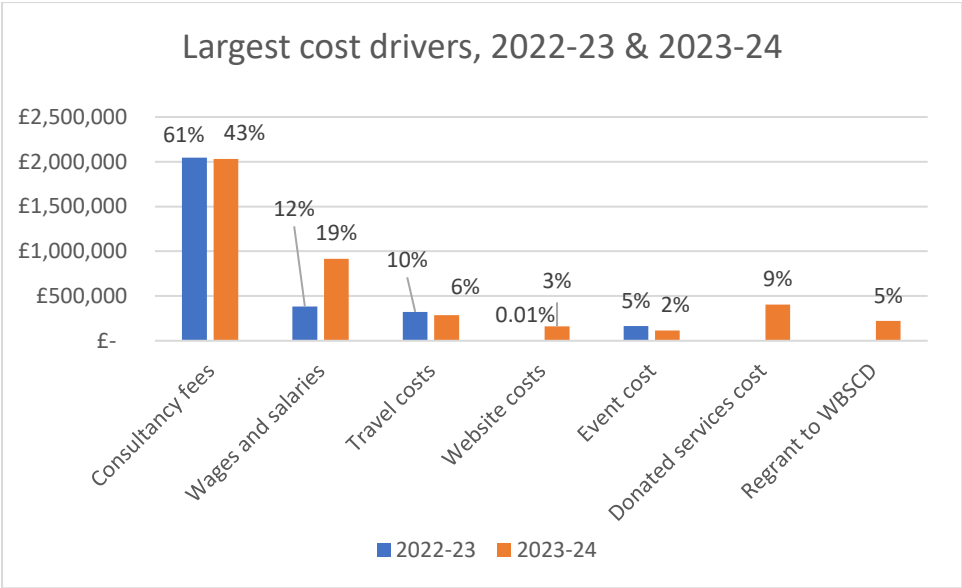
This VfM assessment was undertaken using audited reporting data from the ‘GFI PMO Ltd Directors’ Report and Financial Statements for the year ended 31 March 2024’. The report was prepared in accordance with the special provisions relating to companies subject to the small companies’ regime within Part 15 of the Companies Act 2006. It was therefore only signed off by the GFI Director and auditors in December 2024. Given that audited reporting data was not yet available at the time of this Review for the FY2024-25 Financial Year, this VFM assessment has used data from the FY2023-24 Financial Year.

Economy

The UK is one of the largest contributing funders of the TNFD, committing over £5.6 million funding over 2021 – 2026. In the year 2023-24, the TNFD received £4.7m in turnover, consisting of grant funding and donations, while accruing £4.7m in operating expenditure, thus ending the period with a slight operating loss of £30,000. It should also be noted that the regrant to the World Business Council for Sustainable Development (WBCSD) of £220,000 is regarded as a one-off event. A breakdown of the of the largest cost drivers over the accounting period can be seen below.

In its procurement processes, the TNFD is guided by principles of openness, sustainability, competition, and transparency. It uses the ‘MEAT’ approach—short for ‘Most Economically Advantageous Tender’—to evaluate procurement options, ensuring a balanced focus on both cost and quality and ensuring that inputs are procured at the most economic price.

For recruitment, the TNFD strives to match the most suitable candidate to each role, following standards of fairness, consistency, and non-discrimination, and complying with legal requirements and industry best practices



**Figure 3:** Largest cost drivers for TNFD as a percentage of total expenditure. These figures constitute spend from all donations.

Wages and salaries have grown by 138% over the previous financial year. However, this is commensurate with the growth in the average number of UK payroll staff, which increased from 5 to 13 over this period.

Over the past year, TNFD has significantly expanded its guidance offerings, publishing 15 new documents and updating eight. This expansion demonstrates the TNFD’s continued expertise at providing comprehensive tools to support the uptake of nature-related risk management and disclosure practices across industries. The growth in expenditure on wages during this period is reflective of the growth of the programme’s operations and has supported the delivery of key outputs.

Efficiency

The programme has demonstrated success in delivering against all milestone targets obtaining output scores between A++ and A across all output indicators and exceeding expected progress in several areas. Reporting against output indicators for 2024 demonstrates a good conversion rate of inputs into outputs, with 29% of indicators meeting and 62% exceeding their targets, and all milestone targets obtaining output scores between A and A++.

The TNFD has further advanced its collaboration with partner organisations, leveraging the relative expertise and reach of bodies such as the ISSB, GRI and the ESRS. Acknowledging the need to ensure that the reach of the TNFD is inclusive of IPLCs, the programme has worked closely with TISFD (details under Output 2) and in the UK, the UK TNFD National Consultation Group has been particularly active: holding 51 events including webinars, conferences, and roundtables and broadening its priority sector focus to include technology, telecommunications, fashion and textiles

Effectiveness

As mentioned above, the TNFD has scored highly against outcome indicators. Early indication is that demand for alignment with TNFD recommendations and standards is growing, at the same time, growing market demand for nature-related knowledge, skills, and data solutions reflects the need for practical tools to support effective implementation. While progress in these areas is encouraging, further engagement and uptake are needed to ensure that TNFD recommendations are widely understood, adopted, and integrated into both policy and practice. Continued focus on expanding government collaboration and enhancing access to educational resources, such as the frequently downloaded 'Getting started with adoption' guidance, will be vital to maintaining momentum and deepening global impact.

The increasing interest and support from governments and financial regulators, particularly within G20 finance ministries, are critical for embedding TNFD recommendations into national and international policy frameworks. Similarly, the number of countries engaged by TNFD, including key regulatory and policy-making bodies, serves as an essential indicator of institutional endorsement and long-term viability.

Collaboration with further international bodies is contributing to the integration of nature-related risk management and disclosures within the global financial system. This is reflected by the number of reputable organisations that have committed to reported in line with TNFD recommendations and new standards being developed in consultation with the GRI, ESRS and ISSB. International collaboration is a key measure of TNFD’s ability to scale and increase its presence in a growing number of countries and sectors.

Equity

A critical aspect of TNFD’s work has involved deepening engagement with Indigenous Peoples and Local Communities (IPLCs), who are key stewards of biodiversity. In response to consultations with representatives, the TNFD has hosted business engagement training sessions and held 13 global dialogues to strengthen collaboration between IPLCs and the private sector. Guidance has been developed on how to engage with IPLCs and affected stakeholders, accompanied by white-label training materials and pilot training sessions tailored for both businesses and IPLCs. Capacity-building initiatives have also been launched to support indigenous leadership in these discussions.

As previously outlined, the TNFD is obligated under the International Development Gender Equality Act (2014) to track results for women and girls. The TNFD Secretariat monitors and collects data on gender representation in its Secretariat, resourcing, and membership. Also, following an upgrade to the TNFD’s CRM database, the TNFD has been able to expand its data collection and monitoring on gender to include the forms it uses for external engagement, such as newsletter sign-up, forum membership, webinar/event registration, and capacity building initiatives.

Date of last narrative financial report	23/12/2024	Date of last audited annual statement	23/12/2024
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ANNEX A – TNFD CASE STUDIES AND REPORTING

**Hindustan Zinc Limited Case Study** ([TNFD Report 2023-2024](#))

*Hindustan Zinc Limited is one of the world’s largest and India’s only integrated Zinc-Lead-Silver producer.*

In July 2024, Hindustan Zinc Limited (HZL) released its first TNFD report, which uses the TNFD LEAP framework to assess its direct operations and upstream critical supply chain. According to the S&P Corporate Sustainability Assessment (CSA), the company is the most sustainable in the mining and metals industry globally. Hindustan Zinc has committed to reach net zero emissions and become nature-positive by 2050 or before.

The report considers the company’s associated risks and opportunities and demonstrates how nature is integrated into its strategic planning. The report highlights the nature-related metrics and targets that Hindustan Zinc has adopted to measure its progress in the coming years. The report sets out the company’s Biodiversity Policy, which aims to avoid, minimise, and offset the negative impacts on biodiversity at its operations and encourage value chain partners to align with the company’s commitment and avoid deforestation and habitat loss. The company has also adopted a commitment to achieve No Net Loss (NNL) on biodiversity and Net Positive Impact (NPI) for critical habitat at all its operations and has adopted a series of measures to implement this commitment. To drive progress towards its 2025 sustainability targets, the company has established ten sustainability committees.

In the coming years, the company shall be taking its nature conservation initiative to next level with integrating risk management actions at site level initiatives. By FY2024-25, all the direct operation sites of Hindustan Zinc Limited shall have a site-specific Biodiversity Management Plan.

Hindustan Zinc has also committed to reduce its carbon footprint by boosting the use of renewable energy, enhancing operational effectiveness, switching to low-carbon fuels, and pursuing extensive reforestation efforts to provide carbon sinks.

As a result of Hindustan Zinc’s enhanced understanding of its nature-related impacts and dependencies, and to advance its nature-related policies and strategies, Hindustan Zinc has committed to implement the following key activities over the coming years,

- Planning for No Net Loss on Biodiversity across all the direct operations sites
- Targeted initiatives towards developing freshwater ecosystems (i.e. wetlands) at the sites where freshwater is a risk.
- Targeted initiatives towards development of Grassland and thorn forest in and around the direct operation sites.
- Targeted initiatives to eradication of invasive species from inside the lease boundary as well as in the buffer zone.
- Development of Biodiversity Offsets based on the No Net Loss requirements at each of the direct operation sites.
- Undertake the location specific nature risk assessment for critical suppliers identified under high risk and take actions in subsequent years.

The key parameters covered under each phase of the LEAP framework, along with Hindustan Zinc’s approach, is mentioned in the table below:

	LEAP indicators	Hindustan Zinc Limited's Approach
Locate	L1. Span of the business model and value chain	Direct operations- Company's operational units (9 units) Upstream- Critical Suppliers are considered for assessment.
	L2. Dependency and impact screening	ENCORE Tool ratings for Mining, Metal Processing and Diversified Metals are used for dependency and impact screening.
	L3. Interface with nature	The Biomes presence at all the operational sites are mapped as per IUCN Biomes Typology.
	L4. Interface with sensitive locations	None of the sites fall within proximity of areas of high biodiversity importance. 8 sites in Rajasthan falls under Water Stress. The company has considered all direct operational sites (9 Units) as priority units and is developing the Biodiversity Management Plans.
Evaluate	E1. Identification of environmental assets and ecosystem services	Ecosystems Services mapping and review is conducted at each direct operational site to identify the environmental assets and ecosystem services.
	E2. Identification of dependencies and impacts (Business Sectors)	Identification of dependency and impact of company's business sector are done using ENCORE tool and Biodiversity Risk Filter.
	E3. Dependency and Impact analysis (size and scale)	WRI's Ecosystem Services Review tool is used for dependency and Impact analysis for each sites on the ecosystem service. Both sizes and scale of dependency and impact are identified, and ranking is done.
	E4. Impact Materiality Assessment	The company has considered the impacts on company's operations, employees and local communities as material impacts for identifying risk and opportunities.
Assess	A1. Risk and Opportunity identification	The risk and opportunities corresponding to the impact and dependencies are identified for all the sites. Also, the risk assessment done for all the critical suppliers using WWF's Biodiversity Risk Filter.
	A2. Adjustment of existing risk mitigation and risk and opportunity management	The company has already existing biodiversity risk assessment and management framework. Accordingly, the site-specific Biodiversity Management Plans were developed in 2014. Presently these Biodiversity Management Plans are being revised. Additionally, Company has adopted WRI's Ecosystem Services Review tool for identifying site level impact, dependency, risk and opportunities.
	A3. Risk and opportunity measurement and prioritisation	The risk and opportunity identified by LEAP assessment are being integrated in the revised site-specific biodiversity management plans of all priority sites. The Biodiversity Management Plan shall have the prioritization of risks and corresponding actions.
	A4. Risk and opportunity materiality assessment	The company has considered all medium and high impact and dependency related risks as material risks and opportunities.
Prepare	P1. Strategy and resource allocation	The risks and opportunity management strategy and resources allocations shall be included in the Biodiversity Management Plans for each site.
	P2. Target setting and performance management	The company has adopted targets for 2025 and 2030 for 3 Nature Realms (Land, Water and Atmosphere). Also company has adopted the TNFD core global disclosure indicators and metrics for reporting and monitoring the company's performance.
	P3. Reporting	The company has reported the assessment results as part of "Strategy" and "Metrics & Targets" sections of the TNFD report.
	P4: Presentation	The company shall continue to present disclose nature related risks and opportunities using TNFD recommendation in coming years as well.

**Oxbury Bank Case Study ([2023 Natural Capital Report](#))**

*Oxbury Bank is a specialist agricultural bank, founded in 2021, that utilises fintech solutions to serve the farming and food production sector. It is the only UK bank 100% dedicated to British farming.*

In July 2024, Oxbury Bank published its second annual [Natural Capital Report](#), which uses the TNFD LEAP methodology to assess natural capital risks and opportunities (both climate and biodiversity-related) across its operations and loan book. Oxbury's first natural capital report, which aligned to both the TNFD and TCFD (Taskforce on Climate-related Financial Disclosures) requirements, was published in 2023.

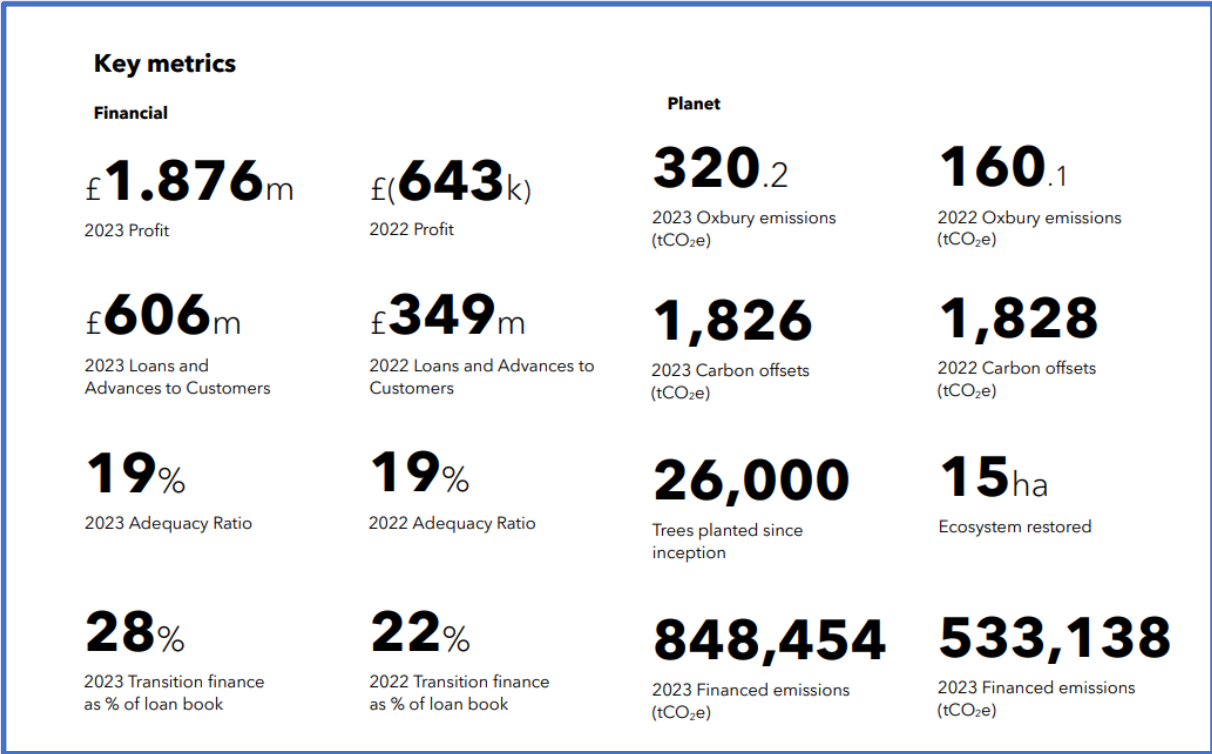
Oxbury's mission is to support the food production and farming sector's drive towards a more productive and sustainable rural economy. It has a powerful AgTech proposition supporting agriculture's critical transition to net zero. It has rapidly gained traction with farming and food businesses across the UK's £21 billion agriculture



finance market, leveraging the bank’s unique combination of experience across finance, agriculture and technology.

Oxbury’s latest natural capital report outlines several pilot studies undertaken by the bank to assess natural capital assets with its farm business customers, including an innovative project to create a comprehensive view of both on-farm emissions and carbon storage. The report highlights how this collaborative research with customers enables farm businesses to better understand the impact of different farming practices on the natural environment and long-term farm productivity. The research has helped farm businesses to better plan for reducing emissions and increasing the carbon stored on their land, as part of the sector-wide transition to a lower-emission economy.

Oxbury highlights its performance against a range of financial and planetary metrics at the beginning of the report – see below:



Oxbury uses its Natural Capital Report to reinforce its commitment to sustainability – articulating how its commitment to the natural environment is unique in UK banking and extends to every aspect of its operations. For example, the bank has committed to be carbon neutral since its inception, has offset all its own operational emissions, and has committed to maintain its carbon neutral position as it grows. Oxbury also offsets an additional 10 tCO<sub>2</sub>e annually for each of its employee – the estimated average annual carbon footprint for individuals in the UK – to offset their personal emissions.

**Tokio Marine Holdings Case Study ([2024 TNFD report](#))**

*Tokio Marine Holdings is a multinational insurance holding company, headquartered in Tokyo, Japan. It is the largest property/casualty insurance group in Japan in terms of revenue.*

Tokio Marine Holdings publicly committed to report in line with the TNFD recommendations in January 2024 as part of the ‘Early Adopters’ cohort. Tokio Marine Holdings structures its report around each of the four TNFD reporting pillars: governance, strategies, risk management, and metrics and targets. It sets out its corporate philosophy, sustainability charter, natural capital and biodiversity-related policies, its approach to materiality, and its plan to achieve ‘nature positive’ by 2030.

Tokio Marine Group uses the report to accentuate how it promotes energy conservation and energy efficiency, plants mangrove trees to absorb and stabilize CO<sub>2</sub>, and uses natural energy such as green power (electricity) to reduce its environmental footprint and achieve “carbon neutral” across the entire Group (Japanese domestic and international operations).

Value Co-creation through Mangrove Planting: Insurance for the Future of the Earth

Tokio Marine Group provides a special feature on how it is providing ‘insurance for the future of the Earth’ and helping to prevent and mitigate global warming through its mangrove planting projects. The Group has engaged in the Mangrove Planting Project since 1999. Since 2009, this has evolved into a customer-participating, environment-conscious Green Gift Project for its insurance products based on the concept of undertaking eco-activities together with customers.

Under this project, when a customer chooses web-based insurance contracts (clauses) on its website rather than a paper-based contract in brochure form, the company donates funds corresponding to a portion of the costs of the reduction in paper used to environmental NPOs and NGOs.

Such funds are then used for mangrove planting overseas and environmental protection activities in Japan, including activities to protect the sea and forests, such as the protection and restoration of eelgrass beds as well as collaborative afforestation efforts in Aki City, Kochi Prefecture. Customers’ selection of the web policy option leads to the conservation of paper resources.

Additionally, it allows the company to reduce all environmental footprints related to the manufacture and transportation of paper, as well as the mailing of policies to customers and disposal of policies after expiry.

See below an overview of results of the Tokio Marine & Nichido’s Green Gift Project:

• Results of Tokio Marine & Nichido's Green Gift Project				
	Unit	FY2020	FY2021	FY2022
Number of web-based contracts	Million	11.75	12.2	12.18
Percentage of web-based contracts				
	Super Insurance	86.8	88.2	90.1
Auto Insurance				
		75.9	77.4	81.0
Reduction of paper usage	Million	2,870	2,740	3,072
Area of mangrove forest planted (total since FY1999)	Million	11,618	11,935	12,261
Annual CO <sub>2</sub> fixation through mangrove planting	t-CO <sub>2</sub>	120,000	110,000	100,000
Activities to protect and restore eelgrass beds		—	—	Conducted In Tokyo Bay
Annual CO <sub>2</sub> absorption through collaborative afforestation in Kochi Pref.	t-CO <sub>2</sub>	336	406	476



ANNEX B – TNFD PROGRAMME’S THEORY OF CHANGE

