TNFD Programme Completion Review 2026

Title: Taskforce on Nature-related Financial Disclosures (TNFD) programme		
Programme Value £ (full life): £7,301,855		**Review date:** 22/06/2026
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	2025-26
Overall Output Score	A+	A+	N/A	A+	A+
Risk Rating	Moderate	Moderate	N/A	Moderate	Moderate

Link to TNFD Dev Tracker page:	**DevTracker Programme GB-GOV-7-TNFD-PO002**
DevTracker Link to business case, addendum, change note:	TNFD Business Case: https://devflow.northeurope.cloudapp.azure.com/files/documents/Business-case---TNFD-secretariat-20220816020812.docx TNFD African Voice Business Case Addendum: https://devflow.northeurope.cloudapp.azure.com/files/documents/TNFD-African-Voice-Business-Case-Addendum-20230719090735.docx TNFD Business Case Change Control Note 2023-2025: TNFD-Business-Case-Change-Control-Note_2023-2025-20240515090518.pdf TNFD Business Case Change Control Note 2025-2026: https://devtracker.fcdo.gov.uk/programme/GB-GOV-7-TNFD-PO002/documents
Dev Tracker links to all Log-frames during programme lifetime:	TNFD Log-frame 2021 - 2023: https://devflow.northeurope.cloudapp.azure.com/files/documents/TNFD-Log-frame-20230720020727.xlsx TNFD Log-frame 2024 – 2025: Copy-of-TNFD-programme-Log-frame_2024-2025-20250203040239.xlsx TNFD Log-frame 2025 - 2026: https://iatipublisher-prod.s3.amazonaws.com/document-link/414/TNFD%20Log-frame_2025-20261776949240.xlsx
Dev Tracker Links to previous Annual Reviews	TNFD 2022 Annual Review: https://devflow.northeurope.cloudapp.azure.com/files/documents/TNFD-Annual-Review-2022-20230719090713.docx TNFD 2023 Completion Review: https://devflow.northeurope.cloudapp.azure.com/files/documents/TNFD-Programme-Completion-Review-2023-20240515090552.pdf TNFD 2025 Annual Review: https://iatipublisher-prod.s3.amazonaws.com/document-link/414/TNFD%20Annual%20Review%202025l753363079.pdf

	Starting point	Final result
Budget	£2,826,855	£2,626,855 for the TNFD's 'design and development' period over June 2021 – September 2023 £1,675,000 was subsequently approved for the TNFD African Voice Addendum (disbursed to FSD Africa) over November 2021 – November 2022. In November 2023, an additional £2,000,000 funding was approved for the TNFD's global market uptake phase over 2023 – 2025. In March 2025, an additional £1,000,000 funding was approved for the TNFD's ongoing global market uptake phase over 2025 – 2026. As a result of these Addendums and Change Control Notes, the **total TNFD programme value has risen to £7,301,855.**
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. **Defra will not provide further funding beyond March 2026.**

SECTION A: SUMMARY AND OVERVIEW

A1. Programme description

The TNFD initiative was launched in 2021 with the support of the G20. It was established in response to the growing appreciation of the need to factor nature into financial and business decisions.

The UK Government has been one of the largest donors and supporters of the global, market-led, and science-based TNFD initiative, providing £5.6 million over 2021 – 2026. Following a two-year 'design and development' phase, the TNFD framework and guidance were launched on 18th September 2023 at New York Climate Week. The TNFD framework and guidance empower organisations with the risk management tools they need to assess, report, and act on their nature-related dependencies, impacts, risks, and opportunities. By improving transparency and enabling organisations to make better informed decisions around governance, strategy, risk management, and capital allocation, the TNFD contributes to the goal of realigning global financial flows towards nature-positive outcomes.

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. Since the publication of its final recommendations and guidance in September 2023, the TNFD has been focused on:

- Encouraging, enabling, and broadening global market uptake of the TNFD recommendations, across sectors and geographies.
- Increasing organisations' disclosure ambition - 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.
- Raising awareness of nature as a strategic business issue.
- Supporting efforts to address the knowledge, capacity building and data needs of market participants, identified as barriers to the market uptake.

The TNFD provides a comprehensive set of tools for injecting resilience and future-fitness into business models, financial portfolios, and supply chains. It empowers companies to identify their interface with nature, identify nature-related risk blind-spots, recognise the value that nature has on their bottom lines, leverage their natural capital, and unlock potential by improving brand value and opening access to new markets, products, and revenue streams. Nature-related assessments using the TNFD's LEAP methodology and TNFD-aligned reporting also help companies to capitalise on growing nature-related opportunities. These opportunities vary according to region, market, and industry, but can include regenerative agriculture, green insurance products, financing green infrastructure, and green technology adoption. Indeed, the growth in new nature-related technologies, products, processes, and businesses is driving the innovation required to catalyse the nature positive transition. The concept of nature-related opportunities is grounded in the knowledge that healthy natural and managed ecosystems produce a diverse range of services on which human and economic wellbeing depend - from storing carbon and controlling floods, to providing clean air and water, food, fuel, medicines and genetic resources.

Strategic Alignment

Defra's backing of the TNFD stems from the UK Government's strategic ambition to mainstream nature across the economy, encourage the integration of nature into financial and business decision-making, and unlock private investment in nature. 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. [2] 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'.

The work of the TNFD is strongly aligned with Defra's vision (as articulated in the Defra Outcomes Framework) to "restore nature, support growth, [and] enhance security". Moreover, Defra's funding and political support for the TNFD aligns with the 'Restoring nature while supporting development' priority within the Defra Outcome Framework, particularly relating to the sub-goals of ensuring 'Thriving habitats and wildlife' and 'Thriving, productive seas'. The work of the TNFD similarly relates to Defra's overarching 'Resilience and Security' goal to strengthen 'the stewardship of critical national infrastructure and [help to] protect and restore critical global ecosystems'. Moreover, the work of the TNFD aligns with the findings of Defra's independent Corry Review (published in April 2025), which underscored that nature recovery and economic growth should be seen as partners, not as a trade-off.

Widespread market uptake of the TNFD across sectors and geographies has high 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. Summary supporting narrative for the overall score in this review

The TNFD has been a high performing programme to date, scoring A+ scores in all the Reviews undertaken. For the 2025 – 2026 review period (which is the focus of this Programme Completion Review), the TNFD programme has been awarded an **A+ score**. These scores are a testament to the TNFD's consistent 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 2025 – 2026 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.**

Over the course of Financial Year 2025 – 2026, Defra contributed £1 million funding for the TNFD's global market uptake phase, in line with our Business Case Change Control Note 2025. 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.

At the TNFD's most recent 'Adoption Moment' in November 2025 in Sao Paulo, ahead of COP30, the TNFD announced that over 730 organisations across 56 countries had committed to TNFD-aligned reporting – with the publicly-listed financial institutions representing over $22 trillion in assets under management and publicly-listed companies with a market capitalisation of over $9 trillion. This represents a significant increase since the TNFD's previous 'Adoption Moment' in October 2024 at CBD COP16, where 500 'TNFD adopters' were announced, and is a testament to the TNFD's market engagement and capacity building efforts which has continued to drive TNFD adoption across sectors and geographies. More broadly, the launch and widespread market uptake of the TNFD recommendations has represented a powerful example of translating UK green finance policy commitment into real world delivery with international market participation.

Ongoing financial support from the UK Government has also enabled the TNFD to continue developing and issuing sector guidance and releasing education and training materials, including its 'Train the Trainer' programmes and its 'Asking Better Questions' guides. In addition to the Adoption moment, the pre-COP30 Business and Finance Week in Sao Paolo saw the TNFD publish its 'Recommendations for upgrading the nature data value chain' and its final guidance on nature in transition plans.

A3. Gender Equality, Disability and Social Inclusion (GEDSI)

It is widely recognised that the effects of biodiversity loss perpetuate inequality, since women have a greater dependency on the natural world for their livelihoods in developing countries, and that gender equality is essential for effective nature-related risk management and sustainable outcomes.

The TNFD programme has complied with the International Development Gender Equality Act (2014), which sets out the UK Government's obligation to consider gender equality and track results for women and girls. The TNFD programme has done this by consistently factoring GEDSI considerations into its operations: firstly, through the integration of GEDSI considerations into the TNFD's framework and guidance; secondly, through the use of GEDSI-related Log-frame indicators and targets for Monitoring, Evaluation, and Learning (MEL) purposes; and thirdly, through the TNFD collecting gender-based data on usage of the platforms it provides, and monitoring gender representation in its Secretariat, resourcing, and membership.

GEDSI in the TNFD's framework and guidance

Several of the TNFD's disclosure recommendations are highly relevant to GEDSI – both in relation to direct operations and value chains (where companies are most likely to have an interface with indigenous peoples and marginalised communities in developing countries).

The TNFD has one recommendation that is specifically GEDSI-related:

- **Governance C:** Describe the organisation's human rights policies and engagement activities, and oversight by the Board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organisation's assessment of, and response to, nature-related dependencies, impacts, risks, and opportunities.

The TNFD has three recommendations that are relevant to value chains:

- **Strategy B:** Describe the effect nature-related dependencies, impacts, risks, and opportunities have had on the organisations' business model, value chain, strategy, and financial planning, as well as any transition plans or analysis in place.
- **Strategy D:** Disclose the locations of assets and/or activities in the organisation's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations.
- **Risk & Impact Management A(II):** Describe the organisation's processes for identifying, assessing, and prioritising nature-related dependencies, impacts, risks, and opportunities in its upstream and downstream value chains(s).

These recommendations are supplemented by the following TNFD guidance publications:

- 'Guidance on engagement with Indigenous Peoples, Local Communities, and affected stakeholders'
- 'Guidance on Value Chains'.

More broadly, the TNFD encourages companies to incorporate gender considerations across the TNFD framework's four pillars: governance, strategy, risk management, and metrics & targets. It also encourages businesses to specifically address the differential risks faced by women and men in nature-dependent value chains.

GEDSI IN MEL processes:
Given that the TNFD is a voluntary risk management and reporting framework – with companies being the principal users of the framework – it is not possible for the TNFD to track any direct impact on women or marginalised communities among all TNFD adopters. Nevertheless, to track and analyse the TNFD's progress on GEDSI-related matters, the Defra programme has consistently ensured that GEDSI considerations have been factored into the TNFD's Log-frame indicators and targets. Our indicators have a particular focus on indigenous peoples in recognition of the critical role they play as custodians of high-biodiversity ecosystems.

The number of GEDSI-related indicators was increased for the 2025-26 Log-frame, covering outcomes and outputs:

Outcomes:

- Proportion of TNFD webinar participants that are female.

Outputs:

- Proportion of TNFD adopters that have reported on the following TNFD recommendation (Governance C): "Describe the organisation's human rights policies and engagement activities, and oversight by the Board and management, with respect to IPLCs, affected and other stakeholders, in the organisation's assessment of and response to, nature-related dependencies, impacts, risks, and opportunities".
- Proportion of Train the Trainer course participants that are female.
- Number of IPLC Business Engagement training sessions delivered (as part of the new IPLC Business Engagement Training Programme).

The TNFD's performance against the targets associated with these indicators can be found in the Outputs section of this PCR.

GEDSI-related data collection and monitoring by the TNFD:
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 ensures that GEDSI-related considerations are embedded into the TNFD's operations and workplan. Also, the TNFD leverages relevant GEDSI expertise and resources by collaborating with stakeholders that have strong reputation and proficiency on GEDSI-related matters (such as IPLC engagement). For example, the IUCN is one of the TNFD's Knowledge Partners. Moreover, 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. The TNFD Stewardship Council consists of 18 women and 10 men. Of the 40 organisations represented on the TNFD Taskforce, 23 are represented by men and 17 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. Moreover, the TNFD has collected gender data across its recent engagement activities, including both in-person events and webinars. For the TNFD's in-person 2025 events at COP30 and London Climate Action Week (where RSVP processes were implemented), participation included 421 female participants, 283 male participants and 2 non-binary participants. Across TNFD webinars, participation included 3,668 female participants, 2,481 male participants and 17 non-binary participants.

A4. Major lessons, evidence generated, and recommendations for the year ahead

A4.1: 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. Lessons have been learned through extensive engagement with the TNFD's 40-member Taskforce, and from feedback from wider stakeholders and market participants (including through the surveys and feedback received as part of the TNFD Status Report 2025).

The key takeaways and lessons learned are listed below:

- **Market-led design, credible governance and extensive stakeholder engagement can drive rapid voluntary uptake without regulatory compulsion** – Within two years of the TNFD framework's launch, over 730 organisations from 56 countries have voluntarily committed to TNFD-aligned reporting, with over 500 first- and second-generation TNFD reports identified. The success of TNFD market uptake can be attributed to the publication of practical accompanying guidance for wide-ranging market participants and the TNFD's iterative consultation-based development process, which helped build confidence across sectors and geographies. Indeed, many organisations have acknowledged that their commitment to TNFD adoption was a natural follow-on from being involved in the TNFD's pilot testing schemes or being a member of the TNFD Taskforce. We expect the level of TNFD-aligned nature-related reporting to significantly increase over the coming years as the work of the TNFD is embedded into national, regional, and international sustainability reporting standards. Nevertheless, it is important to acknowledge that the current scale of TNFD-aligned nature-related reporting is still considerably lower than TCFD-aligned climate-related reporting. For example:
    - In the UK, approximately 1300 firms are required to undertake annual TCFD-aligned reporting under the UK's current mandatory regime for climate-related disclosures. This reporting requirement – introduced under the UK Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 – covers large-listed companies; banks, insurers, and asset managers; and large private companies (typically more than 500 employees, with more than £500m turnover). By comparison, only 95 UK companies have voluntarily committed to TNFD-aligned reporting.
    - More broadly, at a global level, the CDP has revealed that there are now approximately 25,000 companies that are disclosing climate-related information through the CDP's IFRS S2-aligned framework – following on from the incorporation of the TCFD into the IFRS Foundation's ISSB standards. This indicates the scale of the global corporate base that could hypothetically commence TNFD reporting.
    - Furthermore, a significant proportion of TNFD uptake has been concentrated in a few geographies – with 43% of TNFD uptake being in Japan and the United Kingdom.

- **Alignment with existing climate governance and reporting architectures (e.g. TCFD) has been critical to scaling market adoption** – One of the strongest findings of the TNFD's market uptake phase to date has been that companies rarely approach nature in isolation. The TNFD Status Report 2025 identified that 78% of organisations publishing TNFD-aligned disclosures integrated them with their climate-related reporting. Indeed, TNFD adopters have frequently leveraged existing TCFD-based processes that they introduced for their TCFD reporting, which has resulted in reduced costs and reduced organisational friction. The TNFD's LEAP (Locate, Evaluate, Assess, and Prepare) framework was often first used by market participants as an extension of established climate risk workflows, rather than a standalone exercise. These findings have substantiated the sagacity of the TNFD's design, which was to purposely ensure the TNFD's interoperability with a wide range of relevant standards and frameworks.

- **Positioning nature as a core financial risk and opportunity – rather than solely as an environmental concern – has accelerated board-level and investor engagement** – The TNFD has found that framing nature loss as financially material has been effective in changing organisational behaviour. The TNFD Status Report 2025 highlighted that 63-64% of surveyed organisations reported that nature-related issues are as significant as, or more significant than, climate issues for future business prospects. The Status Report also revealed that investors indicated strong demand for decision-useful information, with 77% supporting the development of standards building on TNFD.

- **Analysis of early TNFD reporting has revealed significant variation in quality, coverage, and depth** – Independent reviews of early TNFD-aligned disclosures show that organisations differ widely in how many of the 14 TNFD recommendations they address, and in the robustness of the metrics and targets they set. Indeed, the TNFD Status Report 2025 reveals that TNFD reporting to date has been stronger on governance and risk identification than on metrics, targets, and scenario analysis.

- **Early TNFD reporting demonstrates promising coverage of the TNFD's 14 disclosure requirements and movement from disclosures to action** – According to the TNFD's Status Report 2025, an average of 8.7 of the TNFD's 14 disclosure recommendations are being reported against in first-generation TNFD reports, as compared to an average of 1.4 disclosure recommendations for first-generation reporting in line with the Taskforce on Climate-related Financial Disclosures (TCFD). This highlights that companies are undertaking first-generation TNFD reporting in a more in-depth and comprehensive manner than first-generation TCFD reporting. There are now over 500 TNFD-aligned reports available in the public domain, and CDP and Nature Alpha AI tools also show that 67% of TNFD reporters are engaging community stakeholders and civil society organisations. Evidence is also emerging of an increasing number of organisations changing their business or investment strategies. The value of the TNFD is demonstrated by the findings of a Responsible Investor survey from June 2025, which highlighted that 77% of asset managers would like to see the development of a dedicated international nature standard (and that 91% of these asset managers would like such a nature standard to be based on the TNFD).

- **Data availability and location-specific analysis remain major constraints** – A persistent lesson from the Uptake Phase has been that nature-related data challenges are more acute than was the case for climate. The TNFD Status Report 2025 acknowledged that market participants were identifying difficulties on locational data, supply-chain mapping, and consistent biodiversity metrics as key barriers to assessment and reporting. For example, one financial institution acknowledged that even the most sophisticated data from data providers was still limited to covering portfolio companies' operations, but not the supply chains where the impacts and dependencies tend to be. As a result, expectations on the breadth and depth of nature-related reporting need to be appropriately tempered to reflect the state of data maturity. Practical tools and proxies will remain essential until the data landscapes matures further.

- **Framing TNFD market uptake as a continuous feedback loop – rather than a finished rollout – has improved the relevance and legitimacy of the TNFD** – As part of the TNFD Annual Status Report 2025, the TNFD explicitly drew on surveys, market perception studies, and AI-assisted disclosure scanning to identify barriers and inform the next phase of its work. The TNFD's receptive and evidence-based learning approach has shaped refinements it has made to its guidance and future priorities.

- **International standard setters continue to reference the TNFD, which creates market confidence and drives uptake** – The ISSB has signed a Memorandum of Understanding (MoU) with the TNFD and signalled that they would be drawing on TNFD's work in drafting their nature-related IFRS Practice Statement, which is scheduled to be published at CBD COP17.

Following internal discussions, it was concluded that a formal, taxpayer-funded external evaluation would not constitute Value for Money for the taxpayer, in terms of both financial and staff resource commitment. The TNFD has been a high-performing programme and the TNFD's evidence base has continued to grow over the programme's duration. Our data and reporting through the existing MEL framework has already provided us with evidence showing that the TNFD is having the desired effect.

Learning has also been an important part of the TNFD's development to date. For example, the TNFD examined the performance and approach of the Taskforce on Climate-related Financial Disclosures (TCFD) and sought to learn lessons and improve on the approach it undertook in its design and development phase. As a result, the TNFD pursued a comprehensive 'open innovation' approach and engaged with multiple pilot partners to ensure widespread participation in the TNFD development process across multiple geographies and sectors.

A4.2: Evidence generated

The TNFD has played a consequential role in producing and synthesising rigorous evidence on the materiality of nature-related risks. For example, the TNFD led a major, peer-reviewed 'Evidence Review on the financial effects of nature-related risks', co-authored with the University of Oxford and Global Canopy, which was published in June 2025. This Evidence Review synthesised 600 pieces of evidence from 360 sources and was able to provide robust and extensive evidence of how nature degradation translates into financially material impacts (i.e. on cashflows, costs, asset values, and access to capital). The TNFD proceeded to establish a public, downloadable Nature-related Financial Risks Database, underpinning the Evidence Review. The Database systematically catalogues empirical evidence linking dependencies and impacts on nature (e.g. water stress, deforestation, and soil degradation) to financial outcomes for corporates and financial institutions. To complement its work on nature-related risks, the TNFD has also produced a Discussion Paper on Nature-related Opportunities. Furthermore, the expertise of the TNFD has been leveraged by other organisations undertaking research on nature-related risks. For example, the TNFD's Technical Director contributed to Chapter 1 of the IPBES Business and Biodiversity Assessment, published in February 2026, and the work of the TNFD was cited in the Assessment.

A4.3: Actions taken on recommendations from the 2025 Annual Review

The 2025 TNFD Annual Review formulated several recommendations for implementation. The 2025 recommendations are listed below (in bold), along with the actions that the TNFD has taken in response:

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.**
   The TNFD Status Report was launched in September 2025 during New York Climate Week. It demonstrated significant global progress in market practice and standard setter engagement on nature-related issues and provided insights into the applications and implementation of nature-related assessment and reporting. In particular, the Status Report provided insights about early market experience and progress across sectors and geographies; observable market practice in the use of nature-related metrics and perceived challenges around the accessibility of decision-useful data; investor perspectives on the use of TNFD assessment tools, disclosures from investees and expectations; information on TNFD guidance and capacity building resources; and challenges and priorities – particularly on the TNFD's work to support the development of a globally consistent baseline for nature-related corporate reporting. In addition to surveys and desk-based research, the TNFD used AI-analysis tools which collected data from 16,885 companies on their reported sustainability-related data to gather insights. The TNFD also received contributions from data providers such as Bloomberg, CDP, and MSCI.

   The TNFD did not use the Status Report to showcase case studies on how TNFD adopters have generated investor-material learnings; provide examples of organisations aligning their capital allocations in nature positive directions; or provide insights on how TNFD reporting has resonated with organisations' finance, commercial, and procurement teams. However, the TNFD plans to publish a TNFD Status Report every year, and it plans to evolve and expand the contents of its Status Report as more tangible evidence and case studies at the company level are reported.

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).
The ISSB announced in November 2025 that it will commence standard-setting work on nature, drawing directly on the work of the TNFD, including its metrics and the LEAP (Locate, Evaluate, Assess, Prepare) approach. The UK welcomes this development, having urged the ISSB to commence standard-setting on nature in our response to the ISSB consultation in 2023. Since then, the TNFD has provided technical support for the International Sustainability Standards Board's (ISSB's) standard-setting work on nature, which will culminate in the publication of an Exposure Draft at CBD COP17 in October 2026 (which will be in the form of an IFRS Practice Statement). Since February 2026, two members of the TNFD's technical staff have been seconded part-time to the IFRS Foundation (which hosts the ISSB). The ISSB has been considering the following information areas for its nature-related Exposure Draft: essential terms and concepts; climate-nature nexus; engagement (including in relations to IPLCs); nature-related transition plans; international policies and national regulations informing governance, policies and strategy; metrics; location-specific information; nature-related targets; scenarios; and additional guidance to aid preparers.

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.**
Defra's Nature Markets and Investments team is providing funding support to the TNFD initiative over circa two years to enable them to develop an ISO standard based on the TNFD's LEAP framework. Funding for this work took effect from April 2026. ISO develops global standards that cover best practice for products, services, systems and processes, and this work will enable corporates and financial institutions to have an ISO standard as the basis to identify and assess nature-related dependencies, impacts, risks and opportunities. The development of an ISO standard based on LEAP will ensure the long-term legacy of the TNFD's LEAP guidance in an established global performance standard.

4. **The UK will be hosting the 12th 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.**
The IPBES Business and Biodiversity Assessment (BBA) was released on schedule in February 2026. The BBA represents an important methodological synthesis, which aims to strengthen knowledge on the interface between business and nature. The TNFD's Technical Director was a contributing author to the BBA's first chapter, which sets the scene and lays out key concepts – including dependencies and impacts on nature, and risks and opportunities that result for business and finance. The new IPBES Assessment confirms that the existing science base is sufficiently robust to support immediate corporate action, enabling organisations to get started with nature-related assessments and reporting even as scientific understanding continues to evolve. The TNFD presence at IPBES-12 included a panel contribution on legacy and outcomes of IPBES 12, alongside attendance at UK Business & Biodiversity Forum dialogues.

5. **We recommend that the TNFD continues to engage with key financial regulators across jurisdictions to support the integration of nature into fiduciary duty.**
The TNFD has continued to engage financial regulators – through in-person bilateral meetings and through calls and email exchanges. The main topics discussed were: the evidence base regarding the financial materiality of nature-related risks, the TNFD's work on nature-related opportunities, and the

current state of the market on corporate nature assessment, action and disclosures. Over 2025 and 2026, the TNFD engaged with the following 11 financial regulators:

- Thailand's Securities and Exchange Commission
- The Monetary Authority of Singapore
- European Central Bank
- Japan's Financial Services Agency
- Government of Bangladesh
- Securities and Exchange Commission, Zambia
- Basel Committee on Banking Supervision
- Central Bank of Chile
- South Africa's Reserve Bank
- Central Bank of Malaysia (Bank Negara Malaysia)
- European Banking Authority (EBA)

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.**

The TNFD has continued to undertake wide-ranging work across developing countries. Please see below a breakdown by region:

<u>Africa</u>

Please see below a flavour of TNFD activities in Africa over the past year:

- <u>South Africa:</u> The TNFD hosted a Train the Trainer programme in Johannesburg, South Africa, with over 70 participants from 8 countries. The TNFD participated in investor-focused capacity building sessions including PRI's Nature Forum Workshop and a South Africa Investor Roundtable on sustainability reporting. The TNFD also participated in the ANCA Summit, the Sustainability and ESG Africa Conference (SEACon), the GIBS Business School Climate Leadership & Sustainability session, the NBI Summit, the ENCORE South Africa Day hosted with SECO and Global Canopy, the Africa Sustainability Summit hosted by CASI, the ESG Africa Taskforce session with SEACon, and the Corporate Wetlands Summit. Moreover, during South Africa's G20 presidency, the TNFD engaged in G20 Sustainable Finance Working Group activities, including the Private Sector Roundtable and to present work on the nature data value chain.
- <u>Kenya:</u> The TNFD delivered a virtual session with the Chartered Institute for Securities & Investment (CISI) and the Kenya Bankers Association on integrating nature-based solutions within banking.

<u>Latin America and the Caribbean (LAC)</u>

Please see below a flavour of TNFD activities in LAC over the past year:

- The TNFD's efforts and activities in LAC has catalysed an 80% increase in TNFD adoption from CBD COP16 in October 2024 to UNFCCC COP30 in November 2025 (when the last TNFD adoption moment took place), with Colombia and Brazil leading the efforts. These actions underline the region's growing interest in integrating nature risk into business operations and nature-related issues.
- The TNFD is undertaking capacity building efforts through preparer forum partners in Portuguese and Spanish across LAC.
- The TNFD organised three 'Asking Better Questions on Nature' closed-sessions for company board members in Brazil, Colombia, and Mexico.
- <u>Mexico:</u> In January, the Mexican Council for Sustainable Finance (CMFS) launched the TNFD Mexico Consultation Group, an initiative co-led and supported by Grupo Financiero Banorte and UNDP-BIOFIN Mexico (alongside the TNFD). The TNFD also participated in the Mexico Sustainable Finance Forum, the Mexico Carbon Forum, and Mexico's Climate Week.

- Colombia: The TNFD participated in the 10th Colombian Business Congress (CEC) (ANDI) and Biodiversity Week in Colombia. The Colombia TNFD Consultation Group also held a one-day event to celebrate market progress on TNFD implementation.
- Brazil: The TNFD participated in the CEBDS (WBCSD) Sustainability Congress in Belém, the 10th Anniversary Plenary of the Brazilian Coalition on Climate, Forests and Agriculture, a Brazilian Banks Federation (FEBRABAN) and Capital Markets Association (ANBIMA) roundtable for financial institutions, a closed door-data session and a public TNFD session on ISSB and the relevance for the Brazilian market. Ahead of COP30 in Belem, the TNFD also launched a TNFD Brazilian adoption campaign, which involved meeting with the CEOs of potential adopters.

Asia-Pacific (APAC)
Please see below a flavour of TNFD activities in APAC over the past year:

- India: The TNFD delivered an 'Asking Better Questions on Nature' knowledge session with India's Institute of Directors (IOD) and a TNFD Masterclass with the Tata Sustainability Group. The TNFD also held four events with the Confederation of Indian Industry (CII): a Chief Sustainability Officers' Roundtable, the Global Sustainability Summit in Delhi, a Capacity-Building Workshop, and a Metals & Mining Industry Webinar. The TNFD also completed an exercise to map the TNFD framework to India's Business Responsibility and Sustainability Reporting (BRSR) framework – the document was created with CII and published in September 2025.
- China: The TNFD has engaged with the Bank of China to discuss approaches to nature-related risks and future alignment with TNFD and engaged with the People's Bank of China (PBOC) to discuss the global outlook of nature-related disclosures. It also arranged a Data Workshop with UNDP BioFin.
- Indonesia: The TNFD held a capacity-building workshop with organisations across multiple sectors, focusing on foundational understanding of the TNFD and early implementation steps.
- Philippines: The TNFD conducted an introductory TNFD workshop with the Sustainable Markets Initiative (SMI) initiative.

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.**

The TNFD's adopters are spread across 56 countries. As of 1st May, there were 17 countries that only had 1 TNFD adopter: Angola, Bermuda, Costa Rica, Czechia, Ethiopia, Greece, Iceland, Ireland, Israel, Luxembourg, Nepal, Peru, Portugal, Saint Vincent and the Grenadines, Sri Lanka, Uruguay, Zimbabwe. The TNFD has decided to prioritise achieving TNFD uptake in G20 countries and megadiverse countries. The TNFD has decided to prioritise these countries for several reasons. G20 countries constitute 85% of global GDP, which means that TNFD uptake in those countries has the potential to have the greatest impact on realigning corporate strategies and global financial flows in nature positive directions. Also, megadiverse countries host some of the greatest concentrations of the world's biodiversity, which means that shifts by private sector actors in those countries towards nature-positive activities can have an outsized impact on conserving or restoring the world's biodiversity. Although the TNFD is undertaking general actions to support TNFD uptake globally, the TNFD is not proactively trying to expand the number of countries where there are TNFD adopters for the sake of increasing its geographical breadth. The limited size and capacity of the TNFD Secretariat means that it must prioritise its time and resources on actions that will deliver maximum impact. In consequence, the TNFD is concentrating its efforts on countries where there has been demand for a Consultation Group, and countries where there are the resources, institutions, and networks in place to catalyse TNFD adoption.

Across the world, the number of TNFD Consultation Group members and adopters has continued to increase. The latest information on the number of members and adopters in each TNFD Consultation Group is listed below:

Consultation Group	Number of Consultation Group members	Adopters per nation/region.
1. Australia & New Zealand (G20)	398	30
2. ASEAN (Association of Southeast Asian Nations) (Indonesia = G20)	350	30
3. Brazil (G20)	29	24
4. Canada (G20)	71	12
5. China (G20)	22	15
6. Colombia	72	26
7. France (G20)	78	31
8. Germany (G20)	125	8
9. Hong Kong	35	13
10. India (G20)	24	27
11. Italy (G20)	342	7
12. Japan (G20)	336	219
13. Kenya	46	8
14. Mexico (G20)	16	7
15. Netherlands	38	12
16. Nordics	186	45
17. South Africa (G20)	28	4
18. South Korea (G20)	64	13
19. Spain	50	16
20. Switzerland	55	11
21. UAE	23	4
22. United Kingdom (G20)	680	95
23. United States (G20)	172	22

A4.4 Recommendations for future programming

- **Consultation Groups:** The UK Government has provided in-country funding to support the work of the GFI-led UK TNFD Consultation Group (UK CG). The UK TNFD CG raises awareness on the TNFD recommendations, identifies current knowledge gaps, and supports capacity building on nature-related reporting. It has hosted and presented at events, hosted sector-specific sessions for group members, and is expanding its remit to encompass nature-positive sectoral pathways and nature transition planning. At present, the UK TNFD CG is the only Consultation Group which receives direct funding to undertake its workstreams. In contrast, the other 22 Consultation Groups typically rely on convenors and other stakeholders operating on a pro bono basis.
    - We recommend that the TNFD utilises its contacts and networks to actively encourage other governments to provide in-country funding for the work of their own TNFD Consultation Groups. This would enhance their potential for supporting capacity building and voluntary market uptake. As with the UK, their Consultation Groups could similarly evolve into an effective forum for piloting similar nature positive-related activities, such as sectoral pathways and nature transition plans. This would represent a powerful way through which governments could act to advance their nature transitions.

- **Capital allocation:** The stated ultimate ambition of the TNFD is to support the realignment of global financial flows towards nature positive outcomes. However, the ability to track private financial flows for nature-positive outcomes is constrained by several factors: definition ambiguity over what constitutes a nature-positive financial flow, varied metrics, ongoing data challenges, and the absence of a consistently applied methodology across companies. We recommend that the TNFD collaborates with relevant partners to enhance the private sector's ability to track the reallocation of capital flows towards nature positive outcomes. This will invariably entail more progress being made on metrics, taxonomies, and disclosures, in addition to the emergence of a consistent and comparable mechanism through which private sector actors can self-report the amount of capital they channel towards nature-positive outcomes – both in their direct operations and in their supply chains.

- **Global sustainability standards:** We encourage the TNFD to continue to influence and inform high ambition approaches towards the development of nature-related reporting standards across the world. This will ensure that the work of the TNFD secures a strong legacy and lives on through being embedded in the global reporting architecture.

- **Collation of nature-positive actions:** We encourage the TNFD to explore options for publicising the nature-positive actions that companies have taken in response to their use of the TNFD's risk management and reporting processes (such as the LEAP framework). This will help to highlight tangible examples of how the TNFD has directly benefitted companies – providing motivation for other companies to adopt TNFD reporting and inspiration for nature-positive actions that companies implement. The TNFD could perhaps use AI scanning tools to find companies who use case studies to articulate nature-positive actions they are taking, particularly with regard to their strategies and supply chains.

- **Language translation:** We encourage the TNFD to translate more of their content and publications into languages that are widely spoken by some business communities around the world, particularly in developing countries, such as French and Spanish. There are still many business communities around the world that are not conversant in English, and it is challenging for facilitators to run workshops when the key TNFD materials are only available in English.

- **Develop targeted executive training programmes:** We encourage the TNFD to develop nature-related risk and materiality focused training programmes for senior executive and board-level decision-makers in corporations and financial institutions – perhaps in partnership with other credible, business-focused organisations. The focus of these training programmes could be to put nature more firmly on the radar of senior executives, improve conceptual literacy, overcome capacity gaps, and explain precisely how nature can be integrated in a company's governance, strategy, risk management, and capital allocation decision-making in order to improve resilience, future-fitness, and competitiveness. Another purpose would be to support corporates in connecting and translating LEAP-based insights to credible transition plans and executing nature-positive change. One way it could do so is by articulating proven and valuable action archetypes and mapping categories of corporate action (such as operational change, supplier engagement, product redesign, capital allocation, policy engagement).

A.5. How this report was conducted

This 2026 Programme Completion 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.

A.6 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 Deputy-Director sign off this Programme Completion Review. Defra's final ODA disbursement to the TNFD Secretariat was made in March 2026.

SECTION B: THEORY OF CHANGE AND PROGRESS TOWARDS OUTCOMES

B1. Summary of the programme's Theory of Change.

The TNFD programme's Theory of Change is located in **Annex A**. 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, and the pathways to impact trajectory turned out to be valid.

The desired impact has remained the same since the inception of the TNFD programme in 2021; namely being the **realignment of global financial flows towards nature positive activities, supporting a nature-positive economy for sustainable development and poverty reduction.** The outcomes have evolved since the Original Business Case, shifting from being related to 'design and development' activities to being related to 'market uptake' activities.

Since the TNFD's inception, the assumptions, drivers, and evidence base behind the TNFD's work has been further substantiated by the publication of numerous research and evidence reviews – for example, the Green Finance Institute's Report on 'Assessing the Materiality of Nature-related Financial Risks for the UK' (published in April 2024); the TNFD's 'Evidence Review on the financial effects of nature-related risks' (published in June 2025); Defra's 'Nature security assessment on global ecosystems' (published in January 2026); and mostly recently the IPBES Business and Biodiversity Assessment (published in February 2026).

IMPACT

TNFD's impact on realigning global financial flows

As a result of ongoing challenges and barriers within the nature finance space, credible indicators for tracking and measuring the realignment of financial flows towards 'nature-positive outcomes' still do not exist. This presents challenges in quantifiably or quantitatively measuring the TNFD's programmes desired outcomes through impact-related indicators and targets. Tracking nature-positive private sector financial flows remains constrained by the following factors:

- **Taxonomic and definitional ambiguity:** There remains no universally binding taxonomy or single, globally agreed operational definition of what qualifies as a 'nature-positive financial flow'. This makes it difficult to compare data cross institutions, jurisdictions, and asset classes. Indeed, a key challenge is separating finance that can be construed as "less harmful" as opposed to finance that leads to genuinely nature-positive outcomes. Another challenge is that current tracking approaches often capture inputs or activities (expenditure, project type) rather than measurable ecological outcomes.

- **Metric multiplicity and fragmentation:** There are no standardised biodiversity finance-related metrics equivalent to 'financed emissions' in climate finance. Instead, there is a fragmented landscape given that nature impacts and related metrics are inherently location and ecosystem-specific, multidimensional (spanning biodiversity, water, soil, ecosystems), and non-fungible. This makes aggregation difficult. Moreover, it remains challenging to integrate scientific metrics into financial products due to complexity, costs, and lack of consensus.

- **Challenges in data collection:** Tracking nature-positive financial flows requires reliable, asset-level and location-specific quantitative data, which remains scarce. Moreover, nature impacts often occur deep in global supply chains and in regions with limited monitoring capacity. Data gaps are particularly acute for SMEs, emerging markets, and private markets.

- **Inconsistent tracking methodologies across institutions:** Private finance tracking remains highly heterogenous, with inconsistent boundaries, eligibility criteria, and attribution methods. Multilateral Development Banks (MDBs) have made progress via the MDB Common Principles for Tracking Nature Finance, but these apply mainly to public finance portfolios. This MDB commitment was made in a COP27 Joint Statement in 2022, where MDBs committed to develop tools and methodologies for tracking 'nature-positive' investments, including taxonomy approaches. The first MDB operational taxonomy was produced in 2025.

- **Absence of any nature finance tracking obligation:** Another challenge is that any quantification of a private sector nature-positive financial flows would require consistent and comparable self-tracking and self-reporting by private sector institutions. As a voluntary framework, TNFD adopters are not obligated to provide quantified disclosure impacts or to report on capital allocation decisions made as a result of TNFD risk management practices. This limits the potential to compare disclosures on capital allocation in an aggregated or comprehensive way.

Despite the above outstanding challenges, the TNFD has proved a game-changing, market-led intervention for improving market participants' capability for tracking nature-related finance – by creating a common disclosure architecture, supporting consistent identification of nature-related impacts, and helping to create the underlying data and comparability needed for financial flow-tracking over time.

Moreover, there is a range of work being undertaken by various actors to tackle some of these challenges:

- **Nature-positive finance taxonomies:** A range of policy and technical work is being undertaken to expand sustainable finance taxonomies to incorporate biodiversity and nature – for example, by UNEP-FI and some NGOs on taxonomy development and harmonisation. This will help to improve the tracking of nature finance volumes and trends, including distinctions between conservation, restoration, sustainable use, and enabling activities. However, the scope of these projects will not result in a single global 'nature-positive finance taxonomy' standard for private markets to use.

- **'Finance for Nature Positive' working models:** Emerging work is underway to develop 'Finance for Nature Positive' working models that link financial activities to halt and reverse outcomes under the GBF.

- **Simplifying biodiversity metric catalogues:** Numerous consultancies, NGOs, and academic institutions are undertaking work to simplify biodiversity metric catalogues, with the aim of translating scientific indicators into finance-usable metrics.

- **Metric harmonisation:** Efforts are being made to align biodiversity-related metrics with enterprise-value and risk perspectives, so that nature indicators are integrated into mainstream risk management and portfolio analysis.

- **Driving greater interoperability:** Efforts are also being made to link finance data with national biodiversity plans and accounts, supporting country-level reporting and future accountability mechanisms.

- **GBF tracking mechanisms:** Preparatory work is under way to track private finance contributions to GBF finance targets (including emerging indicators under the GBF monitoring framework).

These efforts will help to make the measurement of private sector nature-related global financial flows more measurable and comparable. However, there is not yet any work under way that will produce a single global 'nature-positive finance taxonomy' standard for private markets to use. Also, it is not feasible to produce a definitive metric or flow statistic – in a manner similar to 'financing emissions'.

<u>TNFD's impact on poverty reduction</u>

With the focus of the TNFD being the integration of nature into business and financial decision-making at a corporate level, the TNFD does not directly engage with the world's poorest and most vulnerable, in a manner similar to other ODA programmes. Consequently, we have not been able to formulate impact, outcome, or output-level indicators pertaining specifically to 'poverty reduction'. Nevertheless, we believe that the logic behind the programme's Theory of Change remains robust.

The logic stems from the fact that biodiversity underpins the ecosystems goods and services upon which societies depend. 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. The TNFD tackles these challenges by empowering private sector organisations to support the transition towards nature positive pathways across their operations, supply chains, and portfolios. This will support the expansion of employment opportunities in nature-positive-related roles; which, in turn, will support sustainable livelihoods and poverty reduction.

ICF KPI15 reporting

As a result of the above-mentioned challenges, the programme cannot yet use directly relevant impact-related indicators and targets to assess the programme's performance in delivering on the intended impact of realigning global financial flows towards nature positive activities, thereby supporting a nature-positive economy for sustainable development and poverty reduction. Progress still needs to be made on tracking and quantifying private sector nature-positive financial flows and capacity and expertise on nature-related issues still needs to be built across business sectors and financial markets.

Nevertheless, in the meantime, we are able to measure the impact of the TNFD programme using ICF KPI15, which is a qualitative process indicator that assesses the extent to which UK ODA programmes classified as International Climate Finance (ICF) can be deemed likely to deliver transformational change. Transformational change will ultimately require longer than the timeframe of the programme; but we have been able to develop KPI15 indicators to enable us to capture enough evidence to form a reasonable descriptive picture of ICF effectiveness in this area.

The programme team set the TNFD's 'Impact Milestone Target Score' for 2025-2026 as '5' (out of a maximum of 5), which would imply substantial evidence suggesting transformative change is likely or already occurring. We are pleased that the **TNFD programme scored '5'** in relation to its performance against the indicators set for the 2025-2026 reporting period.

Please see **Annex B** for the full breakdown of KPI15 reporting indicators and results.

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 A**). 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:

- Market demand for nature-related knowledge, skill, development, and data solutions.
- Signs of investment in nature-related analytic and reporting capabilities among key potential users in the market.

Log-frame indicators have not been developed for these Outcomes because it is too premature for meaningful or credible indicators to be applied, given that these Outcomes will only be realised once TNFD reporting reaches a higher level of maturity.

The cells are filled in **green** when the TNFD has met or exceeded its targets. Cells are in **red** when the TNFD has not met the target.

OUTCOME 1

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.			
Indicator name	Log-frame target	Achieved result	Progress
1.1 Number of SASB industries represented among the TNFD adopters.	73	65	Under-target
1.2 Number of MSCI World Index organisations that have committed to report in line with the TNFD recommendations (*Index contains 1310 constituents*)	200	206	Exceeded
1.3 Number of countries in the MSCI World Index that have at least one TNFD adopter (out of a total of 23 developed countries)	23	23	Met

Overall narrative assessment of Outcome 1
The Sustainability Accounting Standards Board (SASB) is a globally recognised framework that helps companies identify, manage, and report financially material sustainability and ESG information to investors. In 2022, SASB was consolidated under the IFRS Foundation, with stewardship of the SASB standards passed to the ISSB. The ISSB has fully incorporated SASB standards into its IFRS S1 and S2 baseline disclosure requirements. SASB features tailored standards for 77 different industries. These industry-specific standards ensure that the metrics a company reports reflect the specific sustainability risks relevant to its business model. Market uptake of the TNFD recommendations across SASB industries is important for ensuring economy-wide efforts are tacking place to tackle nature risks. With TNFD adoption spread across 65 of SASB's 77 industries, this means that TNFD adoption has been achieved across 84% of industries. This is lower than the high ambition target that was set, but still represents an impressive achievement. The 12 SASB industries that have not yet seen TNFD adoption are: Air Freight and Logistics, Aerospace and Defence, Car Rental and Leasing, Casinos and Gaming, Coal Operations, Cruise Lines, Drug Retailers, Health Care Delivery, Health Care Distributors, Managed Care, Toys and Sporting Goods, and Waste Management

The MSCI World Index is a global equity index that captures large and mid-cap representation across 23 developed markets. The index consists of 1310 constituents and covers 85% of the free float-adjusted market capitalisation in each country. Given the high concentrations of market capital represented in the index, TNFD uptake among MSCI World Index constituents would enable the TNFD to achieve significant impact. With 206 TNFD adopters out of a constituent base of 1310, 16% of MSCI World Index constituents are TNFD adopters. This is higher than the target of 200, and represents an increase of 60 companies since 2025, where 146 MSCI World Index companies were TNFD adopters. This indicates that the TNFD's targeted market uptake approach has been successful. The TNFD has also successfully ensured that TNFD adoption has been achieved across all 23 MSCI World Index markets.

OUTCOME 2

OUTCOME 2: Efforts by voluntary standards organisations, including the International Sustainability Standards Board (ISSB), to develop nature standards and draw on the TNFD recommendations.			
Indicator name	Log-frame target	Achieved result	Progress

2.1 Public commitment by the ISSB to commence nature-related standard-setting work (aligned with the TNFD)	Commitment by the ISSB to commence nature-related standard-setting work (aligned with the TNFD)	ISSB announced in November 2025 it is commencing standard-setting work on nature "drawing on TNFD".	Met
2.2 Number of international sustainability standards that are drawing on the work of the TNFD.	5	6 (BRSR, CDP, ESRS, GRI, ISO, ISSB)	Exceeded

Overall narrative assessment of Outcome 2

The development of nature standards and ensuring that the TNFD recommendations are mainstreamed and onboarded within existing and emerging global sustainability standards is critical for securing the longevity and sustainability of the TNFD over the long-term. The integration of nature into global sustainability standards will play an instrumental role in increasing transparency and accountability for businesses' impacts on nature, and for creating a level playing field on reporting practices pertaining to nature.

In November 2025 at UNFCCC COP30, the ISSB announced that it would commence standard-setting work on nature, heavily leveraging the TNFD framework, including its recommendations, metrics, and the LEAP (Locate, Evaluate, Assess, Prepare) approach. The TNFD has therefore met the target for Outcome Indicator 2.1. The standard-setting work aims to integrate nature into mainstream financial reporting, and responds to strong investor demand for consistent and comparable information on biodiversity loss and related impacts on financial performance. The TNFD is working in partnership with the ISSB to provide technical support on the ISSB's nature standard-setting work. The UK Government is pleased with this development, having urged the ISSB to commence standard-setting work on nature in its response to the ISSB consultation in 2023. The ISSB plans to produce its nature-related Exposure Draft at CBD COP17 in October 2026.

We are pleased that the TNFD exceeded the target for the number of international sustainability standards that are drawing on the work of the TNFD. At present, the following six sustainability standards are either already drawing on the work of the TNFD or undertaking standard-setting projects that leverage the work of the TNFD.

Sustainability Standard	How the TNFD is integrated (or is being integrated) into the sustainability standard
BRSR (Business Responsibility and Sustainability Reporting) – *a mandatory ESG disclosure framework in India.*	(*Already completed*) The India Business & Biodiversity Initiative (IBBI), the Confederation of Indian Industry (CII), and the TNFD have produced guidance which outlines the alignment of the BRSR with TNFD frameworks. The guidance highlights a high level of consistency between the TNFD recommended disclosures and metrics and those required of India's top 1000 companies under the BRSR requirement.
CDP (Carbon Disclosure Project) – *a global non-profit organisation that operates a widely used environmental reporting system, enabling companies, cities, states, and regions to measure and disclose their environmental impacts.*	(*Already completed*) An interoperability mapping exercise has been undertaken to map the CDP's 2025 corporate questionnaire and the TNFD recommendations and disclosure metrics. The CDP's questionnaire reflects the TNFD's four disclosure pillars and companies disclosing through CDP in 2025 can align on a substantial proportion of the TNFD's 14 recommended disclosures. An update will be released for the 2026 questionnaire.
ESRS (European Sustainability Reporting Standards) – *mandatory*	(*Already completed*) The TNFD and EFRAG have jointly published a mapping of the correspondence between the

regulations used by companies to disclose ESG data under the EU's Corporate Sustainability Reporting Directive (CSRD). They enforce transparency on a company's impacts, risks, and opportunities to ensure sustainability performance is standardised and comparable.	ESRS and the TNFD's recommended disclosures and metrics, illustrating the high level of commonality achieved. The assessment highlights that all 14 TNFD recommendations are reflected in the ESRS.
GRI (Global Reporting Initiative) – *an independent international initiative that provides the world's most widely used framework for sustainability reporting.*	(*Already completed*) The TNFD and GRI worked closely together to support the development of each other's guidance – notably the GRI input into the TNFD recommendations and the TNFD input into the GRI Biodiversity Standard. Responding to feedback from market participants, the TNFD and GRI have developed a guidance document and correspondence table to help GRI's 14,000 reporters globally align with the TNFD recommendations and assist TNFD adopters in their sustainability reporting according to the GRI standards. The mapping underscores the high level of alignment achieved.
ISO (International Organisation for Standardisation) – *an independent, non-governmental global organisation that develops voluntary, consensus-based international standards.*	(*Work under way*) Defra has recently signed a grant agreement with the TNFD to provide funding for a two-year project to integrate the TNFD's LEAP nature assessment approach into the 'ISO 14001: 2025 EMS standard'. This will enable businesses and financial institutions to have an ISO standard as the basis to identify and assess nature-related issues and will provide another home in the corporate standards landscape for the TNFD's recommendations and guidance.
ISSB (International Sustainability Standards Board) – *a global standard-setting body (est. 2021) created to establish a comprehensive, high-quality, and globally comparable baseline of sustainability-related financial disclosures for investors.*	(*Work under way*) See description in the narrative assessment above.

OUTCOME 3

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.			
Indicator name	Log-frame target	Achieved result	Progress
3.1 Number of formal statements of support for the TNFD from finance ministries, central banks, and financial supervisors or regulators.	4	3	Under-target

3.2 Number of TNFD Consultation Groups	24	23	Under-target
3.3 Number of governments that have provided funding for the TNFD Secretariat since its inception, or directly for the work of a particular TNFD Consultation Group	10	8	Under-target

Overall narrative assessment of Outcome 3
Formal statements of support play a valuable role in publicising governmental support for the TNFD and serve to catalyse voluntary in-country market uptake of TNFD reporting. Over the past year, the TNFD has received formal statements of support from the following initiatives/institutions:

1) Network for Greening the Financial System (NGFS) – *Launched in 2017, NGFS is a coalition of 149 members and 24 observers, representing central banks and financial supervisors across 92 countries. The network shares best practices to manage climate and environmental risks.* In April 2026, the NGFS released its NGFS 2026 Nature Package - a new package of materials to support the assessment of nature-related financial risks. The package provides practical tools for central banks and supervisors to integrate nature-related risks into the work of NGFS members, with the aim of strengthening the resilience of the financial system. This new package builds on the NGFS Conceptual Framework on Nature-related Financial Risks (2024).

2) The Dutch Central Bank (*De Nederlandsche Bank [DNB]*) - In a report published in early 2025, DNB officially declared it had applied the TNFD LEAP approach to assessing nature-related financial risks in its own-account investments. DNB is currently integrating these insights into its regulatory framework and is conducting risk-based reviews of nature-related risk analyses at pension funds and insurers. In September 2025, DNB updated its 'Guide to managing climate and nature-related risks', signalling that nature-related risks are an expected component of sound financial risk management.

3) The European Central Bank (ECB) – In December 2025, the ECB published a research paper titled 'Nature at risk: Implications for the euro area economy and financial stability', which underscores that nature degradation and biodiversity loss pose material economic and financial risks. This paper further substantiates the evidence base on nature risks and helps to validate the value of TNFD reporting. The paper also states that future methodologies should align with the work undertaken by the TNFD to ensure comparability. Moreover, the ECB's public messaging has framed nature loss as a micro-financial and prudential issue, not only as an environmental concern.

TNFD Consultation Groups are formed on the basis of demonstrated in-country market demand. As such, they act as a strong proxy for market engagement with the TNFD recommendations. The purpose of TNFD Consultation Groups is to 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. There are now 23 TNFD Consultation Groups, which is an increase of three Consultation Groups since the TNFD Annual Review 2025. The three new Consultation Groups that have been established over 2025-2026 are in Mexico (in January 2026), UAE (In October 2025), and South Korea (in April 2025). The TNFD fell slightly short of the target of 24 Consultation Groups. However, it is difficult to prescribe a target given that they are developed in response to in-country market demand and predominantly operate on a pro-bono basis. As of May 2026, there are no future TNFD Consultation Groups in the pipeline to be launched.

Funding from governments to support the TNFD Secretariat or in-country TNFD Consultation Groups is instrumental for helping to achieve the TNFD's objectives. To date, the TNFD has received funding from the following governments: 1) Germany, 2) United Kingdom, 3) United States, 4) Norway, 5) Switzerland, 6) Japan, 7) the Netherlands, 8) France. Germany has been the largest governmental donor, followed by the United Kingdom. However, the UK has been the only government to date that has provided direct funding for the work of its in-country TNFD Consultation Group. Defra provided £250,000 over FY2025-26 and has committed an additional £1 million for the work of the TNFD UK Consultation Group up to 2030. At present, no other country has expressed any intention of providing in-country funding for the work of their in-country TNFD Consultation Group – despite there being 22 other regional or national TNFD consultation groups.

OUTCOME 4

OUTCOME 4: Growing nature-related stewardship policies and activities, reflecting the growth of companies' understanding, capabilities, and commitments to nature-related risk issues.			
Indicator name	Log-frame target	Achieved result	Progress
4.1 Proportion of TNFD reports where the reporter discloses in line with the recommendation to "describe the Board's oversight of nature-related dependencies, impacts, risks, and opportunities" (Governance A recommendation)	80%	71%	Under-target
4.2 Proportion of TNFD reports where the reporter discloses in line with the recommendation to "describe management's role in assessing and managing nature-related dependencies, impacts, risks, and opportunities" (Governance B recommendation).	80%	82%	Exceeded

Overall narrative assessment of Outcome 4
Board and management-level oversights and cognisance of their company's nature-related issues is important for ensuring that nature considerations are effectively integrated into decision-making and that nature risks are addressed. The above 'achieved results' are leveraged from the TNFD's 2025 Status Report, which was published in September 2025. For the Status Report, the TNFD utilised Neural Alpha's Responsible Capital Artificial Intelligence (AI) platform, which scanned and identified first- or second-generation TNFD reports from 542 companies. These reports were the most recent TNFD-aligned reports produced by the respective companies. Regarding the indicator on Board oversight, the TNFD scored 9% lower than the target, which implies that the TNFD should apply renewed focus on prioritising Board engagements and getting nature on Board agendas. Although the TNFD exceeded the target on the disclosure of management's role, the TNFD should continue to encourage greater disclosure as TNFD adoption continues to increase, given that it serves to evidence management's active consideration of nature-related issues.

B2. Progress toward outcomes and impacts
On impacts, the TNFD has met or exceeded the overwhelming majority of KPI15 indicators over the reporting period, achieving the highest KPI15 score of 5/5. For more information, please see **Annex B**.

On the 10 outcome indicators, the TNFD met or exceeded five of the indicator targets and failed to achieve five indicator targets. The targets were set by Defra, in conjunction with input from the TNFD Secretariat, and reflected the high ambition targets that were deemed to be feasible to achieve at that juncture. However, for many of the indicators, it is important to note that the TNFD cannot achieve them alone, and that achieving them requires inputs, decisions, or actions by other stakeholders and market participants. Moreover, the TNFD only fell short on the five indicators by a marginal degree, and the TNFD has still made remarkable progress over the past year. In-depth analysis of progress against impacts and outcomes was detailed in the previous section.

B3. Justify whether the programme should continue, based on its own merits and in the context of the wider portfolio

The TNFD programme commenced in 2021 and the TNFD has delivered a consistently strong performance over the programme's duration, successfully advancing the UK Government's strategic goals, and representing good value for money.

However, 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 make tough decisions to adapt and contract its ODA portfolio. As a result, Defra made the decision to stop funding the TNFD initiative beyond March 2026 (at the end of FY2025-26). This decision was made in consideration of the following factors:

- The TNFD's principal product (namely the TNFD recommendations, metrics, and guidance) has already been produced.
- The impressive momentum behind TNFD market uptake to date across sectors and geographies.
- The ISSB's progress on its nature-related standard-setting work; and
- The strong likelihood of the TNFD ultimately being onboarded into the IFRS Foundation - thereby securing the TNFD's legacy.

Given these factors – alongside the commitments of other governments to continue funding the TNFD initiative over the short to medium-term – we believe the TNFD will remain in a strong position to continue to deliver real world impact on the global stage. Despite the cessation of ICF ODA funding, Defra will continue to collaborate with the TNFD initiative given the strong alignment of its work with the UK's strategic priorities and ambitions. Indeed, Defra's Nature Markets and Investments team are in the process of securing approval for a Business Case, which proposes to fund the UK TNFD Consultation Group (convened by the Green Finance Institute) over the next three years, up to 2029. The Business Case proposes £250,000 of funding per year from Defra's domestic budget.

SECTION C. DETAILED OUTPUT SCORING

The TNFD 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

This Output Assessment is based on the TNFD Log-frame 2025 - 2026 results submitted to Defra by the TNFD, in line with our annual programme monitoring requirements.

The TNFD programme's output indicators have evolved since the inception of the TNFD programme in 2021 – particularly when the TNFD transitioned from its 'design and development' phase to its 'global market uptake' phase. Some indicators have also changed within these phases owing to reprioritisation and the emergence of new ideas for catalysing action. Nevertheless, there has been a high degree of continuity in that indicators have largely remained grouped within key and consistent categories, such as market uptake, capacity building, data, and transition planning.

OUTPUT 1

Output Title	Market Adoption and Capacity Building		
Output number:	1	Output Score:	A+
Impact weighting (%):	30%	Weighting revised since last AR?	No

Indicator	**Target (in-year)**	**Achieved (in-year)**	**Progress**
1.1 Number of organisations that have committed to report in line with the TNFD recommendations.	750	762	Exceeded
1.2 Number of jurisdictions from which organisations have committed to report in line with the TNFD recommendations.	62	56	Under-target
1.3 Average number of the TNFD's 14 disclosure recommendations being reported against in first-generation TNFD reports	8	8.7	Exceeded
1.4 Proportion of TNFD reporters that have reported on the following TNFD recommendation: "Describe the organisation's human rights policies and engagement activities, and oversight by the Board and management, with respect to IPLCs, affected and other stakeholders, in the organisation's assessment of and response to, nature-related dependencies, impacts, risks, and opportunities".	70%	50%	Under-target
1.5 Number of organisations that are members of TNFD Consultation Groups	2000	2792	Exceeded
1.6 Proportion of TNFD webinar participants that are female	50%	59%	Exceeded

C1. Briefly describe the output's activities and provide supporting narrative for the score.
Out of six indicators, the TNFD has met or exceeded four indicators, and came in under-target for two. As of 10th April 2026, the TNFD has recorded 762 TNFD adopters globally, which represents an increase of 29 organisations since the last TNFD 'adoption moment' in November 2025. It also marks an increase in 262 organisations since the third TNFD 'adoption moment' in October 2024. This demonstrates a steady and sustained increase in the number of organisations taking action to tackle their nature-related dependencies, impacts, risks, and opportunities, and is a testament to the ability of the TNFD's well-publicised and proactive adoption campaigns to catalyse public commitments from wide-ranging organisations. TNFD adoption also represents the principal way for organisations to publicly signal their commitment to action on material nature-related issues. The TNFD will continue to track TNFD adoption over the coming years and will publicly

announce the latest adoption figures on an annual basis in their annual Status Report. In 2026, the TNFD plans to launch its second Status Report in October, during CBD COP17.

To achieve global resonance, it is important for the TNFD to ensure that TNFD adoption is achieved across wide-ranging geographies around the world. Since the TNFD Annual Review 2025, the number of countries from which organisations have committed to adopt the TNFD recommendations has only increased from 54 countries to 56 countries, an increase in two countries over the past year. This is six countries less than the milestone target of 62. The 56 countries are spread across the continents, but there is significant variation in terms of the number of TNFD adopters in each of the 56 countries. Japan has the highest proportion of TNFD adopters at 225 organisations, followed by the UK with 95 TNFD adopters. This is followed by Taiwan with 39 adopters, France with 32 adopters, and Colombia with 29 adopters. In contrast, as alluded earlier, there are currently 17 countries that only have one TNFD adopter in their jurisdictions. This highlights that there are significant concentrations of TNFD adoptions in particular countries, with the top five TNFD adopter countries accounting for 55% of all TNFD adoption, and the remaining 51 countries only accounting for 45% of TNFD adoption. Japan has experienced high levels of TNFD uptake for several reasons:

- Firstly, the Japanese Government has taken steps to actively encourage domestic corporate participation since the TNFD's inception – providing clear policy signals, which have given firms confidence that biodiversity disclosure is strategically important, and that early adoption would align with future regulatory direction.
- Secondly, Japan has a history of corporate and finance-related biodiversity initiatives which has enabled the TNFD to build upon those foundations.
- Thirdly, Japan has a high share of financial institutions among its TNFD adopters, who have been encouraging their portfolio companies to assess their nature risks and embed TNFD principles into their lending and investment practices.
- Fourthly, the TNFD has benefitted from a conducive cultural ethos, including a deeply embedded concept of harmony between business and natural systems.

To deliver wide-ranging impact, TNFD adopters must report in line with a significant proportion of the TNFD's 14 disclosure recommendations. We are pleased that current TNFD reporters are currently reporting against an average of 8.7 of the TNFD's recommendations, which constitutes a majority of the recommendations. The TNFD fell below target on the number of TNFD reporters that are proactively reporting in line with the TNFD's Governance C recommendation (pertaining to IPLC engagement), achieving only 50% of current TNFD reporters compared to the target of 70%. Although it falls short of the target, it still indicates that a significant proportion of TNFD adopters are demonstrating cognisance of the vital role IPLCs play as custodians of high-biodiversity environments and their role as an important stakeholder in many corporate supply chains.

We are also pleased that the TNFD exceeded the target for the cumulative number of TNFD Consultation Group members, achieving a total of 2792 – considerably higher than the 2000 target. This underscores the value of the TNFD Consultation Groups in providing a forum for institutions to learn and collaborate on nature-related issues and evidences the strong appetite for corporate participation as they commence their nature-related reporting journeys. Nevertheless, it must be noted that there is a wide disparity in the memberships and level of activity among the TNFD Consultation Groups – for instance, with the UK Consultation Group consisting of 680 members and hosting a wide range of events for Consultation Group members. This demonstrates the catalytic value of providing in-country funding to support the work of the Consultation Group and the commensurate impact it has on TNFD engagement and uptake. Furthermore, we are pleased that the TNFD's records show that 59% of TNFD webinar participants are female, which highlights the success of the TNFD in engaging the interest of female professionals operating in the sector.

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

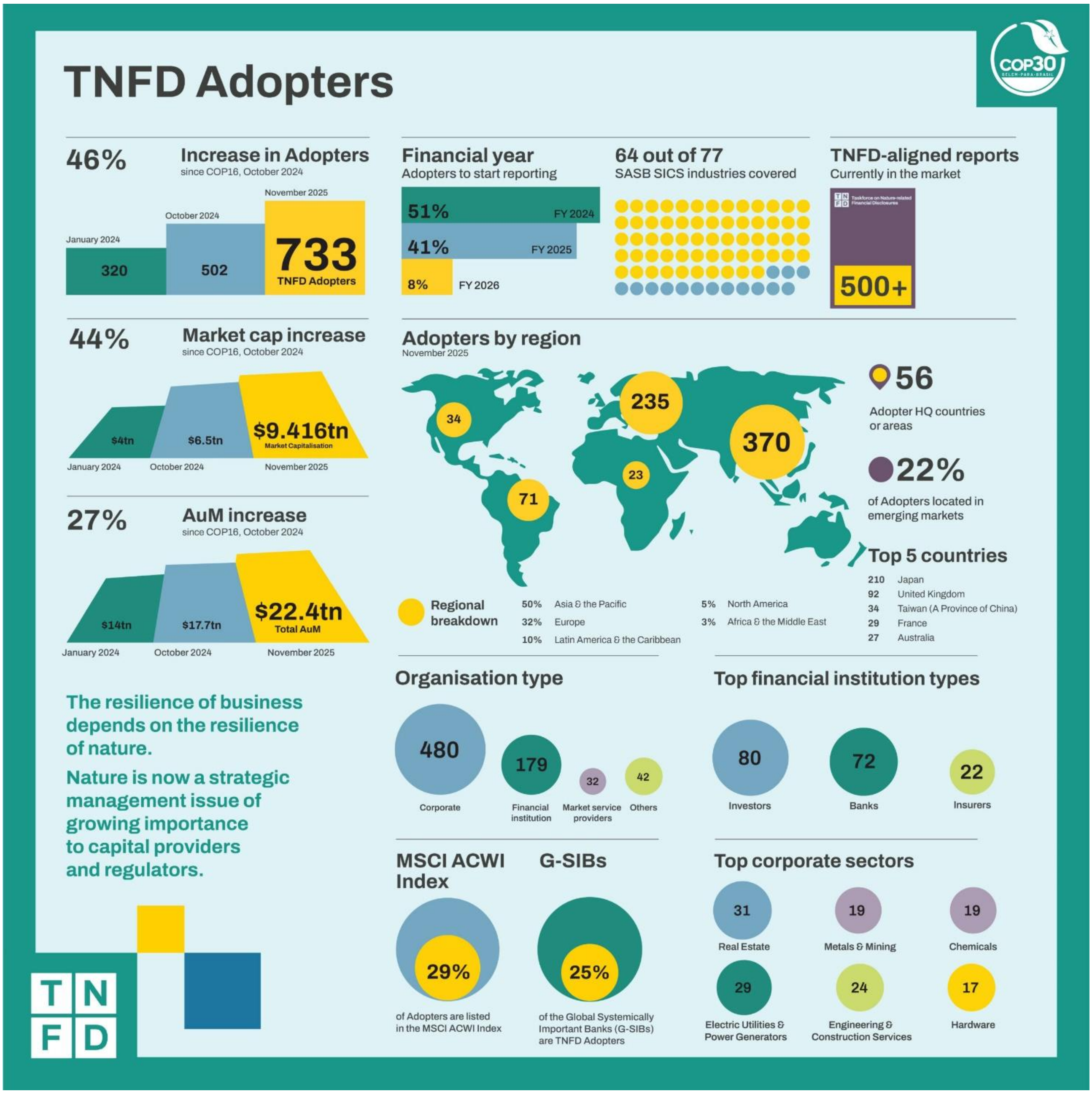


Figure 1: *Infographic showing TNFD adoption data – released at the TNFD's fourth 'adoption' moment at the UN PRI in Person summit in Brazil in November 2025.*

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

Several changes were made to the indicators for the 'Market adoption and capacity building' output. Several indicators were moved to the Outcomes section, as we reflected that graded weight did not need to be given to those indicators. We also sought to add more GEDSI-focused indicators and to provide more granular information, such as on levels of participation and the extent to which companies are disclosing against the TNFD recommendations.

C3. Lessons and recommendations for future

We recommend that the TNFD works to secure greater depths of TNFD adoption, particularly in countries where there are fewer than five TNFD adopters. Existing and new TNFD Consultation Groups could act as a vehicle for enhancing the number of in-country TNFD adopters. We also recommend that the TNFD uses its forums and networks to heighten ambition among existing TNFD adopters – for example, by encouraging them to reporting against a greater number of the TNFD's 14 recommendations as they proceed in their nature reporting journeys. It is also noticeable that despite there being 2792 Consultation Group members, only 762 of the Consultation Group members have made public TNFD adoption commitments. This only constitutes 27% of TNFD Consultation Group members, meaning that 73% of members are not TNFD adopters. We encourage the TNFD and its partners to encourage more TNFD Consultation Group members to make formal TNFD reporting commitments to help generate further action on tackling nature risks and transitioning towards nature positive activities.

OUTPUT 2

Output Title	Stakeholder Engagement and Guidance		
Output number:	2	Output Score:	A++
Impact weighting (%):	20%	Weighting revised since last AR?	No

Indicator	**Target (in-year)**	**Achieved (in-year)**	**Progress**
2.1 # of countries (inclusive of policy-making entities, central banks, or other regulatory entities) engaged by the TNFD directly or through partner channels.	40	83 (of which 29 are megadiverse and G20 countries)	Exceeded
2.2 Number of briefings delivered to non-governmental stakeholders.	19	27	Exceeded
2.3 Publication of the TNFD's inaugural Status Report in September 2025	TNFD's first Status Report published.	TNFD's first Status Report was published in September 2025.	Met
2.4 # of guidance documents and Discussion Papers published	17 - compartmentalised as follows: i. Guidance: 2 ii. Final Sector Guidance: 5 iii. Discussion Papers: 3 iv. Case studies: 3 (GRIxTNFD, fishing industry, opportunities) v. Asking Better Questions on Nature: 2 (Boards and asset owners) vi. Interoperability: 2	27 - compartmentalised as follows: i. Guidance: 3 ii. Final Sector Guidance: 7 iii. Discussion Papers: 4 iv. Case studies and use cases: 9 (GRIxTNFD, fishing industry, opportunities) v. Asking Better Questions on Nature: 2 (Boards and asset owners) + 4 further advanced drafts vi. Interoperability: 4	Exceeded

C1. Briefly describe the output's activities and provide supporting narrative for the score.
It is important for the TNFD to continue to engage with and deliver briefings to wide-ranging governmental entities across multiple countries in order to heighten the profile of the TNFD and ensure that the TNFD (and nature risk more broadly) is considered at a policy level. It is similarly important for the TNFD to raise

awareness of nature as a strategic issue to non-governmental stakeholders, which can include MDBs, PDBs, DFIs, industry associations, sustainable finance and investor associations, and financial market regulators.

In terms of geographical prioritisation, the TNFD has principally focused on advocating TNFD adoption across G20 countries and megadiverse countries. The rationale for prioritising these groupings is that G20 countries account for circa 85% of global GDP and they are responsible for the vast majority of global cross-border capital flows and portfolio investments. As a result, they play a pivotal role in any efforts to tackle nature risks and realign capital flows. Moreover, the 17 megadiverse countries are critical actors in the global effort to halt and reverse biodiversity loss as they act as host to many critical natural ecosystems within their jurisdictions – with many of these ecosystems providing critical natural infrastructure that supports global food production, supply chain resilience, and weather and climatic-systems.

We are therefore pleased that the TNFD (or its partners) have engaged with governmental entities across 83 countries – for the purpose of raising the profile of nature as a strategic business issue and encouraging TNFD adoption and integration. This is a significant increase since the TNFD Annual Review 2025, when the TNFD engaged with governmental entities across 33 countries. We are particularly pleased that there has been an increase in the number of entities engaged across megadiverse or G20 countries, which has risen from 19 to 29 over the past year. During any trips, the TNFD would always seek to meet local policy-makers, with these bilateral engagements providing an opportunity to update them on current market practice. These engagements are supplemented by the work of the TNFD's partners, including TNFD Forum members, TNFD adopters, and partner organisations (such as UNDP BioFin and WWF).

We are pleased that the TNFD has delivered 27 briefings to non-governmental stakeholders over the past year, exceeding the target of 19. These briefings can consist of roundtables, data workshops and presentations, and includes the 'Train the Trainer' sessions arranged by the TNFD. This indicator has seen a marked increase since the 2025 Annual Review, where nine briefings had taken place over that reporting year.

The TNFD's inaugural Status Report was published on schedule at a high-profile event during New York Climate Week in September 2025. Geared towards key stakeholders and the market, it provided valuable insights on the current state of the market on TNFD-aligned disclosures to date and demonstrates significant progress in market practice and standard setter engagement on nature-related issues. The report illustrated that evidence about the financial materiality of nature-related issues is now compelling.

The TNFD has continued to produce numerous guidance publications to complement its core framework, including final sector guidance, discussion papers, case studies, 'Asking Better Questions' guides, and interoperability mapping exercises. These have played an instrumental role in guiding corporates and financial institutions to assess, report, and act on their nature-related issues, and have provided specific guidance on a whole range of issues, including the TNFD LEAP approach, sector guidance, biome guidance, value chains, engagement with IPLCs, scenario analysis, and target setting. Over the past year, the TNFD has produced 27 documents, exceeding the original target of 17. This highlights the TNFD's ability to scale its technical work and expand the TNFD's reach by developing publications in collaboration with key stakeholders.

The output **score of A++** was awarded owing to the margin by which several targets were exceeded.

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

The programme team made several changes to the output indicators. New indicators were added that were pertinent to new TNFD priorities. Indicators that had run their course or that were deemed to deliver insufficient impact were removed.

C3. Lessons and recommendations for future

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, delivering briefings to governmental and non-governmental stakeholders, and producing a Status Report on an annual basis to showcase market insights and evolving market practice.

OUTPUT 3

Output Title	Nature Data Public Facility (NDPF)		
Output number: 3		Output Score:	A
Impact weighting (%): 10%		Weighting revised since last AR?	No

Indicator	Target (in-year)	Achieved (in-year)	Progress
3.1. Publication of final data Principles and technical design, governance, and funding specifications for the proposed Nature Data Public Facility (NDPF).	Publication of final data Principles and technical design, governance, and funding specifications for the proposed NDPF by the UN PRI in Person conference (in November 2025).	The final Recommendations for upgrading the nature data value chain, including NDPF, were published on schedule in November 2025.	Met

C1. Briefly describe the output's activities and provide supporting narrative for the score.
High quality, comparable data on the state of nature is a global public good, critical for enabling the decisions of policymakers, scientists, civil society organisations, business, and finance. For decades, that type of data has been collected almost exclusively by, and for, governments and scientific organisations. However, the advent of new demand drivers such as corporate reporting, target setting, and transition planning (coupled with the emergence of new commercial technologies) has spawned a vibrant ecosystem of new commercial nature data and nature tech players.

As a result, a two-sided market dynamic has emerged. There are considerable commercial incentives in the data analytics marketplace downstream. However, trusted public institutions collecting nature data upstream continue to struggle for adequate funding to collect the nature data the world needs.

At UN PRI in Person in November 2025, the TNFD released a package of eight 'Recommendations for upgrading the nature data value chain for market participants', including a blueprint for a proposed Nature Data Public Facility (NDPF). The ultimate goal of establishing a NDPF is to provide market participants with streamlined access to a baseload of high-quality state of nature data while also creating much needed additional sources of funding for the upstream public institutions leading global efforts to collect the data. Access to comparable, high-quality underlying nature-related data is essential for enabling accountability and accelerating action on nature-related issues. The proposed NDPF will act as an open data repository to allow stakeholders to access key nature-related data and commitments and to assess the progress of businesses and financial institutions towards these commitments.

These recommendations on upgrading the nature data value chain represent the culmination of four years of research and pilot testing on how best to respond to the nature data challenges identified by companies and financial institutions. This includes extensive global consultations with nature data experts and end users, and the creation of a sandbox environment that tested over 100 nature data layers from more than 40 data providers. The 'Recommendations' publication also follows on from the TNFD's earlier Discussion Paper, titled 'Roadmap for Upgrading Market Access to Decision-Useful Nature-related Data', which was released at CBD COP16 in Colombia in 2024, and which highlighted the critical challenges in data accessibility, standardisation, and interpretation.

The output **score of A** was awarded as the target was met.

C2. Describe any changes to this output during the past year, and any planned changes as a result of this review.
The output indicator continues to relate to the TNFD's work in overcoming nature-related data challenges. However, the indicator evolved to encapsulate the TNFD's ambition to produce a seminal 'Recommendations for upgrading the nature data value chain' document, following on from the successful publication of its 'Roadmap' the previous year.

C3. Lessons and recommendations for future
Since the publication of the 'Recommendations' document, the TNFD has been leading efforts to establish an independent, not-for-profit Nature Data Trust to host and manage the NDPF. The estimated funding requirement has been costed to US$26.7 million over the first five years. This would cover the 'design-build-operate' period for the first five years, until the Nature Data Trust can become self-financing from earned income from the NDPF (as per the plan in the proposal).

Since the beginning of 2026, the TNFD has been engaging government funders and large philanthropic organisations to raise funds for the establishment of the proposed NDPF. No firm commitments have been secured yet, but the TNFD remains confident that funding will be pledged given the high level of interest generated by the 'Recommendations' publication. We recommend that the TNFD continue to prioritise this venture since data challenges remain one of the biggest challenges identified by market participants as inhibiting the concerted integration of nature into their risk management processes and their strategic and capital allocation decisions.

OUTPUT 4

<table>
<tr><td>Output Title</td><td colspan="4">Nature Transition Planning</td></tr>
<tr><td>Output number:</td><td>4</td><td>Output Score:</td><td colspan="2">A</td></tr>
<tr><td>Impact weighting (%):</td><td>10%</td><td>Weighting revised since last AR?</td><td colspan="2">No</td></tr>
<tr><td colspan="2">Indicator</td><td>Target (in-year)</td><td>Achieved (in-year)</td><td>Progress</td></tr>
<tr><td colspan="2">4.1 Launch of the TNFD's 'Guidance on Nature in Transition Planning'</td><td>Guidance on Nature in Transition Planning launched by UN PRI in Person conference</td><td>Guidance on Nature in Transition Planning was launched by UN PRI in Person conference in November 2025</td><td>Met</td></tr>
</table>

C1. Briefly describe the output's activities and provide supporting narrative for the score.
The TNFD has published its final 'Guidance on Nature in Transition Plans'. This provides a practical framework for corporates to embed nature into their transition plans, building on market best practices for climate transition planning including the approaches proposed by the Glasgow Financial Alliance for Net Zero (GFANZ) and the UK's Transition Plan Taskforce (TPT). The launch of the Guidance follows a nine-month process of pilot testing with 14 companies and financial institutions. The Guidance advises corporates on how to develop a coherent set of forward-looking strategies, actions, and accountability mechanisms within their organisation's main business strategy, that are aligned with the GBF goals and targets. The TNFD's final guidance follows on from the 'Discussion Paper on Nature Transition Plans' it published at CBD COP16 in October 2024. Guidance and consultation pertaining to the integration of nature into transition planning frameworks is crucial for ensuring that nature is embedded into organisations' decision-making and strategic planning for the short, medium, and long-term.

The output **score of A** was awarded as the target was met.

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

The output indicator continues to relate to the TNFD's work in encouraging the development and use of nature-related transition plans. However, the indicator evolved to encapsulate the TNFD's ambition to produce a seminal 'Guidance on Nature in Transition Plans' document, following on from the successful publication of its Discussion Paper the previous year.

C3. Lessons and recommendations for future

Since the publication of the final 'Guidance', the TNFD has prioritised engagement directly through webinars and via partners to promote the guidance and ensure it provides organisations with the confidence to get started on incorporating nature in their transition planning. The TNFD's first global webinar dedicated to the new guidance, in December 2025, received high levels of interest, with more than 700 registrations.

We recommend that the TNFD continues to champion the new 'Guidance on Nature in Transition Plans', particularly given the catalytic role that uptake of nature-related transition planning could play in accelerating the nature positive transition among private sector institutions. We recommend that the TNFD uses metrics in the annual TNFD Status Report to monitor the number of TNFD reporters who have proceeded to develop a nature-related transition plan, and to more broadly track emerging trends and developments in the nature-related transition planning space.

OUTPUT 5

Output Title	Education and Executive Training		
Output number:	5	Output Score:	A+
Impact weighting (%):	15%	Weighting revised since last AR?	No

Indicator	Target (in-year)	Achieved (in-year)	Progress
5.1 Number of course participants in 'Train the Trainer' sessions delivered	100	170	Exceeded
5.2 Proportion of Train the Trainer course participants that are female	50%	55%	Exceeded
5.3 Number of participants in training sessions delivered by trainers who participated in the TNFD's 'Train the Trainer' programme	3500	4702	Exceeded
5.4 Number of IPLC Business Engagement training sessions delivered (as part of the new IPLC Business Engagement Training Programme)	1	1	Met

5.4 Number of applicants to the TNFD's Nature Intelligence for Business Grand Challenge	150	154 eligible applications out of a total 385 submitted	Exceeded

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

Train the Trainer
The TNFD's Train the Trainer programme was established to equip educators, consultants, and in-house teams with the knowledge and resources they need (such as customisable, 'white label' materials) to deliver training on the TNFD's framework, thereby boosting the TNFD's global capacity building objectives and enhancing expertise in nature-related financial reporting. For example, in February 2026, the TNFD hosted a Train the Trainer event in Johannesburg, South Africa, with over 70 participants from eight countries. We are pleased that the TNFD has exceeded its target for the number of participants in its Train the Trainer programme, evidencing the strong demand for the knowledge and resources they disseminate. We are also pleased that over 50% of the participants in the sessions have been female. The Train the Trainer programmes have been an enormous success, with the trainers proceeding to create their own customised training sessions for the purpose of upskilling professionals on nature-related financial reporting. We are also pleased that participants (or 'trainers') in the Train the Trainer programme have since proceeded to deliver tailored training interventions themselves, which have reached a cumulative total of 4702 professionals. This underlines the success of the Train the Trainer programme in amplifying the work of the TNFD.

IPLC Business Engagement training sessions
The TNFD has delivered the first event of its new IPLC Business Engagement Training programme – a dedicated two-day, in-person 'Train the Trainer' training session for IPLC leaders from across Africa, Latin America, and the Asia-Pacific. The programme was designed to equip IPLC leaders with knowledge about how corporate reporting and disclosures on nature-related issues is advancing, how that information can be used by IPLCs, and how the stakeholder engagement guidance developed by the TNFD, IUCN, and IIFB in 2022-23 can be a tool for IPLCs. The workshop also showcased how indigenous-led enterprises are already using the TNFD's LEAP assessment approach to inform the resilience of their own community-based bioeconomy businesses. The IPBES Business and Biodiversity Assessment, published in February 2026, highlighted that priority gaps remain on business engagement with IPLCs; and the TNFD is continuing in its efforts to address this gap through dedicated guidance and capacity building. Future training sessions will aim to enhance the capabilities of business executives to engage constructively and productively with IPLCs.

The TNFD's focus on IPLC engagement stems from its recognition that IPLCs play a key leadership role in protecting the world's remaining biodiversity and restoring fragile ecosystems. This first session of the TNFD's IPLC Business Engagement Training programme follows on from the TNFD's collaboration with the IIFB and other IPLC civil society groups on the development and pilot testing of engagement training and capacity-building programmes – with the aim of bringing business and IPLC leaders together to discuss how to pursue development projects and the use of nature-based resources in a more sustainable and just way, respecting the rights and knowledge of Indigenous peoples and local communities. Also, the TNFD has produced 'Guidance on engagement with IPLCs', and it is working with partners on an evidence base on the financial materiality of IPLC engagement in the nature context..

TNFD's Nature Intelligence for Business Grand Challenge
The TNFD, in collaboration with Conservation X Labs and UNDP established a global competition for advancing practical tools that help SMEs understand and manage how their businesses depend on – and impact – nature. The challenge is that many smaller businesses have limited resources and expertise, which makes it difficult to apply the TNFD's LEAP approach for understand their nature-related issues. The Nature Intelligence for Business Grand Challenge was created to help close the gap by surfacing innovations that reduce cost, complexity, and time, while producing credible, decision-ready outputs consistent with the TNFD's LEAP approach and leveraging the TNFD's recommended metrics. The Grand Challenge's award was a shared prize purse of $100,000 in funding. We are pleased that the Grand Challenge attracted 385 initial applications, of which 154 were eligible entries (spanning 46 countries). The 12 finalists were

announced in February, and the three winners were announced on 12th May: Dunya Analytics, Mozaic Earth, and Space Eagle Enterprises. Moving forwards, the TNFD, UNDP, and Conservation X Labs are partnering with the winning developers to pilot, scale, and globalise their tools for SMEs.

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

C2. Describe any changes to this output during the past year, and any planned changes as a result of this review.
The programme team made several changes to the output indicators. New indicators were added that were pertinent to new TNFD priorities. Indicators that had run their course or that were deemed to deliver insufficient impact were removed.

C3. Lessons and recommendations for future
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 TNFD in continuing its existing approach towards capacity building and education over the coming years.

OUTPUT 6

Output Title	Building out the evidence base on nature risks		
Output number:	6	Output Score:	A++
Impact weighting (%):	7.5%	Weighting revised since last AR?	Yes, up by 2.5% (to compensate for the removal of one of last year's outputs, following its completion).

Indicator	**Target (in-year)**	**Achieved (in-year)**	**Progress**
6.1 Publication of a TNFD 'Evidence Review on the financial effects of nature-related risks'	Evidence Review published in June 2025 at London Climate Action Week	Evidence Review published in June 2025 at London Climate Action Week	Met
6.2 Number of additional evidence items added to the nature-related financial risks database following the end of the consultation period in December 2025	3 case studies	259 case studies	Exceeded

C1. Briefly describe the output's activities and provide supporting narrative for the score.
The development of publicly sharable evidence on the materiality of nature-related risks, impacts, and dependencies is important for underscoring the need for action to tackle nature loss and degradation. Evidence papers also play an influential role in persuading leading bodies, such as standard-setting bodies, regulators, and international institutions, to take nature risks more seriously.

The TNFD launched its 'Evidence Review on the financial effects of nature-related risks' (co-authored by the TNFD, Oxford University's Environmental Change Institute, and Global Canopy) at LCAW. The Review synthesises the current evidence on the financial materiality of nature-related risks for corporates and financial institutions, drawing on 600 pieces of evidence from 360 sources. The Evidence Review showed that while nature risks are not yet consistently assessed or disclosed as financially material, the evidence of the financial effects of nature-related risks for businesses and the economy is extensive, and that information on nature-related risks is important to investors. The Review also deduced that while there is high quality evidence across all evidence types, the evidence at the company level is not yet as abundant.

As part of the 'Evidence Review', the TNFD supported the establishment of a Nature-related Financial Risks Database. A public consultation was subsequently undertaken, up to December 2025, for the purpose gathering evidence and feedback for the Database. The Database serves as a comprehensive literature repository and has amassed a significant body of academic research, case studies, empirical evidence, and reports, which serve to substantiate the evidence base on the relevant financial effects of nature-related risks on corporations and financial institutions. Despite the formal public consultation period ending in December 2025, we are pleased that the Database has continued to generate momentum – with 259 case studies being added to the Database since December.

The output **score of A++** was awarded as Target 6.2 was considerably exceeded.

C2. Describe any changes to this output during the past year, and any planned changes as a result of this review.
The programme team made several changes to the output indicators. Indicators that had run their course were removed, and new indicators were added that were pertinent to the workstream.

C3. Lessons and recommendations for future
No further action needed.

OUTPUT 7

Output Title	Developing an evidence base on how TNFD adoption can support the realisation of nature-related opportunities.		
Output number:	7	Output Score:	A
Impact weighting (%):	7.5%	Weighting revised since last AR?	N/A – new output

Indicator	**Target (in-year)**	**Achieved (in-year)**	**Progress**
7.1 Number of case studies published as part of a publication on how market participants can identify nature-related opportunities.	16 case studies	16 case studies	Met

C1. Briefly describe the output's activities and provide supporting narrative for the score.
Nature-related opportunities create positive outcomes for organisations and nature through positive impacts on nature or mitigation of negative impacts on nature. They can involve the development, adaptation, replication, scaling and/or implementation of a new or existing product, service, financial instrument or method or process. Nature-related opportunities can help to close the financing gap for nature, address the challenge of financial flows that have a direct negative impact on nature, help improve business resilience, manage nature-related risks and contribute to global policy goals such as those in the Global Biodiversity Framework

The TNFD has enormous potential in helping to guide companies and financial institutions to invest in nature-based solutions and capitalise on growing nature-related opportunities. Moreover, emphasising the 'opportunities' angle of nature-related issues will provide inspiration for how organisations can address the risks, impacts, and dependencies that they have identified through use of the LEAP framework and TNFD recommendations.

In November 2025, in the run up to COP30, the TNFD launched its ‘Discussion Paper on Nature-related Opportunities’, which aims to encourage and enable further market action on nature-related opportunities. The examples and case studies show how business outcomes play a key role in securing approval, and the financing and execution of nature-related opportunities. We are pleased that the TNFD met its target of producing 16 case studies to accompany the Discussion Paper.

The output **score of A** was awarded as the target was met.

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

C3. Lessons and recommendations for future
We encourage the TNFD to use its platform to raise the profile of nature-related opportunities - showcasing scalable and replicable opportunities and using TNFD networks and forums to encourage their uptake among TNFD adopters and users of the LEAP framework.

SECTION D: RISK

D1. Overview of risk management
The TNFD programme has maintained a **moderate risk** rating over the past 12 months, constituting an acceptable level of risk against Defra’s risk appetite. Defra regularly reviewed programme risks and developments through its governance processes, including through its quarterly reporting meetings with the TNFD and the Quarterly Progress Reports that it received from the TNFD. Defra’s membership of the TNFD Stewardship Council (which consists of the TNFD’s donors) meant that it had a high level of visibility over current and emerging risks. The TNFD initiative continued to successfully mitigate against the risks that were identified through due diligence.

Evolving risks and proposed mitigation activities were discussed during the quarterly programme management meetings between TNFD and the Defra programme team immediately following the submission of each Quarterly Progress Report.

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

Financial and Fiduciary risks:

1) RISK: Funding for the Secretariat – The TNFD faced financial pressures over 2024-2025 following the withdrawal of USAID funding in Q1 2025. At the time, this constituted a significant risk as it meant that the TNFD needed to secure replacement funding or risk a funding shortfall which would reduce its ability to deliver all the ambitions outlined in the ‘TNFD Strategy and Workplan’ for the uptake phase.

- RESPONSE: Following this withdrawal, the TNFD actively engaged with international foundations and foreign governments to seek additional funding sources over the past year. The TNFD has been successful in this endeavour and the TNFD now has sufficient funding to deliver all the ambitions and goals outlined in the ‘TNFD Strategy and Workplan’ over the next two years. The TNFD’s full funding breakdown is located in Section E.

Delivery and Operational risks:

2) RISK: Insufficient buy-in and support from key stakeholders and standards – Due to the complex and interconnected external landscape within which the TNFD operates, it is not possible for the TNFD to achieve all its desired outcomes and impacts alone. A failure to ensure the TNFD is embedded in the global sustainability and reporting architecture would diminish the legacy of the TNFD.

- RESPONSE: To amplify the TNFD's impact and secure its legacy, the TNFD has developed strong relationships, collaborations, and alignment with key institutions, and successfully ensured the integration of TNFD-aligned nature risk reporting into global sustainability-related frameworks, standards, and guidance. For example, TNFD alignment has been achieved with the following standards: Global Reporting Initiative (GRI), European Sustainability Reporting Standards (ESRS), Business Responsibility and Sustainability Reporting (BRSR), and Carbon Disclosure Project (CDP). Moreover, the TNFD is currently working to ensure that the ISSB's nature-related standard-setting project draws on the work of the TNFD and has recently commenced a two-year project to integrate the TNFD's LEAP risk management framework approach into the 'ISO 14001: 2025 EMS standard'.

3) RISK: Risk of Small & Medium-sized Enterprises (SMEs) being unable to meet the demands of TNFD adopters – There is a risk that SMEs in value chains do not have the capacity or expertise to provide the nature data required by their corporate clients for their TNFD disclosures.

- RESPONSE: To help pioneer solutions to the challenges facing SMEs, the TNFD launched its 'Nature Intelligence for Business Grand Challenge' – a global competition to advance practical tools that help small and medium-sized enterprises (SMEs) understand and manage how their businesses depend on—and impact—nature. This competition gained a lot of traction, attracting 154 eligible applications. Moving forwards, the TNFD, UNDP, and Conservation X Labs are partnering with the winning developers to pilot, scale, and globalise their tools for SMEs.
- The TNFD also explored options for producing a 'SME Toolkit for LEAP Assessments' to help SMEs overcome the cost and resource barriers associated with undertaking LEAP assessments, and the TNFD explored developing training sessions for value chain companies. However, these options were not taken forward due to a lack of resources.

4) RISK: Technical challenges associated with using the TNFD framework and therefore with achieving desired impact –

- RESPONSE: To help overcome anticipated and professed gaps in expertise and capabilities among TNFD adopters, the TNFD has supported ongoing technical work through TNFD Working Groups and has undertaken a range of capacity building activities to support market participants with using the LEAP framework and implementing the TNFD recommendations. For example, training modules on LEAP for financial institutions have been added to the TNFD's training portal. The TNFD has also produced a suite of guidance to support wide-ranging actors in using the TNFD framework.

5) RISK: Lack of understanding on nature risk at senior level –

- RESPONSE: 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. TNFD actions have included:
  - Delivering a 'TNFD in a Box' webinar on director duties.
  - Establishing a Learning Lab and Trainer Portal
  - Joining the Global Capacity Building Coalition
  - The TNFD launched white label content for training providers that contains a training module specifically dedicated to Boards.
  - The TNFD published 'Asking Better Questions on Nature' guidance for board directors and CIOs of asset owners.

- Five additional 'Asking Better Questions' guides are on track to be launched in Q2 2026.

6) RISK: Risk of third-party contracts being awarded unfairly –

- RESPONSE: The TNFD Secretariat adheres to the 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.

7) RISK: Risk of delivery partner withdrawal –

- RESPONSE: There continues to be no evidence to suggest that GFI will withdraw its support for administratively hosting the TNFD Secretariat.

Reputational risks:

8) RISK: Risk of media criticism by key influencers or NGOs, with potential accusations of greenwashing –

- RESPONSE: The TNFD keeps the media and relevant influencers appraised 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)

Professional relationships and partnerships within and between delivery partners and third parties entail safeguarding and SEAH risks. In addition to being deleterious for individuals involved, this would involve a reputational risk as Defra and the delivery partner (TNFD/GFI) have clear organisational commitments to prevent and mitigate SEAH and other safeguarding risks.

Defra's safeguarding and SEAH commitments and requirements on the TNFD's staff, partners, and associates are clearly set out in the TNFD Grant Agreement – covered under both Article 17 and 'Schedule 10 – Joint Donor League on SEAH'. Defra's six guiding principles on SEAH cover:

- SEAH approach
- Complaints and whistleblowing
- Recruitment and training
- Risk management
- Code of conduct
- 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. These policies were shared with Defra during due diligence and Business Case development processes.

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. TNFD staff are spread around the world and predominantly work remotely. As of April 2026, no safeguarding or fraud concerns have been relayed to the programme manager.

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

E.1 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 have been 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 seed 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 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. The TNFD's funding profile, covering the period since its inception, is outlined below (accurate as of 10th April 2026):

TNFD Funders 2021 - 2026	Total Amount (GBP)	
Government total	**£**	**18,539,682**
Australian Government	£	388,800
DEFRA (UK Government)	£	5,626,855
Dutch Government	£	292,870
IKI via UNDP (German Government)	£	10,180,325
Japanese Government	£	259,282
NICFI via Global Canopy	£	293,546
Swiss Government	£	337,554
USAID (US Government)	£	35,156
USAID via UNDP	£	374,326
NICFI (Norwegian Government)	£	750,969
Philanthropic total	**£**	**2,837,138**
CIFF - Fund Financing for Biodiversity	£	757,115
MacDoch Foundation	£	795,032
Rockefeller Foundation	£	392,348
Global Commons Alliance via RPA	£	57,987
CIFF	£	686,798
Nature Finance	£	147,858
Combined Funding Total	**£**	**21,376,820**

The UK Government has been the second largest donor to the TNFD, contributing 26% of the TNFD's total funding. The costs of the programme have been RDEL. Defra has disbursed funding to the TNFD in arrears. All the funding has been spent on work undertaken, and there is no deficit outstanding.

Defra committed £1 million to the TNFD Secretariat over FY2025-26. The payment schedule was as follows:

Date	Amount
June 2025	£300,000
September 2025	£350,000
December 2025	£150,000
March 2026	£200,000

E.2 Programme-level approach to monitoring and evaluation

The PRO and SRO, who sit in Defra's International Nature Finance team, have acted 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. The Defra programme manager and the SRO met 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 (based in the domestic-focused Nature Markets and Investments division) has acted as the main contact for the TNFD Secretariat on matters unrelated to programme management and funding, including ensuring alignment with UK domestic policies/regulation, providing strategic input to ensure the TNFD pursues action conducive to UK ambitions in the Environment Improvement Plan, and providing capacity building support to the TNFD's Knowledge Hub. Furthermore, the Defra TNFD Policy Lead has attended the monthly TNFD Stewardship Council meetings and has used this platform to raise any concerns and emerging risks and liaise with other TNFD donors to align on messaging, stakeholder engagement and market uptake action plans. The Defra TNFD Policy Lead also has bi-monthly meetings with the TNFD Co-Chair and CEO, in addition to ad hoc meetings with TNFD staff to address specific questions and discuss engagement opportunities. Both Defra teams ('International Nature Finance' and 'Nature Markets and Investments') work closely to ensure coherence across policy programming. These governance arrangements have been effective in developing constructive working relationships with a range of TNFD staff and has ensured that Defra has been consulted on TNFD proposals and priorities.

The programme team has championed the work of the TNFD during engagements with UK Posts in multiple countries, which has subsequently enabled them to advance the UK's TNFD-related priorities in their workstreams. Defra Ministers and senior officials have also supported and participated in several TNFD events over the years. For example, the Defra Secretary of State delivered the keynote speech at the TNFD's London launch event at the Royal Society in September 2023.

Paris Alignment

Defra's funding for the TNFD has helped to deliver the goals of the Paris Agreement, signed at UNFCCC COP21. The TNFD's ambition to integrate nature-related issues into corporate and financial decision-making is helping to reduce environmental harm. For instance, TNFD risk management and reporting increases the likelihood of companies using nature-based solutions, which in turn support carbon sequestration. As classified International Climate Finance (ICF) spend, the TNFD programme will identify and record ICF spend and results. The TNFD Secretariat is hosted by the Green Finance Institute, whose aim is to accelerate the transition towards an environmentally sustainable and resilient economy by catalysing investment in net zero and nature positive outcomes.

E.3 Value for Money (VfM) performance compared to the original VfM proposition in the Business Case

The programme demonstrates strong value for money against its original objectives. TNFD appears to have managed Defra's total £5.6 million contribution appropriately, with spending broadly aligned to the business case, procurement guided by competitive principles, and staffing growth matched to delivery demands. Performance was mostly exceeding targets on economy, efficiency and overall effectiveness, particularly in market uptake and international reach, with positive but less strong regulatory endorsement outcomes.

This assessment follows the FCDO 5Es VfM framework: economy, efficiency, effectiveness, equity and cost-effectiveness. It uses audited reporting data up to FY2024-25, as audited FY2025-26 data was not yet available as of the VfM assessment. As a market-shaping and standard-setting programme, some longer-term impacts are still emerging and are not fully measurable at the point of this review.

Economy

Defra provided around £5.6 million to TNFD between 2021 and 2026, including initial support for the design and development phase and later support for market uptake. Available financial data suggests TNFD managed these funds prudently. Its main cost drivers were 'consultancy fees' and 'wages and salaries', which together accounted for about two-thirds of spending, broadly in line with the business case assumption of around 70%.

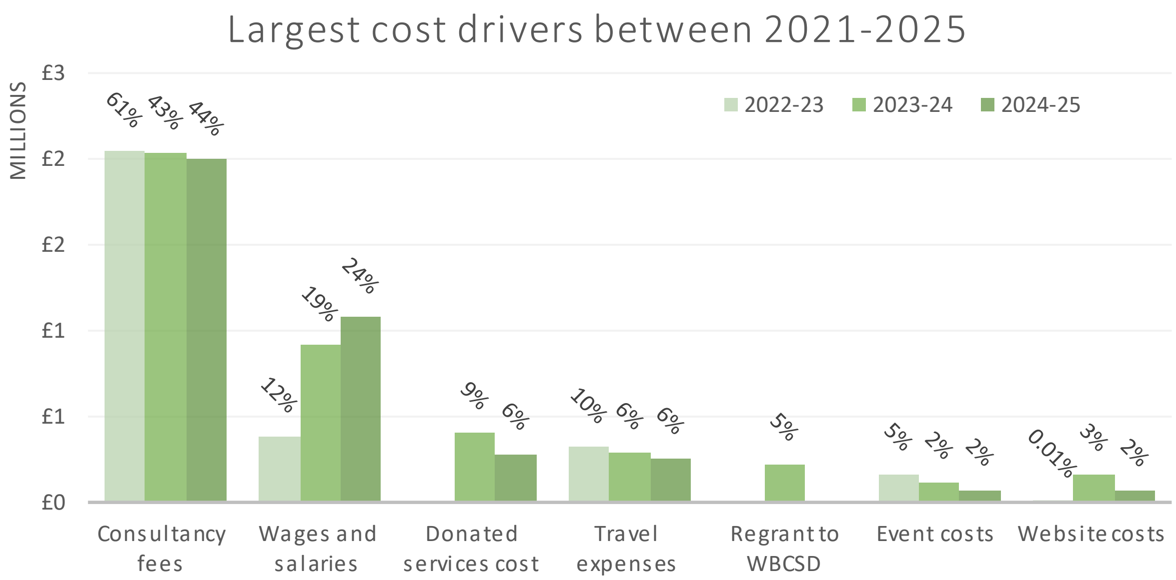


Figure 2: *TNFD Secretariat's largest cost drivers over the UK's funding period.*

Procurement was guided by principles of openness, competition and transparency, using a Most Economically Advantageous Tender approach to balance cost and quality. Staffing costs rose over the period, but this reflected a substantial increase in Secretariat capacity, with average payroll staff increasing from 11 to 25 across the three reported years. This expansion supported a larger delivery effort, including publication of 27 guidance documents against a planned 17.

Efficiency

The programme delivered outputs efficiently against its milestones. Across 20 indicators, 90% met or exceeded target and 60% exceeded target, with an overall outcome score of A+ and a KPI 15 score of 5. This indicates that inputs were converted into outputs effectively and that delivery efficiency remained broadly consistent with the assumptions in the business case.

Effectiveness and cost-effectiveness

The programme performed strongest on market uptake and international reach. By completion, 762 organisations from the targeted 750 had committed to report in line with TNFD recommendations, with adoption spread across all targeted sectors and major developed markets. The TNFD also exceeded several enabling activity targets, engaging 83 countries (against a target of 40), delivered 27 stakeholder briefings (target of 19), and published 27 guidance and discussion products (target of 17).

The programme also influenced the wider sustainability reporting landscape. By late 2025, the International Sustainability Standards Board had announced its intention to begin nature-related standard-setting work drawing on TNFD, and six international sustainability standards are now drawing on TNFD outputs, exceeding the target of five. Taken together, these results indicate strong market traction and support the business case assumption that voluntary uptake by globally significant actors could help mainstream the framework.

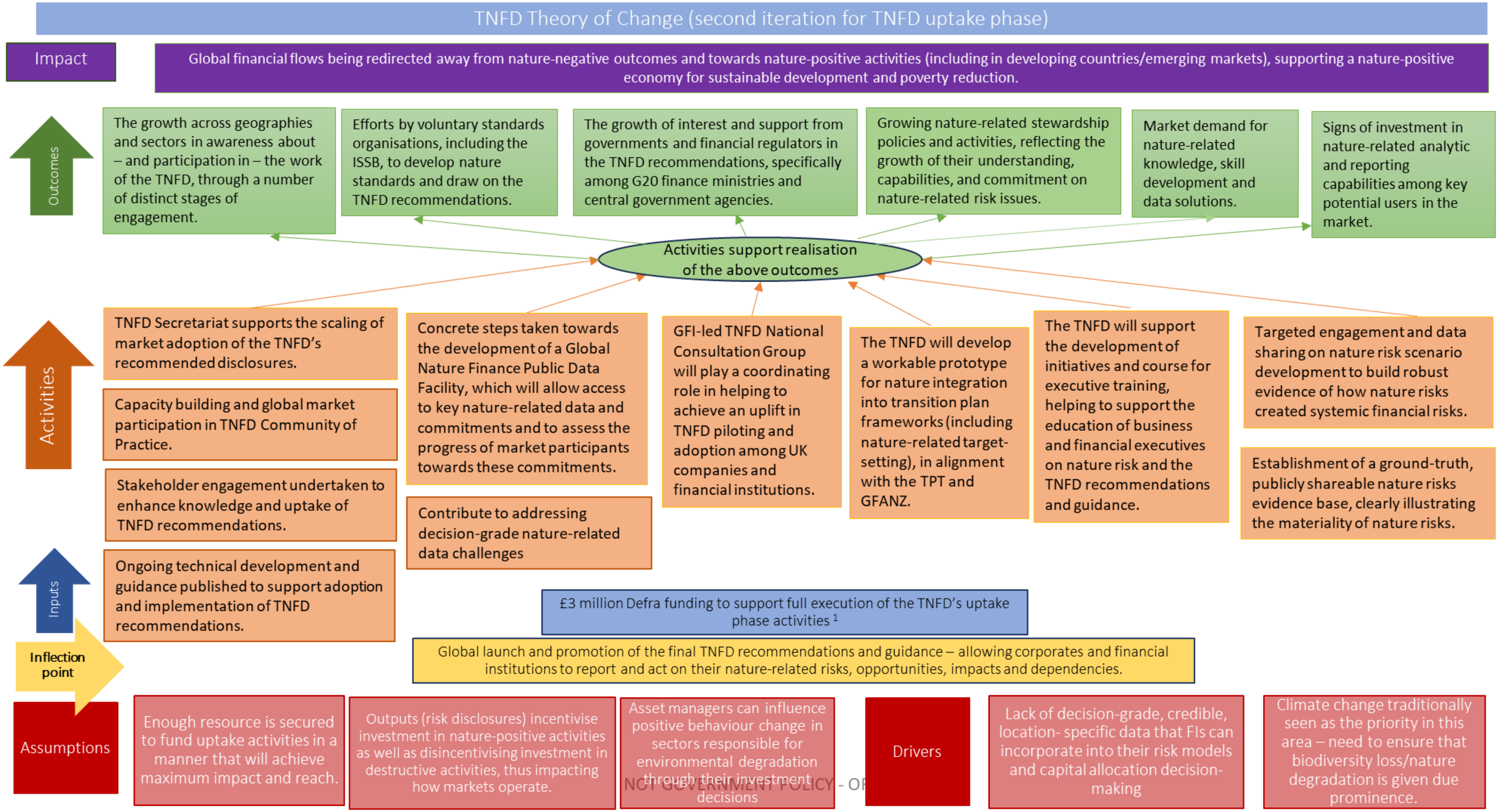
However, performance was weaker on public sector endorsement and deeper governance outcomes. Only three formal statements of support were secured from finance ministries, central banks, supervisors or regulators, against a target of four, and eight governments provided funding to the Secretariat or consultation groups against a target of ten. Disclosure quality is supported by the first-generation reporters disclosing against an average of 8.7 of the 14 recommendations, above the target of 8, however board-level oversight disclosure fell slightly below target (71%/80%).

Overall, the evidence supports the original business case for UK funding as early cornerstone finance, with Defra's investment helping establish the Secretariat, develop the TNFD's core content (namely its framework, recommendations, and guidance), support global dissemination among market participants, and crowd in wider support from key stakeholders. Although a robust monetised benefit-cost ratio is not possible for a market-shaping intervention of this kind, the scale of uptake, breadth of outputs and influence on international standards suggest proportionate value relative to the programme's strategic objectives.

<u>Equity</u>
The TNFD made strong overall progress on equity across most targeted areas. It met its IPLC-related targets through dialogue, training and guidance intended to strengthen collaboration between Indigenous Peoples and Local Communities and the private sector. Moreover, gender participation targets were exceeded, with women accounting for 59% of webinar participants and 55% of Train the Trainer participants, against a 50% target. However, the TNFD fell short of achieving its target of 70% of TNFD reporters disclosing on human rights policies and engagement with IPLCs and other affected stakeholders – with only 50% of adopters reporting in line with that TNFD recommendation (Governance C).

Date of last narrative financial report	27/11/2025	Date of last audited annual statement	27/11/2025

ANNEX A – TNFD PROGRAMME'S THEORY OF CHANGE



ANNEX B – Impact Assessment: KPI15 indicator reporting 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 2025-2026 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*]

<u>How does the programme define transformational change?</u>

DESIRED PROGRAMME IMPACT (as set out in the Theory of Change - see Annex A): The programme seeks to deliver transformational change by facilitating the redirection of global financial flows away from activities that harm nature towards nature-positive activities, including in developing countries/emerging markets, thereby supporting a nature-positive economy for sustainable development and poverty reduction.

Transformational change requires the significant uptake of TNFD reporting for nature-related risk management and disclosures by wide-ranging organisations across sectors, geographies, and financial markets. The integration of nature-related dependencies, impacts, risks and opportunities into financial and business decision-making will help to reduce environmental harm and increase the positive impact that companies and financial institutions have on nature and just development as a result of investment, credit and insurance underwriting decisions.

Achievement of this impact will ultimately require much longer than the one-year time-frame of our additional funding (over 2025 – 2026), with quantifiable systemic and transformational change only realistically expected to occur by 2028. Despite the significant in-roads that the TNFD has made to date, nature remains a comparatively new topic for many businesses, and significant capacity still needs to be built within all economic sectors, geographies, and financial markets across the world for transformational change to take place. 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.

<u>Who else is crucial for ensuring transformational change?</u>
Achieving transformational change will depend on contributions from a wide range of international and national-level actors, including standard-setters, regulators, governments, and central banks, in addition to significant uptake from financial institutions and companies globally.

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.

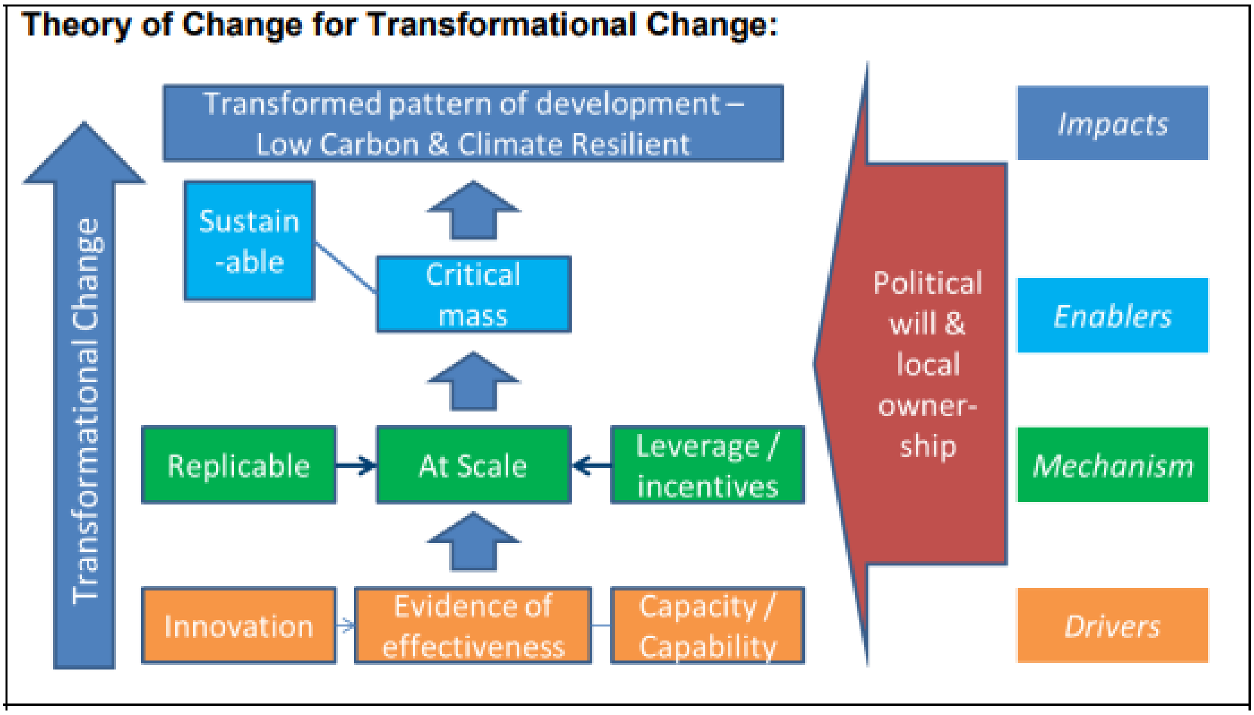


Figure 3: *ICF KPI15 Theory of Change for Transformational Change*

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

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

Indicator	**Milestone Target 2026**	**Data Results 2026**
Has the ISSB made a pronouncement committing to commence standard-setting work on nature, aligned with the TNFD?	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.	4	5 (*Public:* GRI, ESRS, BRSR and CDP; *Non-public:* SASB)

Number of G20, OECD, and megadiverse countries engaged by the TNFD.	30	43
Is there evidence of TNFD approaches and content being integrated into the operations and market information products of multilateral financial institutions (such as MDBs and DFIs)?	Binary: Yes/No	Yes. *For example, three development banks – the International Finance Corporation, IDB Invest, and FMO (the Dutch Entrepreneurial Development Bank) provided investments to support the issuance of Banco Bolivariano's US$120 million blue bond. Banco Bolivariano is the fifth largest bank in Ecuador. As part of the deal, the development banks required Banco Bolivariano to create a sustainability department and disclose its nature-related issues in alignment with the TNFD.*
Number of forums or summits where TNFD representatives have participated, in order to promote and socialise the TNFD.	175	224

Justification of score: A score of 5 was awarded. The TNFD met two targets, exceeded one target by a small degree, and exceeded two targets by a considerable degree. On the multilateral financial institutions indicator, the TNFD was able to present evidence of several multilateral financial institutions adopting stewardship and engagement approaches aligned with TNFD principles.

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

Indicator	Milestone Target 2026	Data Results 2026
Number of organisations that have committed to reporting in line with the TNFD recommendations	750	762
Number of companies in the MSCI World Index that have committed to report in line with the TNFD recommendations. *(The Index contains 1310 constituents)*	200	206

Number of organisations who are members of TNFD Consultation Groups.	2000	2792

Justification of score: A score of 5 was awarded. The TNFD exceeded all three targets, including one target by a margin of over 39%. On the MSCI World Index target, this represents an improvement on last year's score, where the TNFD missed the target by a small margin.

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

Indicator	Milestone Targets 2026	Data Results 2026
Total number of TNFD webinar participants	7000	8414
Number of participants in training sessions delivered by trainers who participated in the TNFD's 'Train the Trainer' programme	3500	4702
Number of major media coverages and interviews that have been undertaken to heighten the profile of the TNFD and demonstrate its effectiveness.	60	240

Justification of score: A score of 5 was awarded. The TNFD exceeded all three targets by a significant degree.

Scalability [TOC Level: Mechanism]: 15%

Indicator	Milestone Targets 2026	Data Results 2026
Number of TNFD Consultation Groups	24	23
Number of countries and jurisdictions from which organisations have committed to adopt the TNFD recommendations	62	56

Justification of score: A score of 4 was awarded. The TNFD fell short of the two scalability indicators by a small margin.

Sustainable [TOC Level: Enablers]: 10%

Indicator	Milestone Targets 2026	Data Results 2026
Is the TNFD projected to be on a secure footing in terms of ongoing financial and in-kind support post-March 2026?	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 (out of total of 5)
Political will and local ownership	5	40%	2.0
Capacity and capability can be increased	5	20%	1.0
Evidence of effectiveness is shared	5	15%	0.75
Scalability	4	15%	0.6
Sustainability	5	10%	0.5
TOTAL	**23**	**100%**	**4.85**

Total weighing score / Total weighting = 4.85/5

KPI15 reporting guidance stipulates that a whole number is needed so **4.85 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.