First Sentier MUFG
Sustainable Investment Institute

State of Nature-related Disclosures 2026

TNFD Alignment of Nature-related Disclosures and the Nature-data Ecosystem

Executive Summary

First Sentier MUFG | Sustainable Investment Institute

November 2026



About the Institute

The First Sentier MUFG Sustainable Investment Institute (the Institute) produces research to advance sustainable investing and support better-informed investment decisions. As investors, both First Sentier Group and MUFG recognise our responsibility to society and believe that financial returns should be considered alongside the long-term wellbeing of communities, economies and the environment.

The Institute commissions research on sustainable investment themes, examining complex global challenges from multiple perspectives. As sustainability considerations become increasingly important to investors, there is a growing need for rigorous analysis that helps explain the drivers, risks and opportunities associated with these issues. By improving understanding of these factors, investors can make more informed decisions and use their influence to support positive outcomes for both society and the environment.

The Institute is jointly supported by First Sentier Group (FSG) and Mitsubishi UFJ Trust and Banking Corporation, a consolidated subsidiary of MUFG. Representatives from both organisations contribute to the Institute's activities and help shape its research agenda.

An Academic Advisory Board supports the Institute by providing independent guidance on its sustainability and sustainable investment research initiatives. The Board brings together leading experts from academia, with expertise spanning responsible investment, climate science and related sustainability disciplines. Through independent oversight and expert challenge, the Board helps ensure the Institute's research meets high standards of academic rigour, relevance and quality.

The quality and impact of the Institute's work have also been recognised through industry awards. Recent achievements include winning the Investment Week Sustainable Investment Award for Best Sustainable Educational Content for Investors 2026, receiving the Investors for Purpose Best Content Awards for Natural Capital and Biodiversity in 2026 and in Climate Action 2025, as well as Highly Commended recognition at the Environmental Finance Sustainable Investment Awards 2026. Institute research has also helped inform award-winning investor engagement initiatives, including a First Sentier Group Environmental Finance ESG Engagement Initiative of the Year award in 2023.

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www.mufg.jp/english

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https://www.tr.mufg.jp/english

About UTS

UTS Institute for Sustainable Futures was commissioned by the Institute to author this report. It was produced with guidance from Sudip Hazra (Director, the Institute), Yuichi Nakao (Manager, the Institute), Tomohiro Enomoto (Manager, the Institute), and Elena Zharikova (Research Analyst, the Institute).

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About UTS Institute for Sustainable Futures

Recognised globally for our commitment to positive social impact, UTS ranks among the world's top 100 universities and stands out as a leading partner in building a sustainable future. We work with our partners across the globe to create meaningful change, connecting you with subject matter experts and cutting-edge facilities so together we can tackle the world's big challenges.

The Institute for Sustainable Futures is an independent research institute within UTS. We conduct transdisciplinary, project-based research in line with our vision of creating positive change towards sustainable futures.

www.uts.edu.au/research/centres/isf



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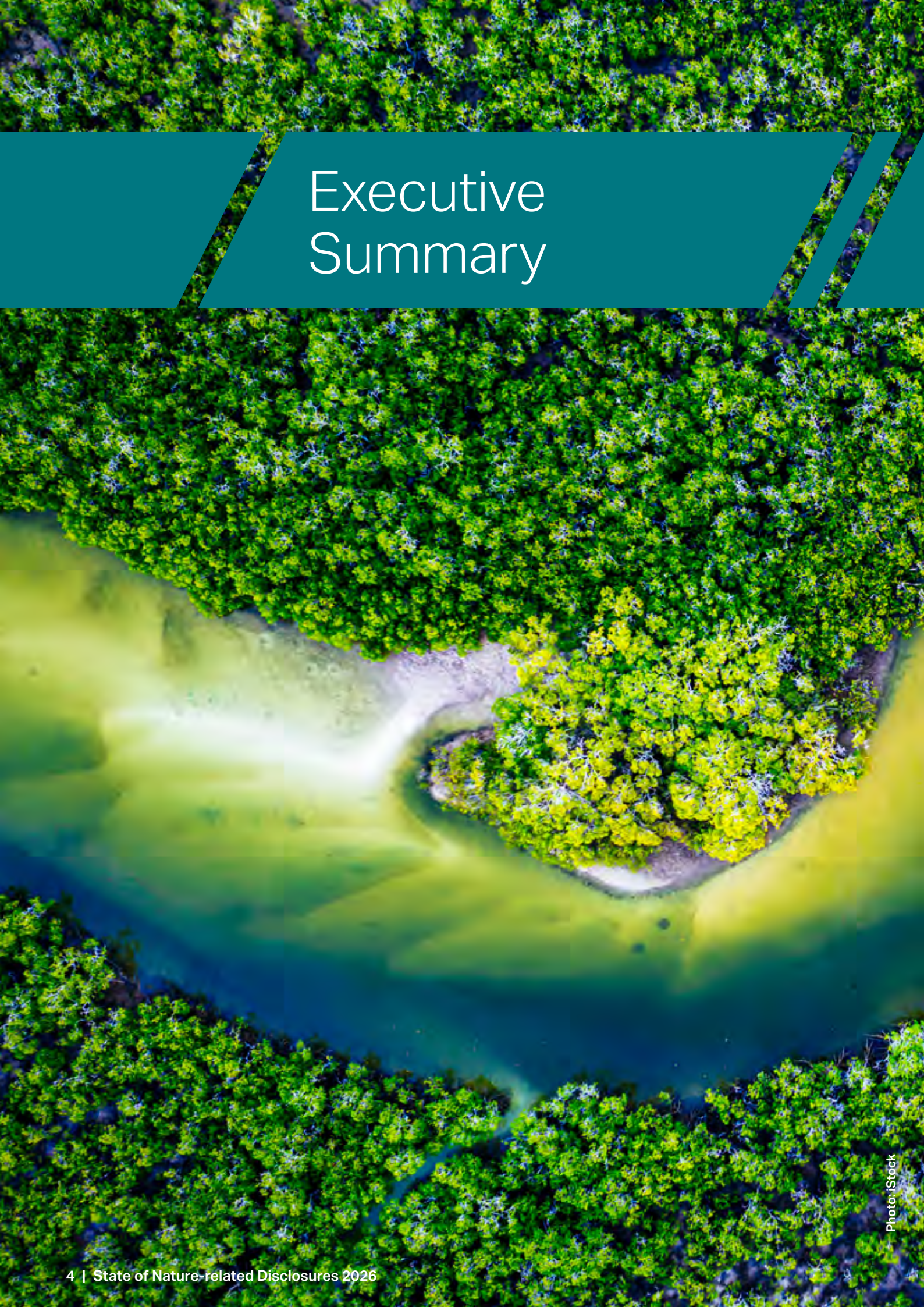


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Multiple global indicators point to continued and, in some areas, worsening nature degradation. Global temperatures are reaching record highs, the Living Planet Index reports a 73% decline in monitored wildlife populations since 1970, and multiple planetary boundaries now breached.

At the same time, the economic consequences are increasingly material: over half of global gross domestic product (GDP) depends on nature, and ecosystem decline is already driving hundreds of billions of dollars in annual costs and risks. More than half of the market value of listed companies is now exposed to nature-related risks, accentuating the systemic financial significance of biodiversity loss and ecosystem degradation. Given this context, the importance of transparently disclosing nature-related impacts, dependencies, risks, and opportunities has been brought sharply into focus.

In July 2024, First Sentier MUFG Sustainable Investment Institute published its first report on the state of nature-related disclosures, based on analysis of data up to 2023 (the 2023 analysis). The 2023 analysis established an initial benchmark for nature-related disclosure among leading firms, finding that many were already broadly aligned with the Taskforce for Nature-related Financial Disclosures (TNFD) framework and had set relevant targets. It also identified the need for further maturation in disclosure to meet emerging TNFD expectations, particularly in moving from broad alignment toward more detailed and decision-useful reporting.

Three years on and nature-related disclosure is entering a new phase. The market has moved rapidly from early experimentation to growing adoption of the TNFD framework, International Sustainability Standards Board (ISSB), and updated global standards.

These developments have strengthened the case for considering nature-related issues as potentially financially material, particularly for investors with long-term horizons or exposure to nature-dependent sectors. They have also increased attention to the possibility of systemic implications.

This report (the 2026 analysis) re-assesses the state of nature-related reporting against the TNFD's 14 Core Disclosure Recommendations across a sample of 19 companies: the 16 firms first benchmarked in the 2023 analysis, supplemented by three additional Japanese companies spotlighted for their leadership in TNFD adoption.[1] We also report on the status of the nature data ecosystem, from the perspective of key stakeholders in this ecosystem, and the role of collaborative nature initiatives in advancing the assessment, monitoring, and management of nature-related exposures.

1 The report uses the TNFD as an analytical reference point and examines disclosure from the perspective of investors interested in nature-related risks, impacts and stewardship. Other investors may reasonably adopt different priorities or evidentiary thresholds depending on their mandates, time horizons, asset classes and regulatory contexts.

Key findings and insights

A story of progress

Overall, our 2026 analysis reveals that firms in most sectors continue to make progress aligning their disclosure with the TNFD framework. 100% of the 16 firms from our 2023 sample disclose information relevant to all 14 Core Recommendations assessed, up from the 56% reported in the 2023 analysis, and 31% of firms are now conducting nature-related scenario analysis, up from 0% in 2023.

Encouragingly, we observe meaningful progress across several of the TNFD pillars since the 2023 analysis. Companies in our sample are now moving beyond enhancing disclosure coverage toward practices that treat nature as a core input to strategy and capital allocation. The table below presents examples of leading practice observed in this year's assessment in areas relevant to the TNFD.

The proportion of companies adopting the mitigation hierarchy increased from 19% to 44% in 2026. Companies in Health Care, Renewable Resources, Infrastructure, and Food & Beverage sectors all progressed in terms of board oversight of nature-related objectives, embedding nature in executive remuneration and board member nature competencies. Most notably, however, spatial disclosures under 'Strategy D' have expanded to include more rigorous and comprehensive location-based assessments of assets and business activities. Under Risk Management, all but one company now adopts a double materiality approach and 69% report using the TNFD's Locate, Evaluate, Assess, Prepare (LEAP) approach. The three additional Japanese firms added to this year's sample were leaders on disclosure coverage in terms of governance, and metrics & target setting, but showed uneven results when it came to depth and quality.

Remaining gaps

These improvements notwithstanding, persistent gaps remain. Disclosure of business strategy impacts continues to be a challenge, with firms struggling to articulate how nature-related issues identified have materially shifted business strategies and practices. A similar story emerges for the current and forecasted financial impacts of nature-related issues, and disclosures related to soil and water pollution and invasive species continue to be only partially reported at best.

Reviewing company disclosures, at least nine companies in our 2026 sample cite data gaps as a key barrier impeding process. This is reflective of broader market sentiment, which shows that the underlying data ecosystem is still relatively nascent compared to climate and still developing. Some investors, particularly those undertaking detailed company engagement are demanding granular, location specific and asset level data that can link nature impacts and dependencies to financial performance. However, such data is often unavailable, inconsistent, or difficult to interpret.

Examples of Leading Practice in Areas Relevant to the TNFD (2026)

1	**Location-specific assessment**	Asset- and site-level GIS mapping of direct operations and supply chains against biodiversity databases, rather than country- or sector-level desktop screening.
2	**Double materiality**	Formal, scored assessment of both impact and financial materiality, calibrated with stakeholders and aligned to existing enterprise risk frameworks (e.g. under CSRD/ESRS).
3	**Scenario analysis**	Nature modelled as a distinct system with its own tipping points, tested across near-, medium- and long-term horizons rather than folded into climate scenarios alone.
4	**Financial relevance**	Nature-related risk translated into board-ready financial metrics: revenue-at-risk, capital-at-risk and multi-year discounted cash flow impacts.
5	**Strategic integration**	Nature transition treated as a capital allocation decision, backed by dedicated CAPEX and investment strategy, not managed as a standalone reporting exercise.
6	**Transition planning**	Nature targets embedded directly in segment-level growth plans and executive remuneration, with ring-fenced funding to support implementation.

These examples reflect practices increasingly observed among leading companies in areas relevant to the TNFD. They are not intended to imply that the TNFD prescribes a particular materiality approach."

As a result, investors continue to rely on high-level proxies that are insufficient for robust decision-making, or commission bespoke research through trusted intermediaries.

Investor perspectives

For more investors more engaged in nature, the focus is shifting from whether companies disclose on nature to whether those disclosures are credible, comparable, and financially meaningful. One possible next stage of market development is greater scrutiny of disclosure quality and accountability. Where nature-related issues are assessed as financially or impact material, this may also lead to closer integration with business strategy and capital allocation. Identifying nature-related risk and opportunities, requires not only meaningful data, but the ability to move beyond compliance signals to critically assess the substance of disclosures. These skills and competencies are still developing.

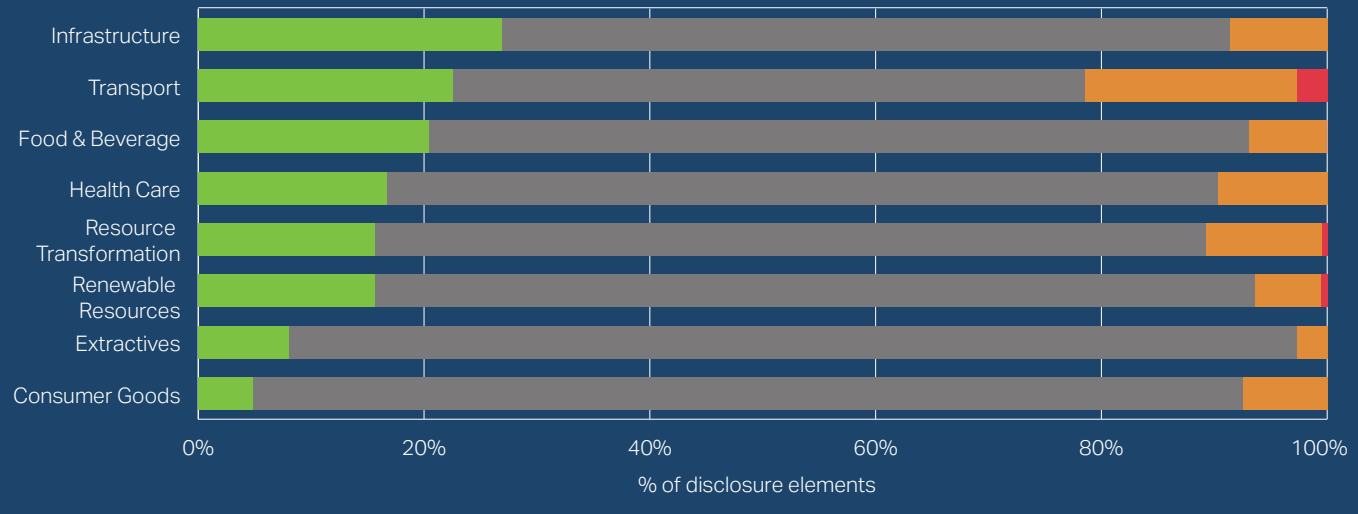
Collaborative investor initiatives reflect growing recognition that nature-related risks are systemic and require collective action. However, while these initiatives offer clear potential for shared influence and learning, their impact is currently constrained by unclear benchmarks, fragmented approaches, and limited evidence of measurable outcomes. They do however provide valuable opportunities for peer learning.

Disclosure evolution

Looking ahead, investors can reasonably expect nature-related disclosure to keep evolving rapidly, driven by both tightening regulation and the growing recognition of biodiversity's critical role in long-term value creation. Firms will face increasing expectations to enhance the specificity and accountability of their disclosures, and to integrate nature-related risks and opportunities into core business strategy rather than treat them as peripheral.

As the TNFD framework continues to gain traction, the next reporting cycle is likely to be judged less on whether firms disclose against the framework, and more on whether their disclosures demonstrate robust governance, decision-useful information and, where relevant, credible evidence of progress against stated nature-related objectives. Making this leap will require both companies and investors alike to innovate risk assessment and management tools, methods, and frameworks better suited to dealing with the complexity, uncertainty and non-linearity inherent to nature. In the following pages we present key findings from the report at the sector and TNFD pillar level, followed by recommendations for investors. These begin with near-term steps to strengthen how nature-related disclosures are used and interpreted, and extend to the structural shifts in portfolio construction and governance that our findings suggest will be needed over the longer term.

Disclosure Progress by Sector 2023–2026



Direction of change 2023–2026: Progressed · Unchanged · Remaining Gap · Regressed

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