The Business Case for Investing in Forests

**WHY does business need nature strategies now?**

The pathway to limiting global warming to 1.5°C can only be achieved with the proactive action of the private sector to address nature loss and land degradation. Over a third of the world’s 4,000 largest companies have already committed to net-zero targets on greenhouse gas (GHG) emissions.

Corporate net-zero strategies need to be integrated with robust nature strategies encompassing forest action.

- Businesses are facing **increasing physical and systemic risks** due to the twin crises of nature loss and climate change. Over **half of global GDP – $44 trillion – is at risk** due to the loss of resources and services that nature provides.

- Achieving an equitable, prosperous future requires **rapid decarbonization**, **nature-based solutions at scale and beyond value chain mitigation**.

- Companies adopting **nature-positive strategies create new opportunities**, **valued globally at $10.1 trillion in additional annual business value and 395 million jobs by 2030**, and provide a solid foundation to sustain business growth and competitiveness.

- Forest destruction and degradation are accelerating the physical effects of the climate and nature crises, but research shows that forest conservation and restoration have the potential to capture **30% of the carbon needed to be removed from the atmosphere** and to deliver **critical ecosystem services**.

- By investing in forest conservation and restoration, corporates increase the resilience of business operations and value chains and spur **profitability and growth** while positioning themselves as **value-based market leaders** and contributing to a **thriving stakeholder ecosystem**.

- There are numerous pathways for corporates to engage and with 1t.org corporates can **pledge credibly and transparently their forest commitments** as well as **find support for their nature-positive journey to improve** the quality and ambition of their actions.

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Biodiversity loss already costs the global economy between $1-5 trillion. As we lose forests, we lose climate regulation, but we also jeopardize our capacity to produce food. The private sector has a massive potential for positive change by ending deforestation in supply chains, and investing in nature-based solutions and the local stewards of nature across the globe.

Thomas Crowther, Professor, Department of Environmental Systems Science, ETH Zurich; Founder, Crowther Lab
EXECUTIVE BRIEFING

Forests provide **invaluable ecosystem services** – they sequester carbon, regulate global temperatures and freshwater flows, recharge groundwater, anchor fertile soil and act as flood barriers.

1.6 billion people depend on forests for their livelihood.

Forests harbour **80%** of the world’s terrestrial biodiversity.

Deforestation and forest degradation are responsible for **15%** of the planet’s greenhouse gas emissions, the primary drivers of species loss and extinction.

Key facts and numbers

Forests have the potential to capture **226 gigatons (Gt)** of carbon if they were allowed to recover. This represents **30%** of the world’s carbon drawdown targets.

Forest carbon potential can only be achieved with a **healthy diversity of species**. Biodiversity accounts for approximately **50%** of forest productivity and can become the most attractive economic choice for communities depending on forests for their livelihoods; monoculture plantations will not achieve the carbon capture needed.

**61%** of forest carbon potential can be achieved by conserving the forests that we still have. Most of the world’s forests are highly degraded and protecting these ecosystems could allow them to recover to maturity.

**39%** of forest carbon potential exists outside of urban and agricultural lands in regions where forests have been removed or fragmented. It can be achieved by reconnecting fragmented forest landscapes and restoring the ecosystems.

In addition, **increasing agroforestry** on agriculture land improves biodiversity and local livelihoods while enhancing the resilience of food value chains and addressing the impact of climate change.

Private finance for **Nature-based Solutions** (NbS) is estimated at **$35 billion**, equivalent to 18% of total NbS finance flows and only 1% of private finance flows that instead have a direct harmful impact on nature. Over half is channelled through high-integrity nature markets and sustainable supply chains.

The use of innovative **green financial instruments** is booming; conservation and sustainable bonds as well as green insurance products are on the rise, with over **$270 billion spent on green bond issuances annually**.
减小资本风险
投资于森林保护和恢复。这可以帮助支持有助于帮助业务在不断变化的政策环境保持领先并确保持续获得绿色资本。此类倡议如Nature Action 100和Financial Sector Deforestation Action (FSDA)动员机构投资者推动更大程度的企业行动来保护和恢复森林。

减小供应风险
通过生态系统冲击来减小风险和减少成本。在各个行业中，业务的成功都依赖于自然及继续获取生态系统服务和产品，这些是由健康的森林提供的。

减小需求风险
通过日益增长对可持续、零碳和自然正向产品的市场需求来减小风险。认识到这些来自消费者和B2B的不断变化的偏好，一些公司已经通过在销售的产品中加入其对森林保护和恢复的投资（例如，买一/种一，利润的1%，等）来调整其产品定价结构。

2. 提升盈利能力与增长

降低成本
核心业务利润通过降低资本和股权成本，这些成本是投资者的偏好和增加的客户忠诚度驱动的，以及通过在业务运营和价值链中用可再生森林产品替代碳密集型材料来提升。

新产品/服务和与自然和生物多样性相关的利润
森林保护和恢复可以产生直接市场回报通过销售可持续森林产品并通过恢复为基础的价值链开发，在景观层面提供环境、社会和经济收益。

新的自然市场收入流
高质量的碳和生物多样性信用提供业务生成通过森林保护和恢复产生的商业回报的机会。
Contributing to a nature-positive future is not just good practice, but a business strategy, and is related to the long-term survival of our planet and our business. Vale has invested in research and innovation, and has built many partnerships to achieve its goals and contribute to positive outcomes for nature. Our 2030 Sustainability Agenda reflects our vision and contributions to a positive future for nature.

Eduardo de Salles Bartolomeo, Chief Executive Officer, Vale
Investment pathways for businesses

**Within existing business operations and value chains**

Businesses that rely directly on forest products and services as core business inputs can adopt sustainable forest management approaches, and regenerative business practices such as sustainable agroforestry.

Investing in sustainable forest management makes business sense. Sustainable forest management for timber, pulp and paper products could create $165 billion in additional annual revenue by 2030.

**Expanding business operations and value chains**

Businesses have many assets that they can use to directly support forest conservation and restoration. For instance, corporates can use their skills and product knowledge to introduce new products that can support effective forest conservation and restoration, such as new technological tools to enhance forest monitoring, or new sustainable forest products.

**Outside value chains**

While decarbonizing business value chains and reducing their impact on nature, businesses can achieve further progress towards net-zero and nature goals by supporting forest conservation and restoration projects, or jurisdictional approaches in nature markets that remove carbon while benefiting nature. Aside from carbon benefits, high-integrity, well-designed carbon programmes bring numerous benefits to both biodiversity and to the people already living within, or close to, a programme area.

**Structured partnerships at landscape level**

Embedding forest conservation and restoration activities within a holistic approach to develop sustainable landscapes provides a myriad of benefits from reduced risks and economies of scale to larger impacts and sustainable livelihoods, in particular those of local communities and Indigenous peoples.

**Key terms**

**Drawdown:** This is the point in time when levels of greenhouse gases in the atmosphere stop climbing and start to steadily decline. Scientific analysis shows that the world can reach drawdown by mid-century if we make the best use of all existing climate solutions.

**Ecosystem services:** Any positive benefit that wildlife or ecosystems provide to people. This includes provisioning services (e.g. food and water), regulation services (e.g. pollination and carbon sequestration), cultural services (e.g. creativity and recreation) and supporting services (e.g. nutrient cycling).

**Nature-based Solutions:** Actions to protect, sustainably manage and restore natural or modified ecosystems that address societal challenges effectively and adaptively, simultaneously providing human well-being and biodiversity benefits.

**Nature markets:** Sale and purchase of environmental improvements (often called ecosystem services) that are measurable, such as carbon sequestered or emissions avoided through improvements made to soil or habitats, improved water quality, improved biodiversity through restored and connected habitats, reduced flood risk through riparian planting, river re-meandering, earth bunds and such.

**Landscape approaches:** Strategies that engage multiple stakeholders to reconcile social, economic and environmental objectives at the landscape scale to identify trade-offs and potential synergies for more sustainable and equitable land management. Forests are understood to be a part of landscapes with diverse, and sometimes conflicting, purposes, to overcome traditional land management boundaries and consider land-use decisions and interventions holistically.
Climate change and biodiversity loss are twin crises that are damaging the planet and public health. These topics are interlinked. As a leading pharmaceutical company, we understand that we are highly dependent on nature, as many of the innovations across our industry are inspired by studying nature. That’s why we are taking action to protect and restore ecosystems by lowering the environmental footprint of healthcare while investing in nature and biodiversity.

Pam Cheng, Executive Vice-President, Global Operations, Information Technology; Chief Sustainability Officer, AstraZeneca

HOW to get started? WHY join 1t.org?

1t.org welcomes companies with Paris-aligned climate goals to submit a 1t.org pledge and join peer companies committed to leadership, action, integrity, transparency and learning with 1t.org.

Credibility
Making a pledge increases the credibility of your action. 1t.org supports your company in structuring, quantifying and communicating your restoration and conservation work to unlock higher impact.

Accountability
Tracking the implementation of your commitments on a regular basis keeps you accountable and ensures the credibility of your pledge. You are also able to learn from your work and adjust as you go forward.

Connection
Join our cross-industry leadership group and regional communities. Connect with peers and learn from others.

Collective action
Contribute to systemic change with public and private sector leaders in priority geographies, building partnerships, informing policies, mainstreaming best practices, fostering innovation and tracking the implementation of commitments.

Capacity building
Learn and make informed decisions through knowledge platforms, theme-based webinars and workshops, and tap into a network of experts, practitioners and top innovators.

Leadership
Take nature-positive to the global stage by championing the agenda within your value chains and ambitious actions, and by contributing to flagship reports, thought pieces and joint strategic communication while improving your employer branding and motivating your staff.

Want to learn more?
Read the Business Case to Invest in Forest to learn how different types of businesses across a range of sectors access strategic and commercial opportunities by investing in forest conservation and restoration.

To access more guidance, tools and resources, join the 1t.org Knowledge Hub, an online collaborative platform for corporates offering curated knowledge and opportunities related to conserving and restoring nature and forests.

Contact 1t.org for support.