



# 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.

“

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

## Key facts and numbers



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



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



**1.6 billion** people depend on forests for their livelihood.



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

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**.



# WHY does forest conservation and restoration matter for business?

## 1. Increase resilience



### Reduce regulatory risks

Corporate and institutional investors are demanding nature-related disclosures and actions according to global frameworks such as the [Taskforce on Nature-related Financial Disclosures \(TNFD\)](#) and the setting of [Science-Based Targets \(SBTs\) for nature](#). Business resilience increases by anticipating and complying with rapidly changing regulations, including the most recent [EU Deforestation Regulation](#) and [Corporate Sustainability Reporting Directive \(CSRD\)](#), and with disclosure requirements for nature risk management, monitoring and reporting. Investing in high-quality forest conservation and restoration hedges the risk of greenwashing litigations.



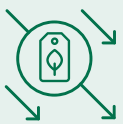
### Reduce capital risks

Invest in forest conservation and restoration. This can support help support businesses to stay ahead of shifting investment policies and ensure continued access to green capital. Initiatives such as [Nature Action 100](#) and the [Financial Sector Deforestation Action \(FSDA\)](#) mobilize institutional investors to drive greater corporate ambition and action to conserve and restore forests.



### Reduce supply risks

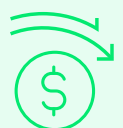
Mitigate risks and reduce costs arising from ecosystem shocks. Across sectors, the [success of business is dependent on nature](#) and continued access to ecosystem services and products provided by healthy forests.



### Reduce demand risks

Mitigate risks due to [increasing demand for sustainable, zero-carbon and nature-positive products](#). Recognizing these shifting preferences both from consumers and B2B, some companies have adapted their product pricing structure by incorporating their investment in forest conservation and restoration with the products they offer (e.g. buy one/plant one, 1% of their profits, etc.)

## 2. Increase profitability and growth



### Lower costs

Core business profits increase through lower costs of capital and equity following investor preferences and increased customer loyalty driven by sustainability, and by substituting carbon-intensive materials with [sustainable forest products](#) in business operations and value chains.



### New products/services and profit related to nature and biodiversity

Forest conservation and restoration can generate direct market returns through the sale of sustainable forest products and through [restoration-based value chain development](#) at the landscape level to deliver environmental, social and economic benefits.



### New revenue streams from nature markets

[High-quality carbon and biodiversity credits](#) offer an opportunity for businesses to generate commercial returns through forest conservation and restoration.

## EXECUTIVE BRIEFING

### 3. Be a value-based market leader



#### Increase customer trust

Forest conservation and restoration investments help businesses align their values with those of their customers, engage them to act more sustainably and build trust around their brand. Brand loyalty is [increasingly linked](#) with environmental sustainability.



#### Attract and retain talent

As sustainability increasingly becomes an important decision factor for potential hires and existing employees, investments in conservation and restoration can [improve talent attraction and retention](#).



#### Better relationships and transparency through the supply chain

Businesses that invest in forest conservation and restoration can transform their relationships with leading partners beyond financial transactions, working together to achieve environmental and social impact at landscape level and develop sustainable markets.

### 4. Contribute to a thriving stakeholder ecosystem



#### Collective action at the landscape level

Set science-based [land targets](#) and engage with stakeholders in a company's priority regions to co-develop initiatives addressing cumulative impacts and/or enhance the conservation, restoration and climate resilience of nature through landscape approaches.



#### Community engagement and social benefits

Build stronger relationships with business and ecosystem partners, including the communities where they operate and offer an opportunity for corporates to [promote social and economic inclusion](#) within the local communities where they operate.

“

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.

## EXECUTIVE BRIEFING



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.

