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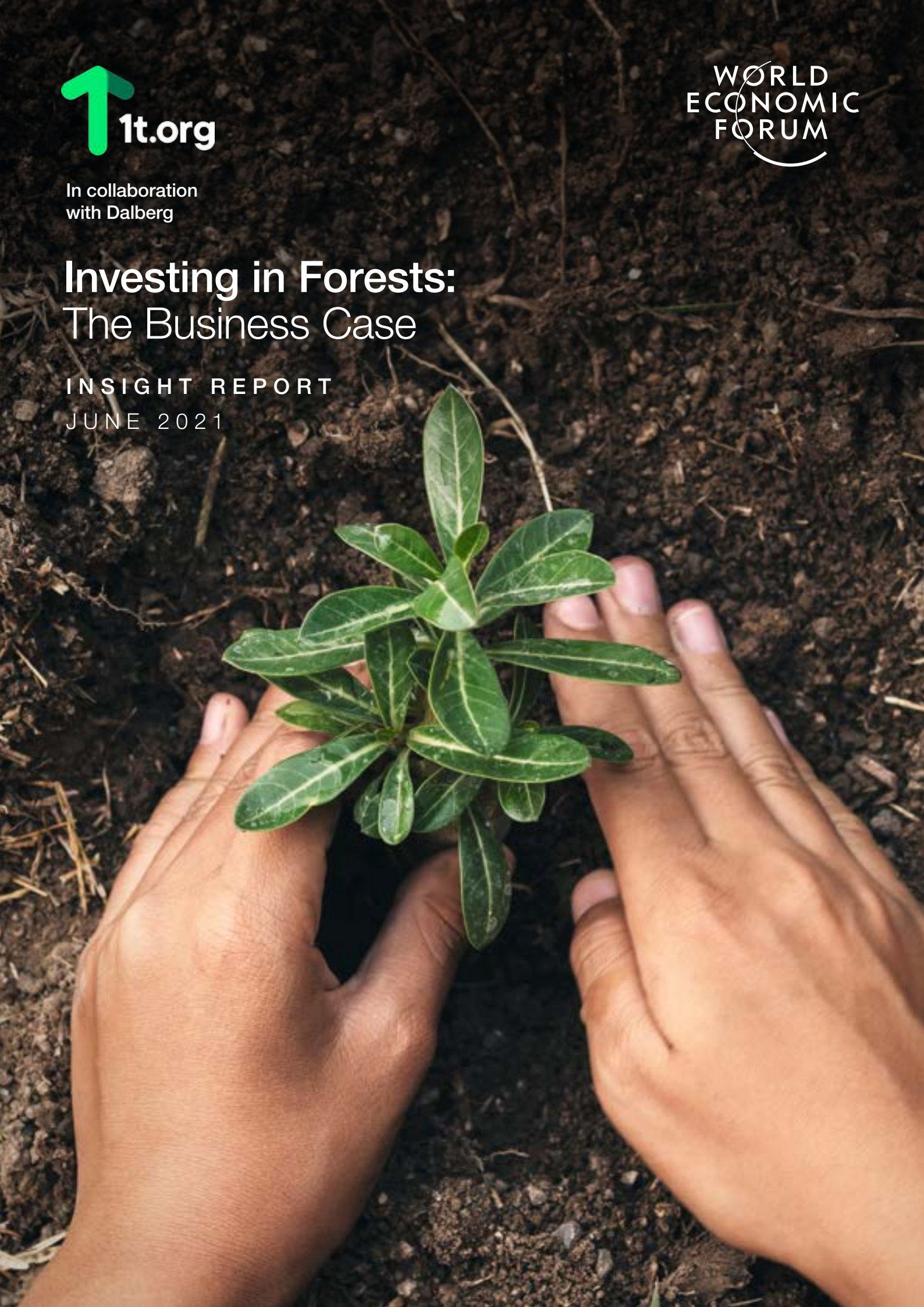
In collaboration with Dalberg

WORLD ECONOMIC FORUM

Investing in Forests: The Business Case

INSIGHT REPORT

JUNE 2021



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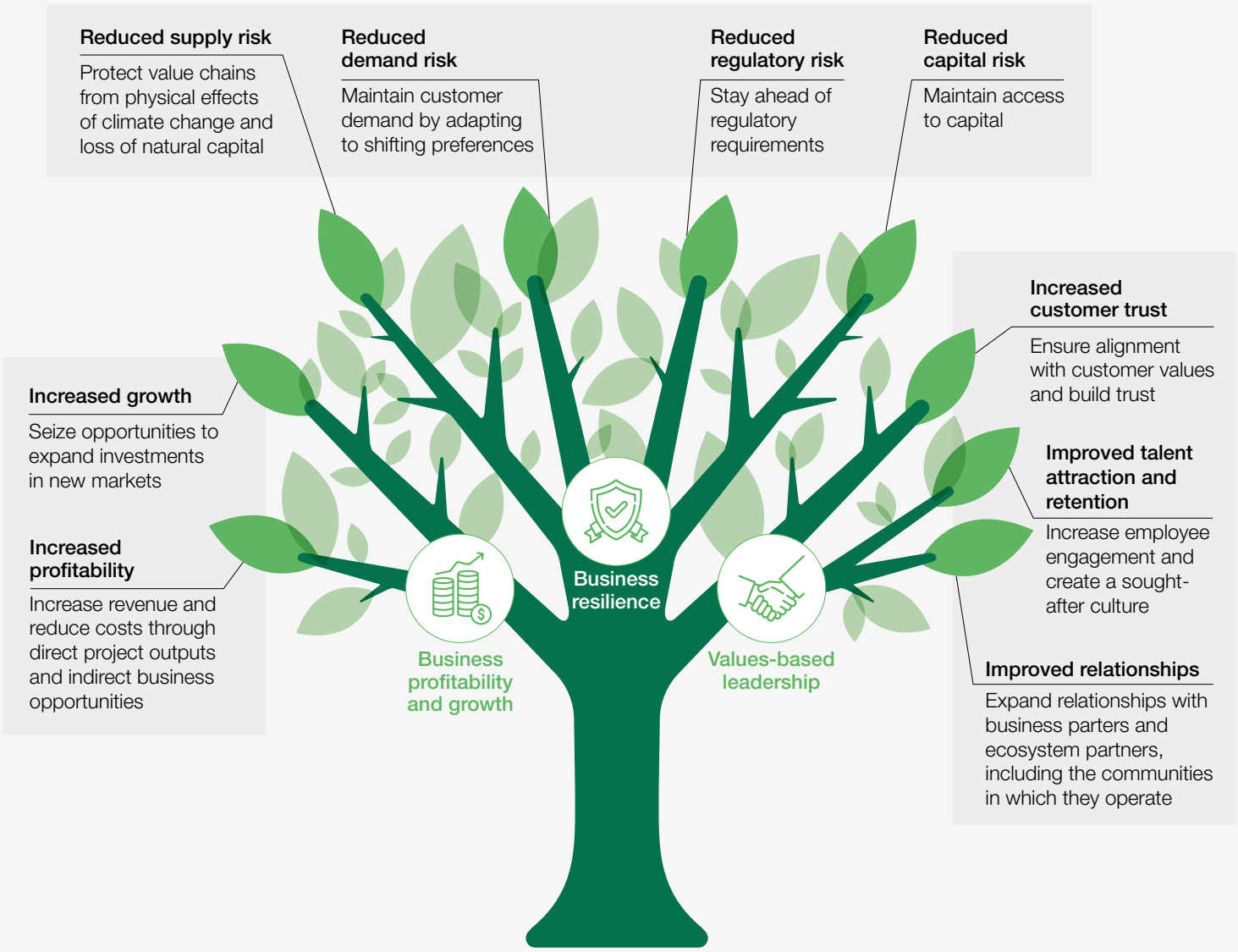
Executive summary

In the face of the interconnected crises of nature loss and climate change, investing in forest conservation and restoration can benefit businesses as they become leading actors in the transition to a nature-positive, net-zero economy. In this context, businesses are under increasing pressure from governments, consumers and investors to avoid, reduce and mitigate their carbon emissions and reduce their impact on nature and biodiversity. Many businesses are directly vulnerable to the effects of nature loss and climate change: $44 trillion of economic value generation is dependent on nature and its services.[1] Forest destruction and degradation is accelerating the climate and nature crises, with tropical tree cover loss generating almost 5 $GtCO_2e$ in annual emissions.[2] Halting business practices that contribute to nature and forest loss and climate change is a vital priority. At the same time, investments in forest conservation and restoration are urgently needed to safeguard business interests and reverse the damage that has already been done. Forests already absorb around 7.6 billion tonnes of CO_2e per year (net absorption), 1.5 times more CO_2e than the United States emits annually,[3] and responsible forest conservation and restoration can be a cost-effective solution to remove atmospheric carbon and build climate resiliency. Investing in forests protects and restores the essential biodiversity and ecosystem services that societies and economies depend on.

FIGURE 1 **Three ways for business value to be created from investments in forest conservation and restoration**



Investing in forests fulfils multiple corporate priorities. Beyond helping to tackle the nature and climate crises, forest conservation and restoration investments can create short-, medium- and long-term value for businesses in three main ways (see Figure 1):

- **Business resilience:** Investing in forest conservation and restoration protects businesses against the loss of natural capital and physical effects of climate change, while preparing for shifting consumer and investor preferences. With many governments set to introduce new regulations to address nature loss and climate change, investing in forests offers an opportunity for businesses to stay ahead of these policy shifts.

- **Business profitability and growth:** The economic value of forests is vast – one estimate suggests that the total value of intact forests and their ecosystem services is up to $150 trillion, around double the value of global stock markets.[4] Forest conservation and restoration can indirectly increase core business profits, through lower costs of capital and equity and increased customer loyalty associated with sustainability attributes. Investing in forests also directly generates environmental and commercial returns, e.g. through the sale and use of sustainable forest products.

- **Values-based leadership:** Strong business positioning and values-based leadership are instrumental for businesses to build long-term value. Forest conservation and restoration support businesses to become leaders in sustainability, strengthening business reputation among customers, employees and business and ecosystem partners, including the communities in which they operate.

Recognizing these economic benefits, many businesses across sectors have already started to act, seizing opportunities to invest in forest conservation and restoration. Businesses that are highly dependent on forests, such as certain consumer goods and forest product-reliant companies, are investing in forest restoration and sustainable forest management. Such practices build resilience to key risks and enable companies to seize new opportunities for business growth and profitability by integrating ecologically sound and socially responsible approaches. Other businesses with low direct dependencies on forests, such as those in the technology and financial services industries, have identified opportunities to develop new products that benefit forest conservation and restoration, and increase business profitability and growth, while simultaneously enhancing their relationships with employees, customers and partners. Meanwhile, some businesses with large greenhouse gas emissions acknowledge the need to avoid and reduce their emissions as a priority, and are simultaneously investing in forest conservation and restoration to mitigate and capture their residual emissions on the journey towards net zero.

> By working together, businesses can seize the full environmental, social and market opportunities associated with forest conservation and restoration, while mitigating emerging risks

As the momentum around forest conservation and restoration continues to build, there are three main paths that businesses can take now to invest in forests. While avoiding and removing deforestation within existing operations and value chains remains a critical priority, businesses can go further by:

1. Investing in in-house conservation and restoration along their value chains to address risks and secure new economic opportunities;

2. Using their existing assets to support forests through their product expertise, global networks and influence, customer base and employees; and, where these options are not feasible,

3. Identifying opportunities to fund forest conservation and restoration outside of their core business to support other strategic objectives – compensating for residual emissions, enabling community engagement etc. – as part of broader decarbonization, nature-positive and sustainability strategies.

By adopting the following set of principles, companies can ensure that their investments in forests successfully generate business value and concurrently support nature, climate and local communities:

PROTECT **existing forests**: protect existing primary and intact forests as a priority to avoid and reduce deforestation and forest degradation, since they are biodiversity hotspots, long-term carbon sinks and a repository for bio-innovation in the search for new drugs or novel materials.

PARTNER **with local communities, Indigenous peoples, governments, NGOs and other businesses:** co-develop and implement projects with local partners, communities and municipalities to ensure that activities are effective, build on local knowledge of forests, and protect local land-use rights, with a long-term approach in mind.

PREVENT **greenhouse gas (GHG) emissions and nature loss as a priority:** invest in forest conservation and restoration as a complementary measure to broader strategies focused on avoiding and reducing emissions as part of net-zero targets, and to reverse negative impacts on nature and biodiversity.

PRIORITIZE **projects that deliver both environmental and social benefits:** set clear goals on the mix of environmental and social indicators that a project prioritizes and develop milestones throughout implementation to track progress.

PLAN **for growing the right trees in the right way and in the right regions:** pick the most appropriate regions and trees to ensure climate resilience and permanence of new forests in the long term, while avoiding unintended negative consequences.

By working together, businesses can seize the full environmental, social and market opportunities associated with forest conservation and restoration while mitigating emerging risks. Leading businesses know that they can make individual contributions to the global effort to conserve and restore forests. However, only by working in partnership with each other and governments, NGOs, civil society, local and Indigenous communities, scientists, ecopreneurs and other engaged players, can barriers be collectively overcome and opportunities harnessed. Through these partnerships and collaborative platforms such as the 1t.org Corporate Alliance, businesses can support field-building and market-shaping initiatives, e.g. on setting shared guidelines, certification mechanisms, project origination platforms and implementation and monitoring tools.

Businesses embracing this movement have a unique opportunity to help conserve, restore and grow a trillion trees by 2030 while accelerating resilience, profitability and value creation.

Definitions

Agroforestry	Establishment or management of trees on agricultural land through planting or regeneration to improve crop productivity, provide dry season fodder and enhance soil fertility and water retention, among other benefits
Ecosystem services	Benefits obtained from ecosystems such as climate regulation, food and water provision, pollination and disease control
Carbon credit	Verifiable quantity of climate mitigation for which the buyer can claim an offset as a result of financing either reduction or avoidance of carbon emissions or the removal or sequestration of CO_2 in the atmosphere
Carbon negative	Businesses, organizations or countries that remove more carbon dioxide from the atmosphere than they emit (also known as climate positive)
Carbon removals	Process whereby carbon dioxide is removed from the atmosphere and stored for long periods of time, e.g. new forests absorbing carbon dioxide from the atmosphere and transforming it into biomass through photosynthesis
CO_2e	Also known as carbon dioxide equivalent; for any quantity and type of greenhouse gases (including methane and nitrous oxide), CO_2e signifies the amount of CO_2 that would have the equivalent global warming impact
Decarbonization	Refers to the process of avoiding and reducing the carbon dioxide (CO_2) output of an organization or system
Forest conservation and restoration	Please refer to Box 1 on Page 10 for a full definition
Forest products	Materials derived from forestry for direct consumption or commercial use, including both timber and non-timber forest products (e.g. forest foods, medical raw materials)
Natural climate solutions (NCS)	Investment in ecosystem conservation, restoration and management programmes that increase carbon storage, reduce carbon emissions and enhance climate resilience
Nature-based solutions (NBS)	Actions to protect, sustainably manage, and restore natural or modified ecosystems, that address societal challenges, simultaneously providing human well-being and biodiversity benefits
Net zero	Target to reduce greenhouse gas emissions and balance residual emissions with removals by a certain date in the future (not mutually exclusive from science-based targets)
Reforestation	Planting and/or deliberate seeding on formerly forested land that has been degraded or where trees are unlikely to regenerate naturally
Regenerative business	Businesses that protect, replenish, and restore both human and natural capital
Scope 1, 2 and 3 emissions	Direct and indirect emissions categorized by the Greenhouse Gas Protocol into three broad scopes: – Scope 1: Direct greenhouse gas emissions occur from sources that are owned or controlled by the company, e.g. emissions from fuel combustion in company-owned or controlled boilers – Scope 2: Indirect greenhouse gas emissions from consumption of purchased electricity, heat or steam – Scope 3: Other indirect emissions that occur throughout a company's value chain, e.g. the extraction and production of purchased materials and fuels
Science-based targets	Goals set, committed to and approved through the Science Based Target initiative (SBTi), which provide a clearly defined pathway for businesses to reduce greenhouse gas emissions in line with global carbon budgets

1 Forest conservation and restoration: a solution to natural crises

This section highlights the accelerating private-sector momentum around forest conservation and restoration as a critical solution to address the interconnected nature and climate crises.

1.1 The challenges

5%
of restoration funding in Europe is from the private sector

Businesses are facing increasing risks due to the connected crises of nature loss and climate change, with over half of global GDP at risk.[5] The world is facing two converging environmental crises: the accelerating destruction of nature, and climate change, with severe consequences for our economies and societies. Many businesses are directly vulnerable to the effects of climate change and nature loss, with $44 trillion of economic value generation – more than half of the world's total GDP – moderately or highly dependent on nature and its services.[6] Nature loss and climate change also threaten to destabilize markets in which businesses operate; and the destruction of nature is also closely linked to the emergence and spread of new infectious diseases such as COVID-19.[7] In the face of these environmental emergencies, governments, consumers and investors are increasingly putting pressure on businesses to decarbonize their operations, accelerate their transitions towards net-zero emissions, and turn around their impact on nature from one that depletes to one that restores natural capital.

Forest destruction and degradation is accelerating the climate and nature crises, further putting business interests at risk. Between 2015 and 2020, the rate of deforestation was estimated at around 10 million hectares of forest per year – almost half the size of the United Kingdom.[8] Most deforestation globally is driven by the expansion of large- and small-scale commercial agriculture and tree plantations.[9] Widespread deforestation directly increases business vulnerability to the effects of the climate and nature crises. If tropical forest deforestation were a country, it would rank third in global emissions rankings, generating almost 5 $GtCO_2e$ in annual emissions (gigatonnes of CO_2 equivalent).[10] Deforestation is also causing global biodiversity loss, with 80% of the world's terrestrial species living in forests.[11] In this context, businesses that rely on commodities that are driving deforestation within their value chains face severe reputational and regulatory risks. In total, the financial impact of business risks associated with deforestation is estimated at $53.1 billion.[12]

Despite these business risks, private-sector investment to protect and restore forests has historically been limited. A recent study estimates that only around $124 billion–$143 billion was committed to biodiversity-focused projects in 2019, including forest conservation and restoration, compared to an annual need of $722 billion–$967 billion.[13] Meanwhile, only a small fraction of funding for forests is from the private sector.[14] In Europe, only 5% of the total funding for terrestrial ecosystem restoration is currently generated by the private sector.[15] Although the exact amount of global private-sector investment in forests is unknown, it is insufficient to mitigate the risks posed to business by the nature and climate crises.

1.2 The solutions

> "The extent and scale of [socioeconomic] transformations is not to be underestimated, yet they could create $10 trillion in annual business opportunities and 395 million jobs by 2030

Addressing these challenges will require a transformative shift in business approaches, which can open up strategic and commercial opportunities. Addressing the drivers of nature and forest loss and climate change will require fundamental transformations across three socioeconomic systems: food, land and ocean use; infrastructure and the built environment; and energy and extractives.[16] The extent and scale of these transformations is not to be underestimated, yet they could create $10 trillion in annual business opportunities and 395 million jobs by 2030.[17] A recent study found that every $1 (both private and public investment) spent on key net-zero and nature-positive activities, including ecosystem conservation and restoration, can generate up to $7 more in the broader economy.[18] Furthermore, beyond the direct commercial opportunities for businesses, there is a growing recognition that business as usual is no longer an option and that we need to shift to a world of stakeholder capitalism where both people and the planet are beneficiaries of business activities and need to be integral to corporate strategic decision-making.[19] Within the system of stakeholder capitalism, the interests of all stakeholders in the economy and society are taken on board, and companies optimize for long-term value creation beyond short-term profits. As businesses widen their lens on what it means to create value, they will need to measure, value and be accountable for their impact and dependencies on nature and its services, thus becoming leading actors in the transition to a sustainable economy.

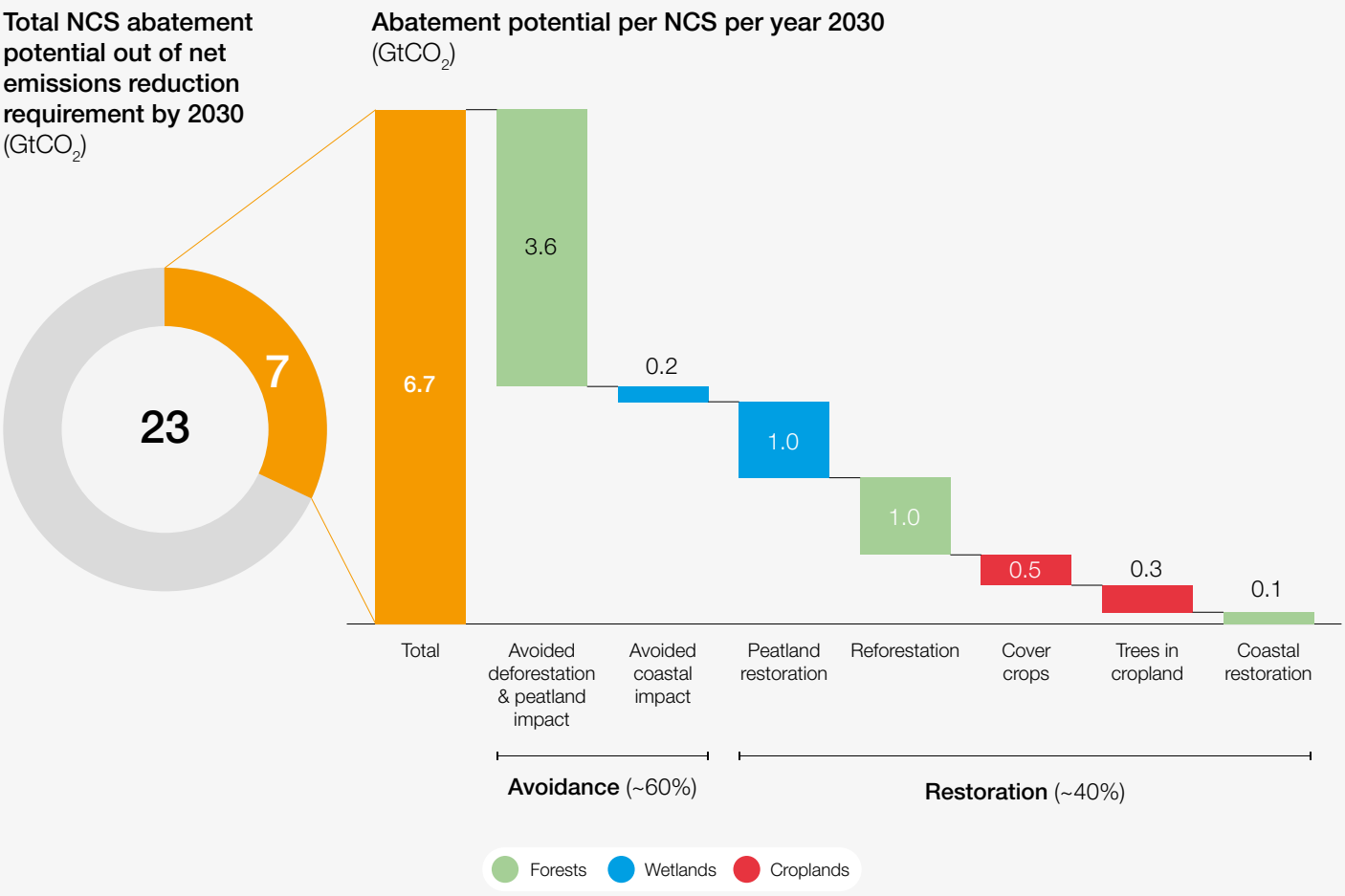
While halting business practices that contribute to nature loss and climate change is a vital priority, this report focuses on the urgent need for investments in forest conservation and restoration to safeguard business interests and reverse the damage that has already been done. Ending practices that generate high greenhouse gas (GHG) emissions and those that contribute to nature loss and deforestation is critical if businesses are to mitigate the risks posed by the climate and nature crises. More than half of the carbon abatement potential of natural climate solutions is

in avoided deforestation (see Figure 2).[20] But halting these practices is not sufficient to reverse the climate crisis or protect existing ecosystems and forests against future threats. By investing in forest conservation and restoration alongside their avoided emissions and avoided deforestation commitments, businesses can maximize the full carbon mitigation potential of forests and effectively restore and protect biodiversity and ecosystem services. In many cases, forest conservation and restoration activities contribute to reduced deforestation by diminishing pressure on forests (e.g. through increased crop productivity, thus decreasing the need for forest clearing for agricultural purposes), or increasing the comparative value of standing forests (e.g. by creating new markets for forest foods).

Forest conservation and restoration offer a cost-effective way for businesses to support their transitions towards net-zero emissions, in addition to a broader decarbonization strategy focused on avoiding and reducing emissions.

Over the past few years, nature-based solutions (NBS) have gained momentum in the private sector as businesses strive to meet their net-zero targets and improve their impact on nature and forests. While avoiding and reducing economy-wide emissions are essential priorities, also investing in NBS could help to abate around 30% of total GHG emissions by 2030, with forests providing almost 70% of this mitigation potential (see Figure 2).[21] Global forests already absorb net 7.6 billion tonnes of CO_2e per year (net absorption), 1.5 times more CO_2e than the United States emits annually.[22] Furthermore, the global tree restoration potential is estimated at 0.9 billion hectares, which corresponds to between 1 and 1.2 trillion trees.[23] In this context, and emphasizing the importance of conserving existing trees in addition to growing new forests, conserving restoring and growing 1 trillion trees by 2030 represents an essential component of a global strategy to preserve and expand existing carbon sinks.[24]

FIGURE 2 **Climate mitigation potential of natural climate solutions (NCS)[25]**



Source: World Economic Forum, Nature and Net Zero, 2021

Note: This graph represents the "practical" potential per NCS, a portion of the total NCS abatement potential in recognition that it becomes progressively more difficult to secure carbon credits as the total potential of each source is approached. It filters out low-feasibility lands, which are more likely to be accessed by mechanisms other than voluntary carbon markets, such as philanthropic or governmental grants. For example, the practical potential of reforestation is sized at 1.0 $GtCO_2$ per year by 2030, which excludes 1.1 $GtCO_2$ per year that is low feasibility according to our filter. There are many economic, political, and social lenses that can be used to determine feasibility, and in reality, these lenses would not draw a neat boundary between lands that are 'practical' or not for the voluntary carbon market; however, this analysis classifies low-feasibility lands assessing their agricultural rent as an economic barrier and proxy for feasibility.

> Forests are home to more than 60,000 tree species, almost 7,500 bird species and over 3,000 different mammals

Investing in forest conservation and restoration is a cost-effective way for businesses to improve their impact on nature and safeguard the essential biodiversity and ecosystem services upon which they depend. Forests are home to more than 60,000 tree species, almost 7,500 bird species (75% of all birds) and more than 3,000 different mammals (68% of all mammals) and provide a wide range of ecological services that keep natural systems in balance.[26] Trees also play a critical role in air and water purification, stabilize soils and increase resilience to the physical risks posed by climate change. In the Amazon River Basin, for example, ecosystem services are estimated to contribute $8.2 billion to Brazil's economy every year.[27] Likewise, the Sundarbans, the world's largest continuous mangrove forest, spanning across the India-Bangladesh border, provides essential ecosystem protection in the Bay of Bengal and acts as a natural barrier against storms, typhoons and tsunamis.[28] With the majority of businesses and sectors dependent on forest products or services either directly or through their value chains, forest conservation and restoration offer a cost-effective route to safeguard business interests.

BOX 1

About forest conservation and restoration

Forest conservation and restoration projects with the best results plant the right trees in the right places – maximizing native tree species while ensuring a mix of species types that are appropriate to local climates and water availability. They monitor forest restoration to secure long-term results and ensure alignment between local community livelihoods and interests, and businesses incentives. Successful initiatives focus on equitable and inclusive conservation and restoration; they partner with Indigenous peoples, ensuring the protection of communities' land-use rights and supporting community-led forest management. Close collaboration is needed among businesses, local authorities, communities and conservationists for long-term impact. When implemented correctly and with the appropriate safeguards, sustainable use and management of forests can support conservation and restoration outcomes, ensuring that activities are financially sustainable for communities, producers and businesses.

Effective forest conservation and restoration can be classified broadly into three categories:

Forest conservation involves protecting existing forests; for example, through the acquisition of or legal agreements over forest landscapes to avoid planned or unplanned degradation or deforestation, and ensuring the permanent conservation of forest landscapes in partnership with Indigenous communities, maximizing biodiversity and soil health, protecting wildlife corridors and reducing the risks posed by wildfires.

Forest landscape restoration approaches[29] focus on restoring the ecological function and enhancing human well-being across deforested or degraded forest landscapes. In the case of formerly forested land, this includes planting appropriate tree species, natural regeneration and enhancement of degraded forests and woodlands by reducing fire and grazing. In the case of agricultural land, it entails agroforestry, i.e. tree planting or practices such as farmer-managed natural regeneration that improve crop productivity and enhance soil fertility and water retention. Other restoration activities include planting or enhancing mangroves in coastal areas or forests on steep slopes for watershed protection and erosion control.

Enabling actions refer to the creation of an ecosystem that encourages conservation, restoration and growing of trees and forests. These actions may include: building nursery capacity; sustainable forest management; forest education campaigns; community engagement; capacity building and job training programmes; technological tools that support the implementation and monitoring of conservation and restoration initiatives; and innovative financing mechanisms.

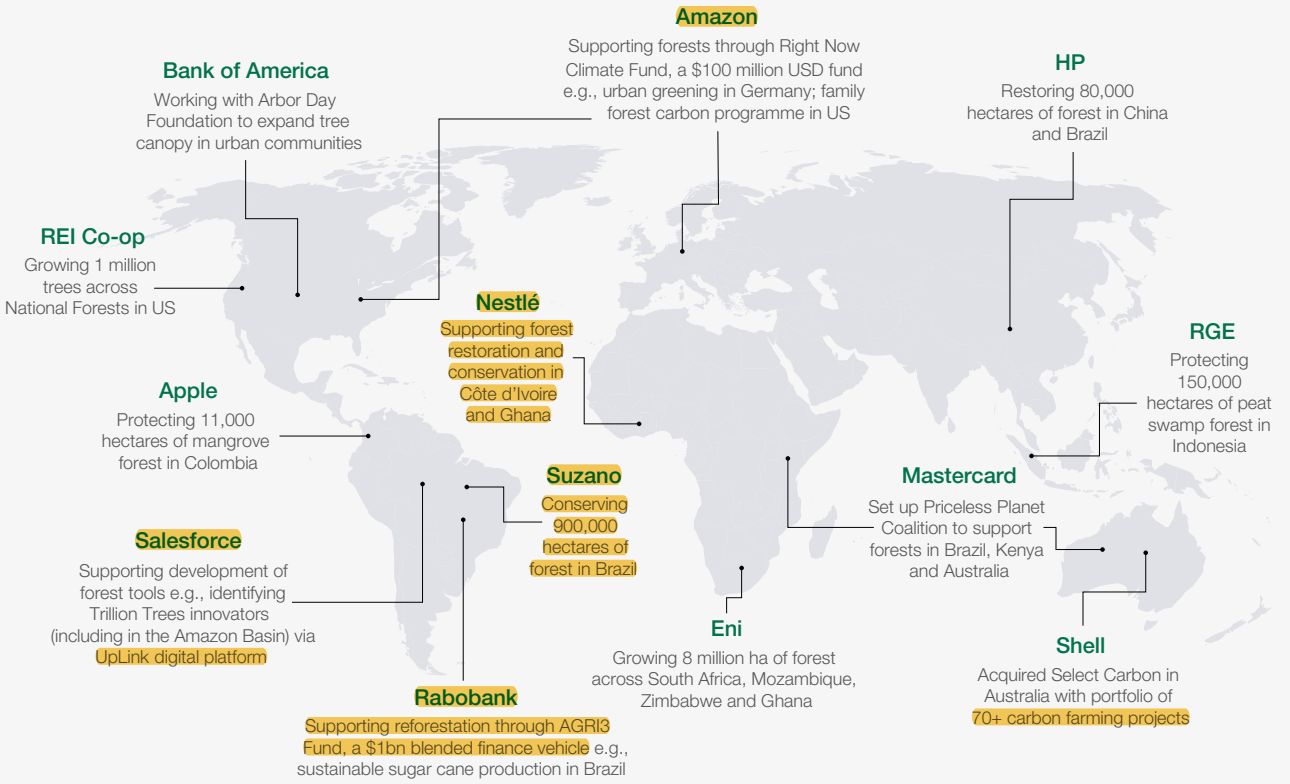
1.3 The momentum

210m
hectares of land have been pledged to be restored by governments

As governments and businesses look to recover and "build back better" following the pandemic, the momentum is accelerating around nature and climate action, including forest conservation and restoration. The number of corporate commitments to reach net-zero emissions has more than doubled over the past year, and the scale of natural climate solutions within these commitments is rising accordingly.[30] More than 70 governments have now pledged to restore 210 million hectares of land through the Bonn Challenge, a global effort to restore the world's most degraded and deforested land.[31] A coalition of private- and public-sector partners have launched the Green Gigaton Challenge, which aims to mobilize funds to achieve one gigaton of high-quality emissions reductions annually from forest-based natural climate solutions by 2025. By supporting forest conservation and restoration, businesses will contribute to the global agenda to "build back better". Businesses can look to seize important policy moments with the launch of the UN Decade on Ecosystem Restoration (2021–2030), alongside other landmark events on biodiversity and climate change.

Recognizing the benefits of investing in forests, many leading businesses have already taken action to embed forest conservation and restoration within their broader business strategies. While halting and reversing deforestation remains a critical priority for all businesses, many recognize the value of going beyond avoided deforestation and actively protecting forests from future threats. As a result, many large businesses across a wide range of sectors have set bold commitments for conservation, restoration and growing trees and forests (see Figure 3).

FIGURE 3 **Sample of corporate pledges on forest conservation and restoration**



This report outlines why and how forward-looking businesses across sectors can invest in forest conservation and restoration to create value, and lays out the practical steps for a company to enter this space effectively. Businesses have a common interest in investing in forest conservation to preserve the global economy from the effects of nature loss and climate change. Furthermore, forest conservation and restoration offer specific opportunities to create value and transition to more sustainable and resilient business models. This report highlights these opportunities and illustrates how businesses can capitalize on them in the future. While this report focuses primarily on opportunities for large businesses, many of the arguments are also applicable to small- and medium-scale businesses (SMEs), which can capitalize on new business opportunities associated with effective forest conservation and restoration and develop new innovations.

2 Forest conservation and restoration: why it matters for business

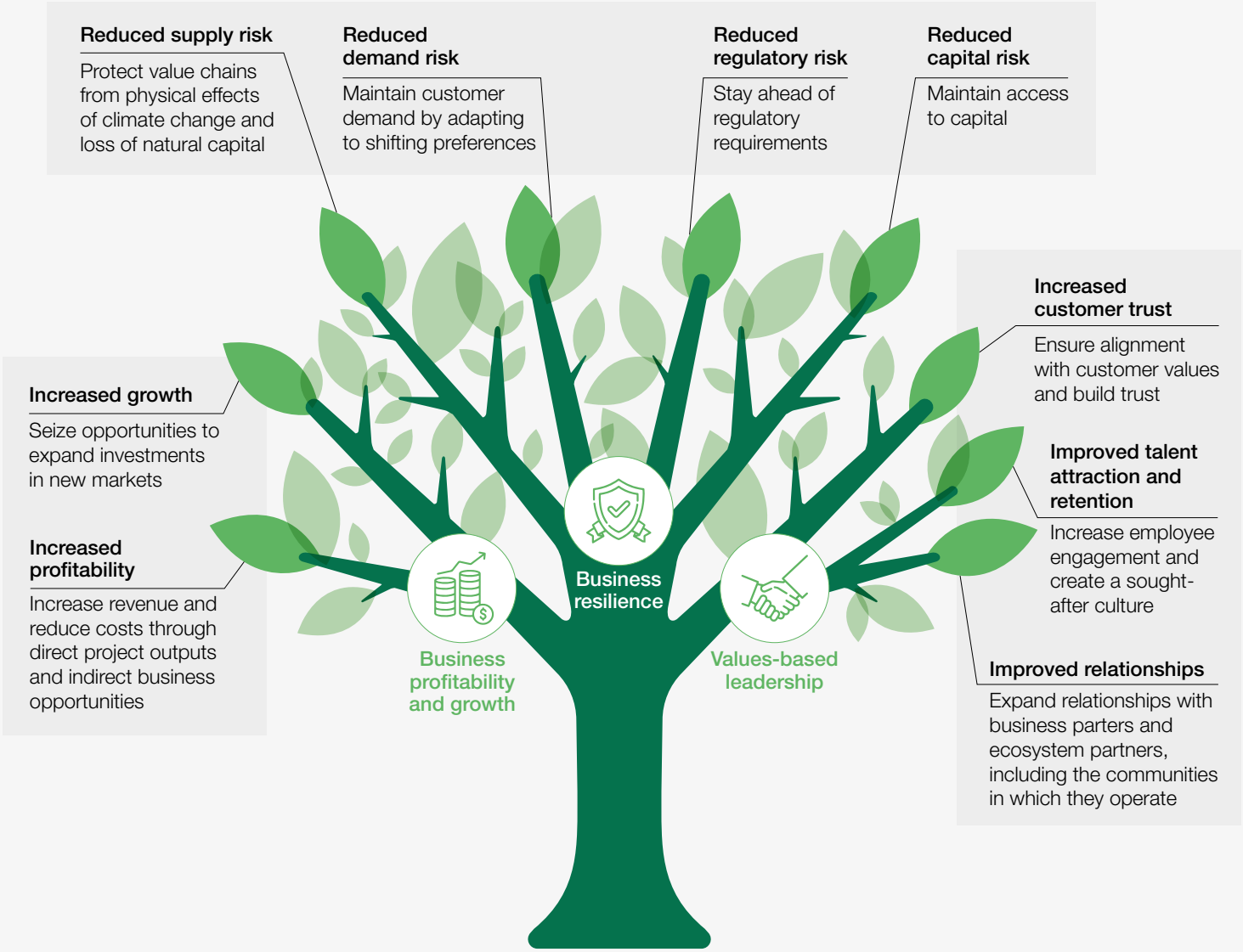
This section highlights why forward-looking businesses are investing in forest conservation and restoration to create short-, medium- and long-term business value.

Investing in forest conservation and restoration creates short-, medium- and long-term value for businesses in three ways:

1. By boosting business resilience against risks;
2. By creating growth and profitability opportunities; and
3. By improving business positioning through values-based leadership (see Figure 4).

The financial risks to businesses posed by climate change and the destruction of nature are severe, and investing in forest conservation and restoration is a cost-effective way to build resilience to these risks. The economic value of forests is vast – one estimate suggests that the total value of intact forests is up to $150 trillion, around double the value of global stock markets.[32] Investing in forest conservation and restoration can therefore offer new opportunities for business growth and profitability. Finally, strong business positioning and values-based leadership are instrumental for businesses to build long-term value. Forest conservation and restoration supports businesses to become leaders in sustainability, strengthening business reputation among customers, employees and business and ecosystem partners, including the communities in which they operate.

FIGURE 4 **Three ways for business value to be created from investments in forest conservation and restoraton**



2.1 Business resilience opportunities

Reduced supply risks

Investing in forest conservation and restoration can protect business operations and value chains against the loss of natural capital and physical effects of climate change. Some $44 trillion of economic value generation is moderately or highly dependent on nature and its services, and therefore directly exposed to risks from nature loss.[33] These supply risks vary from acute events, such as extreme weather events, to persistent, long-term changes in environmental conditions.[34] By investing in forests, businesses have an affordable way to mitigate these supply risks since forests act as a vast carbon sink and offer protection from the physical impacts of climate change. For example, mangrove forests are estimated to reduce property damage by more than $65 billion every year by blocking storm surges and reducing the intensity of waves.[35]

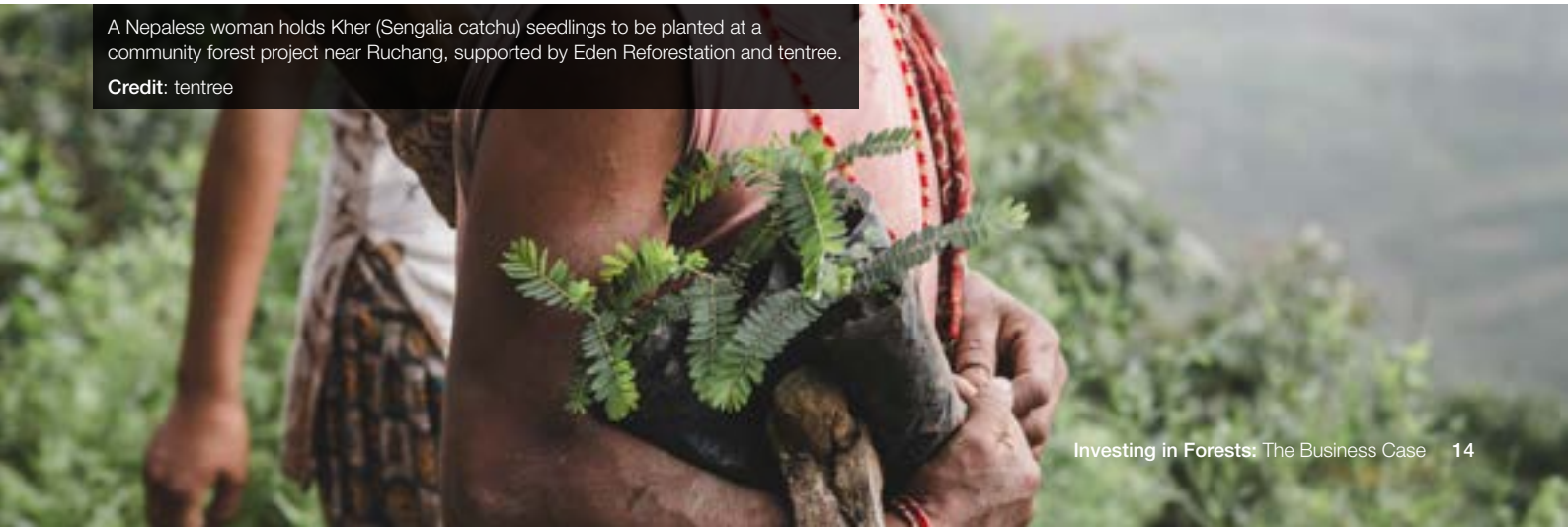
The future success of many businesses is also dependent on the continued supply of forest products or ecosystem services. Across sectors, many businesses do not recognize that their core revenue is dependent on continued access to forest products and services. Many products contain raw materials sourced from forests, such as wood, cork, resins and tall oil. For example, tall oil acid and its salts are used to develop hair dyes and bleaches, shampoos and shaving cream. Businesses must assess and analyse these dependencies to mitigate potential supply risks. Furthermore, most businesses are reliant on well-functioning forest services. For example, most businesses depend on access to water for their core operations, and forests and trees play a critical role in well-regulated hydrological cycles. Supporting forest conservation and restoration enables business continuity and access to the critical supply-chain inputs upon which they rely.

79%
of consumers prioritise social responsibility

Reduced demand risks

Increasing demand for sustainable, zero-carbon products is driving businesses to invest in forest conservation and restoration. Consumers are prioritizing sustainability in their purchases, with 79% of consumers across Europe, the US and India likely to change their product preferences based on social responsibility, inclusiveness or environmental impact.[36] As consumers increasingly seek out sustainable products, businesses can embrace this opportunity by investing in forest conservation and restoration in a variety of ways. Recognizing these shifting preferences, some businesses have adapted their product pricing structure – **tentree**, a sustainable apparel brand, has committed to grow 10 trees for every item that it sells, accounting for these costs in the product pricing. Coupled with rigorous sourcing and manufacturing criteria, this commitment has allowed tentree to grow rapidly from a small start-up in 2012 to a fast-growing certified B Corp, a corporation that balances profit with ethical values and actions, able to expand its ambition to grow 1 billion trees by 2030 in partnership with leading NGOs.[37] Others are offering "buy one, plant one" schemes to their customers, while yet others have made commitments to donate 1% of their profits to environmentally focused NGOs through the 1% for the Planet scheme.

Even B2B businesses are likely to face demands from other businesses to reduce their emissions and improve the impact of their operations on nature. B2B businesses will need to adapt to shifting preferences, as a growing number of businesses adopt net-zero targets and become accountable for the environmental impacts of the products they purchase and sell throughout their value chain. Of the 450-plus businesses that have approved emissions reduction targets through the SBTi, around 94% have set Scope 3 emissions reductions, which include both upstream and downstream emissions in their value chains.[38] Under new guidance regarding the criteria for developing a net-zero target, setting Scope 3 targets is due to become mandatory.[39] Consequently, many upstream suppliers are facing new kinds of sustainability requirements from their retailers. For example, online fashion retail platform **Zalando** has set a target to ensure that 90% of its main suppliers set their own science-based targets to reduce, avoid and mitigate their emissions.[40] Forest conservation and restoration can support businesses to mitigate residual emissions, as part of a broader net-zero strategy.



A Nepalese woman holds Kher (Sengalia catchu) seedlings to be planted at a community forest project near Ruchang, supported by Eden Reforestation and tentree.

Credit: tentree

Reduced regulatory risks

Businesses can stay ahead of government pressure to improve their impact on nature and forests by investing in conservation and restoration, while also supporting their transitions to net zero. Many governments are starting to set agendas for action on nature loss and forest restoration, with countries negotiating the adoption of the post-2020 Global Biodiversity Framework. Some countries have already passed legislation to protect and conserve natural ecosystems, in line with a global target to protect 30% of the planet by 2030. For example, France recently established a duty-of-care law that requires businesses to include environmental assessments in their value chains. Many governments are integrating natural emissions sources and sinks into their nationally determined contributions (NDCs) and mitigation plans, expanding opportunities for businesses to support governments to achieve their pledges (see Figure 5). Carbon regulations are also intensifying through carbon taxes and mandatory climate-related financial disclosures. Since forests are hotspots for biodiversity and play a critical role in carbon removal and storage, investing in forest restoration and conservation is a cost-effective and impactful way for businesses to get ahead of these new regulations.

FIGURE 5 **Summary of net-zero legislation by country**

Country	Net-zero target date	Status
Suriname	-	Achieved
Bhutan	-	Achieved
Sweden	2045	In law
UK	2050	In law
France	2050	In law
Denmark	2050	In law
New Zealand	2050	In law
Hungary	2050	In law
EU	2050	Proposed legislation
Canada	2050	Proposed legislation
South Korea	2050	Proposed legislation
Spain	2050	Proposed legislation
Chile	2050	Proposed legislation
Fiji	2050	Proposed legislation

Reduced capital risks

Investing in forest conservation and restoration can support businesses to stay ahead of shifting investment policies and ensure continued access to capital. Ratings agencies have started to include environmental disclosures in their assessments through the Task Force on Climate-Related Financial Disclosures (TCFD) and Task Force on Nature-Related Financial Disclosures (TNFD). Likewise, institutional investors are limiting their exposure to investments linked to high greenhouse gas emissions or the destruction of nature. More than 540 investors, representing over $52 trillion in assets across dozens of markets, have signed up to Climate Action 100+, an investor-led initiative to engage high-emission businesses.[41] For example, **ASN Bank** has committed to have a net positive effect on biodiversity by 2030 through its loans and investments,[42] while **Storebrand** aims to have an investment portfolio that does not contribute to deforestation by 2025.[43] By investing in forest conservation and restoration as part of a broader decarbonization and nature strategy, businesses can adapt to these new policies and mitigate the risk of incurring higher costs of capital.

2.2 Business profitability and growth opportunities

> By strengthening their sustainability strategies through forest conservation and restoration, businesses can indirectly increase their core business profits

Increased profitability

Forest conservation and restoration investments can increase core business profits through lower costs of capital and equity and increased customer loyalty driven by sustainability. For example, research by Bank of America found that businesses with a better environmental social governance (ESG) record produced higher three-year returns, were more likely to become high-quality stocks, were less likely to have large price declines and were less likely to go bankrupt.[44] The relationship between financial performance and sustainability holds even when accounting for transaction costs, market risk, investment style and industries, suggesting that the two factors are deeply interconnected.[45] Better sustainability policies tend to lead to better credit ratings[46] and lower costs of equity,[47] and positive environmental news can also trigger positive stock price movements. By strengthening their sustainability strategies through forest conservation and restoration, businesses can indirectly increase their core business profits. Likewise, by marketing their investments in forest conservation and restoration, businesses may also be able to increase their core revenues by attracting and retaining customers.

Carbon markets also offer an opportunity for businesses to generate commercial returns through forest conservation and restoration. By investing direct equity in forest conservation and restoration projects, businesses can generate carbon credits, which are bought and sold through regulatory compliance markets or voluntary carbon markets. Historically, few restoration projects have sold carbon within these markets due to the volatility of carbon prices.[48] However, as the market architecture for the carbon markets is strengthened and stronger standards are introduced to ensure demand and supply integrity, carbon finance can pay for conservation and forest protection. Many investors in the carbon and timberland space are predicting that the price of carbon will soon stabilize, creating a new revenue stream to fund forest conservation and restoration projects globally, while also delivering market returns on these investments.[49]

Forest conservation and restoration can also generate direct market returns through the sale of sustainable forest products. Although some projects take a purely ecological approach, others can directly generate commercial returns – provided there are appropriate social and ecological safeguards – through the sale of wood and fibre as well as non-timber forest products (e.g. forest foods, medical raw materials). For example, forest restoration projects can be combined with sustainable timber approaches where trees are scheduled for harvest and sale at a later time. A core component of sustainable timber production involves mimicking the natural regeneration cycles of forests.[50] In natural forests, some trees will typically die from being overshadowed by neighbouring trees. By determining which trees may be at risk, businesses can focus on harvesting these trees, rather than letting the wood decay and release carbon into the atmosphere. To mitigate the potential risks, businesses ensure selective harvesting or minimum harvesting thresholds, restoration of harvested trees, and the creation of partnerships that support local communities. With demand for sustainable wood set to double or potentially triple by 2050,[51] businesses have an opportunity to generate revenue from the sale of sustainable timber, while also contributing to carbon sequestration and restoring global biodiversity.

Businesses across sectors can reduce costs, improve product value propositions and support forest restoration by substituting carbon-intensive materials with sustainable forest products in their business operations. By driving demand for sustainable forest products, businesses can support forest conservation and restoration and meet social and ecological safeguards, while also reducing their costs, as part of the "forest economy" (see Box 2). For example, investing in sustainable mass timber for new buildings and infrastructure can drive both carbon and cost savings compared to traditional building materials. **McDonald's** recently built its new flagship restaurant in Chicago using cross-laminated timber (CLT)[52] and **Stora Enso**, a forest products company, is also building its new headquarters from mass timber building solutions such as CLT and laminated veneer lumber (LVL). Using sustainable mass timber such as CLT in buildings and infrastructure can lead to substantial cost savings, decreasing construction time by approximately 20% and also reducing end-of-life costs.[53] Through substituting carbon-intensive materials with sustainable forest products in their operations, businesses can improve their profitability, decarbonize their procurement, invest in sustainable forest management and support communities around the world, while meeting social and ecological safeguards.

BOX 2 | **Sustainable forest products in the circular bioeconomy – delivering climate, biodiversity and economic benefits**

In September 2020, the Circular Bioeconomy Alliance was launched as part of the Sustainable Markets Initiative. The circular bioeconomy is about providing sustainable well-being through the provision of ecosystem services and the sustainable management of biological resources. Achieving a circular bioeconomy will require deep transformative shifts from a linear, fossil fuel-based economy towards a circular model, enabled by transformative policies, purposeful innovation, investment and access to finance, as well as new and sustainable business models and markets.

Investing in forests plays a crucial role in achieving the transition towards the circular bioeconomy. This holds as true for investment in the protection of primary forests as it does for investment in sustainably managed production forests, as the source of innovative renewable and biological resources.

Such innovative nature-based products are now being developed across industries and are starting to compete with non-renewable and fossil fuel-based materials. Examples include highly functional wood-based textile fibres such as viscose, lyocell, Tencel, lightweight and incredibly strong wood-based cellulose nanofibre (CNF) that can even be used in car manufacturing, and engineered wood products such as cross-laminated timber (CLT) and glue-laminated timber (GLT), which are used to replace steel and concrete in the construction sector.

Trends in the construction and buildings sector illustrate why such bio-based materials need to become part of the solution. Today, buildings and construction are responsible for roughly 40% of global GHG emissions.[54] Population growth and urbanization are further increasing the demand for housing and land, particularly in fast-growing emerging economies. In that context, continuing to build with linear, business-as-usual approaches is no longer a viable option. Instead, the scaling of alternative bio-materials such as engineered wood products becomes an important part of the solution for future cities that deliver positive commercial impact for industry,[55] improve the well-being of city inhabitants[56] and drive positive climate and biodiversity outcomes.

For such forest-derived products to deliver climate and biodiversity benefits depends to a large extent on how the forests from which the products are sourced are managed. Sustainable forest practices such as integrated forest management, which aligns biodiversity conservation with sustainable wood production, offer a proven model. By prioritizing plantations that include a diversity of native and climate-adapted species – instead of monocultures that are vulnerable to climate risks such as pests and fires – these practices contribute to carbon storage, improved resiliency to climate stress and enhanced biodiversity, thus strengthening the resiliency of the entire forest ecosystem.[57] Integrated forest management, adapted to local circumstances, makes it possible to reduce trade-offs between the protection and production functions of forests and focus on win-wins that meet the demands of a growing population.

Public policies, market incentives, investments and support for forest owners will be important to mainstream integrated forest management across geographies. Networks to share techniques are another important enabler. One such network is the European Integrate Network, facilitated by the European Forestry Institute as part of the EU's Forest Strategy, which promotes the integration of nature conservation into sustainable forest management and knowledge sharing to accelerate that shift.

Increased growth

Every business also has specific opportunities for growth by investing in forest conservation and restoration (see Section 3 for further details). Many businesses are well-positioned to expand their product ranges to include sustainably sourced forest products and capture new market opportunities. For example, sustainable forest management for timber, pulp and paper products could create $165 billion in additional annual revenue by 2030.[58] These new market opportunities include revenues from products such as high-value, low-volume sustainable timber, as well as new end applications such as sustainable timber buildings, which alone could be worth $45 billion per year by 2030.[59] In other sectors, there are new market opportunities from developing products that support forest conservation and restoration efforts. For example, the technology sector is well-placed to develop new digital tools and innovations to support forest project sourcing and monitoring, which are expected to be increasingly in demand**.** Meanwhile, in the financial sector, many banks and asset managers are expanding their investment products to include blended finance, carbon markets and green bonds that support forest financing.

BOX 3 **Financing forest conservation and restoration**

Across all types of projects, unlocking the business potential of forests requires understanding costs and identifying the most appropriate ways to fund projects. Forest conservation and restoration projects typically involve three types of funding: 1) transaction costs associated with planning and negotiating projects, including community engagement and appropriate governance systems; 2) establishment costs associated with upfront capital investments, e.g. the costs of site preparation, purchasing seeds, planting and engineering the site; and 3) maintenance costs to support the ongoing management and monitoring of projects, including any associated verification costs.[60] The cost breakdown will vary depending on the type of project, the species of trees planted, the need for the establishment of nurseries, the extent to which the project lays the groundwork for broader systems change and multistakeholder involvement, and the region where it is implemented. For example, restoration approaches such as establishing agroforestry systems may cost more than natural regeneration, but can unlock self-sustaining revenue streams over time.[61] It is important to note that projects with the lowest cost per tree will not necessarily yield the most long-lasting and transformative impact, and that more costly projects often include additional socioeconomic or capacity-building measures that are likely to improve tree survival rates and project sustainability.

2.3 Values-based leadership opportunities

When incorporated within a broader sustainability strategy, forest conservation and restoration can support businesses to become industry leaders in sustainability and consolidate relationships with customers, employees and partners. Forest conservation and restoration are recognized as critical approaches to address the converging environmental crises, yet these actions remain underfunded, creating leadership opportunities for forward-looking and impact-oriented businesses. Industry leaders in forest conservation and restoration are likely to build and consolidate their relationships with customers, employees and partners. To encourage and support businesses to act at the forefront of forest restoration, 1t.org, the World Economic Forum's trillion trees platform, is curating the 1t.org Corporate Alliance, a cross-industry community of businesses committed to exercising leadership and integrity in forest conservation and restoration. Within the alliance, companies share learnings, connect with leading experts and explore joint investments in priority regions.

Increased customer trust

Forest conservation and restoration investments help businesses align their values with those of their customers and build trust around their brand. Consumers across sectors are embracing sustainability and want brands that support them in having a positive environmental and social impact. The link between consumer loyalty and environmental sustainability is well-established.[62,63] By investing in forest conservation and restoration, businesses can build customer trust and engage customers to act more sustainably. For example, the Priceless Planet Coalition, launched by **Mastercard** and other founding partners,[64] has pledged to grow trees when customers make financial transactions with selected partners, such as for public transport and when using their Mastercard for travel, goods and services.

Improved talent attraction and retention

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. Investing in forests can support businesses to gain a hiring advantage, particularly among millennials and Gen Z who increasingly prioritize a business's sustainability commitments when deciding where to work. Some 61% of millennials think that "reducing its impact on the environment" is one of the things that their companies are doing well. For millennial employees who intend to stay in their jobs for five years or more, this number is 22 percentage points higher,

1.6bn
people depend on forests for their livelihoods

suggesting that environmental leadership is at the heart of building employee loyalty.[65] Beyond this, forest conservation and restoration investments create opportunities for directly engaging employees. For example, **HP** recently partnered with the Arbor Day Foundation to grow a tree for each of HP's 55,000 employees, as part of its target to grow 1 million trees by the end of 2020.[66] **AstraZeneca** also introduced its global AZ Forest programme in January 2020, which aims to grow 50 million trees by 2025 and complements tree-growing initiatives driven by employees.[67]

Improved relationship with business and ecosystem partners

Investing in forest conservation and restoration supports businesses to build stronger relationships with their business and ecosystem partners, including the communities where they operate. Forest conservation and restoration activities that benefit communities and the environment can strengthen relationships with other businesses while simultaneously improving relationships with local communities, governments and NGOs. 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 and develop sustainable markets. For example, **Nestlé** has worked in partnership with its cocoa suppliers to protect and restore the Cavally forest reserve in Côte d'Ivoire and enhance the resilience of local communities.[68] Further downstream in the value chain, **Walmart** has committed to help protect, manage or restore at least 50 million acres of land and 1 million square miles of ocean by 2030. As it seeks to meet this target, it is strengthening relationships with its suppliers through its Project Gigaton initiative, which enables suppliers to report progress on forest restoration efforts.[69]

Investing in forest conservation and restoration offers an opportunity for businesses to promote social and economic inclusion within the local communities where they operate. More than 1.6 billion people, including around 200 million Indigenous peoples, depend on forests for subsistence, livelihoods, employment and income generation. The UN's Food and Agriculture Organization (FAO) estimates that 252 million people living in forests and savannahs have incomes of less than $1.25 per day,[70] placing forests at the heart of inclusive economic development in many countries and communities. Furthermore, Indigenous peoples and local communities are some of the most effective forest conservationists and stewards, investing an estimated $1.71 billion in conserving their forests in the developing world, which represents 16–23% of forest conservation spending by all other public, private, multilateral and philanthropic stakeholders.[71] In the wake of the COVID-19 pandemic, businesses can support a fair and just recovery by investing in inclusive forest conservation and restoration projects, bolstering their relationships with business and ecosystem partners – including Indigenous peoples and local communities. For example, **Salesforce** has partnered with Global Forest Generation on the Acción Andina project in South America, which aims to enable local and Indigenous communities to continue their traditional tree-planting festivals.[72] Promoting social and environmental inclusion through forests is not limited to rural areas – in urban areas, richer neighbourhoods tend to have greater urban forest cover, creating positive environmental and health effects for residents in these areas. Recognizing the opportunity to support urban equity and promote environmental outcomes, businesses such as **Bank of America** are working with the Arbor Day Foundation to increase the number of trees grown in low- and moderate-income neighbourhoods in US cities.[73]

3 Applying the business case to business types

This section showcases how different types of businesses across a range of sectors access strategic and commercial opportunities by investing in forest conservation and restoration.

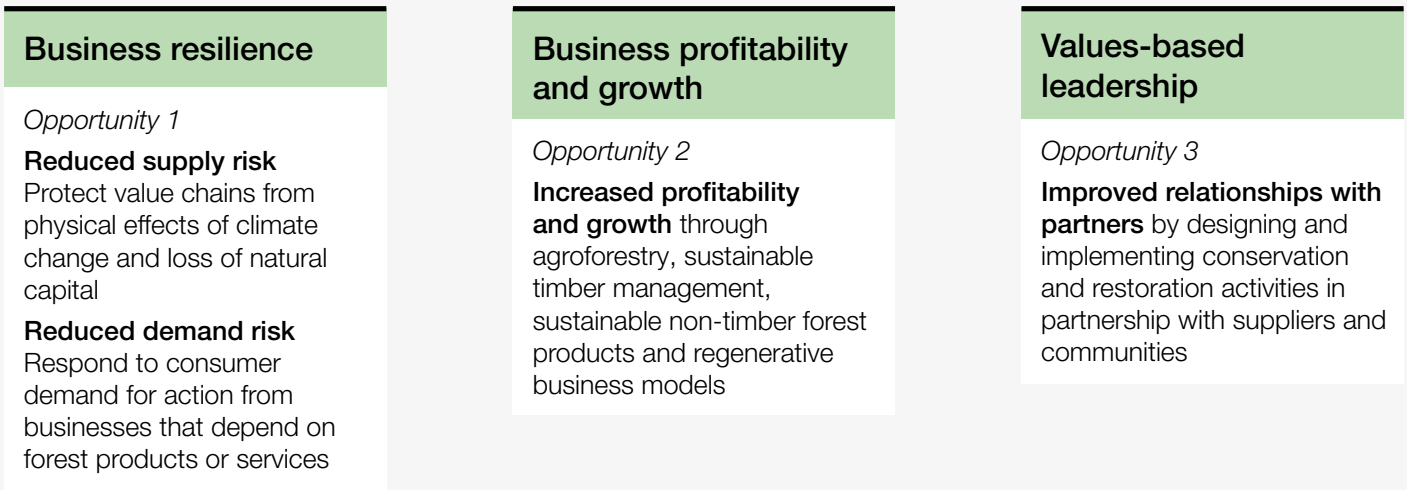
Different types of businesses can access different strategic and commercial opportunities by investing in forest conservation and restoration. Understanding how forests fit into each company's business model is critical to identify the most relevant emerging opportunities and maximize the full market and environmental potential of forest conservation and restoration.

- **Section 3.1 outlines opportunities for businesses that source their products directly from trees and forests and businesses that are reliant on forest ecosystem services or forest-risk commodities.** Relevant sectors might include forestry, timber and non-timber forest products, agriculture, consumer goods (e.g. food and beverage, apparel, beauty and personal care), health and tourism.
  - Opportunity 1: Build business resilience to supply and demand risks
  - Opportunity 2: Increase business profitability and growth (e.g. through agroforestry, sustainable timber management, sustainable non-timber forest products and regenerative business models)
  - Opportunity 3: Improve relationships with business, supply-chain and ecosystem partners, including the communities where businesses operate
- **Section 3.2 outlines opportunities for businesses that have a relatively low direct dependency on forests but have a strong solutions-focused role to play in their protection.** Relevant sectors might include financial services (e.g. banking, private equity and venture capital), technology, consulting and business services, and insurance.
  - Opportunity 1: Build resilience to demand risks through investing in forests as part of a portfolio-wide net-zero strategy
  - Opportunity 2: Increase business profitability and growth (e.g. through new technological innovations and forest financing)
  - Opportunity 3: Improve relationships with business, value chain and ecosystem partners, including the communities where businesses operate
- **Section 3.3 outlines opportunities for businesses with high and hard-to-abate greenhouse gas emissions.** Relevant sectors might include energy, transport (e.g. aviation, shipping), construction, mining and manufacturing (e.g. chemicals, cement and metals).
  - Opportunity 1: Build business resilience to regulatory, capital and demand risks
  - Opportunity 2: Increase business profitability and growth

3.1 Opportunities for businesses with high dependency on forests

Particularly relevant for: businesses that source their products directly from trees and forests; businesses that are reliant on forest ecosystem services (e.g. for pollination, water availability, soil quality and stability) or are reliant on forest-risk commodities (e.g. soya, palm oil, rubber, cocoa, cattle etc.). Relevant sectors might include forestry, timber and non-timber forest products, agriculture, consumer goods (e.g. food and beverage, apparel, beauty and personal care), health and tourism.

FIGURE 6 **Why businesses with high dependency on forests invest in conservation and restoration**



Opportunity 1: Build business resilience to supply and demand risks

For businesses that depend on forest ecosystems either for inputs or ecosystem services, investing in forest conservation and restoration is critical to build resilience to supply risks. Sectors that source their products directly from trees and forests, rely on forest ecosystem services or depend on forest-risk commodities are vulnerable to supply risks. High-dependency businesses have an opportunity to implement methods for more sustainable production throughout their value chains. As part of this broader transition, reducing commodity-driven deforestation and investing in forest conservation and restoration is a cost-effective way for these businesses to address unstable supply risks. For example, **PepsiCo** recognized that severe weather events, losses of ecosystem services and an unsteady supply of certified sustainable material have the potential to adversely affect its value chain over the next one to three years.[74] It has since pledged to invest in forest conservation and restoration as part of its broader strategies to reach net zero and avoid deforestation in its value chains. Likewise, the **APRIL Group,** a leading pulp and paper manufacturer, identified potential risks to its timber supply due to forest fires in Indonesia. As a result, it has developed the Fire Free Village Program (FFVP) in Indonesia, working with local communities to develop fire prevention programmes and support sustainable forest management.

Planting forest saplings along the Kinabatangan River in Sabah, Malaysia, as part of Nestlé Malaysia's RiLeaf reforestation programme.
Credit: Nestlé Malaysia

Investing in forests also supports high-dependency businesses to build resilience to demand risks. Consumers are demanding action from businesses that depend on forests, creating an opportunity for businesses to safeguard these relationships by investing in forests and the communities who depend on them. **L'Oréal** identified that a lack of strong management on forest-related issues could damage its brand value, putting more than $180 million, around 1% of its operating expenses in 2018, at risk.[75] In addition to its avoided deforestation commitments, L'Oréal created a Fund for Nature Regeneration, a €50 million ($60m) impact investing initiative that aims to restore more than 1 million hectares of damaged marine and terrestrial ecosystems. Similarly, **Iberostar**, a global tourism and hotel group, recognized the importance of supporting coastal forest conservation and restoration to safeguard its brand value against demand risks. In response, in 2019, Iberostar began a mangrove restoration project at its Bávaro resort in Punta Cana, Dominican Republic, and plans to protect 56,000 hectares of mangroves or other coastal forests over the next 10 years.[76]

Opportunity 2: Increase business profitability and growth (e.g. through agroforestry, sustainable timber management, sustainable non-timber forest products, and regenerative business models)

Investing in forest conservation and restoration creates direct opportunities for some businesses to increase their supply-chain profitability through agroforestry approaches. Businesses can incorporate agroforestry approaches within value chains, alongside robust procurement practices that avoid deforestation. Adopting agroforestry practices within value chains can reduce and prevent environmental degradation, increase yields and generate a more stable supply of raw materials, increasing long-term profitability.[77] Businesses such as **Nestlé** (see Case study 1), **Unilever, Mars** and **Danone** have already started to work with their suppliers to grow trees on the farms where raw materials are grown and harvested.[78] These types of investments can improve local livelihoods, offer shade – thus benefiting the water table – and improve the quality of soil where crops are grown and harvested, thereby improving yields. Improved farm yields and livelihoods reduce pressure to expand into forest areas, protecting forests from future risks of deforestation.

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.[79] In the forestry sector, businesses earned an extra $1.80 annually for every cubic metre of Forest Stewardship Council

CASE STUDY 1

Nestlé – transitioning from avoided deforestation to positive action for forests

Description: Nestlé is a multinational food and drink processing company, headquartered in Vevey, Switzerland

Number of employees: More than 270,000[84]

Approach: To mitigate potential supply and demand risks, Nestlé is evolving from an avoided deforestation strategy to a more proactive approach that incorporates forest restoration and conservation within and across its value chains. While avoiding deforestation remains a critical priority, Nestlé is focusing on conservation and restoration efforts linked with its value chains (as opposed to an "offsetting" approach). The company works with some of its supply-chain partners to grow trees on their farms or in the nearby landscapes through agroforestry initiatives or forest restoration projects. For example, in its cocoa value chain, Nestlé will distribute 2.8 million shade trees by 2022 in Côte d'Ivoire and Ghana, and will train its farmers in how to implement agroforestry practices. These trees will provide vital ecosystem services for its cocoa plantations, including shade and improved soil health, while supporting Nestlé to build resilience to key risks. In addition, Nestlé has partnered with the government of Côte d'Ivoire to protect and restore the Cavally forest reserve. This CHF 2.5 million ($2.7m) investment will fund the restoration of degraded forest areas within the reserve and also support efforts to end deforestation, by promoting sustainable cocoa production.

In other value chains, Nestlé adopts a more active approach to forest conservation. In Aceh, Indonesia, where it sources its palm oil, Nestlé has publicly disclosed its "forest footprint", which outlines the forests and communities that could be affected by its value chain.[85] Nestlé is planning to use this analysis to design future active conservation interventions to enable long-term protection of the forests in this region.

Key principles for supporting forests within value chain :

- ✓ Recognize that avoiding deforestation is essential and that active conservation and restoration activities are necessary to reinforce efforts to eliminate deforestation from value chains
- ✓ Identify and conserve areas at future risk of deforestation, degradation and land conflict
- ✓ Embed forest conservation and restoration activities within a holistic approach to develop sustainable landscapes, supporting sustainable livelihoods and protection of human rights, in particular those of local communities and Indigenous peoples
- ✓ Work with NGOs, governments and other sectors to ensure local land rights for smallholders and communities
- ✓ Ensure full community engagement in the design and implementation of conservation and restoration activities, and promote community-based management models to ensure long-term forest protection and restoration
- ✓ Support and fund long-term monitoring approaches and tools to track progress, address setbacks and demonstrate permanence

"By increasing demand for sustainable forest products, businesses can increase the value of standing trees and drive further investment into forest restoration and sustainable forest management

(FSC)-certified roundwood or equivalent production due to price premiums, increased efficiency and other financial incentives.[80] For example, **Suzano**, a Brazilian pulp and paper business, has recognized that by adopting a planting model that intersperses native forest with planted eucalyptus (see details in Case study 2), it can reduce its costs, as a more diverse ecosystem will naturally provide for and support pest control, water cycles, climate regulation and other ecosystem services.

High-dependency businesses can use sustainable non-timber forest products, thereby creating and capturing new market opportunities. The Brazilian manufacturer of beauty and personal care products **Natura & Co** has expanded its product offering by extracting butter from the seeds of the threatened ucuuba tree and using this butter in its lotions and soaps. Following Natura & Co's investments, ucuuba butter is now three times more valuable than ucuuba wood, reducing the number of ucuuba trees that are felled annually. As a result, the ucuuba is no longer on the list of endangered species.[81] Some businesses have even designed regenerative business models to support forests and seize new market opportunities. Redesigning business models to shift to regenerative businesses represents new growth opportunities. For example, **Guayakí,** a beverage business, has built a market in the United States selling beverages made from yerba mate grown in restored Atlantic rainforests.[82] By increasing demand for sustainable forest products, businesses can increase the value of standing trees and drive further investment into forest restoration and sustainable forest management.

Opportunity 3: Improve relationships with business, value chain and ecosystem partners, including the communities where businesses operate

By committing to conserve and restore forests, businesses that are dependent on forests can strengthen their relationships with suppliers and communities. For example, **Bunge Loders Croklaan,** a specialty oil and fats business, has opened a shea butter processing plant in Ghana, supporting the conservation of the shea nut landscape in the region and providing employment for local communities.[83]

Suzano – transforming business operations for forests

Description: Suzano is a Brazilian pulp and paper company with a presence in more than 80 countries

Number of employees: Over 37,000[86]

Approach: Recognizing that its business is entirely dependent on diverse forest ecosystems and that the services provided by these ecosystems can increase its profitability, Suzano has directly invested in forest conservation and restoration within its core business operations for the past 30 years. Suzano has invested in active restoration, adopting a "mosaic system" of planting, where it grows native vegetation interspersed with eucalyptus plantations on degraded land, and has set aside 900,000 hectares for permanent conservation, representing 40% of its total land. By adopting this mosaic planting model, Suzano creates greater commercial value through the services provided by a more diverse ecosystem while also removing atmospheric carbon and increasing biodiversity, benefiting local communities.

In addition, it has introduced new financial structures and technologies to support its conservation and restoration work. Suzano is the first business based outside Europe to issue a sustainability-linked bond tied to a climate target.

Alongside this, it has invested in technology to test new ways to support forest monitoring. For example, it has partnered with Viçosa Federal University to monitor forest restoration through images obtained by unmanned aerial vehicle (UAV) and light detection and ranging (lidar) technologies.

Key principles for supporting forests within core business operations:

- ✓ Recognize that the benefits of conservation and restoration go far beyond environmental outcomes and are both business critical and urgent
- ✓ Always develop and implement projects in partnership, working with diverse stakeholder groups including NGOs, universities, governments and local communities
- ✓ Build and maintain collaborative relationships with local communities beyond the process of buying and selling products
- ✓ Stay focused on results in terms of climate, nature and social benefits, not on activities completed
- ✓ Invest in monitoring methods and tools to protect forests from illegal logging and improve the effectiveness of conservation activities

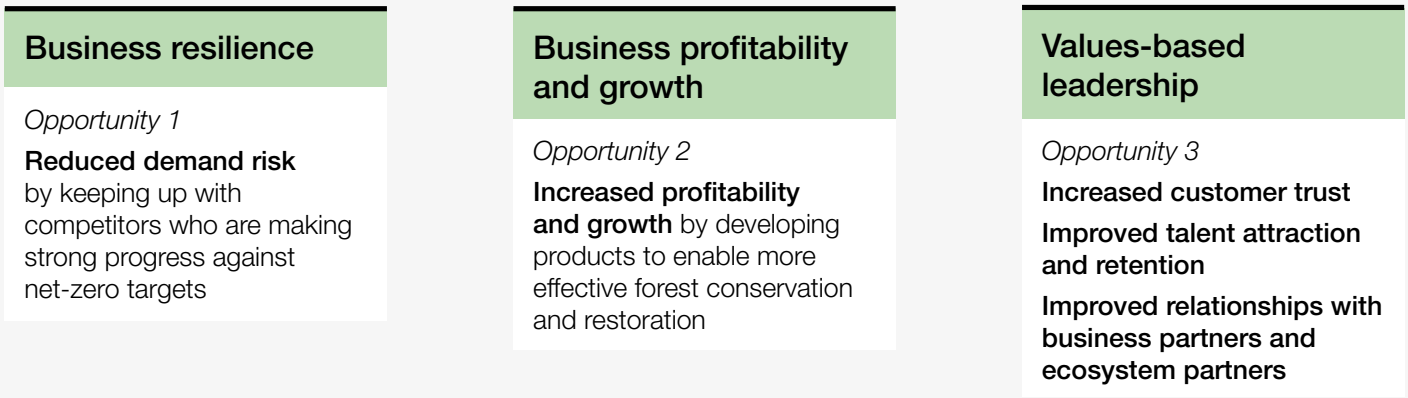
Example of the mosaic system concept: Suzano's integrated management of natural areas for biodiversity, water and eucalyptus plantations.

Credit: Suzano

3.2 Opportunities for businesses with low dependency on forests

Particularly relevant for: Businesses with a relatively low direct dependency on forests, yet strong solutions-focused potential e.g. financial services (banking, private equity and venture capital etc.), technology, consulting and business services, and insurance.

FIGURE 7 **Why businesses with low dependency on forests invest in conservation and restoration**



Opportunity 1: Build resilience to demand risks through investing in forests as part of a portfolio-wide net-zero strategy

Forest conservation and restoration, as part of a broader portfolio focused on avoiding and reducing emissions and impact on nature, can support businesses with low dependency on forests to keep up with their competitors and reduce demand risks. Many businesses in these sectors have already introduced and reached bold targets for action on climate change and nature loss. The full sectors will need to adapt quickly to keep up or risk lower demand from customers. For example, in the technology sector, **Microsoft** and its subsidiary **LinkedIn** have committed to become carbon negative by 2030. To reach this target, Microsoft is funding forest conservation and restoration projects through an open request for proposal (RFP) for carbon removals and has committed to replace each tree removed during the construction of data centres, aiming for a 3:1 replacement ratio.[87] Likewise, **Apple** has partnered with Conservation International to protect and restore natural ecosystems such as a mangrove forest of 11,000 hectares in Cispatá Bay, Colombia, quantifying blue carbon credits in both trees and soil, which is expected to store 1 million tons of CO_2 over its lifetime.[88] In their transitions to net zero, low-dependency businesses can also directly reduce their carbon footprints through forests by replacing carbon-intensive materials with sustainable mass timber in new buildings and infrastructure (e.g. in company headquarters).

Opportunity 2: Increase business profitability and growth (e.g. through new technological innovations and forest financing)

Businesses with low direct dependencies on forests have exciting opportunities to enter new markets through developing digital innovations to support forest conservation and restoration. For instance, the technology sector can develop new digital tools and innovations that support the sourcing and monitoring of conservation and restoration projects, e.g. geospatial mapping, satellite and drone data, sensors and data processing. In one example, **Pachama**, a technology start-up, is combining satellite, drone and lidar scans of forests with machine-learning algorithms to assess the carbon storage potential of forests and detect any changes in canopy cover.[89] Larger businesses are also developing new products to support forests. **Ecosia**, an online search engine that uses 80% of its profits to grow trees, has seen a six-fold increase in its number of users over the past six years and its revenues have grown by 2,220% since January 2015.[90] **Google** collaborated with the World Resources Institute to launch Global Forest Watch, an online monitoring platform tracking deforestation, which is integrating high-resolution monthly data made available following a grant from the Norwegian International Climate and Forest Initiative (NICFI).[91] Google is also supporting the infrastructure of Restor, an open data platform of ecological insights for the global restoration movement. Likewise, **Salesforce** also supports the development of Restor, as well as

Salesforce – developing technology for trees

Description: Salesforce is a cloud computing service as a software (SaaS) company, headquartered in San Francisco, USA

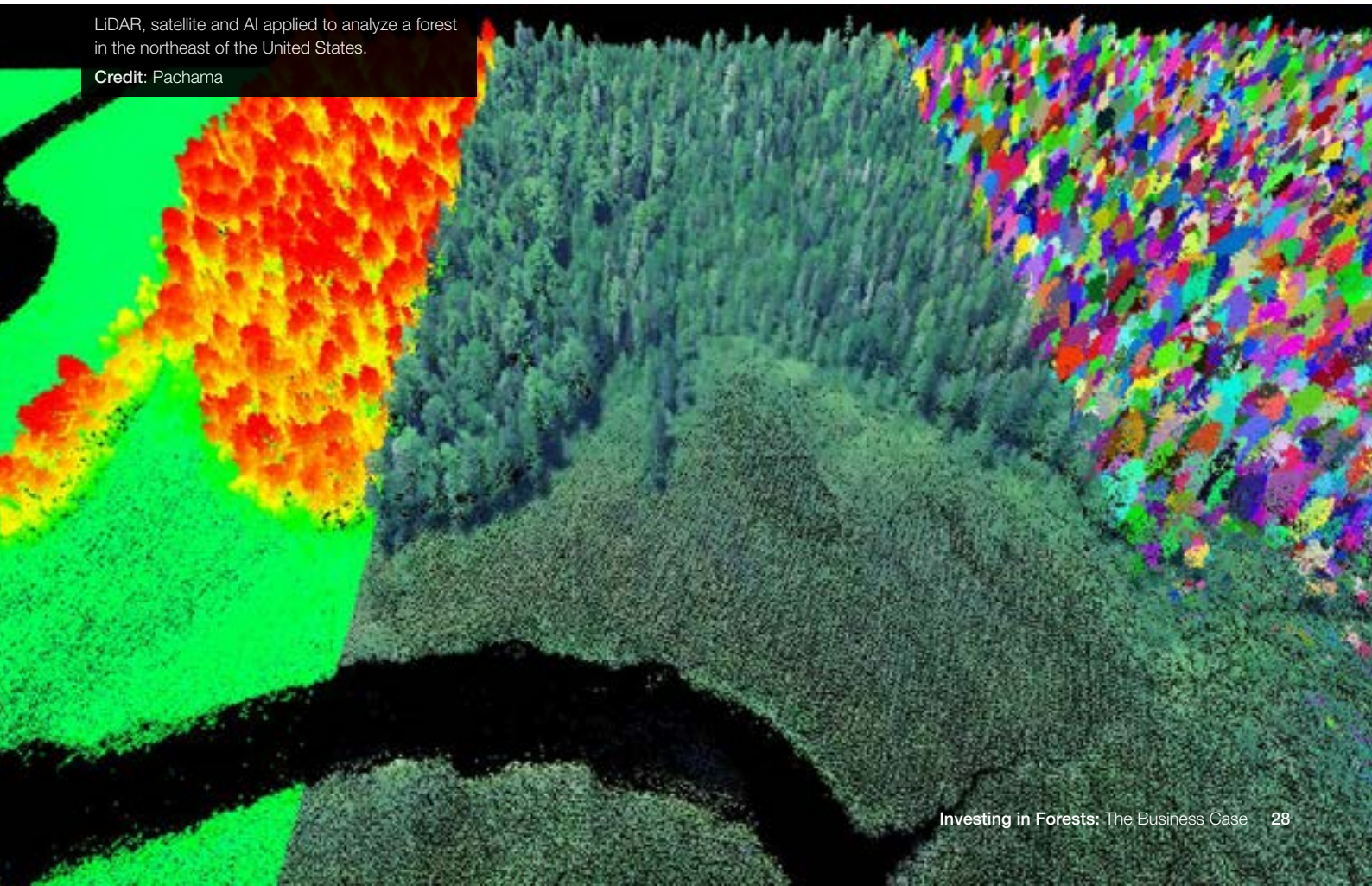
Number of employees: More than 50,000 employees globally

Approach: Salesforce is planning to grow 100 million trees over the next decade as part of its ambition to "do well and do good". Salesforce recognizes that its business should create value for all stakeholders, including the planet, employees, customers and local communities, not just its shareholders. To support this objective, Salesforce is using its existing skills, influence and employee base to support forest conservation and restoration, while also directly funding forest conservation and restoration projects. Its key approaches include:

- **Use technology assets to support forests:** Salesforce technology has been used to develop UpLink, a new, global digital platform to crowdsource innovations that accelerate the delivery of the UN Sustainable Development Goals (SDGs) – including 1t.org's trillion trees challenges.[97] It has also launched its own digital tree tracker at trees.salesforce.com to monitor progress against its 100 million tree ambition.
- **Use employees:** Salesforce has used its employee base to support forest conservation and restoration through matching donations to double the impact of employee donations to tree organizations and organizing business-wide volunteering events focused on tree and forest projects in local communities.
- **Use its global influence and networks to support forest-focused partnerships and policies:** As one of the founding partners of 1t.org, Salesforce has used its global networks to drive action on forests. It also has an active policy team that is advocating for policies to protect and restore nature.
- **Directly fund forest conservation and restoration projects:** Salesforce has directly funded forest conservation and restoration initiatives, partnering with environmental organizations around the world – including Global Forest Generation, the Arbor Day Foundation and American Forests.

Key principles for successfully using existing skills and assets to support forests:

- ✓ Identify where relevant product, policy or environmental expertise sits within the business
- ✓ Develop systems and structures to enable collaboration and coordination across different business units to create shared value, e.g. coordination between product development teams and sustainability teams
- ✓ Engage employees throughout forest conservation and restoration activities, raising global awareness of the importance of supporting forests
- ✓ Work closely with other business and ecosystem partners, including local communities, to achieve systemic change, beyond individual corporate targets



LiDAR, satellite and AI applied to analyze a forest in the northeast of the United States.

Credit: Pachama

80%
of Ecosia's profits are dedicated to growing trees

of UpLink, a digital platform to crowdsource new innovations that advance the delivery of the UN Sustainable Development Goals (SDGs) – including 1t.org's trillion trees challenges (see Case study 3).

Businesses with low direct dependencies on forests can play a critical role in unlocking financing for forests through new financial products, while divesting from companies that contribute to climate change or drive deforestation. Some financial services businesses such as **Rabobank** (see Case study 4), **JP Morgan Chase & Co.**, **Bank of America**[92] and **Goldman Sachs**[93] are developing new product offerings to encourage financing for forest conservation and restoration or directly investing in new businesses that support forest conservation and restoration. For example, JP Morgan Chase & Co. has developed its Action Bond programme to support reforestation initiatives and has recently committed to finance and facilitate more than $1 trillion in green financing worldwide over the next 10 years through blended finance and green bonds.[94,95] By developing forest-related financial products, businesses can expand their product offerings and build relationships with new clients. However, financial sector investments in restoration and conservation have been limited to date, due to concerns about the long-term horizon and low liquidity of these investments. To mitigate this challenge, investors can prioritize projects that mix long-term and short-term cash flows, such as agroforestry models that can generate short-term revenues through the sale of tree products.

Opportunity 3: Increase values-based leadership, strengthening relationships with customers, employees and partners

Businesses that are less dependent on forests within their core operations have an opportunity to align their business values with those of their customers, employees and partners. Many businesses are building customer trust by engaging them directly on forest conservation and restoration. For example, **Mastercard** and its partners launched the Priceless Planet Coalition (see Case study 5), which now has more than 30 members across the financial sector and supports customers to donate to forest conservation and restoration projects. **Aspiration Bank** has introduced the Plant your Change programme that enables customers to automatically invest their spare change to grow a tree by rounding up their purchases to the nearest dollar.[96] Across sectors, businesses are directly engaging their employees by supporting forest conservation and restoration activities. For example, businesses ranging from **BNP Paribas** to **HP** have invested in forest restoration, funding trees for their employees as gifts.

CASE STUDY 4

Rabobank – financing for forests through AGRI3

Description: Rabobank is a Dutch cooperative bank, with an international focus on food and agriculture

Number of employees: More than 43,000[98]

Approach: Recognizing customer demand from food and agricultural businesses to transition to more sustainable agricultural practices, Rabobank and the UN Environment Programme have partnered to create a $150 million guarantee fund, the Agri3 Fund. This fund aims to de-risk loans and investments that financial banking partners plan to make in agriculture value chains to a total amount of $1 billion. This should help financial institutions to provide loan tenor extensions, larger-size loans and subordinate loans – alongside technical assistance. In particular, the initiative will support transactions that halt deforestation and increase forest restoration, as well as furthering rural livelihoods. For example, in Brazil, the Agri3 Fund is currently supporting a sugar and ethanol producer to transition to sustainable production of sugar cane. As part of the BRL 50 million 10-year facility ($8.8m), the producer will invest in reforesting 90 hectares of forest around sugar cane production areas and will also maintain a nursery of native seedlings.

Key principles for successfully launching new financial products to support forests:

- ✓ Recognize the commercial value of engaging with businesses seeking capital for forest conservation and restoration
- ✓ Recognize the commercial value of developing proof-of-concept financial products now, in preparation for potential longer-term transitions and rapid scale-up in product portfolios
- ✓ Build strong public-private partnerships to enable business to enter new forest financing markets
- ✓ Build internal buy-in within organization, developing clear ways to explain the similarities and differences between processes for environment/forest-focused financial products compared to traditional product offerings

Sugar cane and forest corridors in Brazil, financed by Rabobank through the AGRI3 Fund.
Credit: Rabobank

CASE STUDY 5

Mastercard and the Priceless Planet Coalition – working together for trees

Description: Mastercard is a multinational financial services business headquartered in New York, USA

Number of employees: More than 20,000[99]

Approach: Mastercard has launched the Priceless Planet Coalition and committed with its partners to restore 100 million trees over the next five years. More than 30 partner organizations across the financial sector have joined the coalition to achieve this goal. The coalition is also running campaigns to engage consumers to contribute, with "round-up" campaigns that allow consumers to donate to plant trees at the point-of-sale. Mastercard corporate customers can also contribute every time employees use their cards for travel, goods or services.

Mastercard will work in partnership with Conservation International and the World Resources Institute, two environmental NGOs, to design, implement and monitor forest restoration projects that create triple benefits for the climate, biodiversity and local communities. The coalition is currently focused on forest restoration locations in Kenya, Brazil and Australia, and plans to expand to other regions in the years to come.

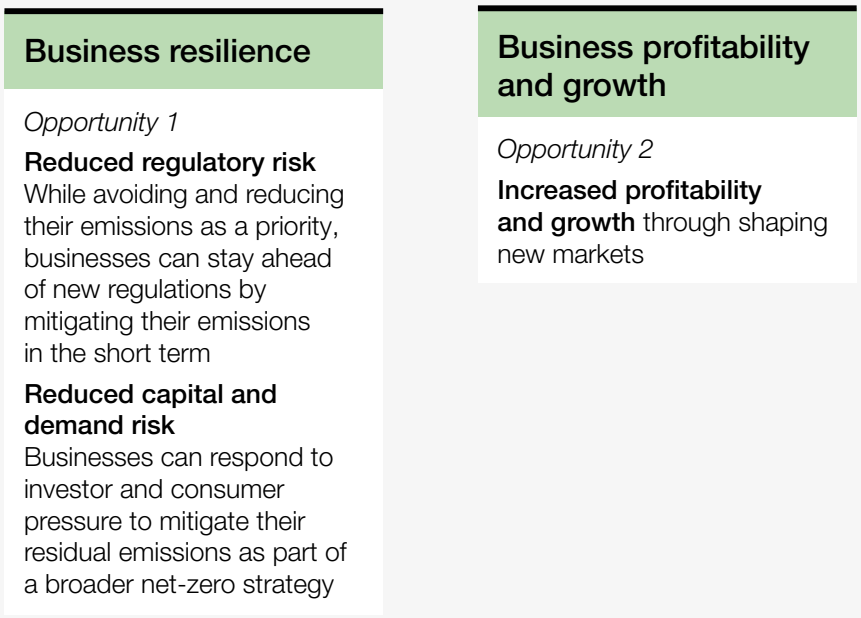
Key principles for successful partnerships to support forests:

- ✓ Understand the limits of the business expertise and work with experienced and reputable environmental partners to ensure that projects are designed and implemented to the highest-quality standards
- ✓ Seize untapped opportunities to engage customers on the subject of forests to achieve impact at scale and raise global awareness of the importance of conservation and restoration
- ✓ Focus on projects that deliver triple benefits for climate, biodiversity and local communities
- ✓ Recognize the operational efficiencies of working with other businesses to support forests, through the creation of centralized programme infrastructure
- ✓ Attract new partners by ensuring strong commitment to selecting large-scale and high-quality projects, with the ability to deliver climate, biodiversity and community benefits

3.3 Opportunities for businesses with high greenhouse gas emissions

Particularly relevant for: sectors that face challenges with high greenhouse gas (GHG) emissions, e.g. energy, transport (e.g. aviation, shipping), mining, construction and manufacturing (e.g. chemicals, cement and metals).

FIGURE 8 **Why businesses with high greenhouse gas emissions invest in conservation and restoration**



Opportunity 1: Build business resilience to regulatory, capital and demand risks

For businesses that face challenges with high greenhouse gas (GHG) emissions, investing in forest conservation and restoration can form part of a broader net-zero strategy, building resilience to regulatory, capital and demand risks. Businesses that make the most significant contributions to GHG emissions globally are under increasing pressure from governments, customers and investors to reduce their emissions. Many governments plan to implement binding GHG emissions targets and restrict or tax emissions. Similarly, investors globally are increasingly calling on these businesses to reduce their emissions and plan to reduce or exit investments with high carbon exposures. While industry players acknowledge that they need to avoid and reduce their emissions as a priority, there will remain a need in the short and medium term to mitigate their emissions. To compensate for their residual emissions, businesses ranging from oil and gas companies to the airline industry have funded forest conservation and restoration through voluntary projects such as REDD+.

Opportunity 2: Increase business profitability and growth

This focus on achieving net zero applies not only to businesses themselves, but also to their customers and investors, which creates the potential for new markets and associated business opportunities. Recognizing the business potential associated with investing in forests, **Shell**, **Total** and **BP** have started to invest in nature-based solutions (NBS). Total's NBS business unit is working on a project in South America to create a sustainable cocoa value chain based on agroforestry. This project will support the creation of a new sustainable market and is estimated to avoid more than 15 million tons of CO_2e over 10 years.[100] Likewise, Shell is building a carbon sequestration asset base by acquiring businesses such as Select Carbon, which invests in forests and other natural ecosystems throughout Australia (see Case Study 6).

CASE STUDY 6 | Shell – Forest conservation and restoration to compensate for residual emissions

Description: Shell is a multinational oil and gas company headquartered in the Netherlands

Number of employees: More than 80,000[101]

Approach: Shell has committed to invest in forest conservation and restoration as part of its target to reach net-zero emissions by 2050.[102] This includes Shell's direct and indirect emissions from its operations associated with the production and processing of energy products (Scope 1 and 2) and its emissions from the use of the energy products that it sells (Scope 3). Within its broader net-zero strategy, Shell plans to invest around $100 million a year in nature-based solutions to mitigate its residual emissions, adopting the policy of "avoid, reduce and then mitigate".[103] As part of this portfolio approach, Shell is co-developing and investing direct equity in forest conservation and restoration projects worldwide. It is also purchasing high-quality carbon credits from projects that support forest conservation and restoration, ensuring that projects are certified under high-quality and independent standards.[104]

Key principles for successful investments:

- ✓ Work with customers to understand how forest conservation and restoration can benefit them
- ✓ Select projects that are certified under high-quality and independent carbon accreditation standards only
- ✓ Prioritize projects that deliver wider environmental and social benefits beyond emissions compensations, such as conserving biodiversity and supporting employment for local communities
- ✓ Increase transparency and rigour through third-party audits for project screening and selection and ensure robust project monitoring processes
- ✓ Ensure full collaboration with local communities and partners through robust stakeholder mapping and extensive engagement

Planting saplings to preserve and extend the Glengarry forest, UK.

Credit: Shell

4 From opportunities to impact

This section outlines the key steps for businesses to seize opportunities associated with forest conservation and restoration and how businesses can ensure that their investments deliver long-term impact.

Recognizing the economic benefits, an increasing number of leading businesses are embedding forest conservation and restoration within their models and strategies. Having identified opportunities to build resilience, seize new growth and profitability opportunities and strengthen business leadership, more businesses across sectors are now moving beyond corporate social responsibility (CSR) and philanthropic approaches. Forward-looking businesses recognize that opportunities to engage with forest conservation and restoration often sit across different business units, including sourcing and supply-chain management, product development, real estate, marketing and CSR. Effective business action on forests will involve collaboration across these different areas to embed forest conservation and restoration at the core of business operations.

4.1 Investment pathways for businesses

There are three main pathways that businesses can take now to seize opportunities associated with forest conservation and restoration:

1. **Identify opportunities to support forest conservation and restoration within existing business operations and value chains**. Avoiding deforestation remains a critical priority, but businesses can go further and secure new economic opportunities by investing in forest conservation and restoration within their 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. For example, in its cocoa value chain, **Nestlé** will distribute 2.8 million shade trees by 2022 in Côte d'Ivoire and Ghana (see Case study 1). Businesses that are less directly reliant on forests have opportunities to identify business areas that interface with forests in their value chain. For example, almost all businesses rely on construction in some way (e.g. their company headquarters) and so have opportunities to support forest restoration by substituting carbon-intensive materials for sustainable mass timber in their buildings. The following list of practices demonstrates how to invest in forest conservation and restoration within existing business operations and value chains:
   - **Analyse supply-chain and business operations** to identify dependencies on forests and risks of future forest impacts
   - **Identify the greatest opportunities** for forest conservation and restoration to create shared value (e.g. reduced GHG emissions, increased biodiversity, reduced costs, increased revenues, improved livelihoods, equity)
   - **Co-design project concept** with diverse partners, including local governments, non-governmental and civil society organizations, Indigenous peoples and broader communities
   - **Identify priority locations and types of action** (e.g. conservation, restoration, growing new trees and forests, enabling actions), aligning with global methodologies and planning to grow the right trees in the right way and in the right places (see section 4.2 on Key principles below)
   - **Apply appropriate ecological and social safeguards** to maximize positive impacts on climate, nature and communities
   - **Adopt relevant and credible project certification standards** (e.g. carbon credit standards, forest management certification, sustainability standards)
   - **Quantify costs and analyse financing and investment options** for project activities, accounting for transaction costs, establishment costs, and costs for ongoing project management and long-term monitoring
   - **Implement project in partnership** with local communities, supply-chain actors, technical and local experts
   - **Monitor, report and verify results** on an annual basis, if not more frequently, with long-term tracking to ensure permanence
2. **Identify how to use existing skills and/or assets to support forest conservation and restoration and move towards a long-term business model that goes beyond net zero.** Businesses have many assets that they can use to directly support forest conservation and restoration:
   - **New products:** Businesses 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. Businesses can also support the development and enhancement of sustainable forest product value chains that enable effective forest conservation and restoration.

“ The learning trajectory of each company is unique, and failures are a natural part of the process. These can be limited by following principles that are grounded in the collective experience of other companies, science and systems of local knowledge

- **Advocacy and influence:** Businesses can use their influence with governments, investors and other businesses to encourage action on forest conservation and restoration, e.g. **Salesforce's** policy team that is advocating for policies to protect and restore nature (see Case study 3)
- **Finance:** Businesses can support the creation of new financial mechanisms to fund forest conservation and restoration globally, e.g. **Rabobank's** Agri3 fund (see Case study 4)
- **Partnerships:** Many businesses have extensive networks and partnerships that they can use to bring together diverse skills and capabilities to support forest conservation and restoration, e.g. **Mastercard** and the Priceless Planet Coalition (see Case study 5)
- **Customer base:** By engaging their customers on forest conservation and restoration, businesses can increase global awareness of the importance of forests and amplify their impact while building customer trust
- **Employees:** Through employee engagement on forests, such as employee tree-growing initiatives, businesses can increase the financial and human resources dedicated to forest conservation and restoration, while building a positive business culture that embraces sustainability

3. **Identify opportunities to fund forest conservation and restoration outside value chains to achieve strategic objectives, e.g. compensating for residual emissions.** While decarbonizing business value chains, businesses can achieve further progress towards net-zero goals by supporting forest conservation and restoration projects or jurisdictional approaches that remove carbon while benefiting nature. Some businesses may choose to co-develop and co-implement forest conservation and restoration projects, working in partnership with implementing partners and local communities to ensure that projects are grounded in technical and local expertise. Others may choose to donate to existing projects or purchase carbon credits from verified suppliers. When screening and selecting potential forest conservation and restoration projects, businesses need to ensure that they are certified under high-quality and independent carbon credit standards and meet appropriate forest management standards (see section 4.2 Key principles and Box 4). Effective investments also require rigorous monitoring and reporting strategies, with long-term tracking to ensure forest permanence.

BOX 4 **Carbon credit certification standards**

Some businesses may want to generate or purchase carbon credits by investing in forest conservation, restoration and avoided deforestation. In 2010, natural climate solutions accounted for 5% of carbon credits. They now account for around 40% and are expected to become the leading solution within the next couple of years.[105]

There are many internationally recognized standards for forest conservation and restoration projects, creating opportunities for businesses to select carbon credits certification standards according to their project needs. However, faced with such a multiplicity, businesses may feel uncertain about the comparative quality of credits supplied. While work is ongoing to improve and simplify the scale and architecture of carbon markets,[106] some commonly used and reputable standards include Gold Standard, Verified Carbon Standard (VCS), Climate Action Reserve, American Carbon Registry, Plan Vivo and ART TREES (Architecture for REDD+ Transactions – the REDD+ Environmental Excellence Standard).

4.2 Key principles for successful investments in forest conservation and restoration

Across all actions, successful business investments in conservation and restoration align with existing global standards. Following guiding principles such as those of forest landscape restoration and adopting sustainable forest management standards confirm that forests are being managed in sustainable ways that preserve biodiversity and benefit local communities. When adopting forest management standards, it is important to use the most robust certifications (e.g. Forest Stewardship Council), while also going beyond the minimum requirements imposed by these certifications, ensuring greater product traceability and transparency. Businesses have an opportunity to support certification schemes to develop more demanding and robust criteria, which provide full assurance of sustainable forest management. The International Union

for Conservation of Nature (IUCN) has also released the Global Standard for Nature-Based Solutions, which provides clear parameters for defining nature-based solutions and a common framework to monitor progress.

By adopting the following principles, companies can ensure that their investments in forests successfully generate business value while supporting nature, climate and local communities. For companies new to forest investments, much can be learned from following tried-and-tested principles. The learning trajectory of each company is unique, and failures are a natural part of the process. These can be limited by following principles that are grounded in the collective experience of other companies, science and systems of local knowledge to achieve both short- and long-term impact.

- PROTECT **existing forests and enable natural forest regrowth:** Businesses recognize that halting deforestation and protecting remaining forests is a priority. Forest protection or restoration in one region should not be used as a reason to degrade or destroy natural forests elsewhere. Existing old-growth forests are vast long-term carbon sinks, and provide habitat for supporting biodiversity, including seed dispersers and pollinators. Old-growth forests are also a repository for bio-innovation in the search for new drugs or novel materials. Of the over 80,000 tree species, less than 1% have been studied for potential use,[107] yet at least 26% of known tree species are threatened with extinction.[108] Protecting existing forests globally is essential to capture the full environmental, carbon and market benefits of forests. Likewise, natural forest regrowth on protected land is typically less expensive and more effective than growing new trees.[109] Effectively enabling natural regeneration requires regular monitoring to ensure permanence.

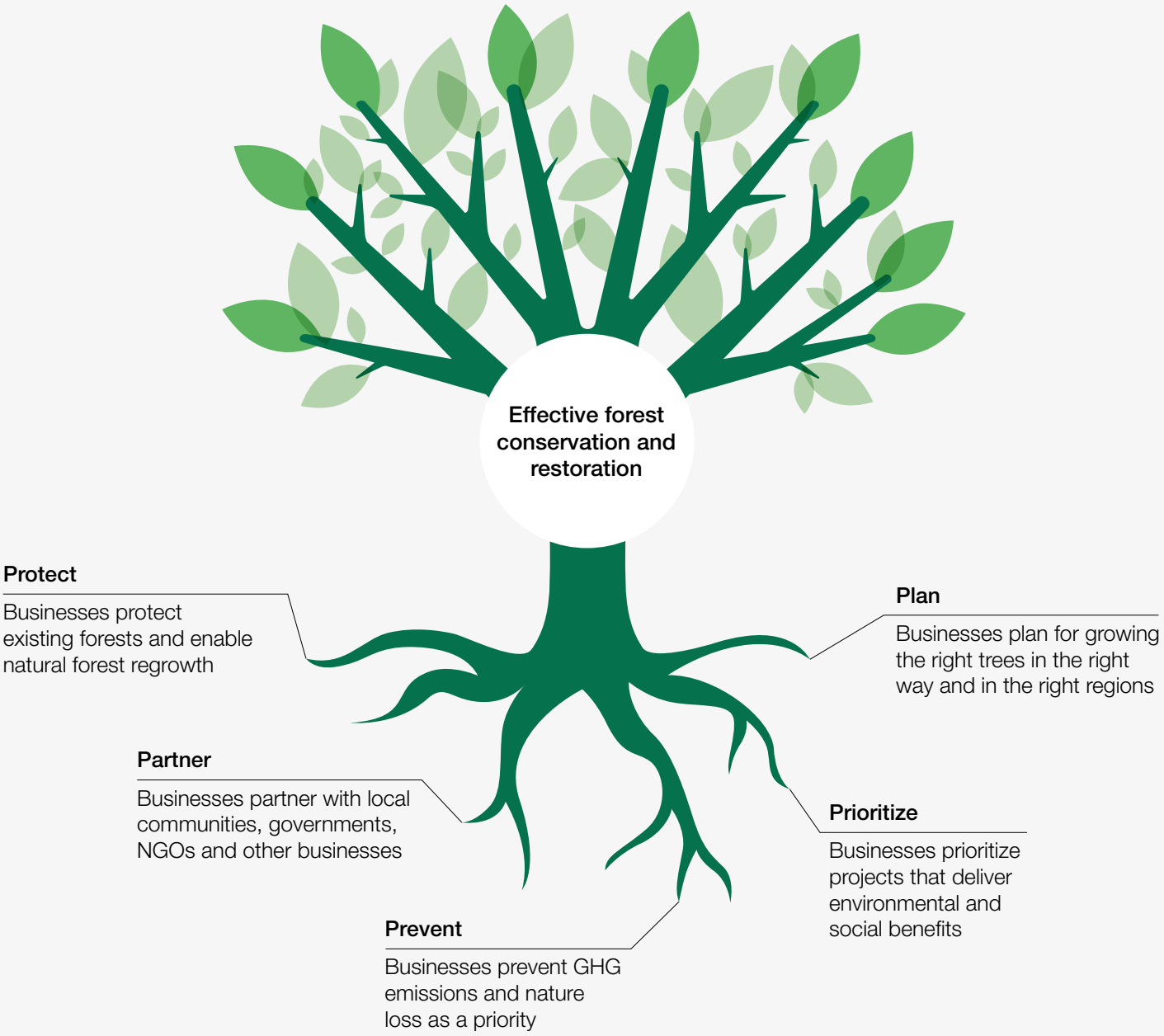
- PARTNER **with local communities, governments, NGOs and other businesses:** Businesses co-develop and implement projects with local partners, communities and Indigenous peoples to ensure that forest conservation and restoration activities are effective, build upon local community knowledge of forests, and protect local land-use rights. Conflicting goals and expectations between local communities and project managers and lack of community involvement are the most common reasons why forest restoration and conservation projects fail. Collaborations and alliances between businesses are also essential to make the systemic changes required to embed forest conservation and restoration within their business models. Businesses may not always get it right as they seek to deliver against ambitious goals but by learning from each other, apparent failures can be transformed into valuable lessons across businesses. By working in partnership with other businesses, experts, partners and local communities, businesses amplify their impact on forests around the world.

- PREVENT **greenhouse gas emissions and nature loss as a priority:** Businesses identify opportunities to avoid and reduce emissions within their existing operations as a priority. Where emissions cannot be avoided or reduced, businesses can mitigate them through investments in forest conservation and restoration in the short and medium term. Likewise, businesses anticipate and prevent adverse impacts on nature and biodiversity within their operations. Halting deforestation in value chains is a vital priority for businesses to safeguard their interests against the risks posed by the climate and nature crises. Investments in forest conservation and restoration should be additional and complement these broader strategies, supporting businesses to move from doing no harm to having a net-positive impact on nature, biodiversity and forests.

- PRIORITIZE **projects that deliver environmental and social benefits:** Forest conservation and restoration projects achieve environmental benefits such as increasing biodiversity, improving soil health and fresh water supplies, and regulating climates. Concurrently, projects deliver social benefits from supporting local livelihoods to providing improved mental health and well-being, and ensuring equitable benefits for target groups such as women or youth within local communities.[110] To achieve impact, businesses set clear goals upfront on the mix of environmental and social indicators their project prioritizes, with milestones through each stage of implementation to track progress and make adjustments based on learnings. Some indicators are tracked to avoid unintended harm, while others validate the intended project outcomes.

– **PLAN for growing the right trees in the right way and in the right regions:** Businesses select the right regions and trees for forest restoration or growing new trees to ensure climate resilience and permanence of new forests in the long term. Growing trees and forests in areas that were previously forested but are now degraded can benefit biodiversity and carbon storage, as well as reducing the risk of desertification in at-risk areas. Businesses should typically refrain from growing new trees in areas that replace other natural habitats such as grasslands or wetlands, as this could drive a net increase in carbon emissions.[111] Beyond this, businesses must understand and respect local land-use rights. When supporting forest restoration, businesses need to plan to grow a mix of species, prioritizing native species and avoiding invasive species. Beyond this, planning to grow trees and forests, and therefore investing in monitoring methods and applying long-term approaches, rather than just planting seedlings, is critical to ensure long-term impact.

FIGURE 9 **Key principles for successful corporate engagement on forest conservation and restoration**



4.3 Advancing the forest conservation and restoration movement

Businesses can shape the growing movement by working in partnership with diverse stakeholders, to share their experiences and to learn from them about good practices and tools across locations

Momentum around forest conservation and restoration will continue to build and businesses are uniquely positioned to amplify this momentum. As business leaders become increasingly aware of the environmental and social benefits of investing in forest conservation and restoration, more businesses are set to embed forests within their approaches. With the launch of the UN Decade on Ecosystem Restoration, momentum is also building among consumers, employees, governments and NGOs. By making public commitments, and communicating with their customers and investors, businesses can build further momentum to protect and restore forests globally.

Businesses have a unique opportunity to contribute to building and shaping new markets around forest conservation and restoration. Businesses have an opportunity to support standardization in terms of guidelines and certification, addressing gaps in awareness of how to ensure that forest conservation and restoration activities are effective. Businesses can shape the growing movement by working in partnership with diverse stakeholders, to share their experiences and to learn from them about good practices and tools across locations. Effective project sourcing and monitoring is also a challenge, creating an opportunity for businesses to support the development of integrated systems for data and information sharing on restoration efforts. Platforms such as 1t.org and its Corporate Alliance play a role in connecting actors from across the sector and across regions. Joining and strengthening these platforms is critical to avoid isolated approaches. Beyond this, there are opportunities for businesses to help align government-led efforts with those of the private sector to ensure seamless action on the ground.

Conserving, restoring and growing a trillion trees by 2030 is an ambitious goal that businesses can help achieve while accelerating their value-creation strategies.

BOX 5

1t.org, the trillion trees platform

1t.org is a multistakeholder platform serving a global movement to conserve, restore and grow 1 trillion trees by 2030. As part of the World Economic Forum's work to accelerate nature-based solutions and in support of the UN Decade on Ecosystem Restoration, 1t.org is driving systems change by mobilizing the private sector, facilitating multistakeholder partnerships in key regions and supporting innovation and ecopreneurship on the ground.

1t.org curates the 1t.org Corporate Alliance, a cross-industry community of businesses committed to exercising leadership and integrity in forest conservation and restoration and invites interested companies to join the movement and make a pledge towards forest conservation and restoration.

Table of reference

This table summarizes the companies that are mentioned in this report along with the relevant pages that detail their approaches to investing in forest restoration and conservation.

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