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# Part II: Verified Impact for Certificate Holders

## Nuts and Bolts



Presented by Wesley Snell  
February 11<sup>th</sup> 2025

# Contents

1. Introduction
2. Overview of Verified Impact
3. Applying the Ecosystem Services Procedure
  - Identifying business case and setting objectives
  - Prerequisites and Safeguards
  - Demonstrating Impact
  - Benefits and Claims
4. Case Studies
5. Q&A

# Intro to ETIFOR

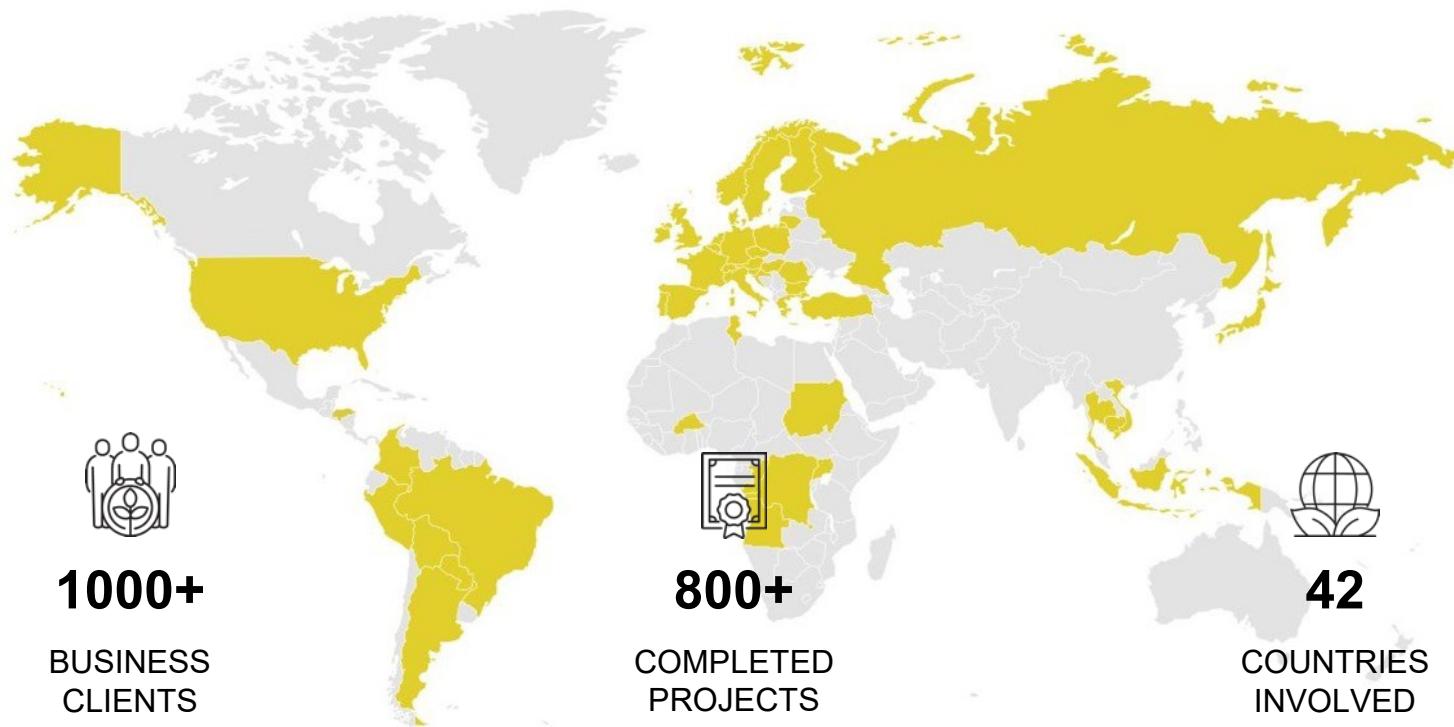
At Etifor,  
**we put nature at the heart  
of decision-making  
by developing science-  
based solutions.**



We are a highly specialised **environmental consulting company**: our multidisciplinary team improves the economic, environmental and social benefits of policies, projects and investments.

# Global Presence

Every project we delivered, from Italy to Brazil, has enabled us to acquire new skills and put our solutions into practice.



# FSC Verified Impact Webinar Series

Session	Target Audience	Learning Objective	Date & Time
Introduction to Verified Impact: Fundamentals	General	Nature-related financial risk, global and regional policy responses, investor demand	Tuesday, February 4th 13:00 EST
Generating Verified Impact for Certificate Holders: Nuts and Bolts	Forest owners, managers, and Certificate Holders	7 steps of Ecosystem Services Procedure, developing a Theory of Change, measuring and reporting outcomes	Tuesday, February 11th 13:00 EST
The Critical Role of Sponsors – Use Cases and Value Propositions	Forest product retailers, companies, investors, financial institutions	Climate- and nature-related financial disclosures, value chain engagement, net zero and nature positive claims	Tuesday, February 18th 13:00 EST



# Nuts and Bolts

- **Overview**
- Applying the procedure
- Case studies

# Verified Impact & the Ecosystem Services Procedure

## What is it?

- **Impact demonstration framework** that verifies the positive impacts of forest management activities on seven ecosystem services

## How does it work?

- The procedure sets **quality and integrity thresholds with reporting requirements** for certificate holders, sponsors, and certification bodies in order to credibly demonstrate and responsibly claim positive impacts

## What does it do?

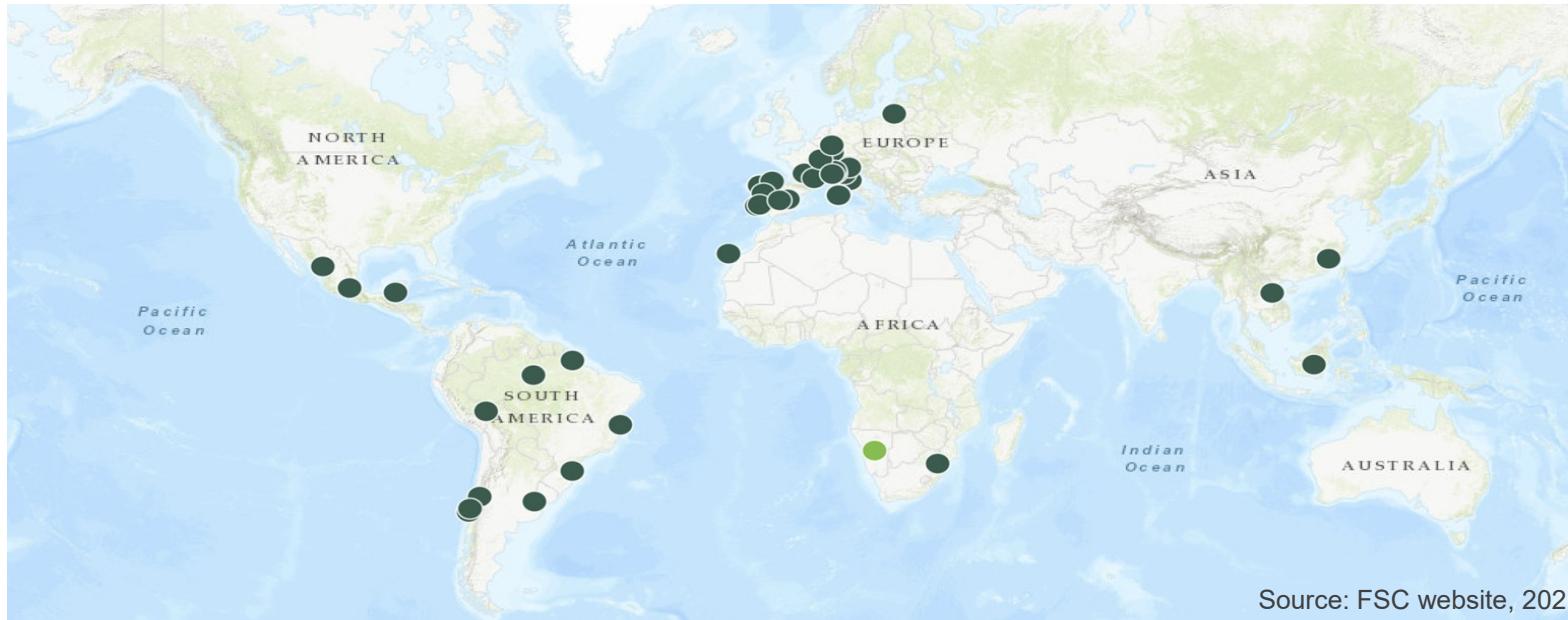
- Produces **quantified, externally verified, annually audited impact claims** that allow forest managers to access markets for ecosystem services



## Background and Context



# Background and Context



- >70 forest managers have applied the procedure all over the world
- >5 million acres verified for positive impacts on carbon and other ecosystem services

# Scope of Verified Impacts

Code	Ecosystem Service	Verifiable Impacts	Examples
ES1	Biodiversity Conservation	12	Enhanced forest cover; species diversity conservation; enhancement of natural forest structure; maintenance of rare, threatened, or endemic species
ES2	Carbon Sequestration and Storage	5	Maintenance or enhancement of forest carbon stocks through afforestation, reforestation, responsible forest management, or conservation
ES3	Watershed Services	4	Maintenance or enhancement of water quality or volume regulation
ES4	Soil Conservation	4	Maintenance or enhancement of soil quality and structure; reduced erosion
ES5	Recreational Services	4	Social-ecological benefits from forest recreation or tourism; enhancing native species populations of interest for nature-based tourism
ES6	Cultural practices and values	4	Maintenance or enhancement of cultural and ancestral knowledge, practices, and language
ES7	Air quality	2	Maintenance or enhancement of air quality

**Seven ecosystem services and 37 impacts** are eligible for verification under the current ESP

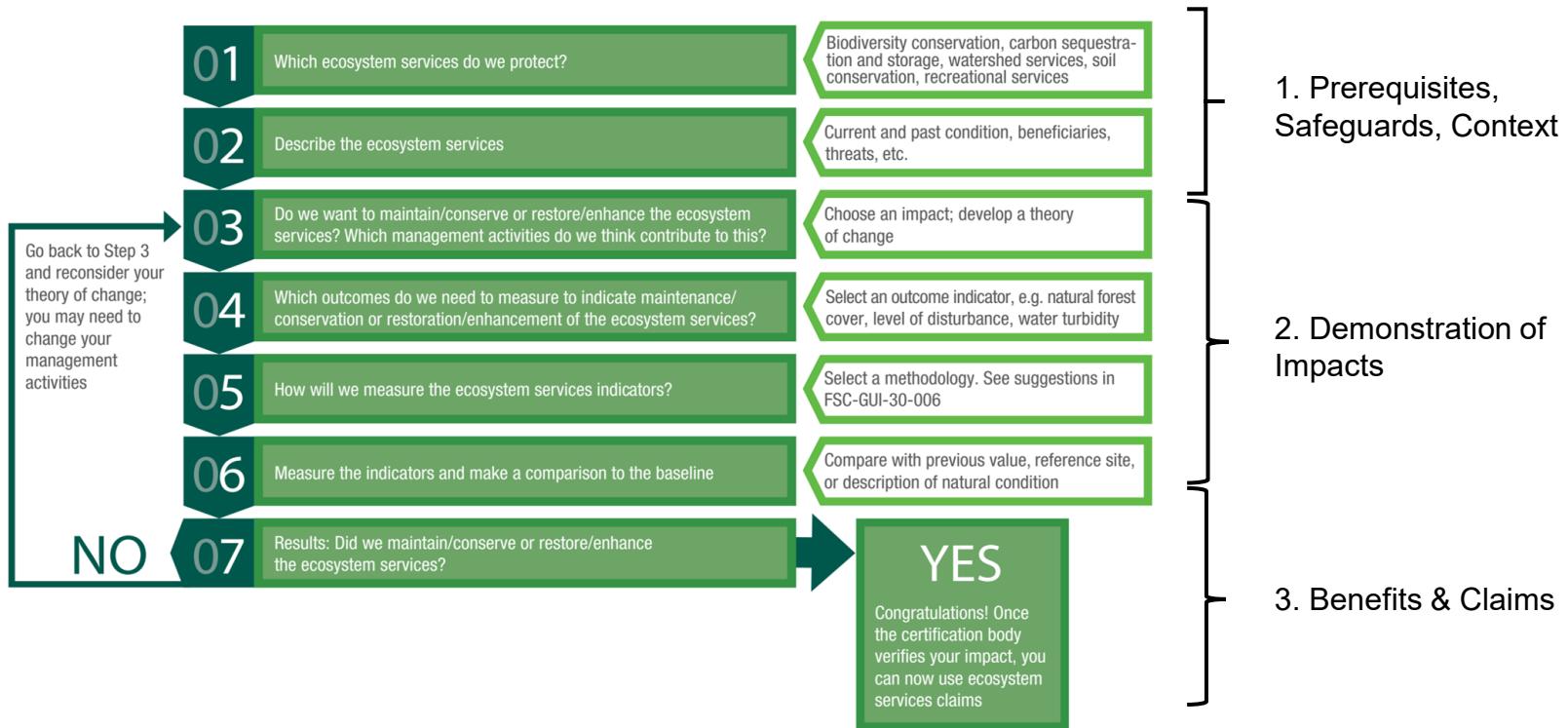
**All ecosystem services are co-equal** under the ESP – certificate holders can choose to verify any eligible impact(s).



# Nuts and Bolts

- Overview
- **Applying the procedure**
- Case studies

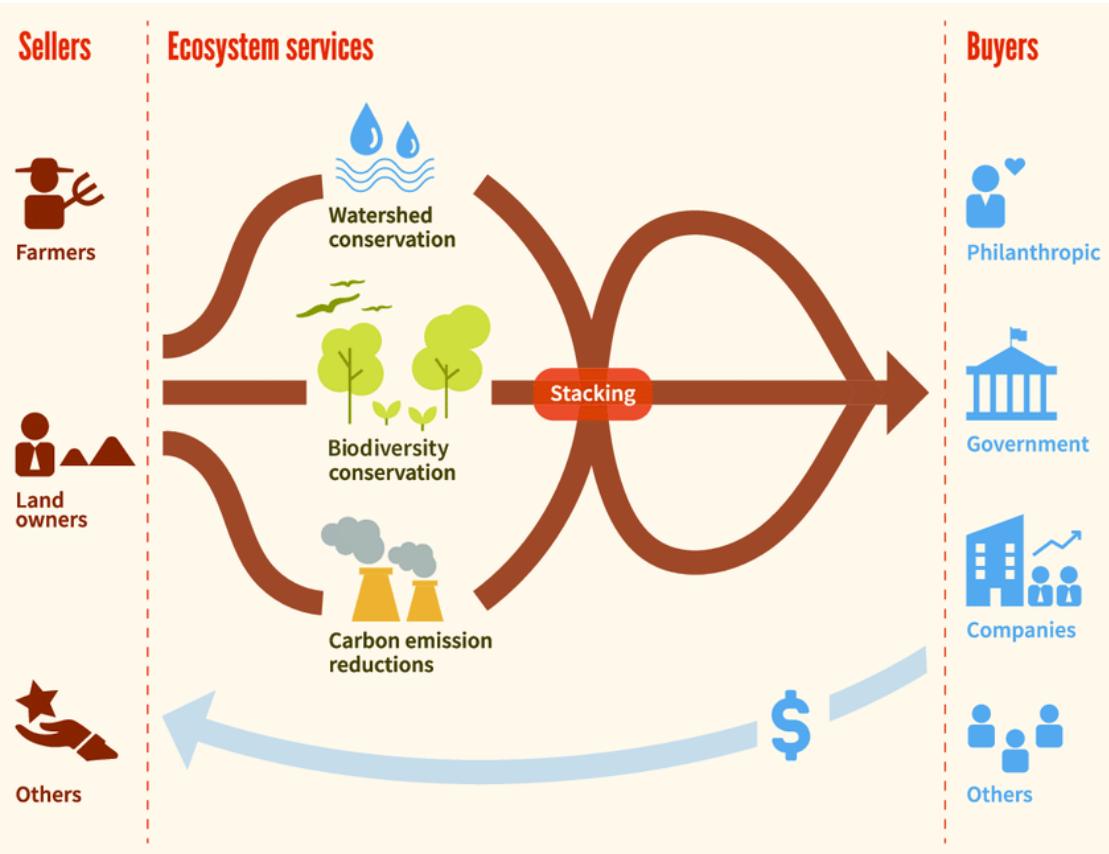
# The 7 Steps of the Ecosystem Services Procedure



Source: FSC-GUI-30-006 V1-0 EN



# Step 0: Identify Business Case & Set Objectives



## Key Questions

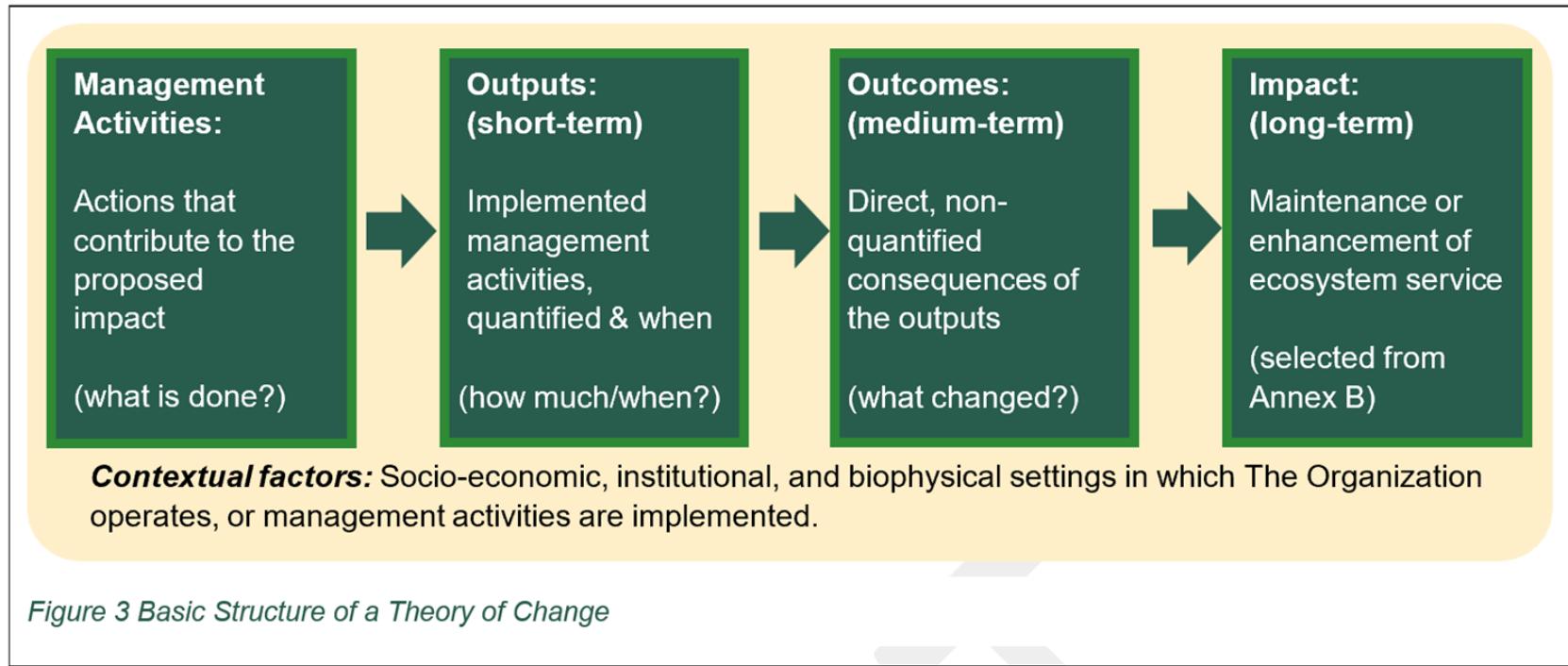
- What is my objective for demonstrating positive impacts on ecosystem services?
- How much will it cost to measure and verify?
- What kind of benefits do I expect to receive for verifying positive impacts?
- Does third-party verification add value to my objectives or expected benefits?

# Prerequisites & Context

**Most of this information should be identified concurrently with the Forest Management (FSC-FM) certification**

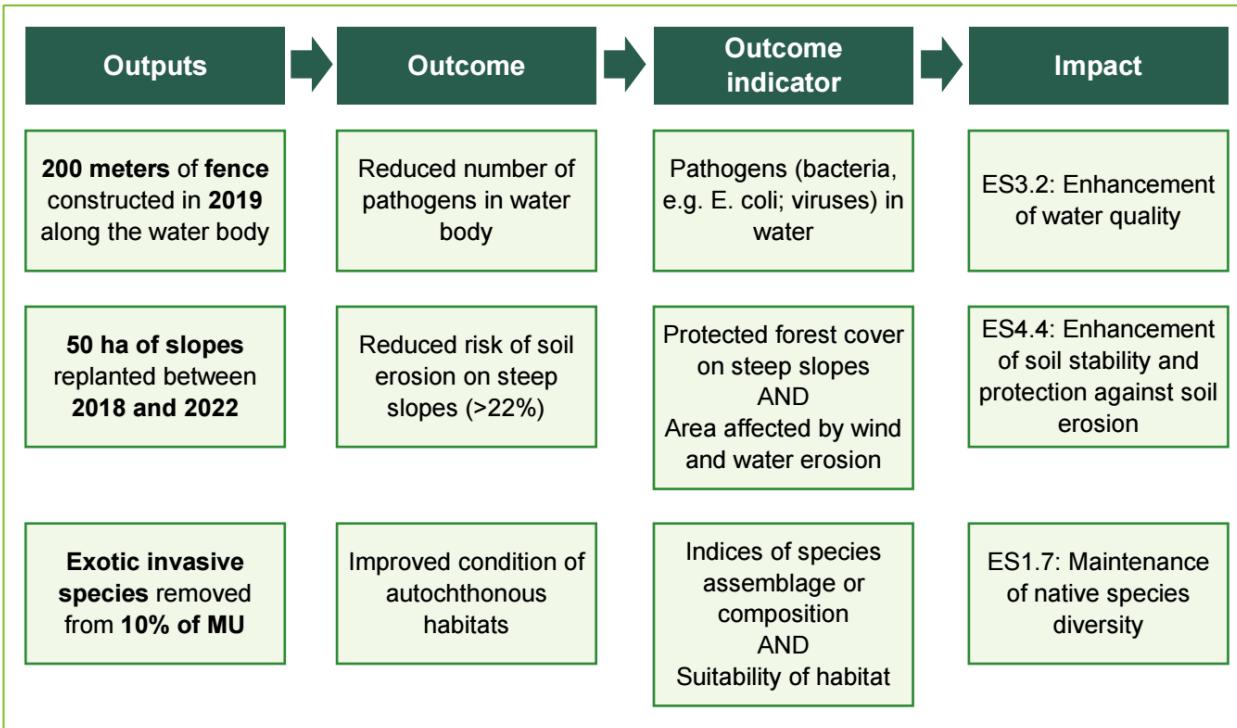
- Legal tenure to manage, use, and/or receive payments for ecosystem service
- Management objectives related to ecosystem service
- Current condition of ES
- Past condition of ES
- Areas within or outside the management unit related to ES
- Beneficiaries of ES and benefit-sharing
- Pressures and threats (human and natural)

# Theory of Change



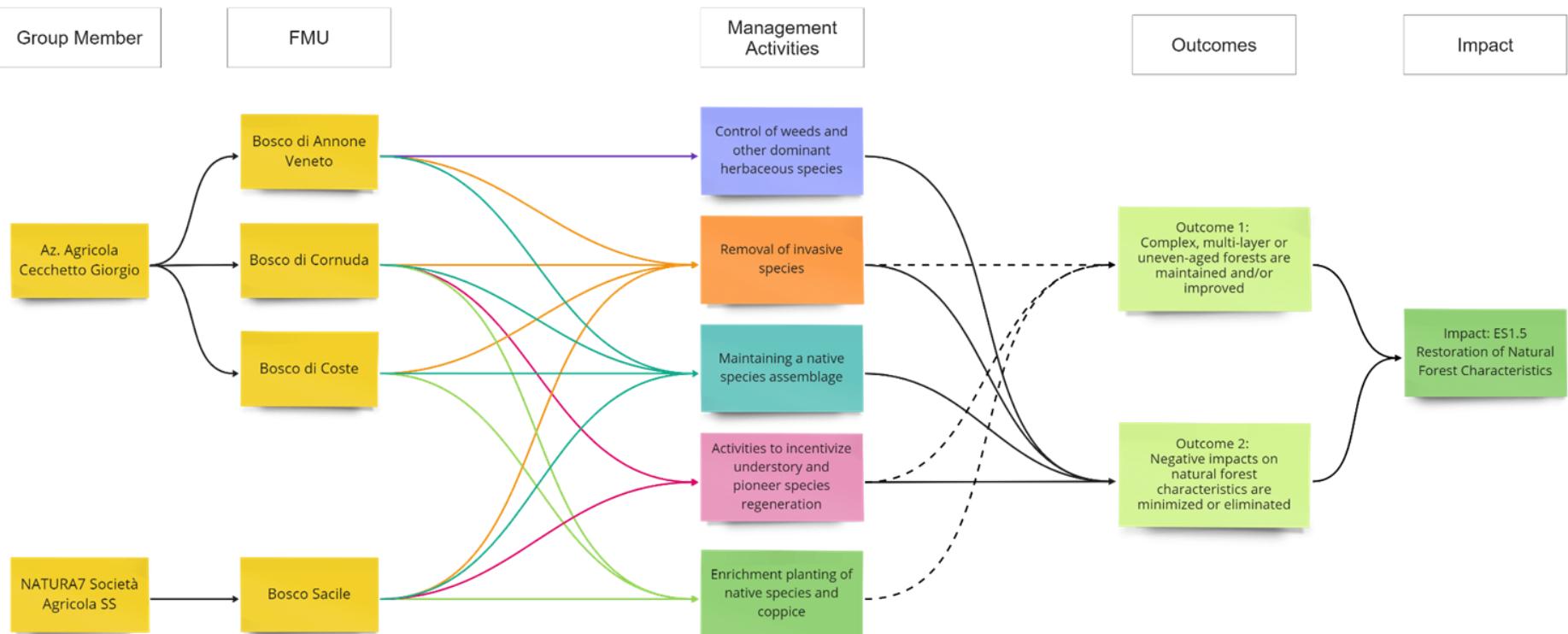
The Theory of Change links **specific management activities** to changes in **ecosystem structures or processes** that maintain or improve **ecosystem services**.

# Theory of Change



- Outputs should be specific and quantified.
- Outcomes should be general and high-level.
- Indicators measure a change in the state of nature or ecosystem service.
- Impacts declare the positive impact.

# Theory of Change – Example from GFSE

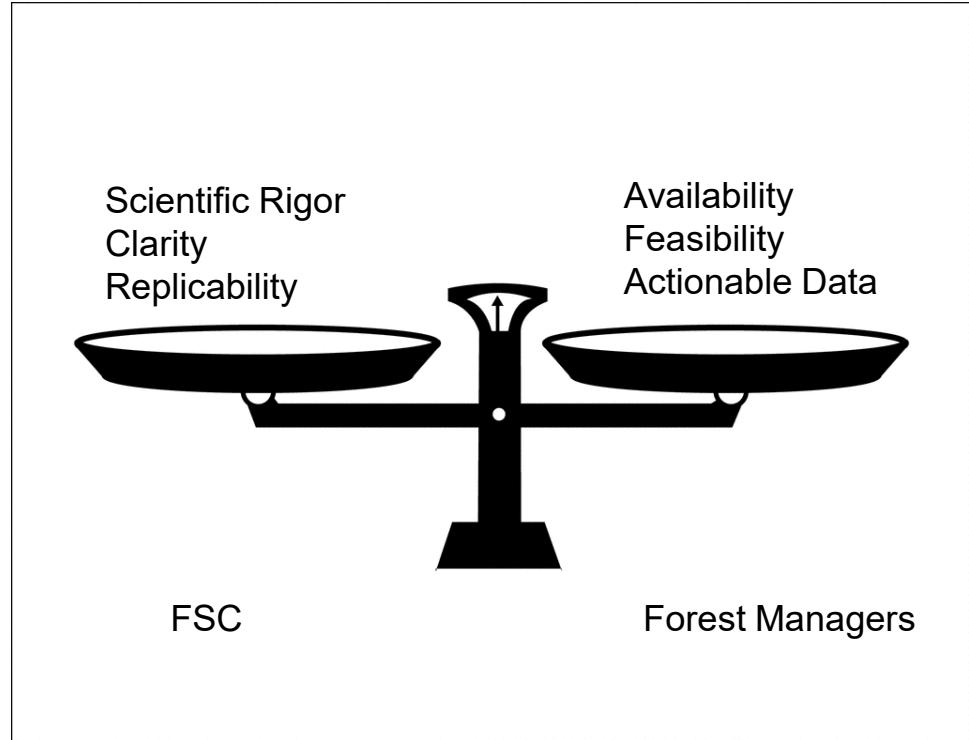


Source: GFSE Ecosystem Services Report, 2024

# Selecting Outcome Indicators

## FSC ES Procedure Requires:

- Indicators should designate and justify a verifiable target (e.g. nitrate concentrations in water, minimum viable population for species)
- Indicators should be relevant and verifiable
- Indicators must allow for comparison of results to demonstrate a positive impact



# Measurement Methodology

- The Procedure does not prescribe methodologies for impact demonstration – users may select the most appropriate method **as long as it meets quality criteria:**
- Measurement methods should credible, replicable, and suited for the local context.
- Methods derived from the Guidance for Demonstrating Ecosystem Service Impacts (FSC-GUI-30-006) do not need to be justified – methods are provided for each impact
  - **NOTE:** Guidance for v2 is under development with expected release in Q2 2025



Forest Stewardship Council®

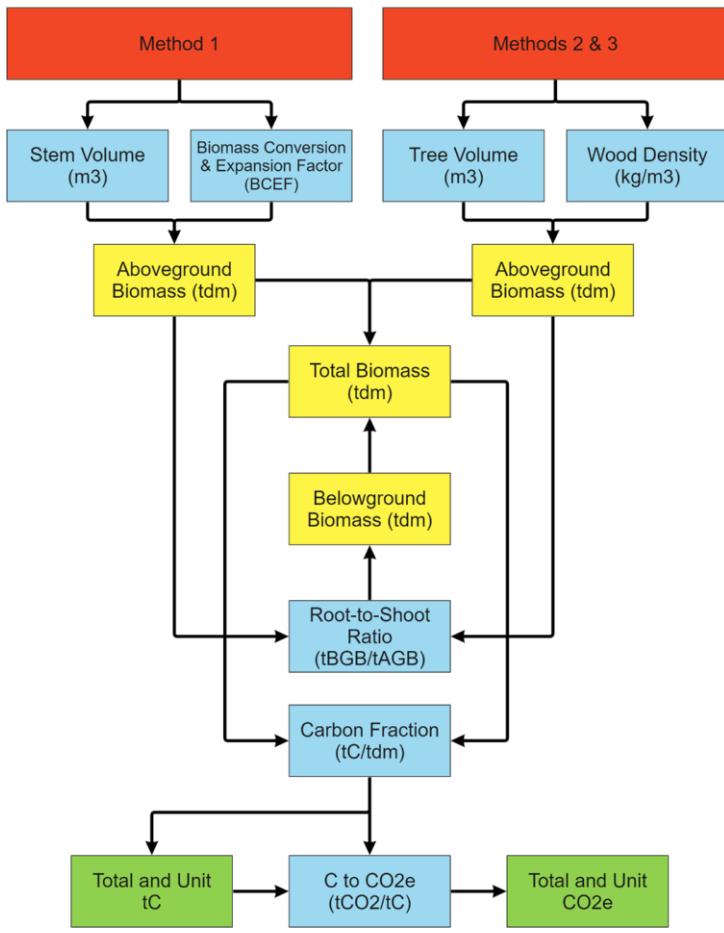


**Guidance for Demonstrating  
Ecosystem Services Impacts**

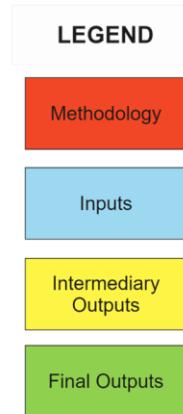
FSC-GUI-30-006 V1-0 EN



# Measurement Methodology



Methodology should specify:



- Calculation method and steps
- Sources of data
- Sources of uncertainty
- Granular data per management unit

# Comparing Values to Demonstrate Positive Impacts

## 20 ES1: Biodiversity conservation

### Impact ES1.1: Enhancement of natural forest cover

20.1 The Organization shall select at least one outcome indicator (examples are provided in Column 2) to measure:

- a) the extent of natural forest cover from restoration activities; and
- b) the quality of forest cover from restoration activities.

1. Type of outcome indicator required	2. Examples of outcome indicators (select at least one or select an alternative, see Clause 5.3b)	3. Measurement required	4. Baseline requirement(s) (compare column 3 to this)	5. Required result maintenance
a) Extent of natural forest cover from restoration activities	<ul style="list-style-type: none"><li>• Area of natural forest cover resulting from reforestation</li><li>• Restored forest area as a proportion of total forest area</li></ul>	Present value of outcome indicator	At least one previous value of outcome indicator	Condition is improving
<b>AND</b>				
b) Quality of natural forest cover from reforestation/restoration activities	<ul style="list-style-type: none"><li>• Forest density</li><li>• Survival rate of planted native species</li><li>• Variety of plant species composition</li><li>• Diversity of forest structure</li></ul>	Present value of outcome indicator	At least one previous value of outcome indicator	Condition is improving
<b>OR</b>				
			A description of the natural forest condition	Condition is improving towards natural condition

Annex B of the Procedure outlines the requirements for baselines, present values, and results to claim an impact.



# How Can FSC Verified Impact Claims Be Used?

Beneficiary	Use	Value Proposition
Forest Managers	Promoting FSC-certified forests and forest products with verified ecosystem services impacts	Added-value premiums for timber and NTFPs; procurement agreements; access to capital; access to markets; results-based finance
Forest Managers, Intermediaries, Processors, End Users	Impact and natural capital accounting; Sustainability due diligence, assessment, management, and reporting	Insetting, abatement measures, Scope 3 impact data, green and sustainability-linked bonds, management and performance fees
Sponsors	Promoting financial sponsorship of verified ecosystem services impacts	Within and beyond value chain impacts for achieving climate- or nature-positive targets
Project Developers, Carbon Credit Buyers	Promoting verified ecosystem services impacts associated with external environmental assets Verra, Gold Standard	Additional economic, social, and environmental safeguards to boost integrity (value) of carbon credits

**NOTE:** FSC Verified Impact claims may not be used for offsetting, compensation, or neutralization purposes



# Verified Impact Claims vs Credits

## Claims

- Verified statement of impact
- Non-transferable
- Immediately retired
- Short value chain (direct sponsorship)
- Low(er) transaction costs
- Sponsors support claims
- Revenue-sharing mechanism
- Flexible methodologies
- Sponsorships reward management activities (e.g. patrolling and monitoring)

## Credits

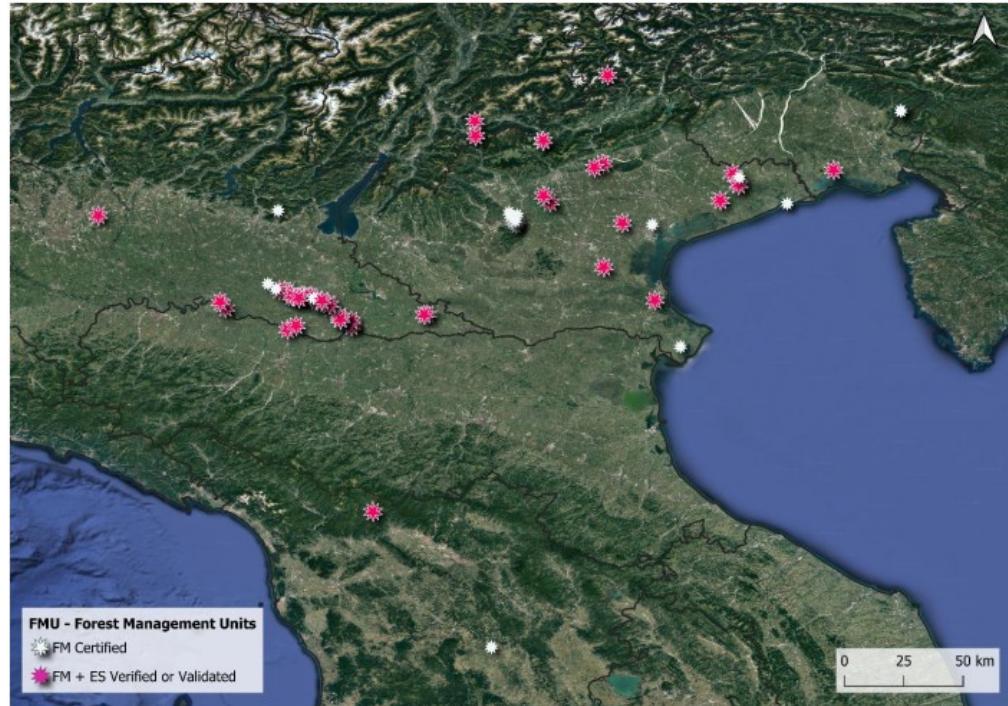
- Environmental asset
- Transferable
- Bankable
- Long value chains (secondary markets)
- High transaction costs
- Buyers purchase assets
- No revenue-sharing requirement
- Fixed methodologies
- Buyers purchase assets (e.g. tCO<sub>2</sub>e)

# Nuts and Bolts

- Overview
- Applying the procedure
- **Case studies**

# Smallholder Forest Group in Italy

- Gruppo Foreste Sostenibili di Etifor (GFSE) is composed of **>40 smallholders and conservation forests (SLIMF)**
- >3,000 hectares with verified positive impacts for **carbon, biodiversity, water, soil, and recreational services** (13 Verified Impacts in total)
- **Applied across most forest types** – large, small, public, private, productive, conservation-oriented



Source: GFSE Ecosystem Services Report, 2023



## Province in Lombardia



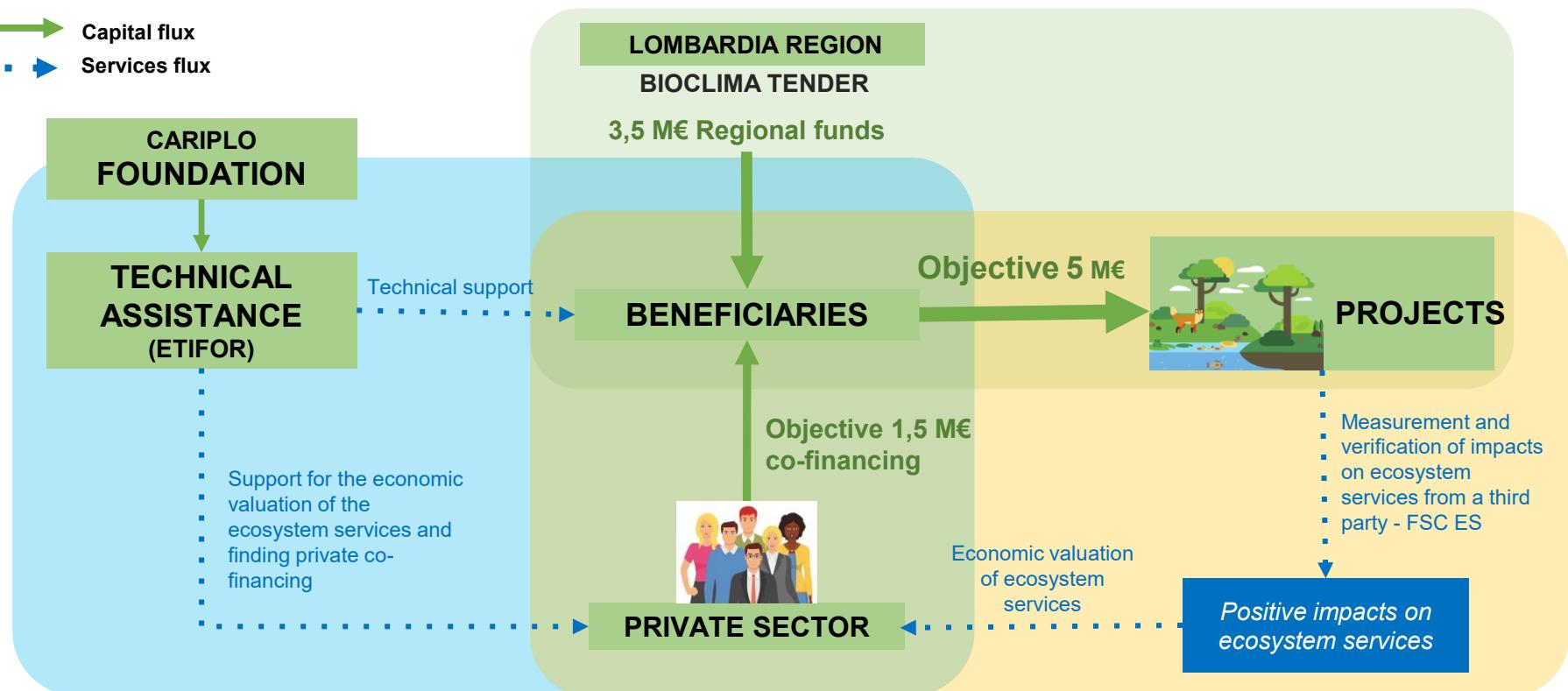
# Public-Private Partnership: BioClima

Innovative blended finance fund launched by the Lombardy region of Italy with the objective to **improve carbon and biodiversity** in 16 regional parks.

Finance is contingent on verification of positive impacts using the FSC ESP.



## Financial Model: BioClima



# ETIFOR & FSC Verified Impact

- ETIFOR has helped >40 forest managers verify positive impacts for five ecosystem services: water, carbon, biodiversity, soil, and recreation.
- We have brought >200 sponsors and raised more than USD \$10 million to support forest managers using the FSC ES PRO
- Majority SLIMFs and conservation-oriented forests
- Includes blended finance models with public and private contributions (see our [BIOCLIMA](#) initiative)

Table 4. Funded benefits according to the service and proponent of the project in August 2022.

OWNER OF CERTIFICATE	COUNTRY	BENEFITS BY ECOSYSTEM SERVICE					Total	FUNDERS
2BForest Lda.	Portugal	1	2	0	0	1	4	Reflora Initiative Lda ; CONSULAI - CONSULTORIA AGRO-INDUSTRIAL, LDA; Petrogal S.A.; NTT DATA PORTUGAL, S.A; Smart Home SA
Amazonbai	Brazil	0	1	0	0	0	1	TTS CLEANING S.R.L
Ejido Topia	Mexico	0	0	1	0	0	1	Alimentos del fuerte S.A. de C.V.
Enxeñería Forestal ASEFOR	Spain	1	0	0	0	0	1	AGROAMB PRODALT S.L.
Huong Son Forestry Company	Vietnam	0	1	0	0	0	1	Etifor s.r.l
Magifica comunità' di Fiemme	Italy	1	2	0	0	0	3	<p><b>Biodiversity, benefit 1.1:</b> FSC Italia (0.13 ha); MAW Men at Work (0.33 ha); Questlab (0.23 ha); Vaia srl (0.67 ha); Logos Technologies (0.07 ha); Sparkasse (0.67 ha); Multiple private citizens and organizations (1.5 ha)</p> <p><b>Carbon, benefit 2.1:</b> Aspiag Service Srl (100 tCO<sub>2</sub>);</p> <p><b>Benefit 2.2:</b> Mugo srl (347 tCO<sub>2</sub>); CO<sub>2</sub> advisor (1021 tCO<sub>2</sub>); Bulgarelli (3.24 tCO<sub>2</sub>)</p>
Naturaland	Germany	0	1	0	0	0	1	Anonymous (1,500 tCO <sub>2</sub> )
Sylvamo Forêt Services	France	1	0	0	0	0	1	Société Française Des Jeux (FDJ)
Unimadeiras S.A. – Grupo UniFloresta	Portugal	1	2	0	0	0	3	Municipio de Vila Nova de Poiares
Unione di comuni Valdarno – Valdelsieve	Italy	0	1	0	0	0	1	Bulgarelli Production Srl (600 tCO <sub>2</sub> ); Barilla G. e R. Fratelli SpA (103 tCO <sub>2</sub> ); Levico SpA (2,962 tCO <sub>2</sub> )
Walplus	Italy	1	2	1	1	1	6	<p><b>Biodiversity, benefit 1.1:</b> Ali SpA (5.58 ha), Barilla G. e R. Fratelli SpA (2 ha), Birra Ingress s.r.l. (0.1 ha), Bulgarelli Production S.r.l.(0.4 ha), E.ON ENERGIA S.P.A (11.71 ha), IKEA Italia Retail S.r.l (3 ha), INDUSTRIA CONCIARIA EUROPA S.P.A. (0.1 ha), Latterie Vicentine S.p.A (0.1 ha), Mitsubishi Electric Hydraulics &amp; IT Cooling Systems S.p.A. (0.66 ha), Molina Rossetto Livo (0.1 ha), Oleodinamica Panni S.r.l. (0.1 ha), Osteria Scalafarro SRL (0.1 ha), O&amp;B Kuwait Petroleum Italia S.p.A. (1.5 ha), Risto3 (0.15 ha), Sadesign S.n.c (0.06 ha), Sgambaro SPA (0.1 ha), Stefanplast SPA (0.15 ha), Tino Sport Service (0.18 ha), Tipografia Munari Artegrafica Munari di Munari R. &amp; C. Snc (0.1 ha), Zanandrea Tessuti (0.1 ha), Zannoni Stefano S. S.p.A (0.09 ha), Orion Srl (0.07 ha)</p> <p><b>Carbon, benefit 2.1:</b> Alta Badia Brand (22 tCO<sub>2</sub>), Butterfield and Robinson (100 tCO<sub>2</sub>), DOLOMITE MOUNTAINS S.r.l. / Tour Operator (47 tCO<sub>2</sub>), HP Italia SRL (129 tCO<sub>2</sub>), Levico SpA (17100 tCO<sub>2</sub>), MIKO srl (14412 tCO<sub>2</sub>), Sgambaro SPA (2410 tCO<sub>2</sub>), Strada del vino Colli Euganei e.t.s. (80 tCO<sub>2</sub>), TTS CLEANING S.R.L (500 tCO<sub>2</sub>), YAC (3 tCO<sub>2</sub>), Luxottica Srl (8500 tCO<sub>2</sub>)</p> <p><b>Benefit 2.2:</b> Ali SpA (1125 tCO<sub>2</sub>), Barilla G. e R. Fratelli S.p.A (396 tCO<sub>2</sub>), Bulgarelli Production S.r.l (79 tCO<sub>2</sub>), Prodeco Pharma S.r.l. Unipersonale (106 tCO<sub>2</sub>), Sgambaro SPA (19 tCO<sub>2</sub>), Stefanplast SPA (29 tCO<sub>2</sub>), Orion Srl (13 tCO<sub>2</sub>), SDA Fabris Scarpa Mazzuchin (43 tCO<sub>2</sub>), Aspiag Service S.r.l (100 tCO<sub>2</sub>)</p> <p><b>Water, benefit 3.4:</b> Consorzio di Bonifica Brenta (6,782,387 m<sup>3</sup>)</p> <p><b>Soils, benefit 4.3:</b> Ali SpA</p> <p><b>Recreation, benefit 5.2:</b> Comune di Carmignano di Brenta (2.35 ha); E.ON ENERGIA S.P.A (3.08 ha); Pixartprinting S.p.A (4.35 ha)</p>
Total		6	12	2	1	2	23	
Share of benefits certified that lead to payments		15%	35%	13%	17%	15%	21%	

Source: [Paying Forest Managers to Provide Ecosystem Services, WWF 2022](#)



# Next Session

## **SESSION 3: The Critical Role Sponsors Play in Verified Impact - Use Cases and Value Propositions**

**DATE: Tuesday, February 18<sup>th</sup> at 13:00 EST**

The final session of the series is aimed primarily at those who are interested in sponsoring Verified Impacts, including forest product retailers and end-users. Attendees will leave the session more informed about the mitigation hierarchy, corporate and financial target-setting and disclosure standards including SBTN and TNFD, and the potential use cases and value propositions of FSC Verified Impacts for demonstrating progress toward climate- and nature-related targets, including value chain engagement and contribution claims.

**REGISTRATION LINK – SESSION 3**





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Thank You

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