



E | T | I | F | O | R
v a l u i n g n a t u r e


Padova
University
Spin-off



UNIVERSITÀ
DEGLI STUDI
DI PADOVA

Part II: Verified Impact for Certificate Holders

Nuts and Bolts



Presented by Wesley Snell
February 11th 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

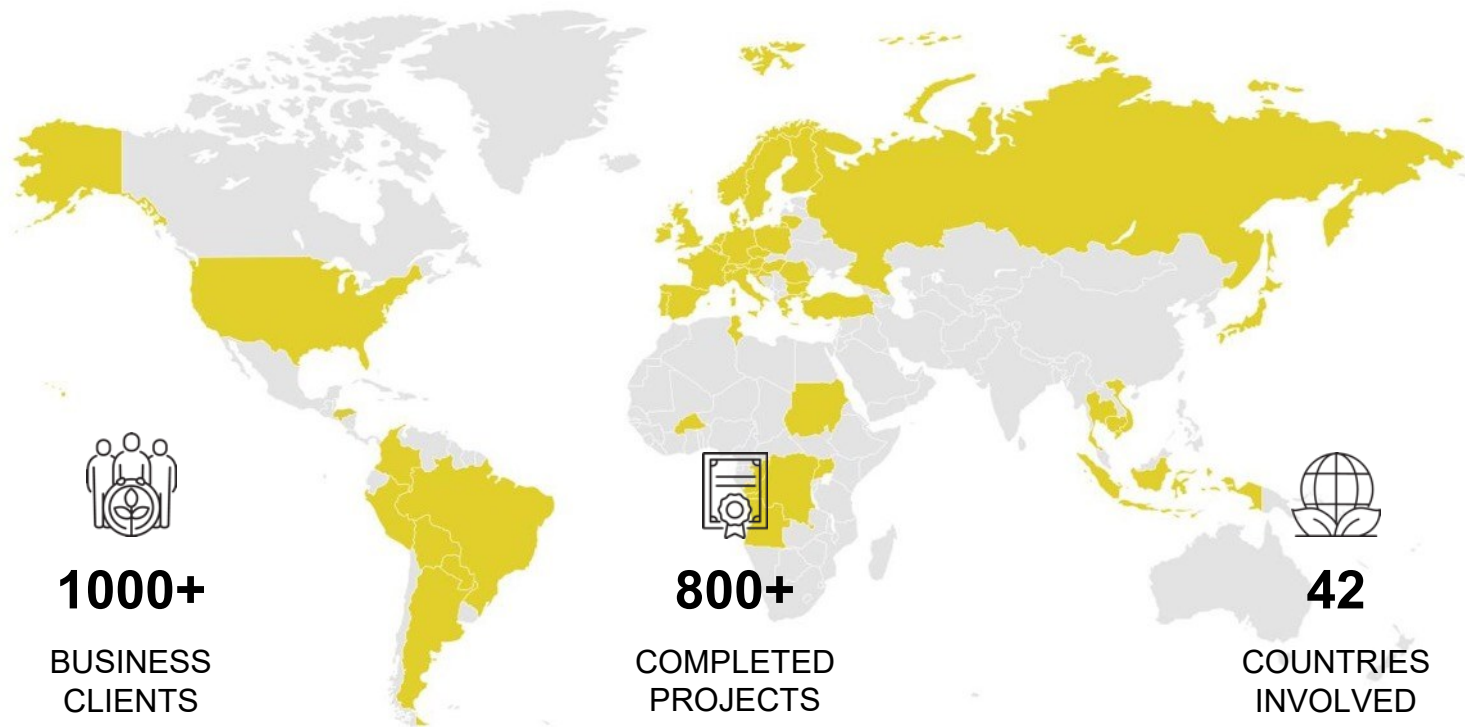
At Etifor,
we put nature at the heart
of decision-making
by developing science-
based solutions.



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?

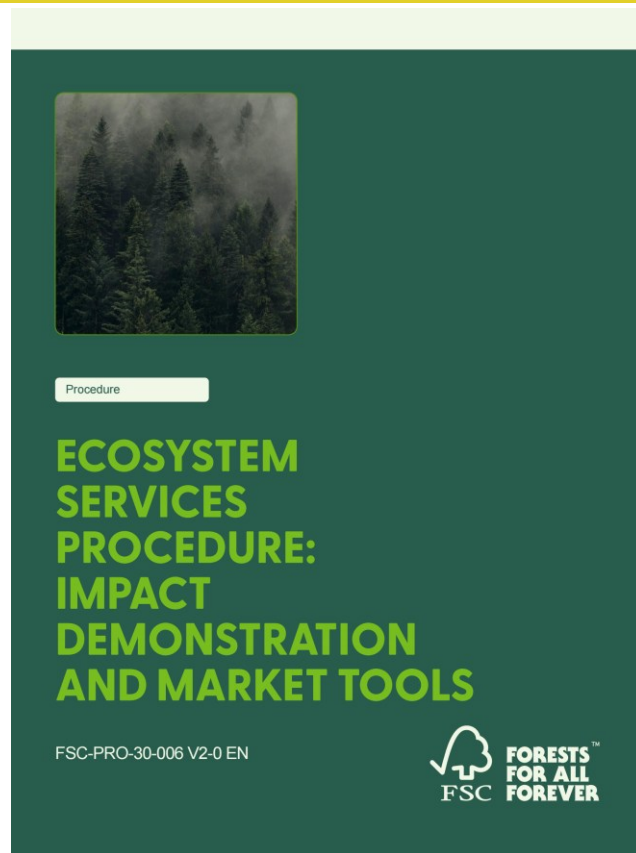
- **Impact demonstration framework** that verifies the positive impacts of forest management activities on seven ecosystem services

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



2018



2025

2011

2027-28

**REVISION OF THE ECOSYSTEM SERVICES
PROCEDURE (PHASE 2)**

**CONCEPTUAL REPORT FOR PHASE II OF THE REVISION OF
THE ECOSYSTEM SERVICES PROCEDURE (FSC-PRO-30-
006)(MOTION 49/2021)**



Background and Context



Source: FSC website, 2021

- >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

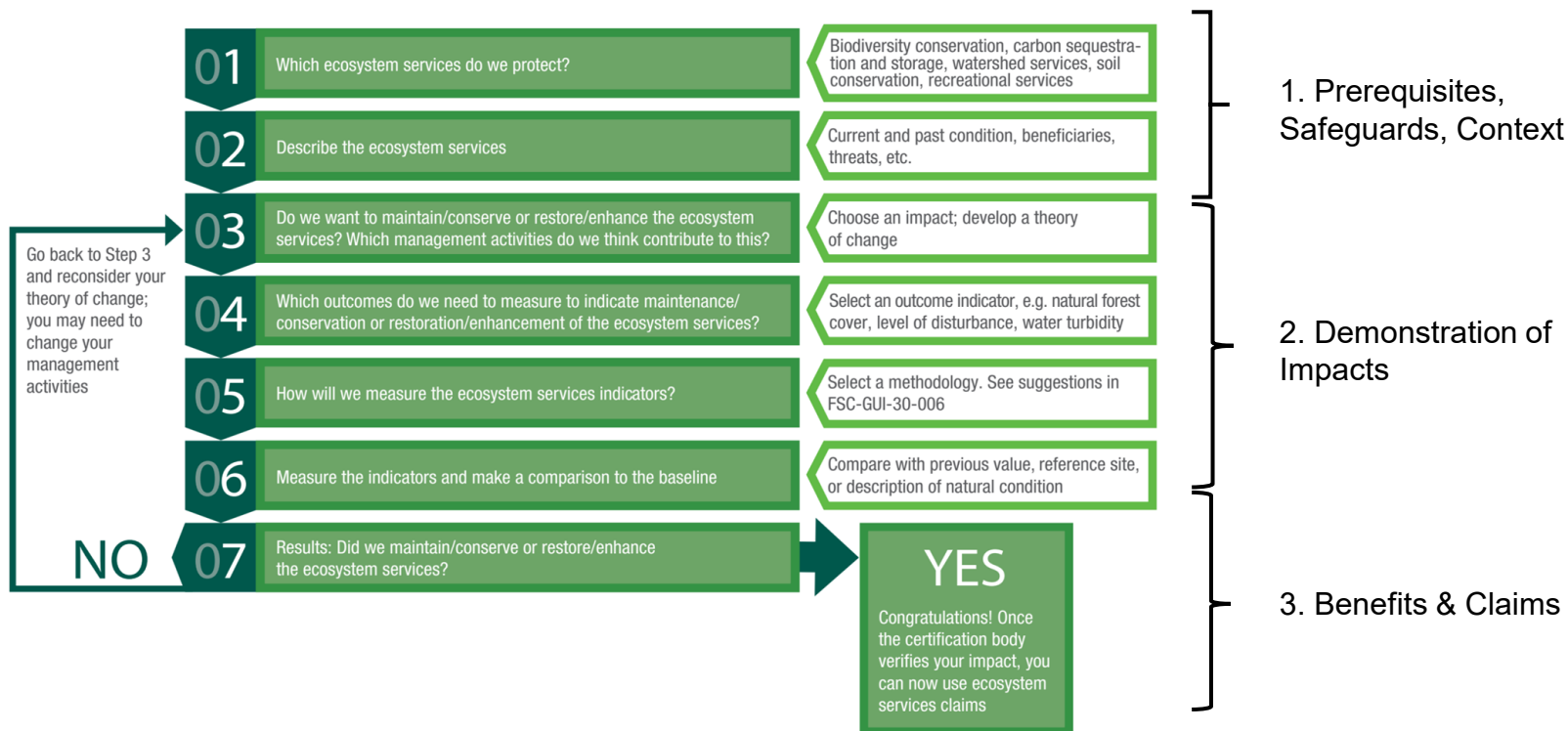
All ecosystem services are co-equal under the ESP – certificate holders can choose to verify any eligible impact(s).



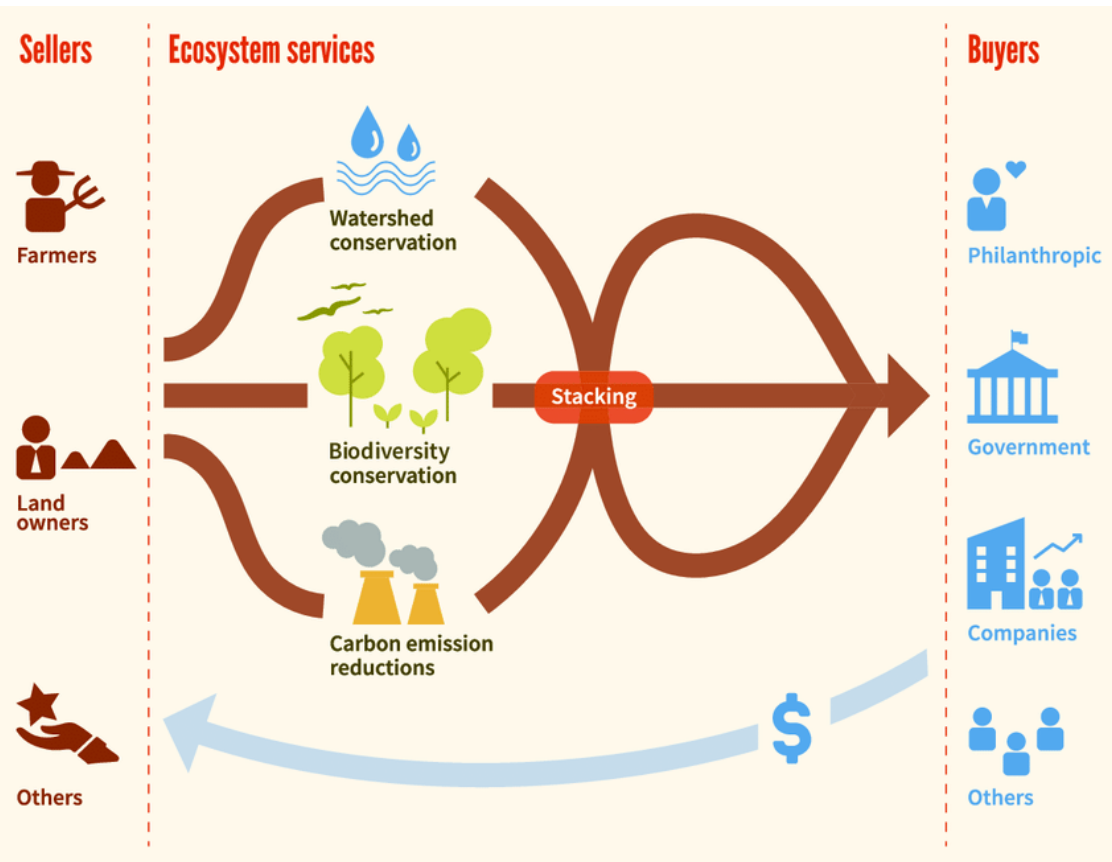
Nuts and Bolts

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

The 7 Steps of the Ecosystem Services Procedure



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

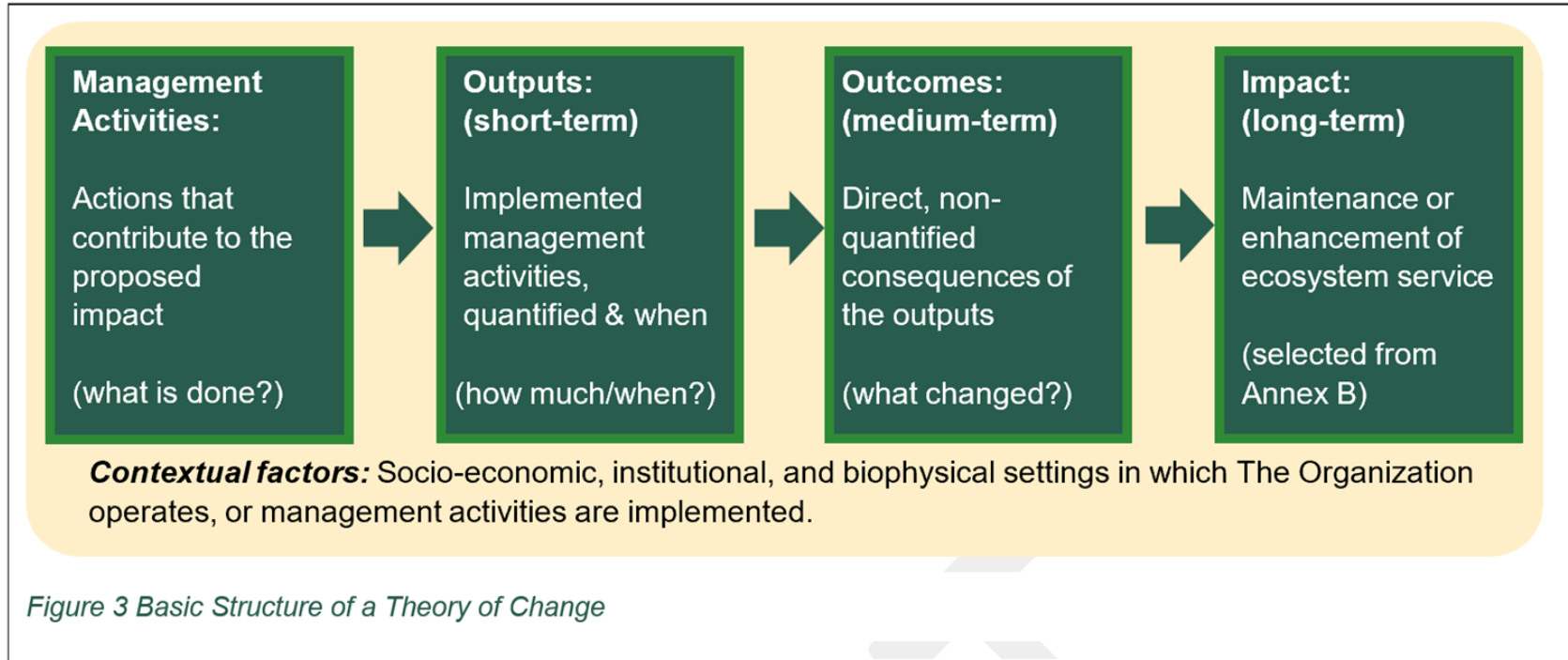
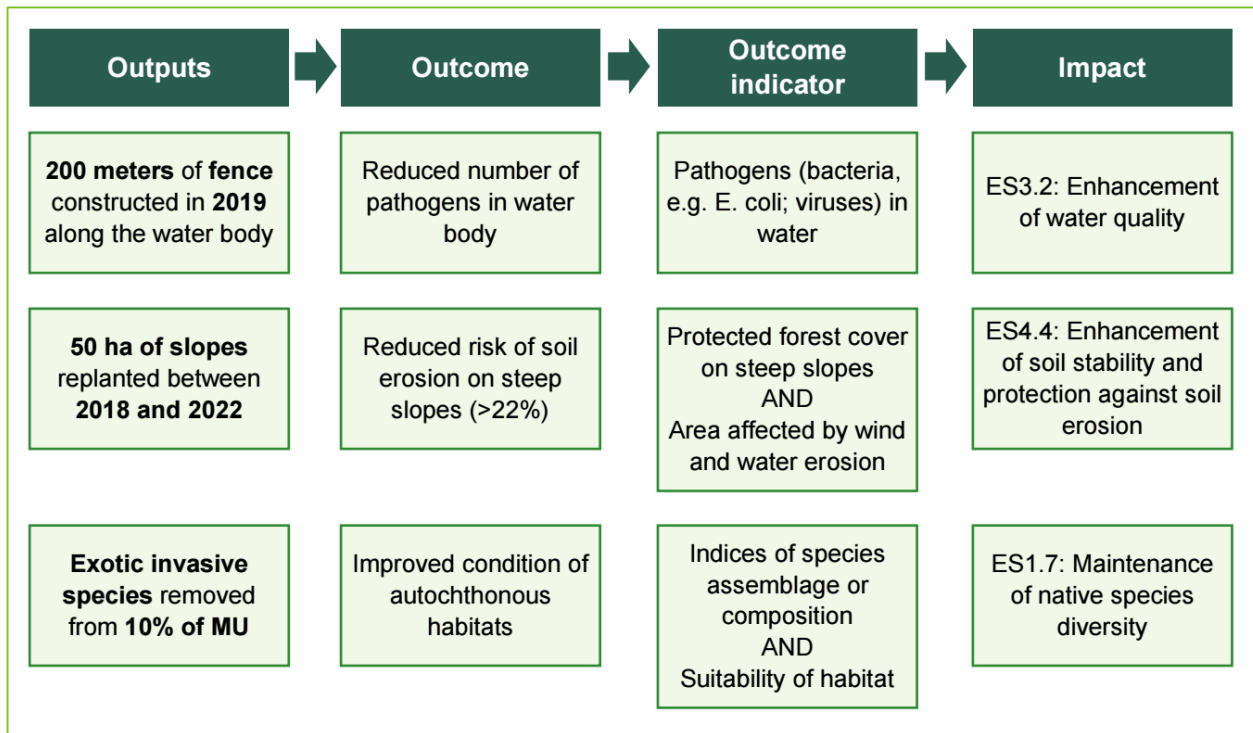


Figure 3 Basic Structure of a Theory of Change

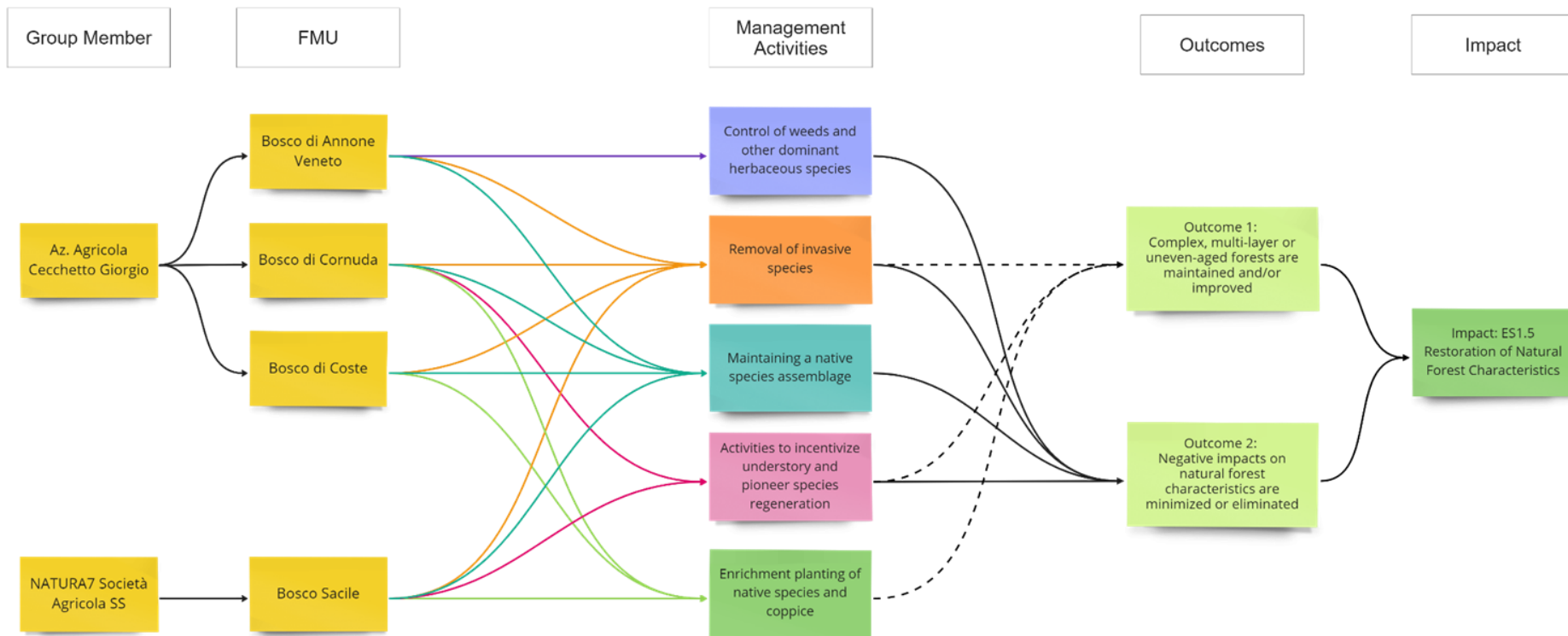
The Theory of Change links **specific management activities** to changes in **ecosystem structures or processes** that maintain or improve **ecosystem services**.

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.

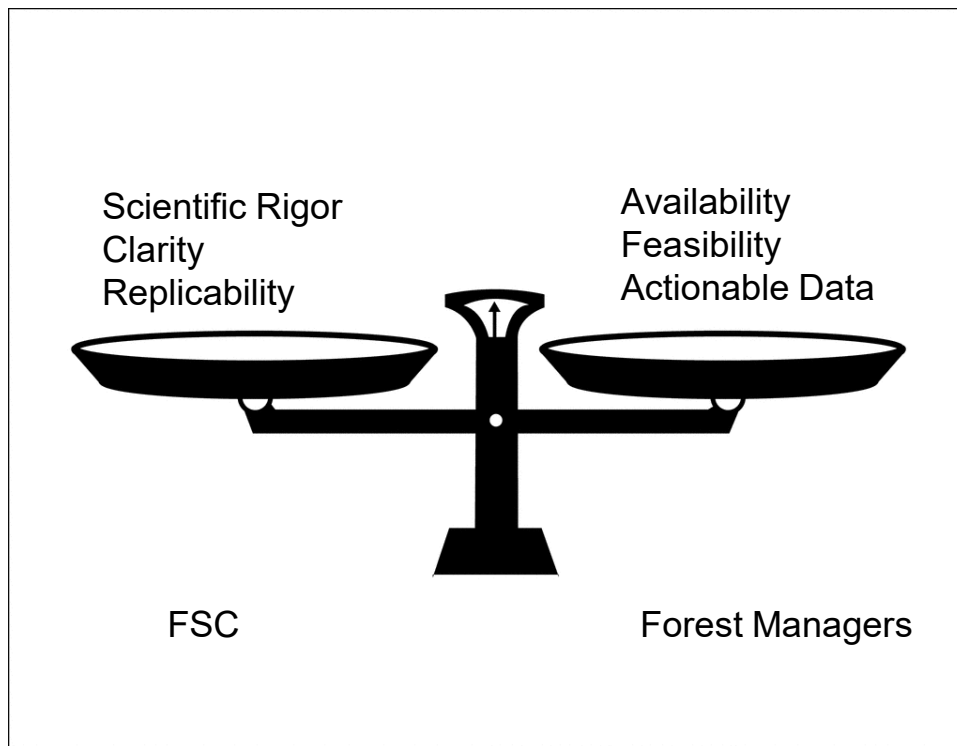
Theory of Change – Example from GFSE



Selecting Outcome Indicators

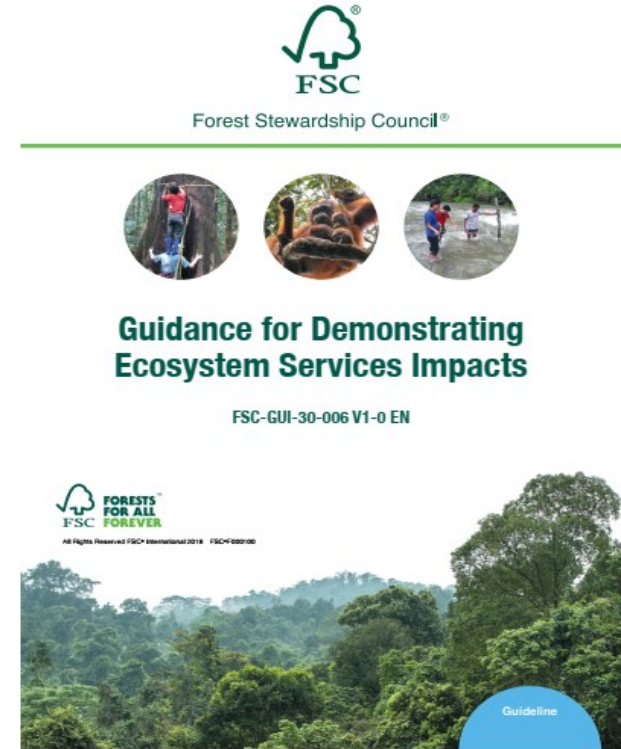
FSC ES Procedure Requires:

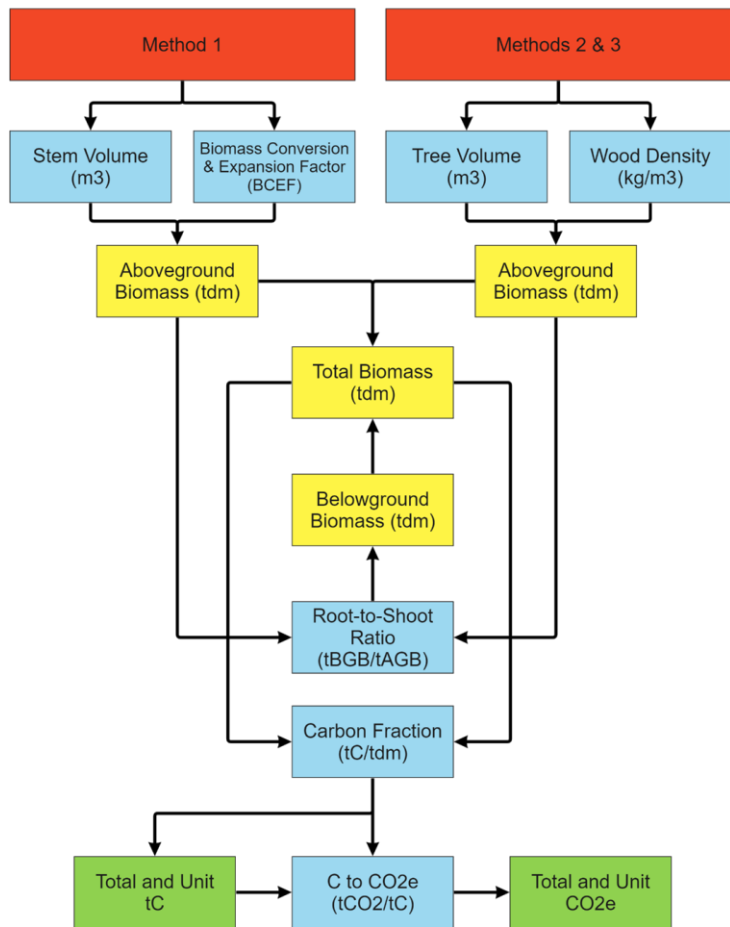
- Indicators should designate and justify a verifiable target (e.g. nitrate concentrations in water, minimum viable population for species)
- Indicators should be relevant and verifiable
- Indicators must allow for comparison of results to demonstrate a positive impact



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 be 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





Measurement Methodology

Methodology should specify:

LEGEND

Methodology

Inputs

Intermediary
Outputs

Final Outputs

- 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">• Area of natural forest cover resulting from reforestation• Restored forest area as a proportion of total forest area	Present value of outcome indicator	At least one previous value of outcome indicator	Condition is improving
AND				
b) Quality of natural forest cover from reforestation/restoration activities	<ul style="list-style-type: none">• Forest density• Survival rate of planted native species• Variety of plant species composition• Diversity of forest structure	Present value of outcome indicator	At least one previousvalue of outcome indicator	Condition is improving
			OR	
			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. tCO₂e)

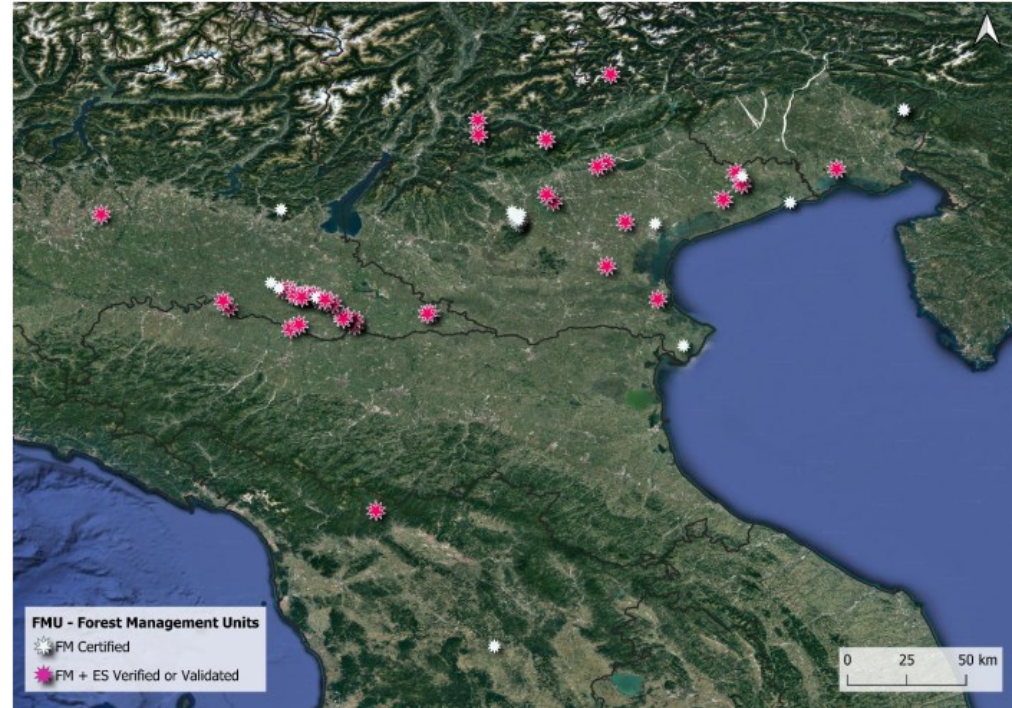


Nuts and Bolts

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

Smallholder Forest Group in Italy

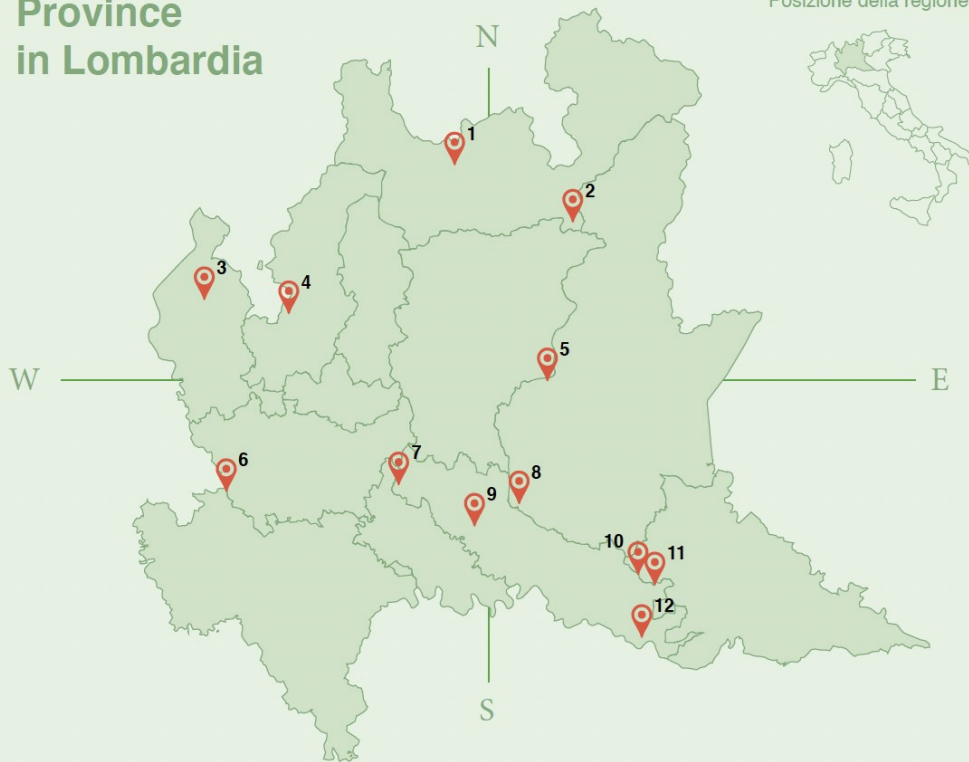
- Gruppo Foreste Sostenibili di Etifor (GFSE) is composed of **>40 smallholders and conservation forests (SLIMF)**
- **>3,000 hectares** with verified positive impacts for **carbon, biodiversity, water, soil, and recreational** services (13 Verified Impacts in total)
- **Applied across most forest types**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



Source: GFSE Ecosystem Services Report, 2023

Province in Lombardia

Posizione della regione:



Punti di intervento BioClima

- | | |
|---|----------------------------------|
| 1. Riserva Naturale della Val di Mello | 7. Parco Adda Sud |
| 2. Parco delle Orobie Valtellinesi | 8. Parco Regionale Oglio Nord |
| 3. Parco Regionale di Campo dei Fiori | 9. Parco Regionale del Serio |
| 4. Parco Regionale Spina Verde | 10. Comune di Canneto sull'Oglio |
| 5. Riserva Naturale Torbiere del Sebino | 11. Parco Regionale Oglio Sud |
| 6. Parco Lombardo del Ticino | 12. Comune di Martignana di Po |

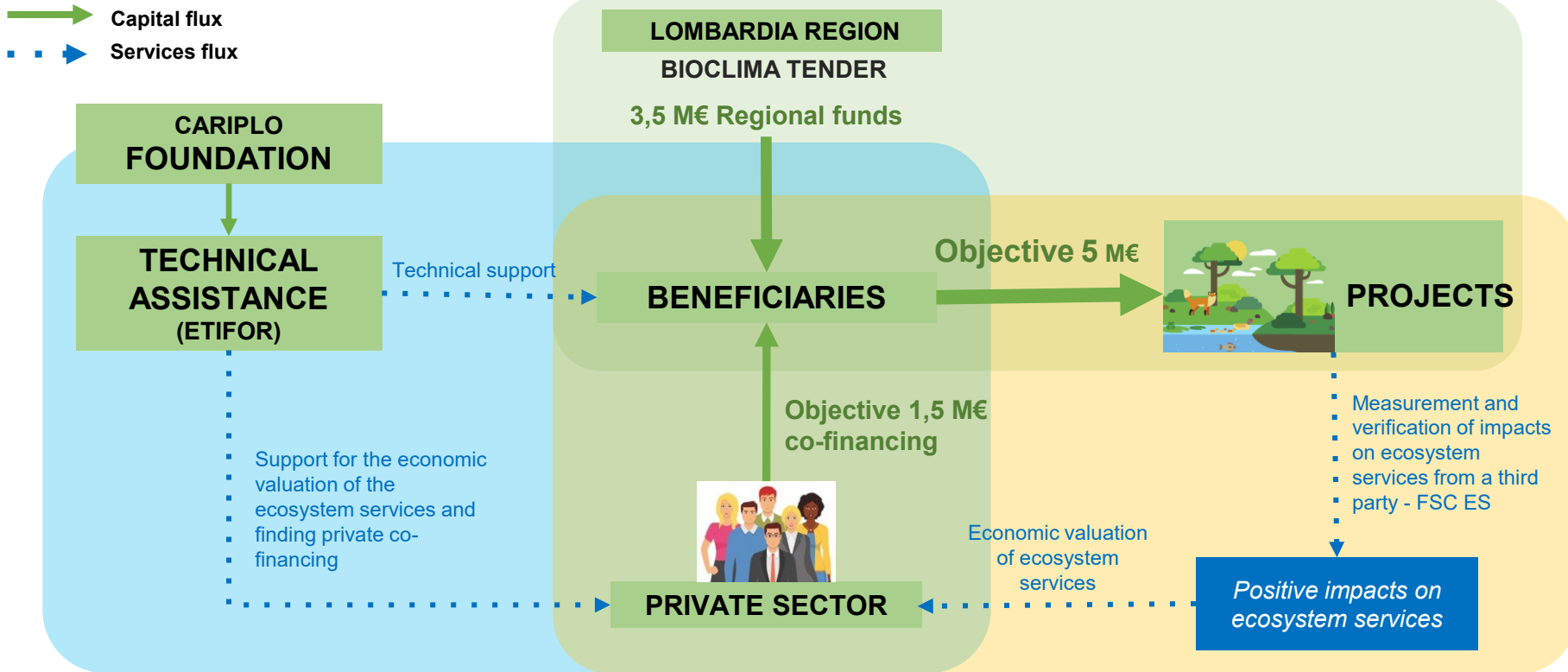
Public-Private Partnership: BioClima

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)

Source: Paying Forest Managers to Provide Ecosystem Services, WWF 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; Petrolgal 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.
Enxeñeria 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	Biodiversity, benefit 1.1: 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) Carbon, benefit 2.1: Aspiag Service Srl (100 tCO ₂); Benefit 2.2: Mugo srl (347 tCO ₂); CO ₂ advisor (1021 tCO ₂); Bulgarelli (3.24 tCO ₂)
Naturland	Germany	0	1	0	0	0	1	Anonymous (1,500 tCO ₂)
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	Município de Vila Nova de Poaires
Unione di comuni Valdarno e Valdisieve	Italy	0	1	0	0	0	1	Bulgarelli Production Srl (600 tCO ₂); Barilla G. e R. Fratelli SpA (103 tCO ₂); Levico SpA (2,962 tCO ₂)
Waldplus	Italy	1	2	1	1	1	6	Biodiversity, benefit 1.1: Ali Spa (5,58 ha), Barilla G. e R. Fratelli SpA (2 ha), Birra Ingrass 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 CONCIAIARIA EUROPA S.P.A. (0.1 ha), Latterie Vicentine S.C.A. (0.1 ha), Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A. (0.66 ha), Molino Rossetto Livio (0.1 ha), Oleodinamica Panni S.r.l. (0.1 ha), Osteria Scaldasferro SRL (0.1 ha), Q8 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. & C. Snc (0.1 ha), Zanandrea Tessuti (0,1 ha), Zannoni Stefania C. S.N.C (0.09 ha), Orion Srl (0.07 ha) Carbon, benefit 2.1: Alta Badia Brand (22 tCO ₂), Butterfield and Robinson (100 tCO ₂), DOLOMITE MOUNTAINS S.r.l. / Tour Operator (47 tCO ₂), HP Italia SRL (129 tCO ₂), Levico SpA (17100 tCO ₂), MIKO srl (14412 tCO ₂), Sgambaro SPA (2410 tCO ₂), Strada del vino Colli Euganei e.t.s. (80 tCO ₂), TTS CLEANING S.R.L. (500 tCO ₂), YAC (3 tCO ₂), Luxottica Srl (8500 tCO ₂). Benefit 2.2: Ali Spa (1125 tCO ₂), Barilla G. e R. Fratelli S.p.A. (396 tCO ₂), Bulgarelli Production S.r.l (79 tCO ₂), Prodeco Pharma S.r.l. Unipersonale (106 tCO ₂), Sgambaro SPA (19 tCO ₂), Stefanplast SPA (29 tCO ₂), Orion Srl (13 tCO ₂), SDA Fabris Scarpa Mazzuchin (43 tCO ₂), Aspiag Service S.r.l (100 tCO ₂) Water, benefit 3.4: Consorzio di Bonifica Brenta (6,782,387 m³) Soils, benefit 4.3: Ali Spa Recreation, benefit 5.2: Comune di Carmignano di Brenta (2,35 ha); E.ON ENERGIA S.P.A (3,08 ha); Pixartprinting S.p.A (4,35 ha)
Total		6	12	2	1	2	23	
Share of benefits certified that lead to payments		15%	35%	13%	17%	15%	21%	



Next Session

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

DATE: Tuesday, February 18th 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](#)





E | T | I | F | O | R
v a l u i n g n a t u r e

Certified



Corporation



Thank You

wesley.snell@etifor.com