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Part I: Introduction to VERIFIED IMPACT

The role of FSC in addressing the Climate & Nature Crises

Presented by Wesley Snell
February 4th 2025

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Intro to ETIFOR

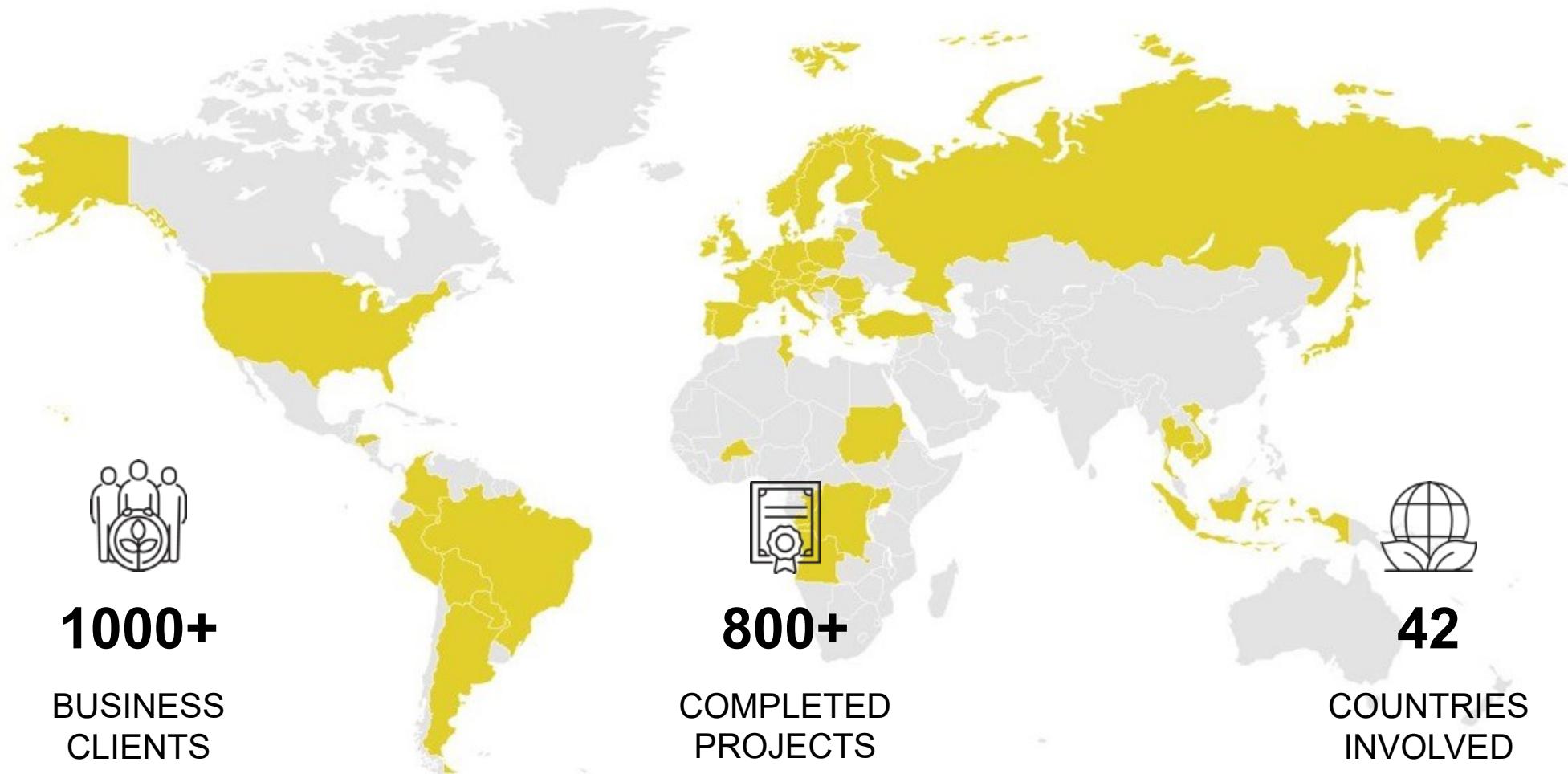
At Etifor,
**we put nature at the heart of
decision-making
by developing science-based
solutions.**



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.



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](#)

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.
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 comunita' di Fiemme	Italy	1	2	0	0	0	3	<p>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)</p> <p>Carbon, benefit 2.1: Aspiag Service Srl (100 tCO₂); Benefit 2.2: Mugo srl (347 tCO₂); CO₂ advisor (1021 tCO₂); Bulgarelli (3.24 tCO₂)</p>
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	Municipio de Vila Nova de Poiares
Unione di comuni Valdarno è 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	<p>Biodiversity, benefit 1.1: Ali SpA (5,58 ha), Barilla G. e R. Fratelli SpA (2 ha), Birra Ingross 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.C.A (0.1 ha), Mitsubishi Electric Hydronics & IT Cooling Systems S.p.A. (0.66 ha), Molino Rossetto Livo (0.1 ha), Oleodinamica Panni S.r.l. (0.1 ha), Osteria Scaldaferro 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)</p> <p>Carbon, benefit 2.1: Alta Badia Brand (22 tCO₂), Butterfield and Robinson (100 tCO₂), DOLOMITE MOUNTAINS S.r.l. /Tour Operator (47 tCO₂), HP Italia SRL (129 tCO₂), Levico SpA (17100 tCO₂), MIKO srl (14412 tCO₂), Sgambaro SPA (2410 tCO₂), Strada del vino Colli Euganei e.t.s. (80 tCO₂), TTS CLEANING S.R.L (500 tCO₂), YAC (3 tCO₂), Luxottica Srl (8500 tCO₂)</p> <p>Benefit 2.2: Ali SpA (1125 tCO₂), Barilla G. e R. Fratelli Sp.A (396 tCO₂), Bulgarelli Production S.r.l (79 tCO₂), Prodeco Pharma S.r.l. Unipersonale (106 tCO₂), Sgambaro SPA (19 tCO₂), Stefanplast SPA (29 tCO₂), Orion Srl (13 tCO₂), SDA Fabris Scarpa Mazzuchini (43 tCO₂), Aspiag Service S.r.l (100 tCO₂)</p> <p>Water, benefit 3.4: Consorzio di Bonifica Brenta (6,782,387 m³)</p> <p>Soils, benefit 4.3: Ali SpA</p> <p>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)</p>
Total		6	12	2	1	2	23	
Share of benefits certified that lead to payments		15%	35%	13%	17%	15%	21%	



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



FUNDAMENTALS

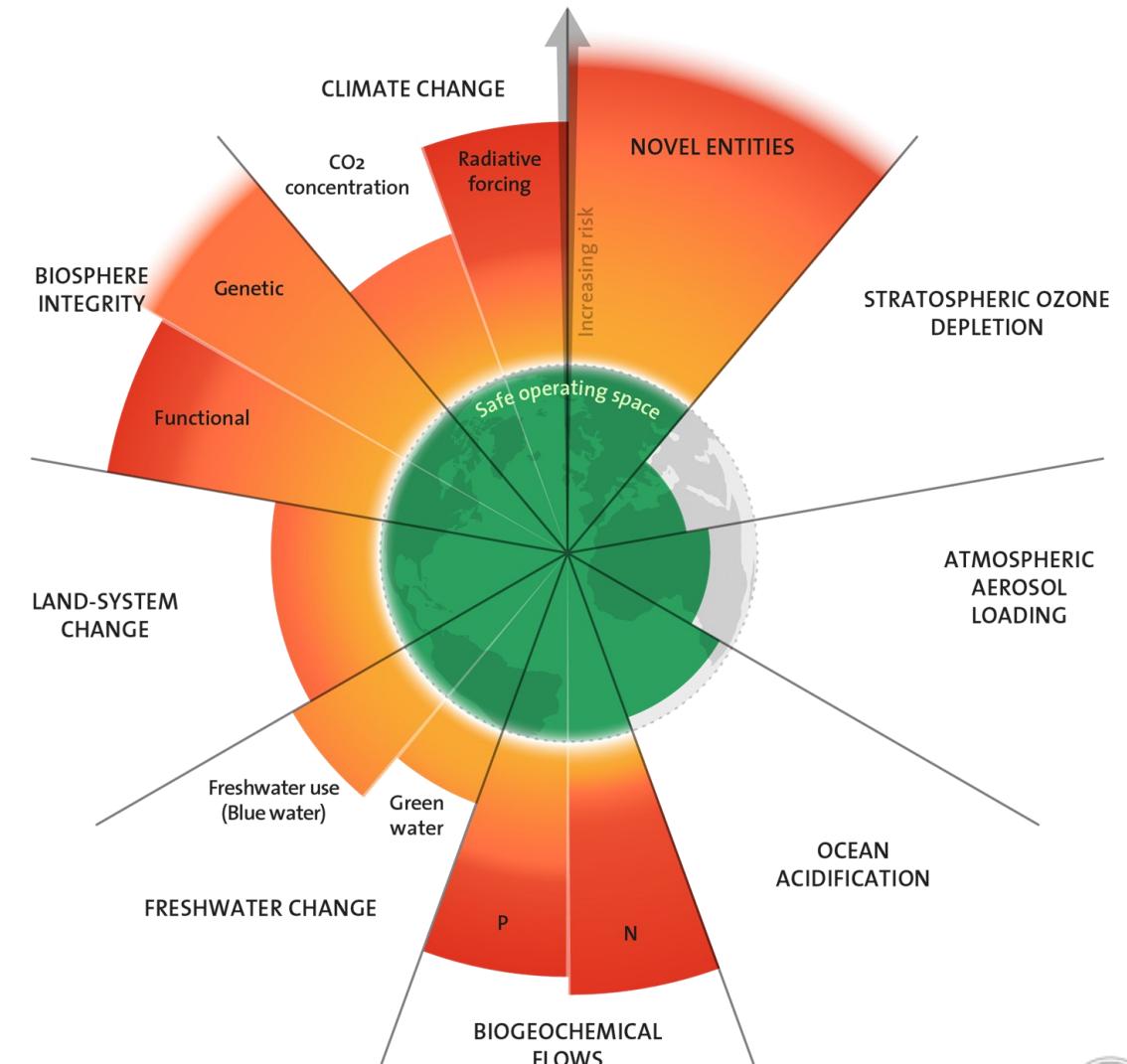
- **Nature risk and the economy**
- Voluntary and policy response
- Investor demand and expectations
- The role of FSC Verified Impact

Earth Systems & Planetary Boundaries

Our economy and our well-being depend on **stable, secure, and self-regulating** Earth systems
(Richardson et al., 2023).

To a certain extent, these systems can assimilate our impacts. **Beyond a certain threshold, these systems start to break down.**

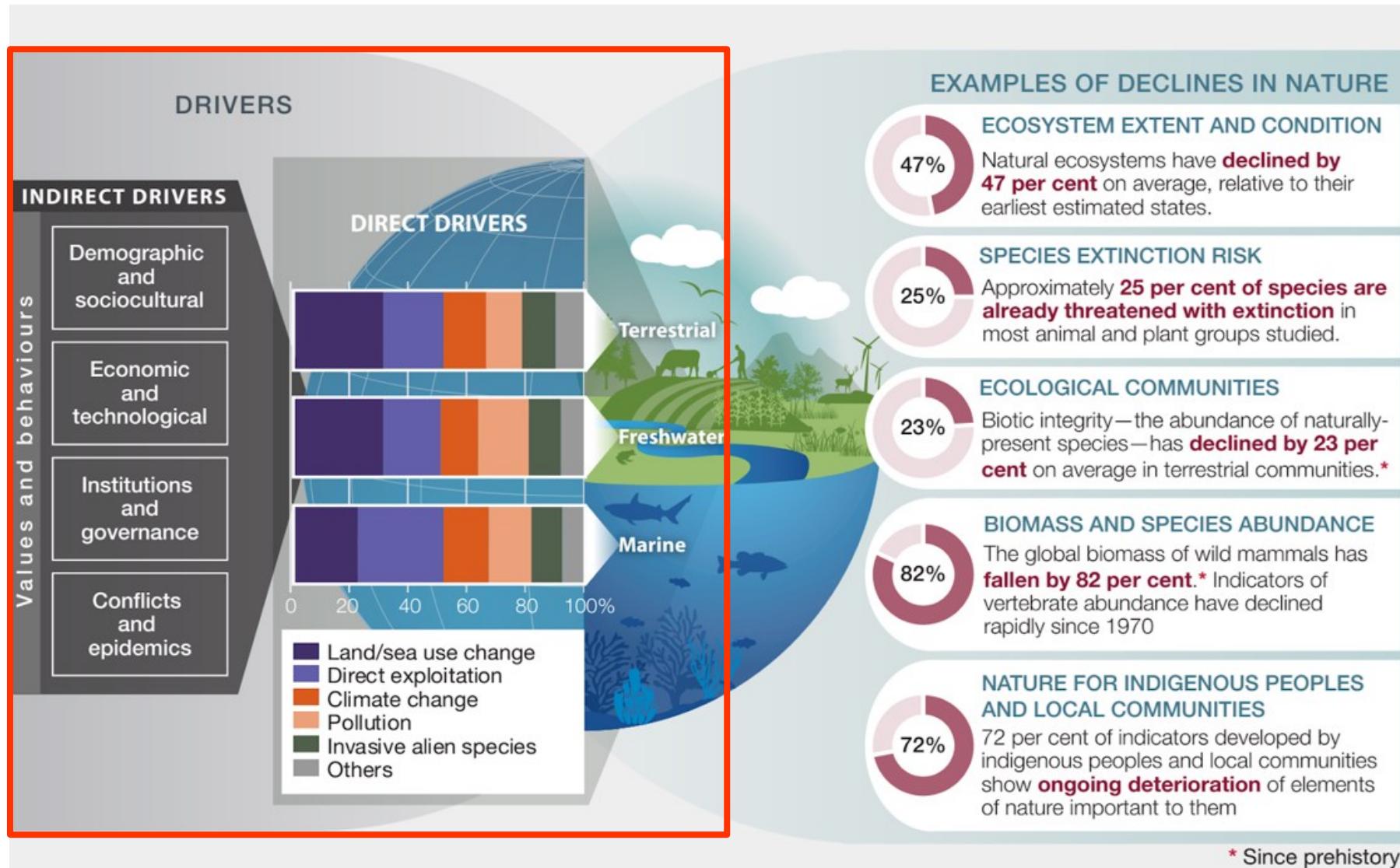
We have already exceeded **6 of 9** planetary boundaries.



Source: Azote for Stockholm Resilience Centre, Stockholm University. Based on Richardson et al. 2023, Steffen et al. 2015, and Rockström et al. 2009

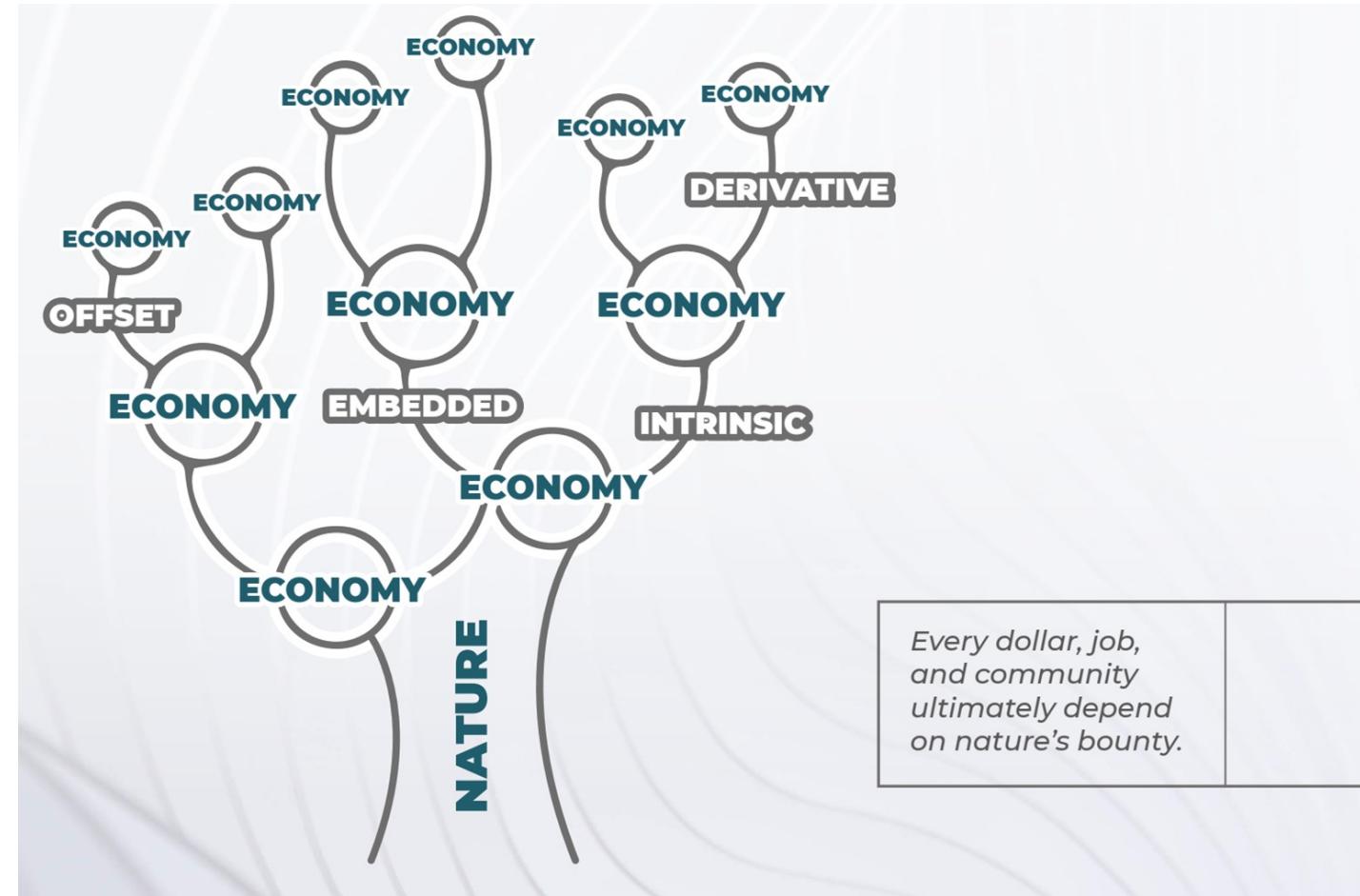


What is driving the nature crisis?



Nature Risk and the Economy

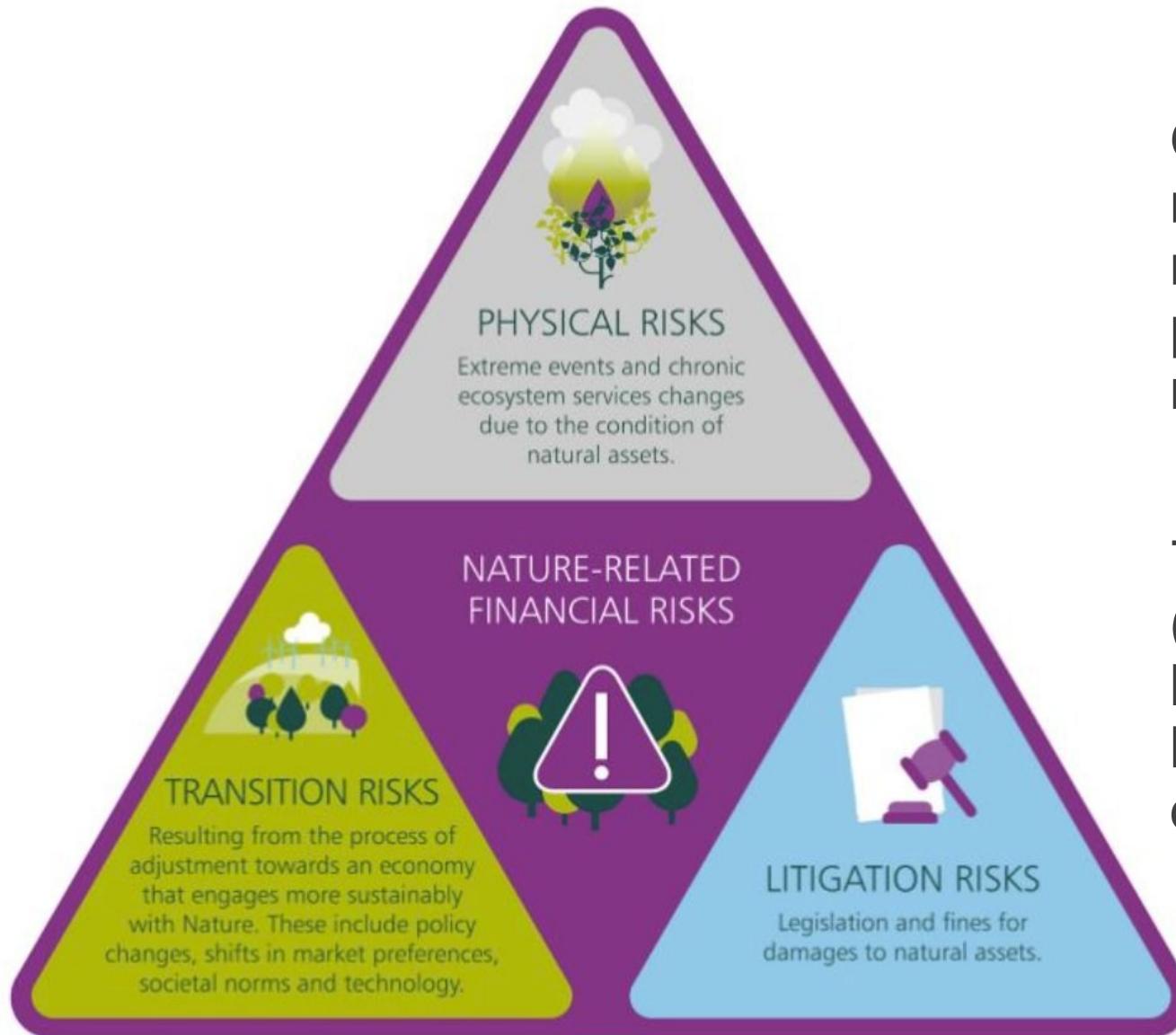
- **100% of the economy is 100% dependent on nature**
- **More than half (55%) of the Global Gross Domestic Product** is moderately to heavily dependent on nature and exposed to significant risk from nature loss (WEF & PwC UK 2020).
- Many industries exhibit **hidden dependencies** within their supply chains on >50% of the Gross Value Added (GVA) in their products



Source: Taskforce Nature Markets, 2022



Types of Nature-related Risks



Our impacts and dependencies on nature manifest as financial risks resulting from nature loss – in particular **physical and transition risks**.

72% of non-financial corporations (NFCs) and 75% of corporate bank loans in the eurozone are highly dependent on at least one ecosystem service ([ECB 2024](#))

Nature Loss as Financial Risk

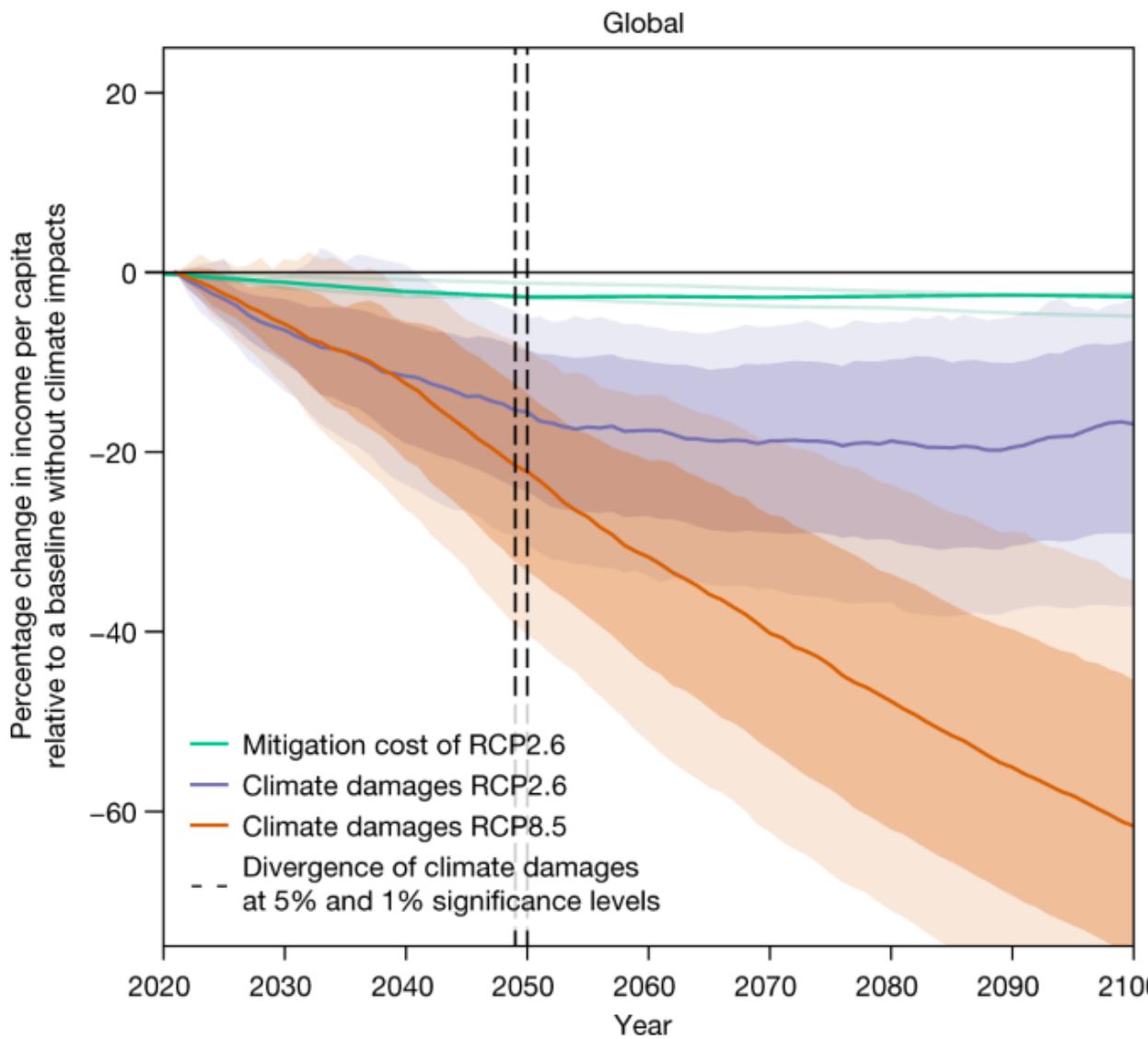


Financial institutions, credit rating agencies, and investors are integrating nature-related topics in their assessments with a strong focus on **physical and transition risk exposure**.

Source: CISL 2021



Costs of Climate Change & Nature Loss



Committed costs of climate change - recent estimates of real income loss per capita of -19% (11 – 29%) within the next 25 years **regardless** of future emissions choices

Business & Nature – Double Materiality

Financial Materiality – Dependencies and Risks



Impact Materiality – Pressures and Opportunities



Financial materiality

“In the context of sustainability-related financial reporting, information is material if omitting, misstating, or obscuring that information could reasonably be expected to influence decisions that primary users of general-purpose financial reports make on the basis of those reports...” (IFRS S1)

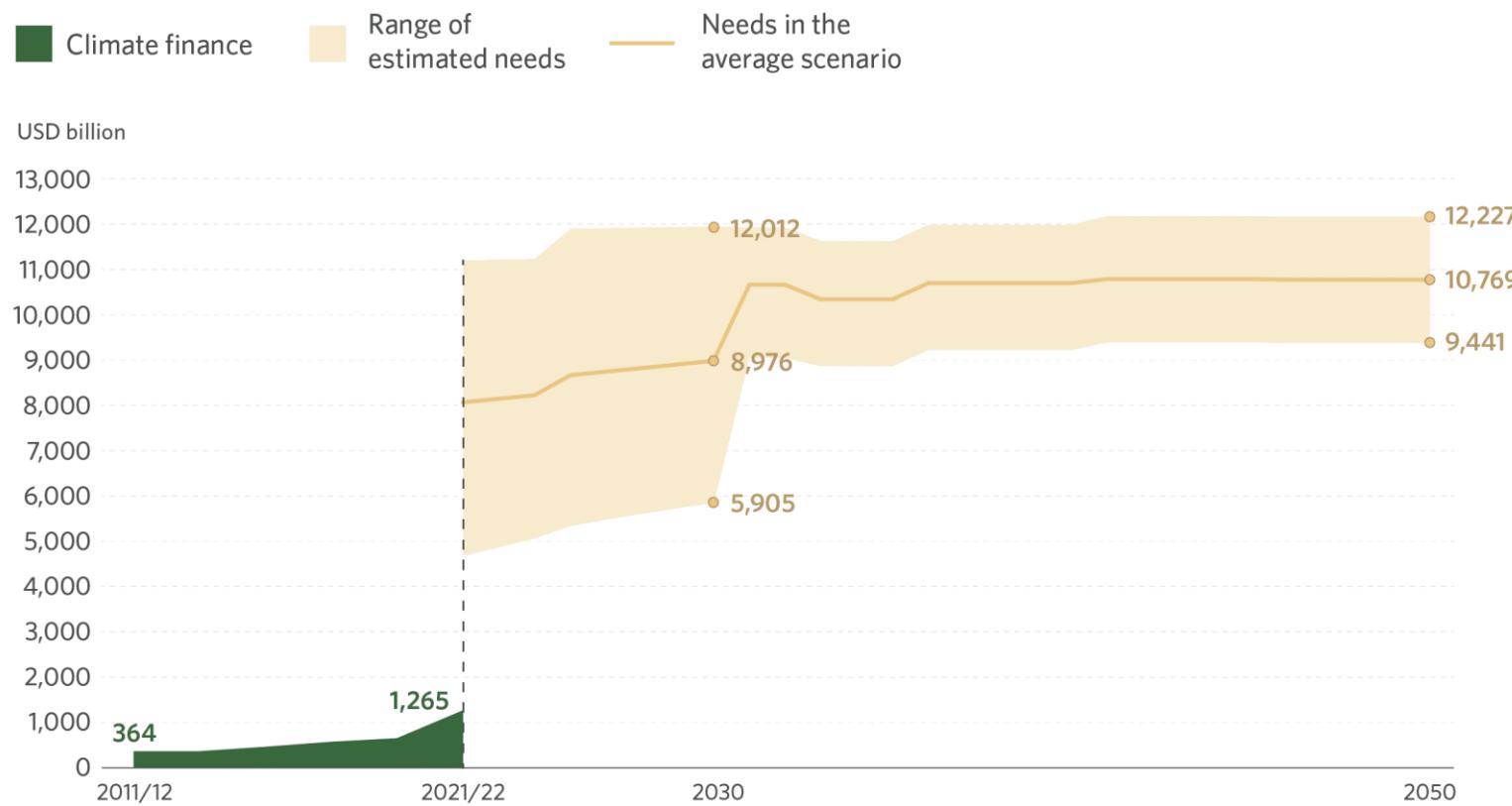
Impact materiality

“Information that pertains to an organization’s material actual or potential, positive or negative impacts on people or the environment over the short, medium, and long term.” (ESRS)



Global Climate Financing Gap

Figure ES3: Global tracked climate finance and average estimated annual needs through 2050



Source: Climate Policy Initiative

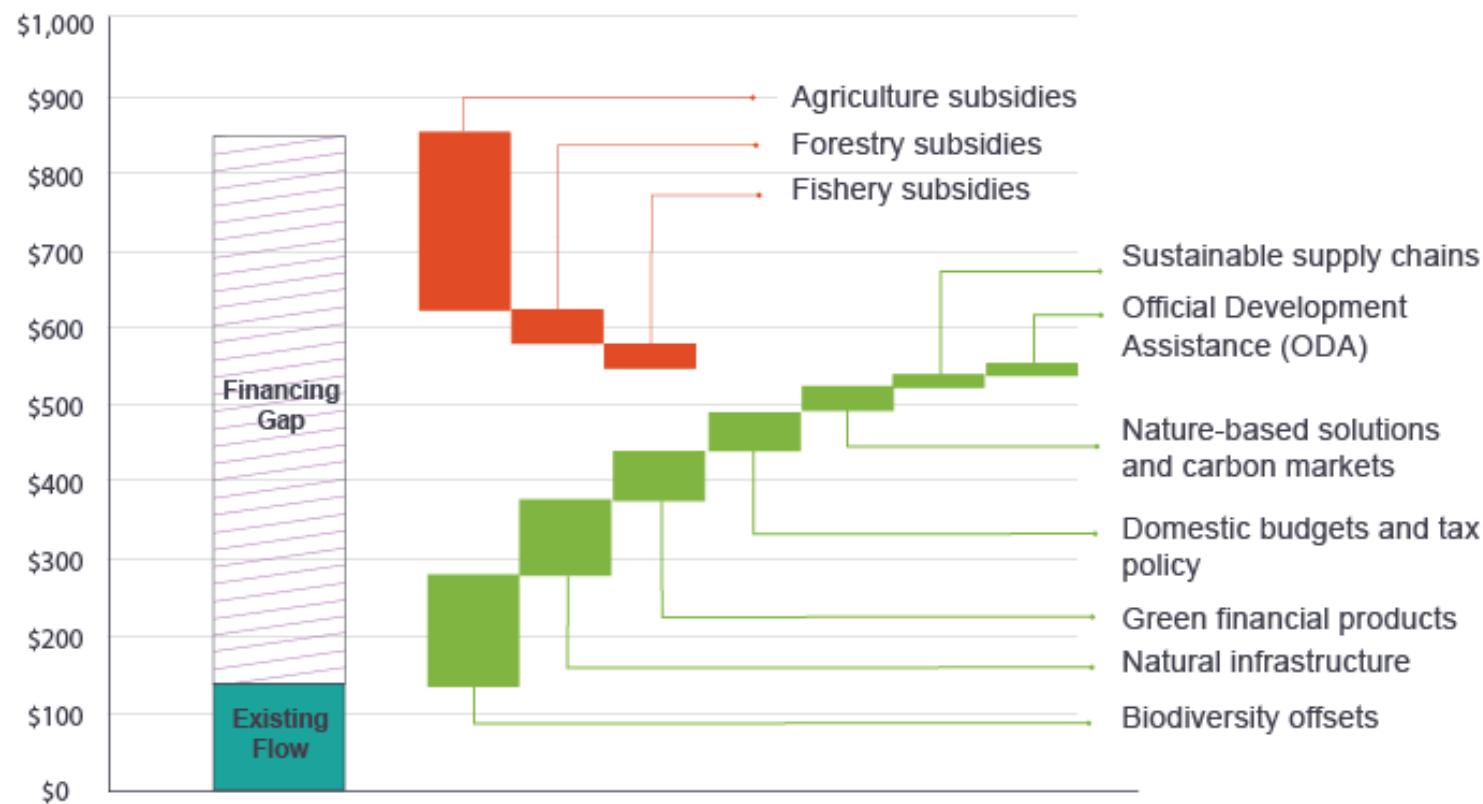
~\$9 ± 3 trillion needed annually needed by 2030 and ~\$11 trillion annually needed by 2050 to deliver on the Paris Agreement targets (at least 5x current levels).

The AFOLU sector alone requires a **35-fold increase** in climate funding from an annual average of \$16 billion to \$560 billion per year (UNEP & CPI 2024)



Global Biodiversity Financing Gap

Estimate of growth in financing resulting from scaling up proposed mechanisms by 2030. (in 2019 US\$ billion per year)



\$700 billion annual financing gap for biodiversity.

Green financial products, wood-based bioeconomies, and sustainable supply chains play a key role in closing the financing gap.

Source: Paulson Institute, TNC, Cornell 2020



Key Messages: Nature risk and the Economy

- All economic activity both **impacts** and **depends** on natural capital and ecosystem services
- These impacts and dependencies generate material **nature-related risks** and **opportunities** – both in terms of financial effects on the organization (**financial materiality**) and for nature and society (**impact materiality**)
- **Physical risks** materialize due to climatic or geologic events (floods, earthquakes) or due to the disruption of ecosystem processes and functions (soil erosion, landslides, loss of flood retention)
- **Transition risks** arise from policy, public perception, and social license to operate as we move toward a low-carbon and nature-positive economy
- There is a large **financing gap** for mitigation and adaptation of both climate- and nature-related risks, but this gap is closing



FUNDAMENTALS

- Nature risk and the economy
- **Voluntary and policy response**
- Investor demand and expectations
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Voluntary and Regulatory Frameworks

Voluntary	Policy
Taskforce on Nature-Related Financial Disclosures (TNFD)	Kunming-Montreal Global Biodiversity Framework
Science-Based Targets for Nature (SBTN)	EU Corporate Sustainability Reporting Directive (CSRD)
International Sustainability Standards Board (ISSB)	EU Corporate Sustainability Due Diligence Directive (CSDDD)
Global Reporting Initiative (GRI) Topic Disclosure on Biodiversity (GRI 101)	EU Sustainable Finance Disclosure Regulation (SFDR)
IFC Performance Standard 6 (IFC PS6)	California Climate Accountability Package
Nature Positive Initiative	US SEC Rule on Enhancement and Standardization of Climate-Related Disclosures for Investors

Governments, financial institutions, insurance carriers, and other regulators, creditors, and investors are mandating that **nature-related risk is assessed, managed, and reported by companies and investment managers**





Land Use & Biodiversity | Industry Insight | Deforestation

Comment: 'Nature positive' has hit the mainstream. We need to ensure it delivers transformation, not greenwashing

By Marco Lambertini and Eva Zabey

November 28, 2023 5:26 PM GMT+1 · Updated 3 months ago



Industry Insight from Ethical Corporation Magazine, a part of Thomson Reuters.



A honeybee gathers nectar from a flower at a farm in Austria. REUTERS/ Dominic Ebenbichler [Purchase Licensing Rights](#)

UN environment programme finance initiative

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Nature-Positive Cities

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A pathway for more resilient, equitable, and prosperous cities.

Learn more



Net Zero vs Nature Positive

Guidelines	Net Zero	Nature Positive
Global Objective	Limit global warming to 1.5°C	Global Goal for Nature
Global Policy Framework	Paris Climate Accord	Kunming-Montreal Global Biodiversity Framework
Business-level Target(s)	Net zero or climate neutral GHG emissions	Basket of local targets adapted to material impacts, dependencies, risks, opportunities
Business-level Commitment	“Net-zero by 2050”	“Contribute to a nature-positive economy”
Scope of Corporate Commitment	Scopes 1, 2, and 3	Direct operations and value chain

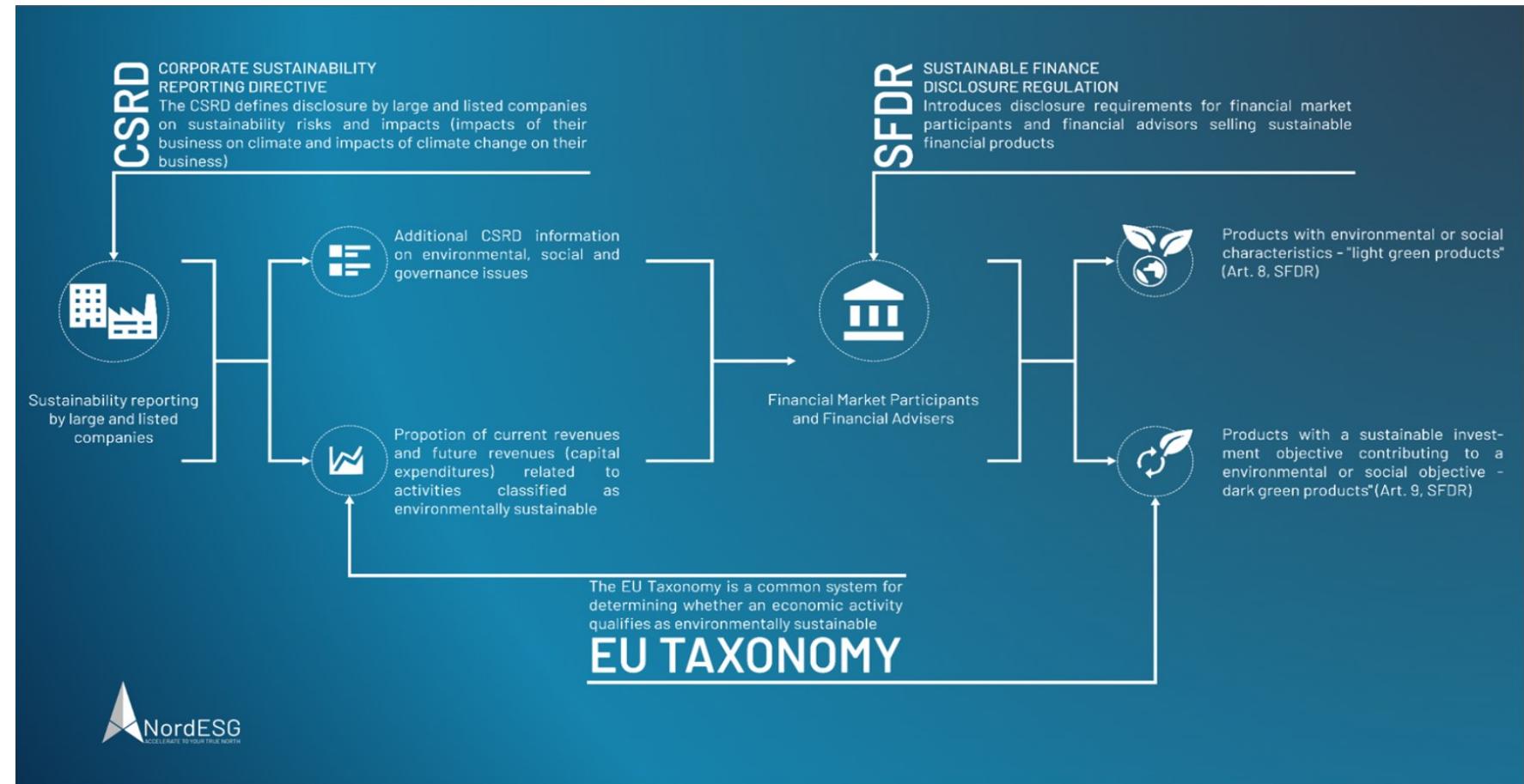


EU Sustainable Finance Framework

The Sustainable Finance Package includes 3 main legislations:

- **CSRD** on corporate sustainability reporting
- **SFDR** on reporting for FMPson sustainable financial products
- **EU Taxonomy** for sustainability classifications

New upcoming requirements under the CS3D



US SEC Final Rules for Climate-related Disclosures

Compliance dates under the final rule¹

Registrant type	Disclosure & financial statement effects audit		GHG emissions/assurance			Electronic tagging
	TCFD-based climate-related risk disclosure and financial statements related to severe weather events	Material expenditures and financial impacts resulting from actions taken under a transition plan, scenario analysis and/or carbon pricing (if used), efforts to mitigate or adapt to climate-related risks, and the impacts of meeting climate-related targets or goals	Scope 1 and 2 GHG emissions	Limited Assurance	Reasonable Assurance	XBRL tagging ²
LAFs	FYB 2025	FYB 2026	FYB 2026	FYB 2029	FYB 2033	FYB 2026
AFs (other than SRCs and EGCs)	FYB 2026	FYB 2027	FYB 2028	FYB 2031	N/A	FYB 2026
SRCs, EGCs, and NAFs	FYB 2027	FYB 2028	N/A	N/A	N/A	FYB 2027

1. As used in this chart, "FYB" refers to any fiscal year beginning in the calendar listed.

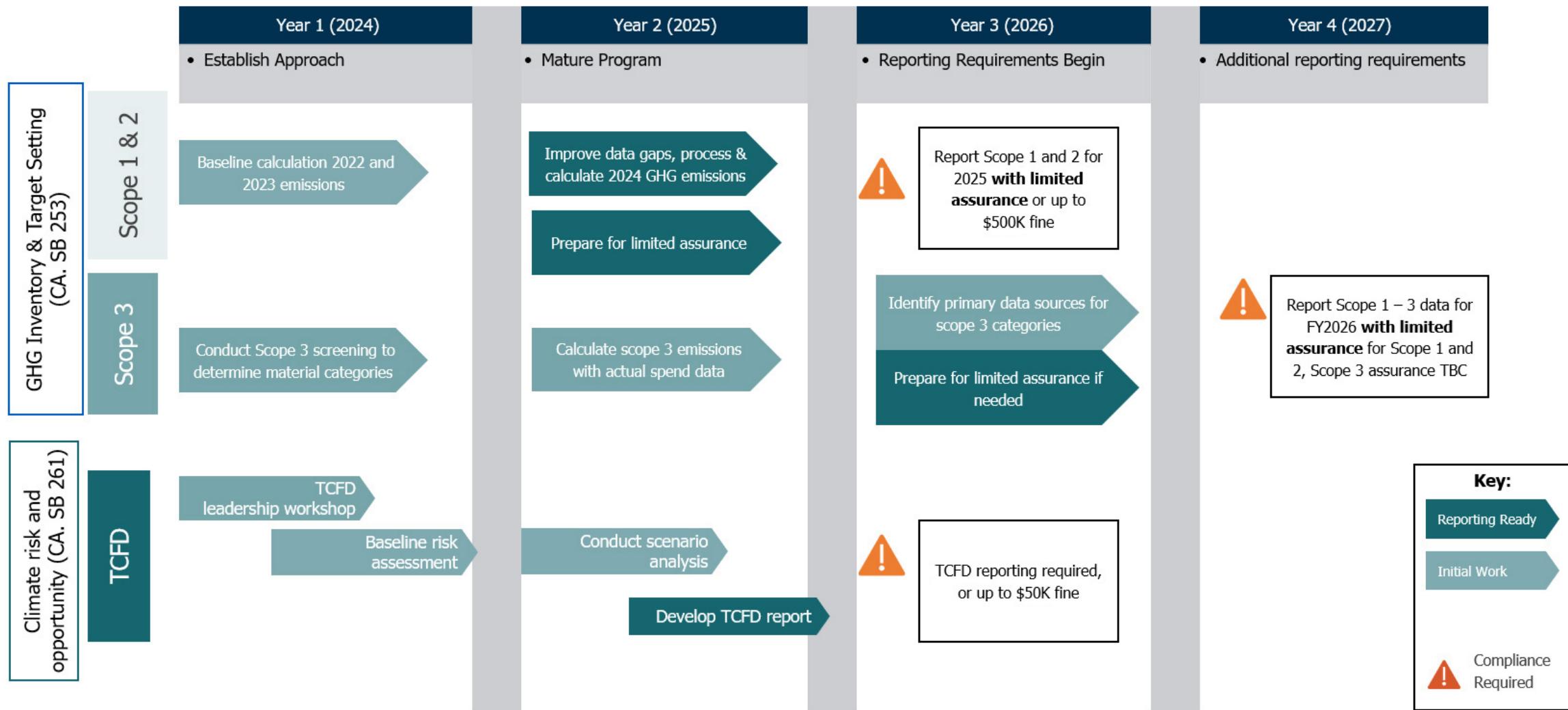
2. Financial statement disclosures under Article 14 will be required to be tagged in accordance with existing rules pertaining to the tagging of financial statements. See Rule 405(b)(1)(i) of Regulation S-T.

SEC's Final Rules for The Enhancement and Standardization of Climate-Related Disclosures for Investors

Requires Scope 1 + 2 emissions reporting and transition plans for net zero



California Climate Accountability Package



Source: [Georgeson 2024](#)



Structure of a Nature-Related Standard

Most major disclosure standards (ISSB, GRI, ESRS, SEC, TNFD) share a similar structure:

Governance: The governance processes, controls, and procedures the organization uses to monitor and manage nature-related issues;

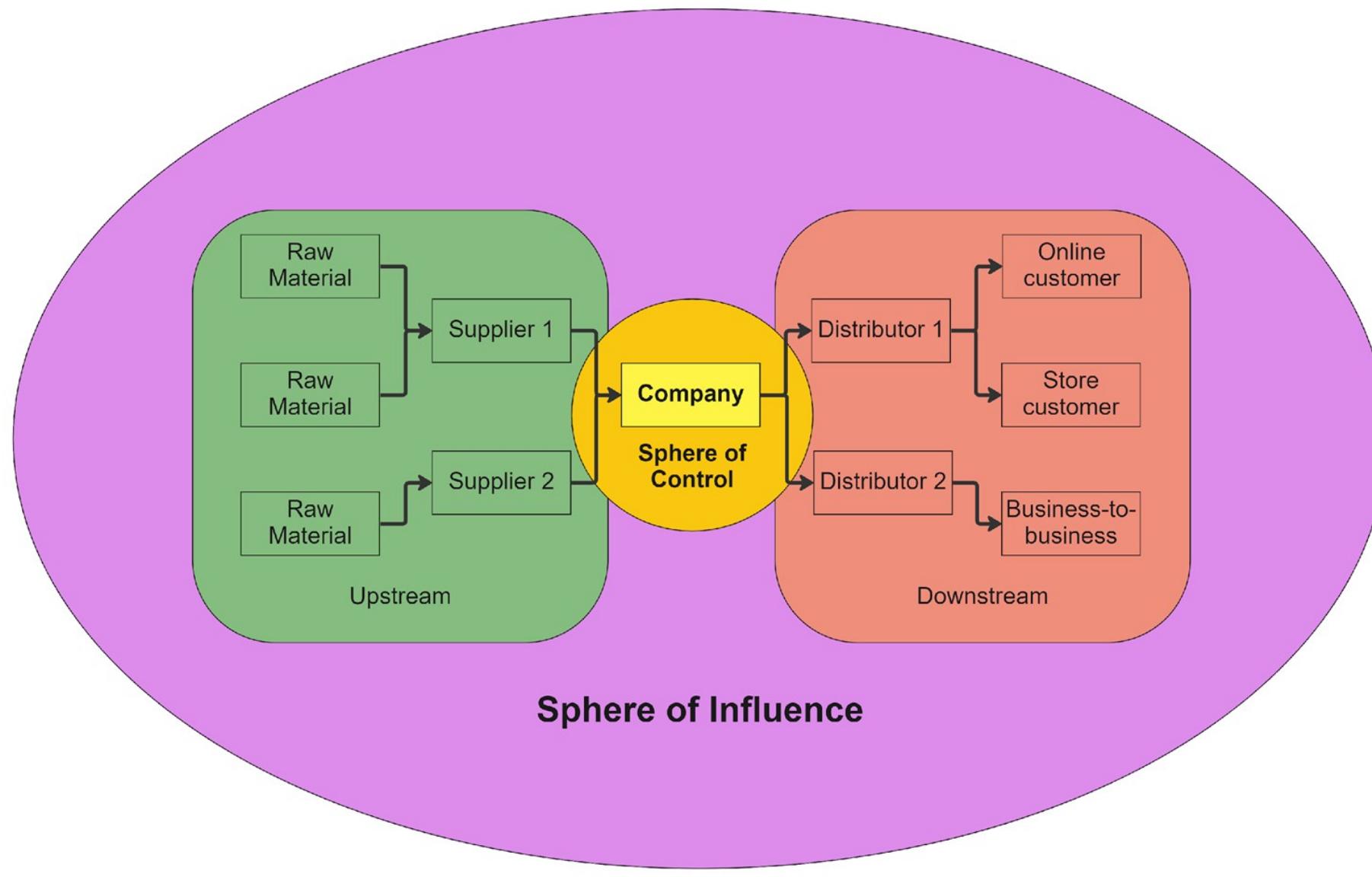
Strategy: The approach the organization uses to manage nature-related issues;

Risk Management: The processes the organization uses to identify, assess, prioritize, and manage nature-related issues;

Metrics & Targets: The organization's performance in relation to nature-related issues, including progress toward voluntary or regulatory targets.



Scope of Reporting - Spheres of Control & Influence



Key Messages: Voluntary and policy responses

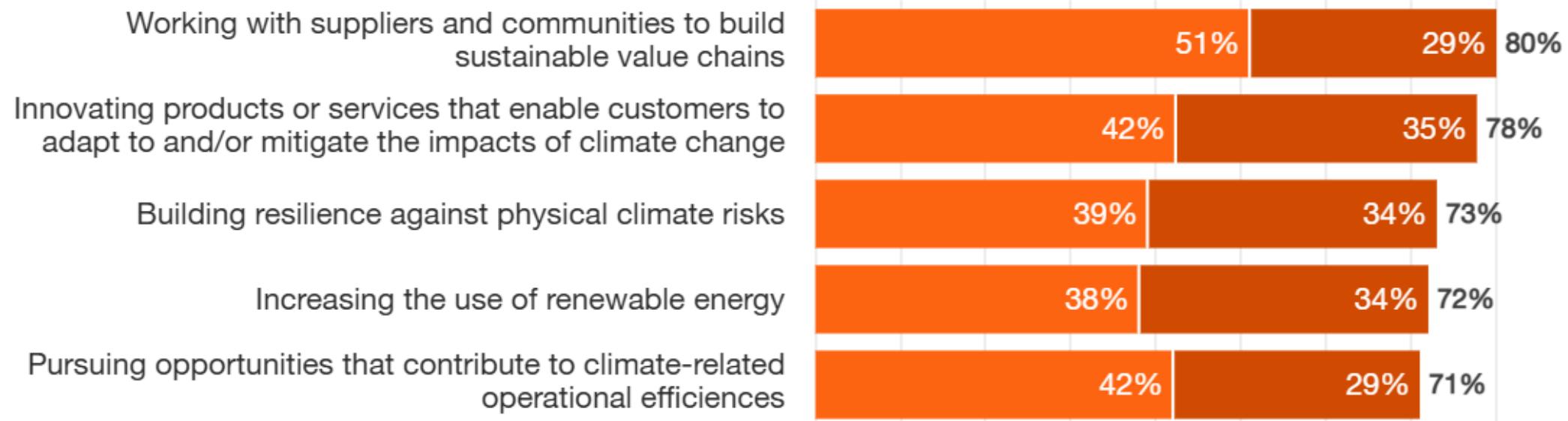
- **Nature is no longer a corporate social responsibility topic, but a core and strategic risk management issue alongside climate change**
- There has been an **eruption of nature-related policies, disclosures, frameworks, coalitions, and action plans**, but unlike the early days of carbon neutrality, there is a **strong convergence on scope, breadth, and disclosure requirements**.
- Focus not only on direct operations and owned assets, but also **value chain** due diligence, risk management, and engagement
- The **EU and USA have passed strict and comprehensive legislation** on climate- and nature-related disclosures for financial market participants and companies, creating a **transition risk** for many organizations who are unprepared.

FUNDAMENTALS

- Nature risk and the economy
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- **Investor demand and expectations**
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ESG as a fundamental investment criteria

■ Moderately increase ■ Significantly increase



Question: To what extent would you increase your investment in companies that are taking the following climate-related actions?

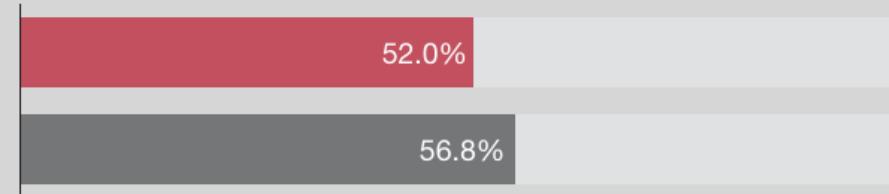
Note: Percentages shown in charts may not match the total figure due to rounding.

Base: 305

Source: PwC's Global Investor Survey 2024

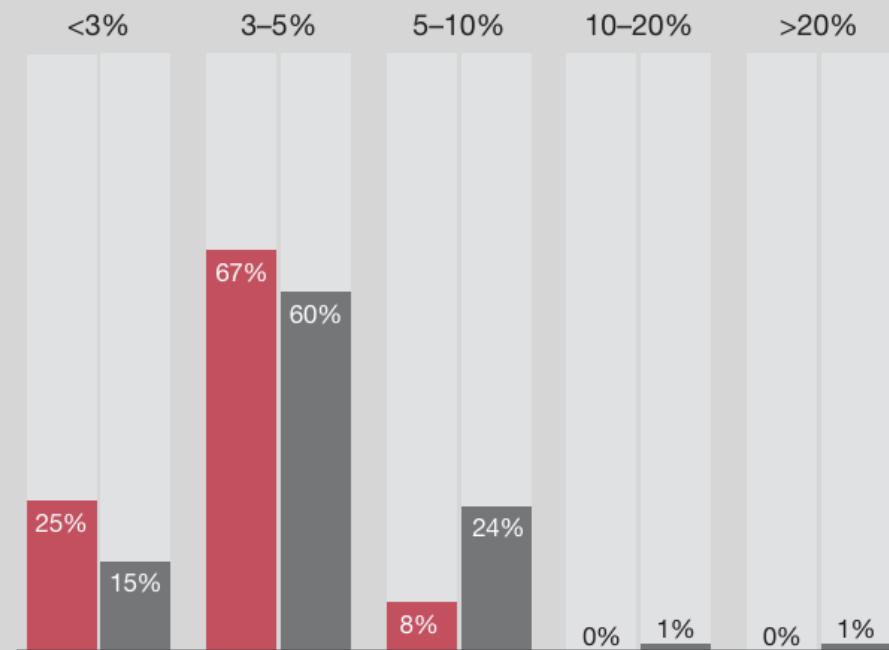


Investors show a willingness to accept ESG performance fees



■ Institutional investors willing to accept an ESG performance fee
■ Asset managers considering charging an ESG performance fee

How much are they willing to pay/charge?



Source: PwC Global ESG and AWM Market Research Centre, ESG Global

Willingness to Pay for ESG

78% of investors are willing to pay higher fees for ESG funds.

57% would be willing to accept a 20 – 40 bps increase in fees for ESG funds.

52% would accept variations in the fee based on ESG performance.

High Demand Tempered by Skepticism

■ Total disagree ■ Neutral ■ Total agree

They should embed ESG directly into their corporate strategy



They should make expenditures that address ESG issues relevant to their business even if it reduces short-term profitability



How a company manages sustainability-related risks and opportunities is an important factor in my investment decision-making



75% of investors agree that sustainability is an important factor in investment decision-making, but –

94% of investors believe that corporate reporting contains unsupported sustainability claims i.e. greenwashing

Source: PwC Global Investor Survey 2023



Key Messages: Investor demand and expectations

- Investors are **willing to pay more** and reward asset managers for ESG performance, but this willingness is **moderated by high skepticism**
- Investors expect companies to assess, manage, and disclose on nature-related topics, including:
 - Alignment with the **Paris Agreement** and **Global Biodiversity Framework**
 - **Assessment and transparent disclosures** of nature-related impacts, dependencies, risks, and opportunities
 - **Time-bound, location-specific, science-based targets and evidence-based action plans** with annual reports on progress
 - **Strong governance, due diligence, and risk management** policies and processes
 - Specific emphasis on **supply chain engagement, no deforestation // no conversion of natural ecosystems, and ecosystem restoration targets**

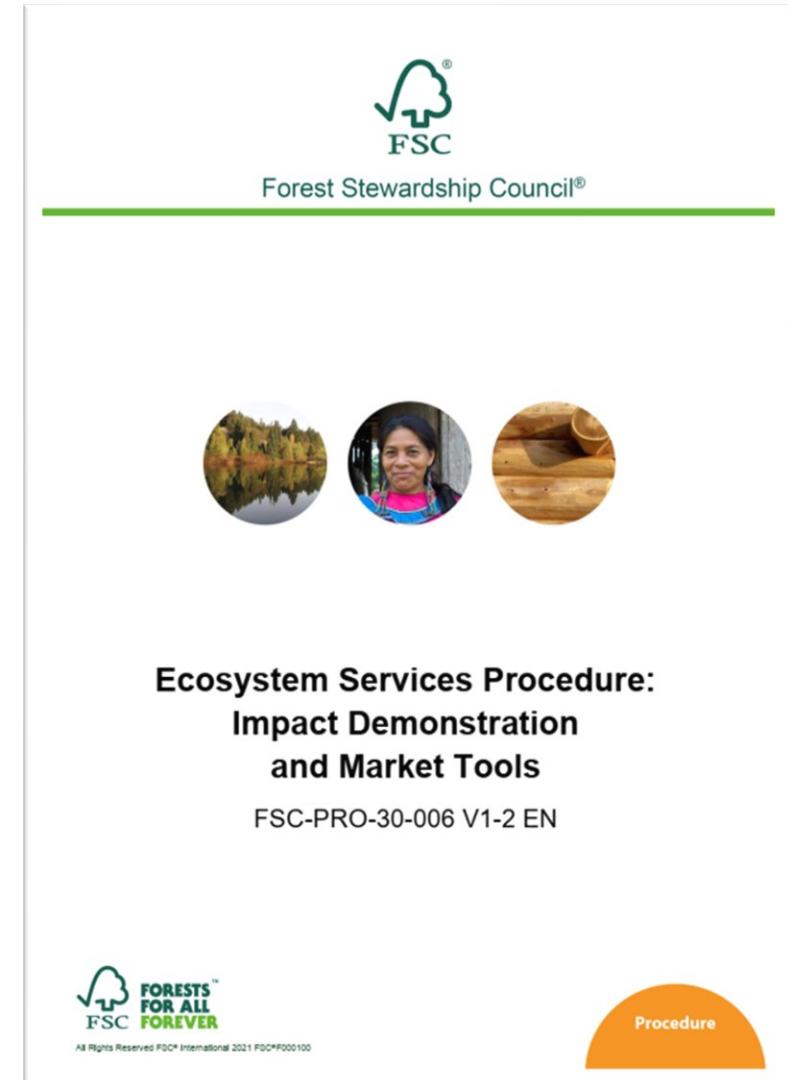


FUNDAMENTALS

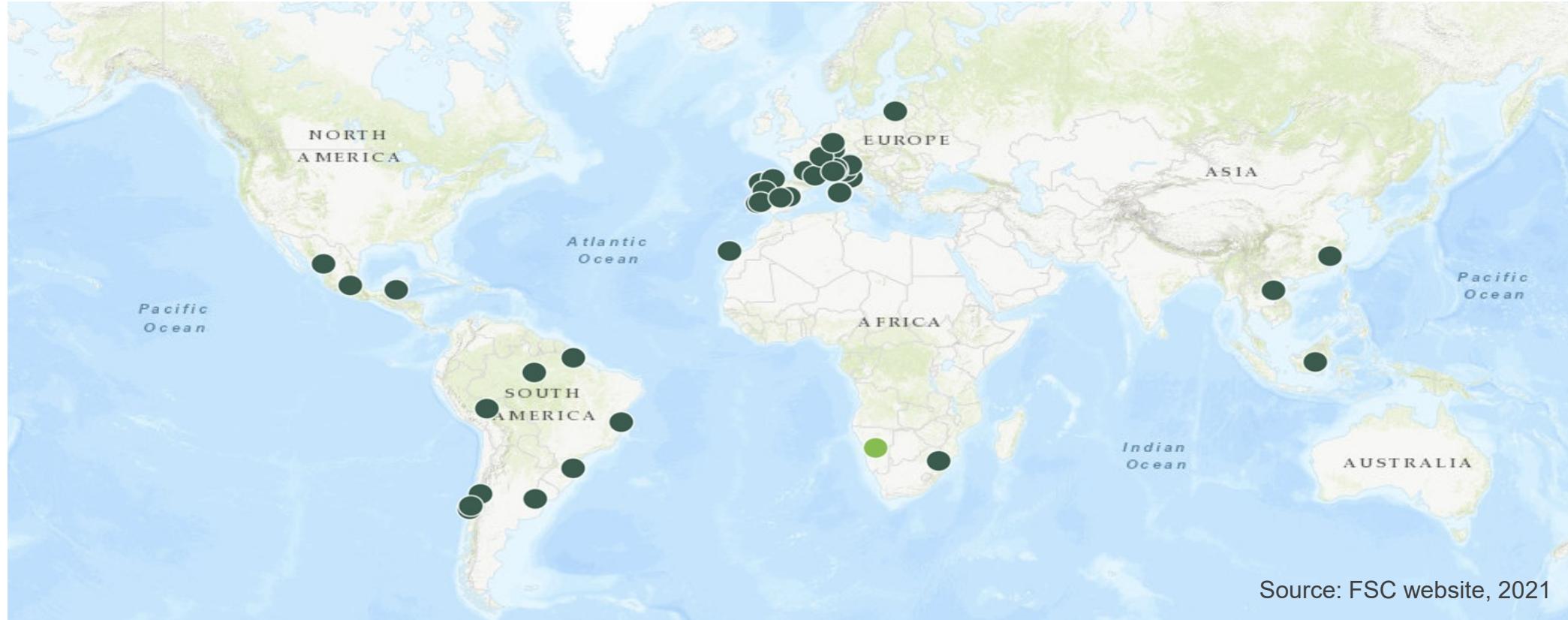
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The FSC Ecosystem Service Procedure

- **Impact demonstration framework** that verifies the positive impacts of forest management activities on seven ecosystem services
- The procedure sets **quality thresholds and reporting requirements** that allow outcome indicators and methodologies suitable for the local context
- Reduces risk of unintended consequences through **stringent social and environmental do-no-harm safeguards**
- Produces **quantified, externally verified, annually audited impact claims** that allow forest managers to access markets for ecosystem services



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

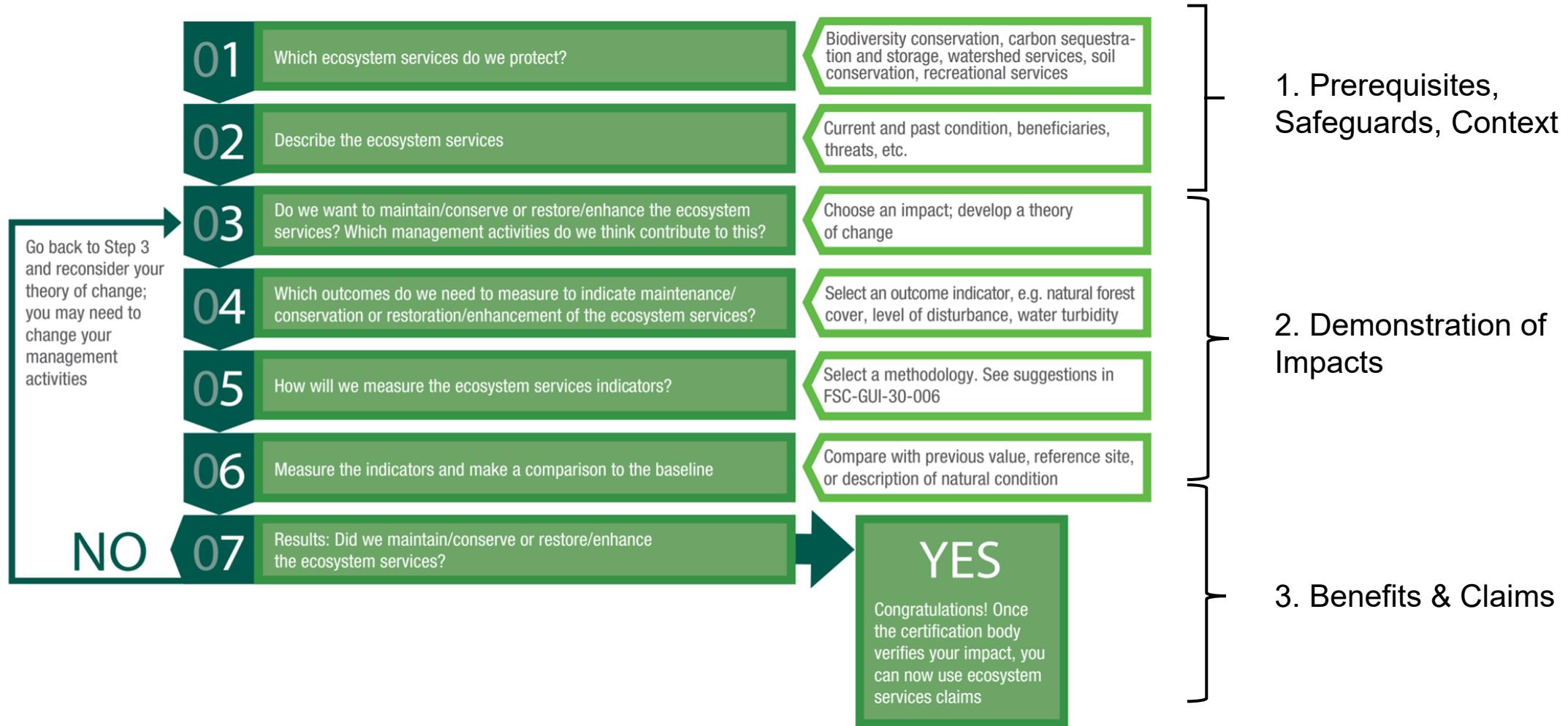
Code	Ecosystem Service	Verifiable Impacts	Examples
ES1	Biodiversity Conservation	12	Enhanced forest cover; species diversity conservation; enhancement of natural forest structure; maintenance of rare, threatened, or endemic species
ES2	Carbon Sequestration and Storage	5	Maintenance or enhancement of 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).



The 7 Steps of the Ecosystem Services Procedure



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



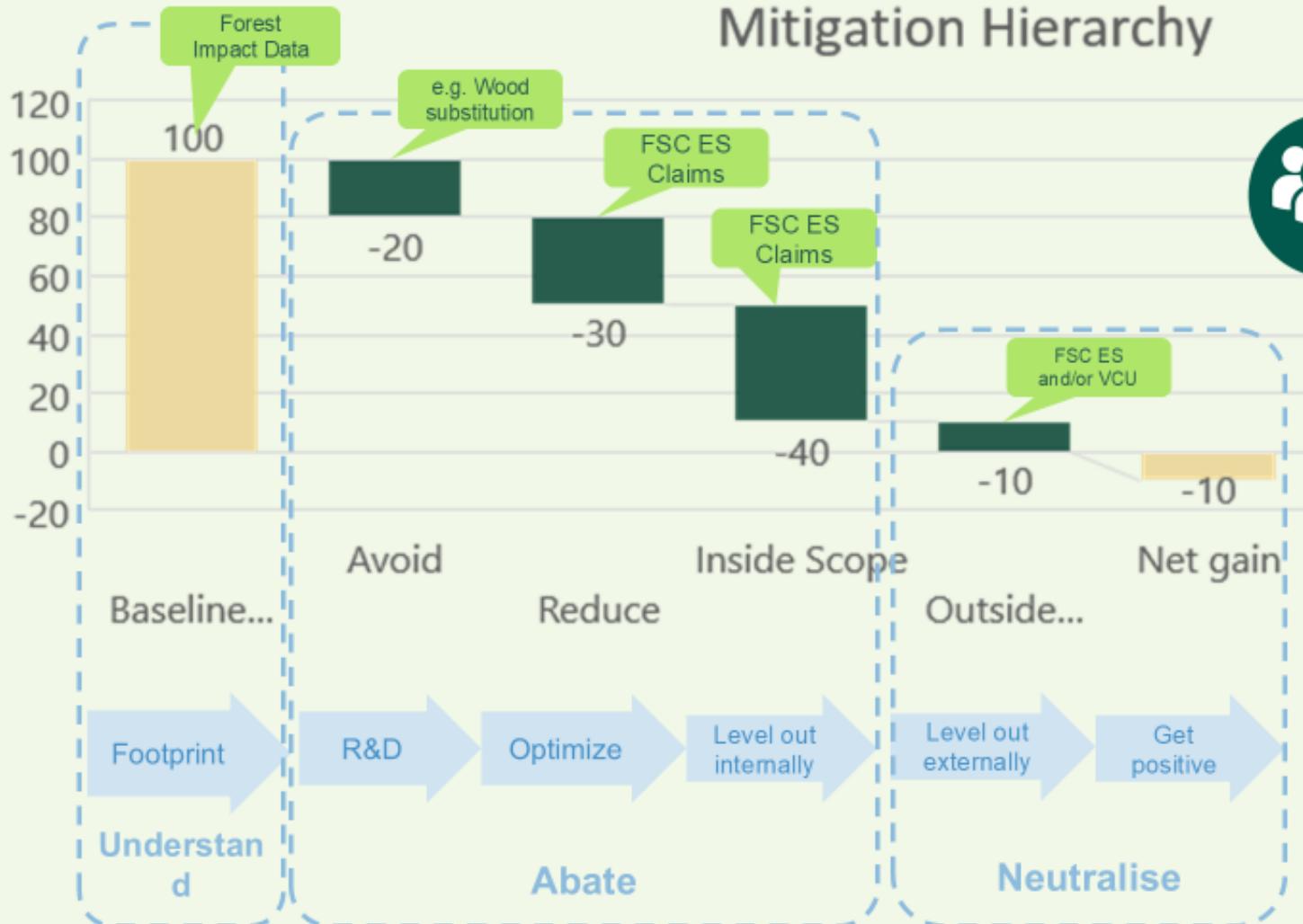
How Can FSC Verified Impact Claims Be Used?

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; 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



Corporate journey to net-zero and nature positive: The mitigation hierarchy



Impact Report
by
Organization X

Approved by the Board April 2022
Published May 2022
Scrutinized in eternity



T N
F D
Taskforce on Nature-related
Financial Disclosures



Marketing, branding,
storytelling,...

Next Sessions

SESSION 2: Generating Verified Impact as a Certificate Holder - Nuts and Bolts

DATE: Tuesday, February 11th at 13:00 EST

This session will focus on landowners and forest managers – from smallholders to large, productive concessions – to provide practical, operational guidance on applying the Ecosystem Service Procedure and generating Verified Impacts.

[REGISTRATION LINK – SESSION 2](#)

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](#)





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