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Part III:

The Critical Role of Sponsors in Verified Impact



Presented by Wesley Snell
February 18th 2025

Contents

1. Introduction
2. Responsible Use of NBS Claims
3. Overview of FSC Verified Impact
4. FSC Verified Impact Claims for Sponsors
5. Q&A



Intro to ETIFOR

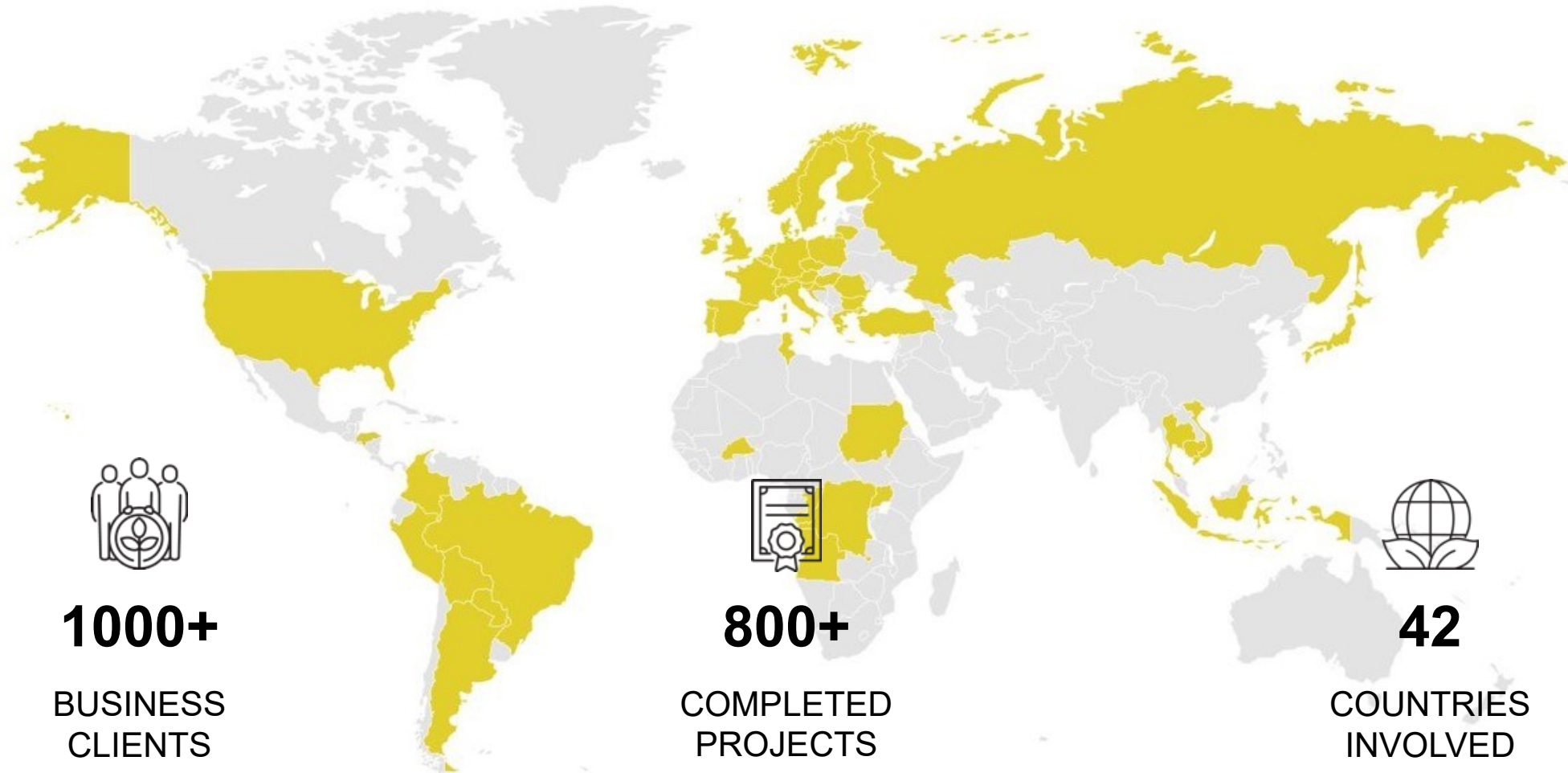
At Etifor,
**we put nature at the heart of
decision-making
by developing science-based
solutions.**




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

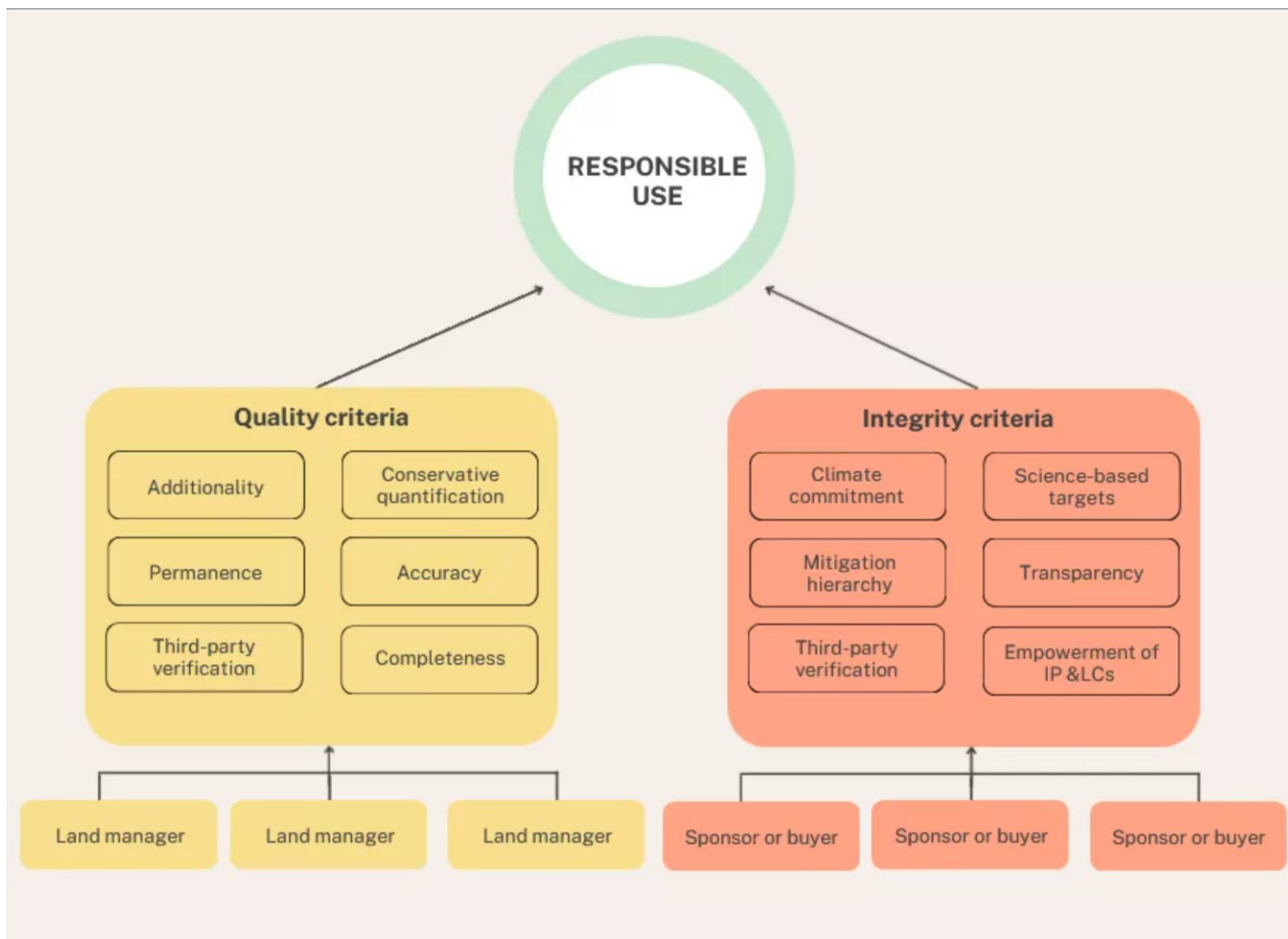
Session	Target Audience	Learning Objective	Date & Time
Introduction to Verified Impact: Fundamentals	General	Nature-related financial risk, global and regional policy responses, investor demand	Tuesday, February 4th 13:00 EST
Generating Verified Impact for Certificate Holders: Nuts and Bolts	Forest owners, 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	Quality and integrity criteria, value chain engagement, net zero and nature positive claims	Tuesday, February 18th 13:00 EST



Sponsors of Verified Impacts

- **Responsible use of NBS claims**
- Overview of FSC Verified Impact
- FSC Verified Impact for Sponsors

Responsible Use of Verified Impact Claims



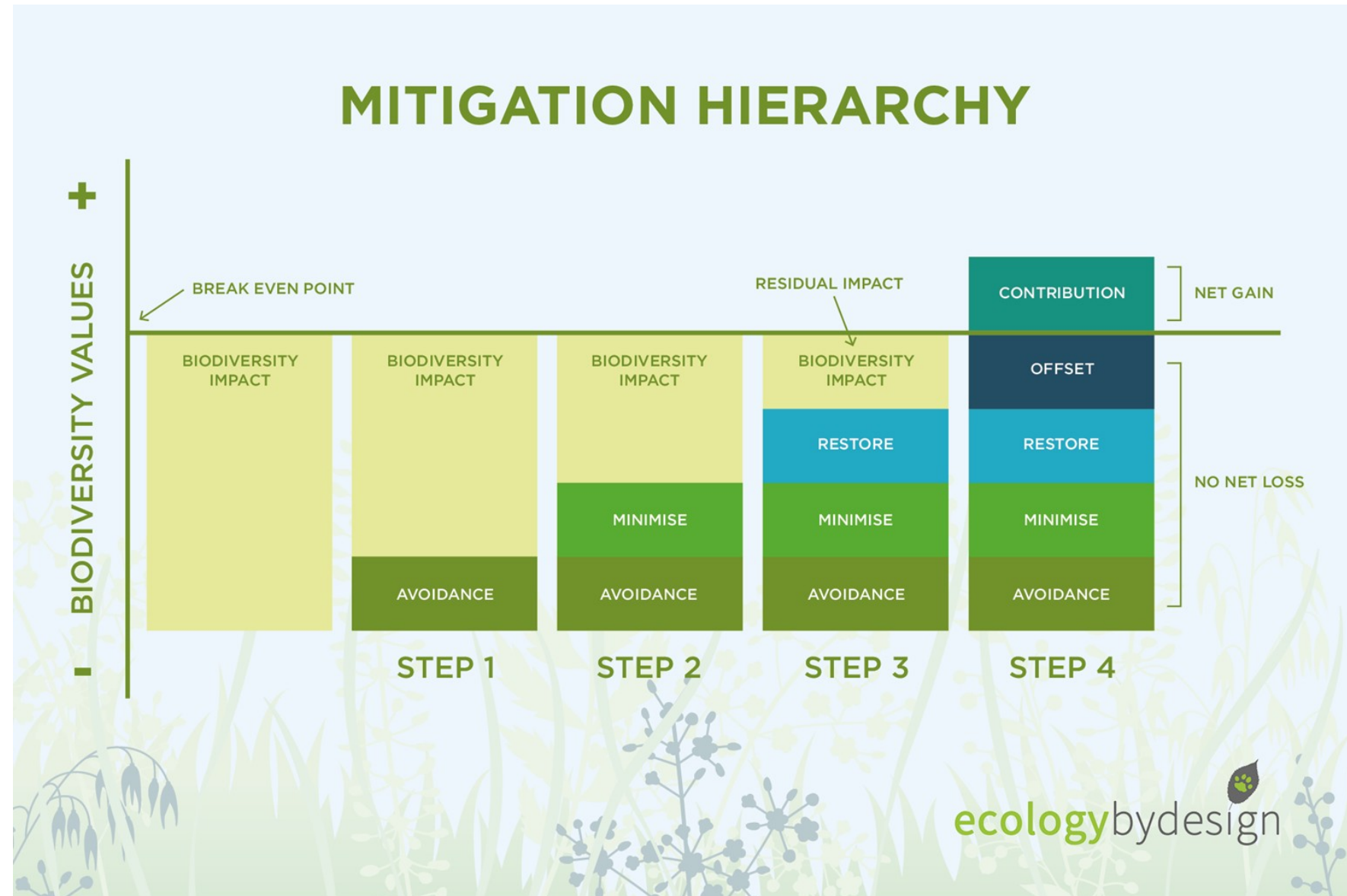
Responsible use is co-determined by the **quality criteria** underpinning the verified impact claims and **integrity criteria** for the use of claims by sponsors.

Sponsors of Verified Impacts should have a clear governance structure, organization-wide commitments, science-based targets, prioritization framework including **engagement within their value chain**, and make sure to apply the **mitigation hierarchy**.

Sponsor-side: The Mitigation Hierarchy

Prioritization Framework for addressing negative environmental impacts (e.g. emissions):

- Avoid
- Reduce
- Remediate
- Offset
- Contribute

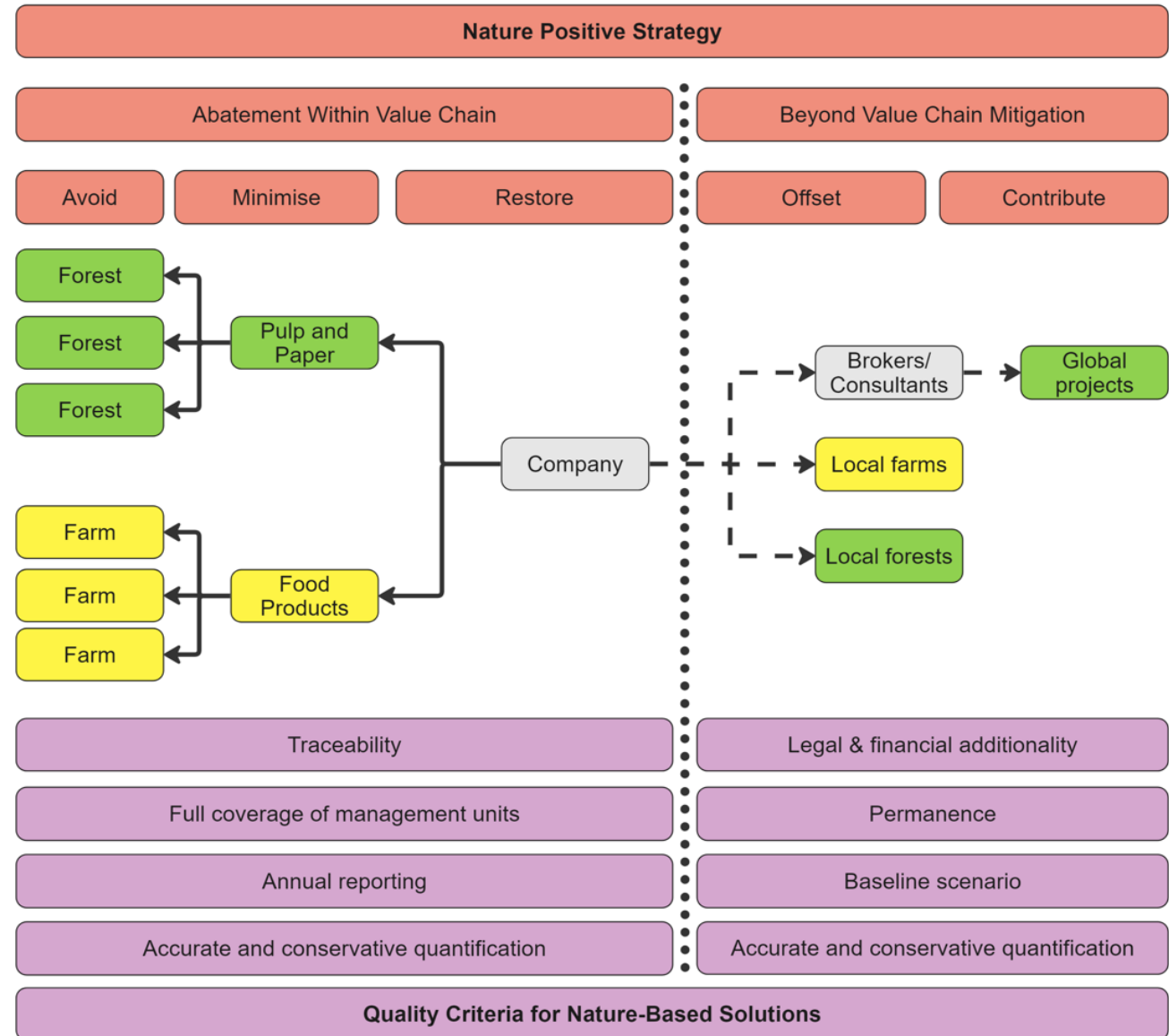


Supply-side: Quality Criteria for Verified Impacts

Two main types of positive impacts:

- Abatement **within** value chain (e.g. sourcing areas for raw material inputs)
- **Beyond** Value Chain Mitigation

Nature-based solutions **claims by companies** require different quality criteria depending on whether they are generated within value chains (**insetting**) or beyond value chains (**offsetting and contributions**).



Sponsors of Verified Impacts

- Responsible use of NBS claims
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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



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).



How Can FSC ES 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 and product labeling
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; results-based payments from public funds
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



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)

Sponsors of Verified Impacts

- Responsible use of NBS claims
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- **FSC Verified Impact for Sponsors**

Elements of an ES Claim



The mark of
responsible forestry

***Sponsor 'AB' supported forest
'ABC' in Country 'FGH',
contributing to the
maintenance of Intact Forest
Landscapes from year 2015 to
2023.***

FSC Registered Trademark (in this case, the Logo) (see clause 13.2.a)

Licence Code of sponsor 'AB' (see clause 13.2.b)

Link to FSC Website (see clause 13.2.c)

Impact Statement (see clause 13.2.d):

- **ES Impact**
- **Years covered in the impact demonstration process**
- **geographical location of the management unit**

Core Elements for Every Claim:

- Specific ES impact
- Geographic location of the Management Unit
- Year of validation or verification
- Years covered by the impact demonstration

Additional Requirements:

- ES claims must be clearly separate from other statements not verified under the FSC system
- Must avoid exaggeration, misuse, misrepresentation or false information related to ES claims
- Additionality tests required for **attribution** of impacts to sponsorships



Sponsor Requirements to make an FSC-verified ES Claim

To register sponsorships in FSC Registry:

- Written **agreement with Certificate Holders** outlining scope and terms of sponsorship
- Sponsorship registration **agreement with FSC** for FSC Registry

To make ES Claims:

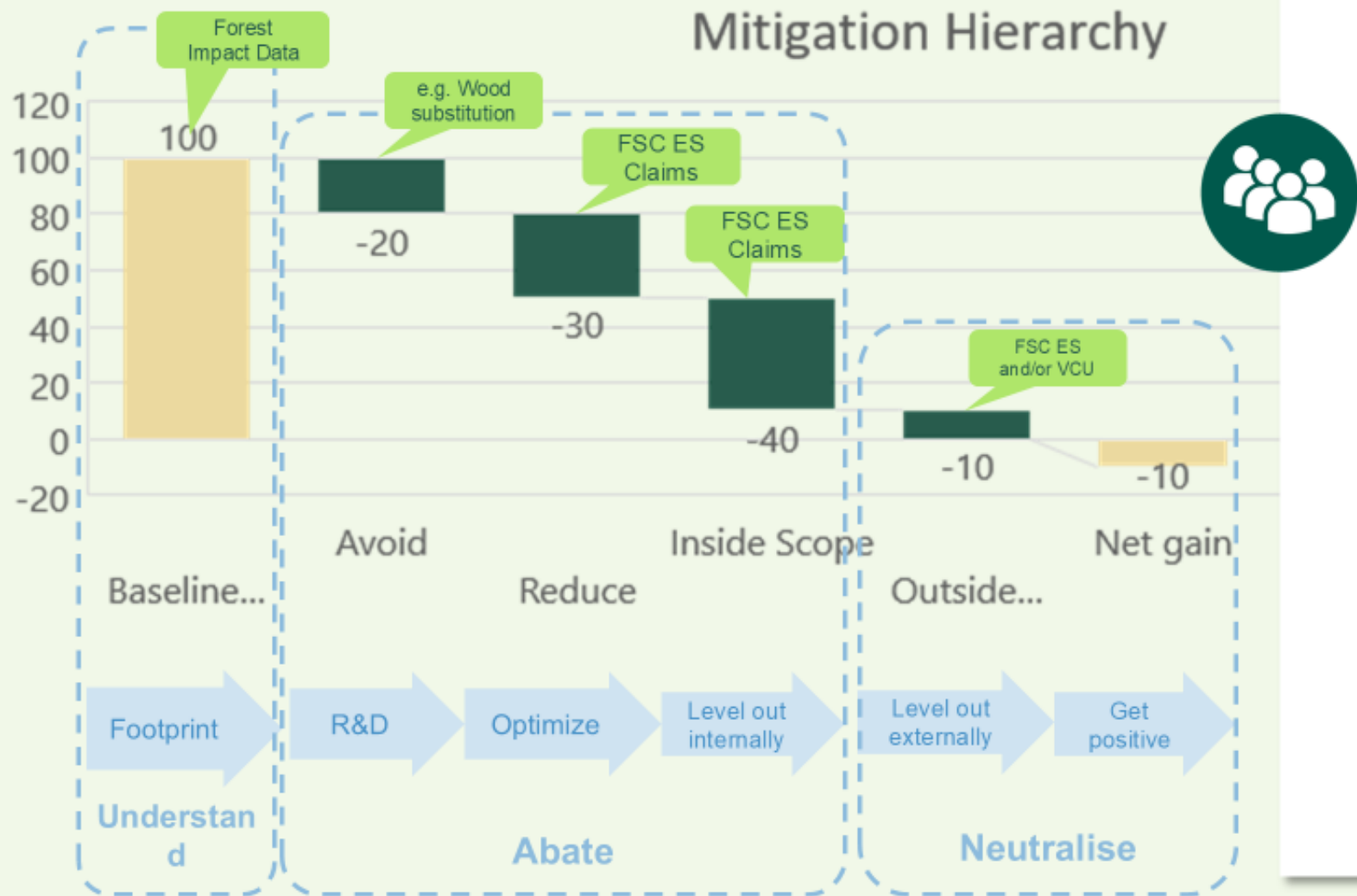
- PLA
- Demonstrable adherence to the mitigation hierarchy for sponsored ES

Sponsors with material dependence on forests:

- Encouraged to adopt an FSC-aligned procurement policy or obtain FSC Chain of Custody within 12 months



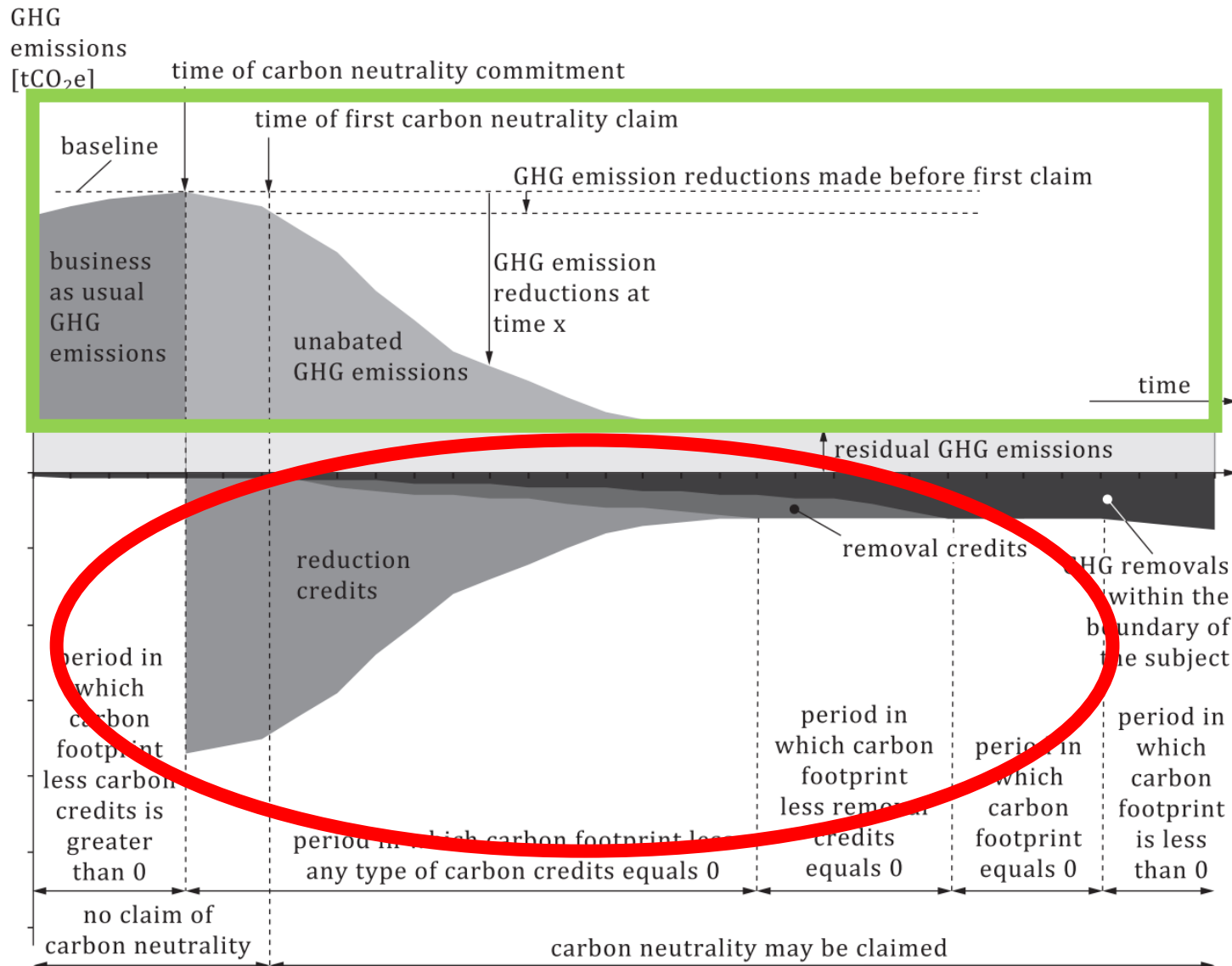
Corporate journey to net-zero and nature positive: The mitigation hierarchy



Impact Report
by
Organization X
Approved by the Board April 2022
Published May 2022
Scrutinized in eternity

Marketing, branding, storytelling,...

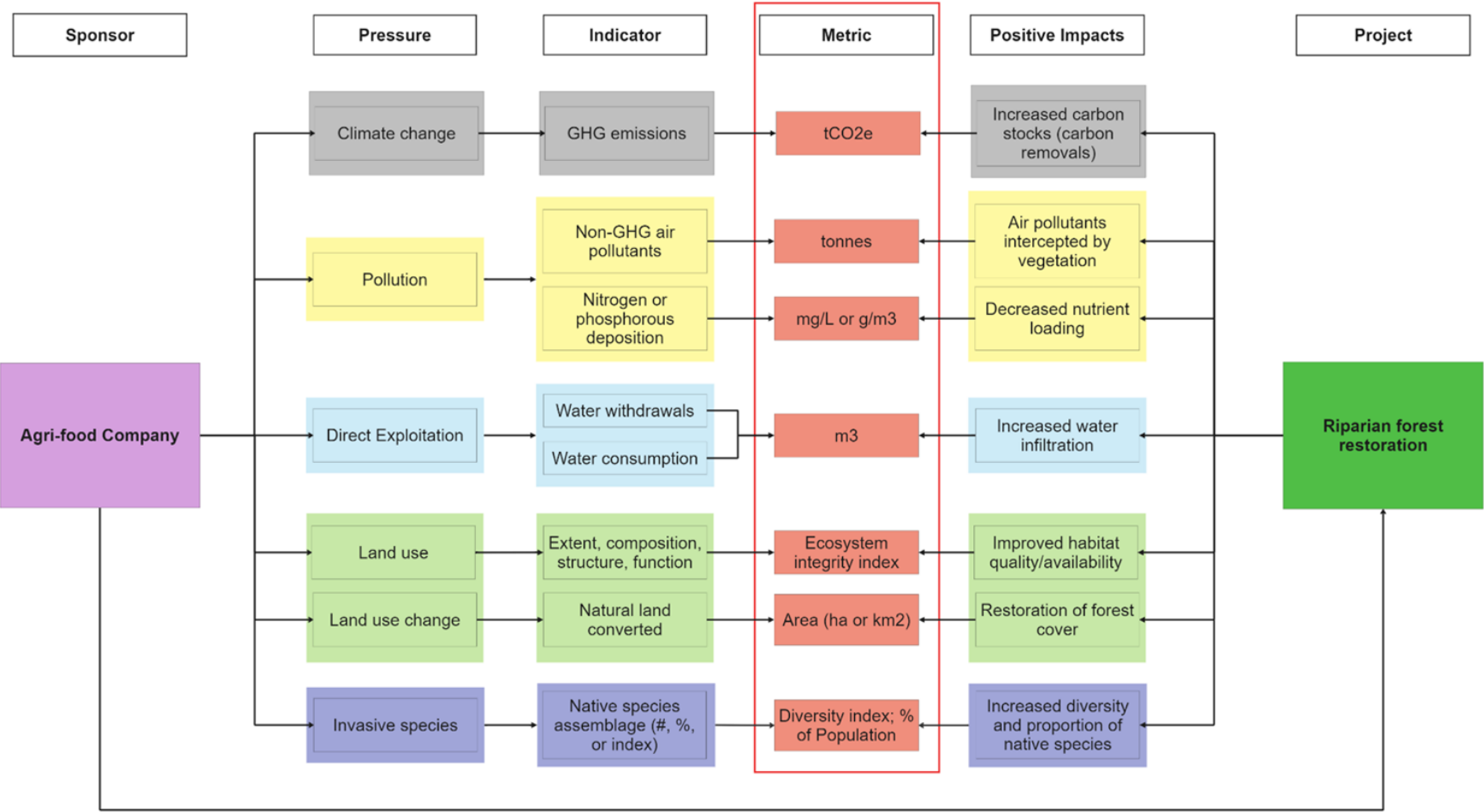
FSC Verified Impact in Corporate Climate Strategies



For companies pursuing climate neutral or net zero targets, FSC Verified Impact is best suited for **verified impact data** (e.g. Scope 3 reporting) and **emissions reductions within your supply chains**.

Verified Impact **does not allow offsetting** or neutralization claims.

Harmonizing Indicators for Pressures & Positive Impacts



The ES Procedure is flexible in terms of metrics and indicators.

We encourage sponsors to engage with certificate holders early (prior to verification) to ensure coherence between sponsorships and claims.



Key Messages

- FSC Verified Impact produces **quantified, externally verified, annually audited impact statements** which are underpinned by **best-in-class social, environmental, and economic safeguards**.
- Sponsors can register their financial support of verified impacts to make claims toward their climate, nature, and other sustainability targets **as long as they meet certain integrity criteria** (e.g. no offsetting claims, must demonstrate adherence to the mitigation hierarchy).
- Verified Impact is **most suited for abatement claims** within forest supply chains.
- **Sponsors will work closely with FSC** to publicly register and communicate their claims through a sponsor registration agreement and a PLA.
- One of the greatest strengths of Verified Impact is its adaptability. It's **best for sponsors to engage with forest managers early in the impact demonstration process** to ensure that metrics, indicators, additionality, attribution, and other key aspects are aligned.





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