

The promise of ImpactNFTs

ENABLING DIGITAL ASSETS TO DRIVE ENGAGEMENT
FOR SUSTAINABLE DEVELOPMENT



Draft Paper

www.impactnft.org



Impact NFTs



PROJECT ARK

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What is the purpose?

This concept development paper seeks to define the concept of an “ImpactNFT” as a specific class of non-fungible token (NFT) that is designed with the intention to fund positive social, sustainable development or environmental impact. It acts as a digital asset for recording and enumerating impact actions in the physical world.

Why is this paper purple?

This paper refers to the purple economy which contributes to sustainable development by promoting the cultural potential of goods and services - it acts as a bridge between the social and green economies through human expression. It represents economic activity that adapts to human diversity and seeks to create a diverse yet connected economy.^[1]

Culture is inextricably linked to all forms of economic value and contributes to socio-economic development and inclusion. Culture and creativity can and are being monetized and shared digitally via NFTs.^[2] Creativity is considered a renewable, omnipresent resource for sustainable, human-centric development which can be monetized via NFTs.

NFTs in this paper are discussed in terms of their role in the digitization of content with the potential to expand public access to diverse cultural, environmental and social expressions that facilitate engagement and impact.

2

What are non-fungible tokens (NFTs)?

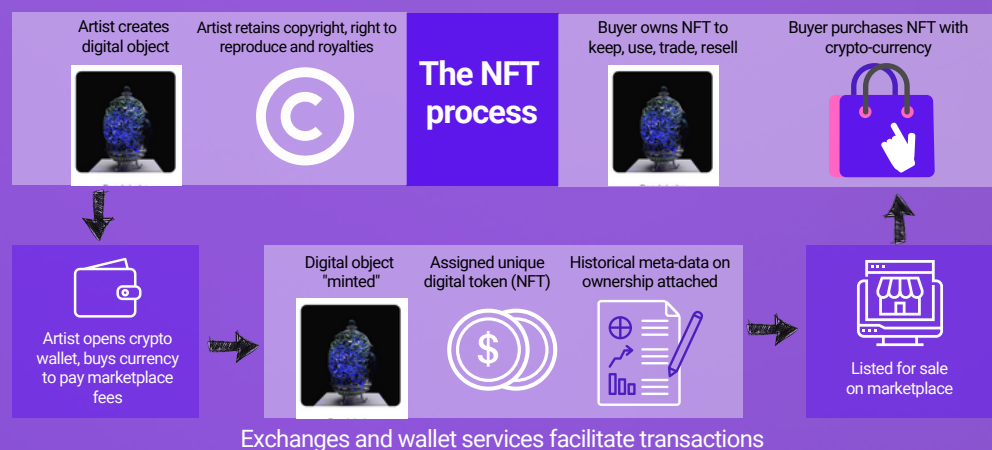
A non-fungible token (NFT) is a programmable unit of data representing a digital certificate or asset (art, real estate, collectables, fashion, games, multimedia) which secures and validates ownership. It is represented as a digital token, a digital file and a series of smart contracts governing the rights/contractual agreements associated with the NFT, recorded and date stamped on the blockchain. NFTs are non-fungible, meaning that each one is unique, rare and can be tracked and verified for their authenticity on the blockchain.^[3]

NFTs essentially represent a meta-ownership concept, which relies on code to allow for ownership-like digital distribution, exhaustion, remunerated resale, and enforcement within the context of a blockchain-based system thereby creating a new digital marketplace for creators.^[4]

What is the benefit of a digital collectable?

- NFTs are easily tradable and transferable from one owner to another.
- Can be attached to both online and offline services to create differentiation and uniqueness.
- In an increasingly digital world, the value of intangibles and the symbolism they hold in the minds of individuals and communities is growing.^[5]
- The value of intangibles has already surpassed the value of tangible assets.^[6]

Figure 1: The NFT process



3

What are ImpactNFTs?

An “ImpactNFT” is a specific class of NFT designed with the intention to fund positive social, cultural, sustainable development or environmental impact. It acts as a digital asset for recording and enumerating the impact actions in the physical world.

In an investment context, ImpactNFTs convert traditional spend on assets and collectables into a format that funds and monitors social, cultural and environmental causes. Enabling funding and regular reporting to various stakeholders on important causes through the purchase of an engaging tokenized creation.

The tokenized creation can take on multiple forms. Anything in fact can be tokenized, however to date the most popular forms of NFTs have been multimedia, art, memes and avatars. It is expected that NFTs will take on new and more expressive forms as they develop.

The ImpactNFT dually acts as a verifiable certificate on the blockchain. It can be used to confirm and track activities such as funding, accomplishment and/or information relating to a particular cause.

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Qualities of an ImpactNFT

Metadata with physical world significance

In the specification of ImpactNFTs, we define an additional layer of metadata used to communicate information related to social, scientific, climate and biodiversity related matters. This information, for example, could be used to help to record and measure the current state of the climate and biodiversity in a specific location. The data could begin as an initial record and evolve to be more dynamic over time, with the integration of real world data oracles, in order to create more accurate reporting of changes in the physical world.

Other applications lie in the representation of the NFT in itself. In August 2021, an academic paper was published on how 3D natural history NFTs could be used by scientists, historians and engineers as virtual equivalents of real objects (VEROs). It cited that the loss and damage of valuable specimens, many of which are very fragile, could be reduced as a result of the use and sharing of 3D NFT model substitutes amongst researchers. Leading to a reduction in the handling and transportation expenses of many specimens, with the cost of generating 3D models becoming more cost efficient due to advances in imaging technology. It further explained that numerous natural history collections are already being unintentionally primed for the production of VEROs through the use of unique identifiers, which will allow every VERO to be linked to a particular specimen. It mentioned that VEROs could aid in the funding, preservation and importance of culture and heritage of museums.^[8]

4

Qualities of an ImpactNFT

Building social and environmental impact into token contracts

ImpactNFTs embed environmental, social and governance (ESG) standards into digital assets and smart contracts. Token holders have various reasons as to why they may purchase an NFT. Building an impact transaction and data component into the NFT enables a token to contribute towards funding social development and environmental causes, driving higher levels of impact. Funds are distributed to various non-governmental organizations (NGOs) working towards the protection of biodiversity and the preservation of the natural environment.

Dually, ImpactNFTs can develop into a form of digital certificate that will be able to potentially augment, disrupt and digitally replace Renewable Energy Certificates (RECs), as the industry transitions into renewables and becomes more mature. These ImpactNFTs have the potential to be recognised, used and traded by corporate institutions as evidence of corporate social responsibility and environmental activities and investments. Projects contributing highly towards the protection of biodiversity and the natural world will have a higher value and impact for organizations and philanthropists. The high price of ImpactNFTs will act as a value indicator for levels of social impact packaged in an appealing digital format.

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ImpactNFTs intersecting with the creative industries

NFTs are a natural fit with creative industries because they are collectable, rare and in limited supply. NFTs enable creatives to produce original, owned art pieces that are sold and traded; while these creations can be visually replicated (as is with prints of famous paintings in the physical world, NFTs are simply the digital version), the original is owned by an entity or individual. Gaming NFTs will increase in popularity as digital metaverses become more commonplace and people desire to have unique identities and status assets within this realm. NFTs sometimes also have royalty mechanisms built into the smart contract that will be sent back to their creator or selective owner every time the NFT is traded. This creates a revenue stream that monetizes the efforts of creatives.

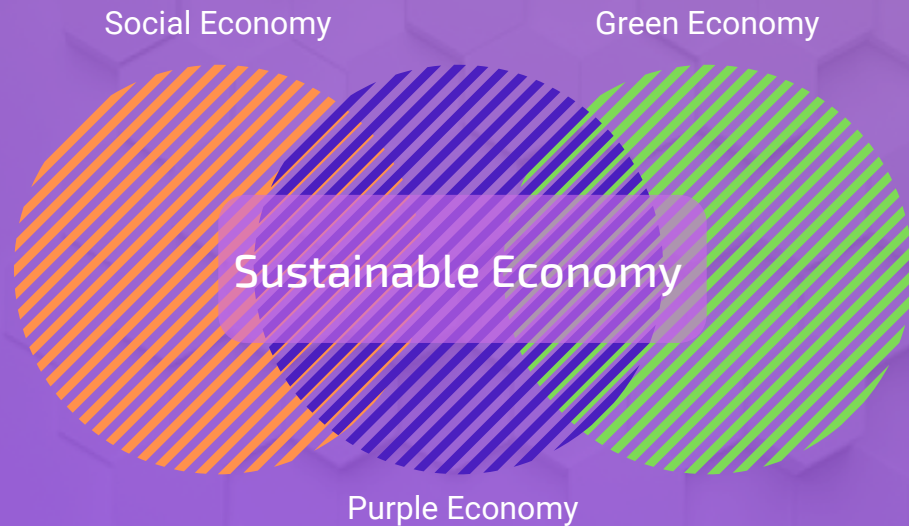
Any NFT contract could be adapted to be an ImpactNFT by iteratively enabling a percentage of each trade to go to a particular NGO. This potentially creates a powerful and growing digital relationship between NGOs and creatives. Thereby enabling creative industries to be used as a tool to catalyse and enable social and environmental change. Artworks can even take on the form and image of the biodiversity, animals and plants, the funding is seeking to protect.

ImpactNFTs are expected to play an increasing role in enabling the purple economy. Diversum and the United Nations Educational, Scientific and Cultural Organisation (UNESCO) had their first conference discussing the purple economy in October 2011, which refers to taking account of cultural aspects in economics. It designates an economy that adapts to the human diversity across the world and relies on diverse cultural dimensions to give value to goods and services. The purple economy places the preservation and development of culture at the center of sustainable economic development and growth and is often referred to as the creative economy.^[1]

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ImpactNFTs intersecting with the creative industries

Figure 2: The purple economy linking old forms of growth with new



Source: Diversum and UNESCO ^[1]

The pandemic accelerated the digitization of cultural content and Web 3 based technologies with the potential to expand public access to diverse cultural expressions, enabling innovation while empowering and remunerating artists and creators. Creativity is considered a renewable, omnipresent resource for sustainable, human-centric development. UNESCO branded the year 2021 as the international year of the creative economy for sustainable development, and NFTs were used extensively by artists and organizations over this time to preserve and monetize creativity and culture via Web 3 technologies.^[9]

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ImpactNFTs making marketing spend more impactful

Through NFTs, consumers are able to engage with, invest in and form new types of relationships with their favourite brands digitally. Marketers are increasingly identifying NFTs as a brand evangelisation tool due to the community and collectability properties of NFTs. It enables marketers to develop communities around and direct specialized marketing tactics towards the owners of these NFTs.

Marketing and corporate social responsibility initiatives are often handled as separate areas of focus and spend within many corporations. ImpactNFTs will create potential spend efficiency between these two functions by transforming tradable marketing and brand assets (images, photographs, videos etc) into ImpactNFTs that contribute to the social and environmental causes of the organisation. These ImpactNFTs serve a dual purpose:

- Firstly, they act as marketing and branding assets of the organisation.
- Secondly, ImpactNFTs can be held, swapped and traded in the open market to enable organisations to increase their social and environmental impact.

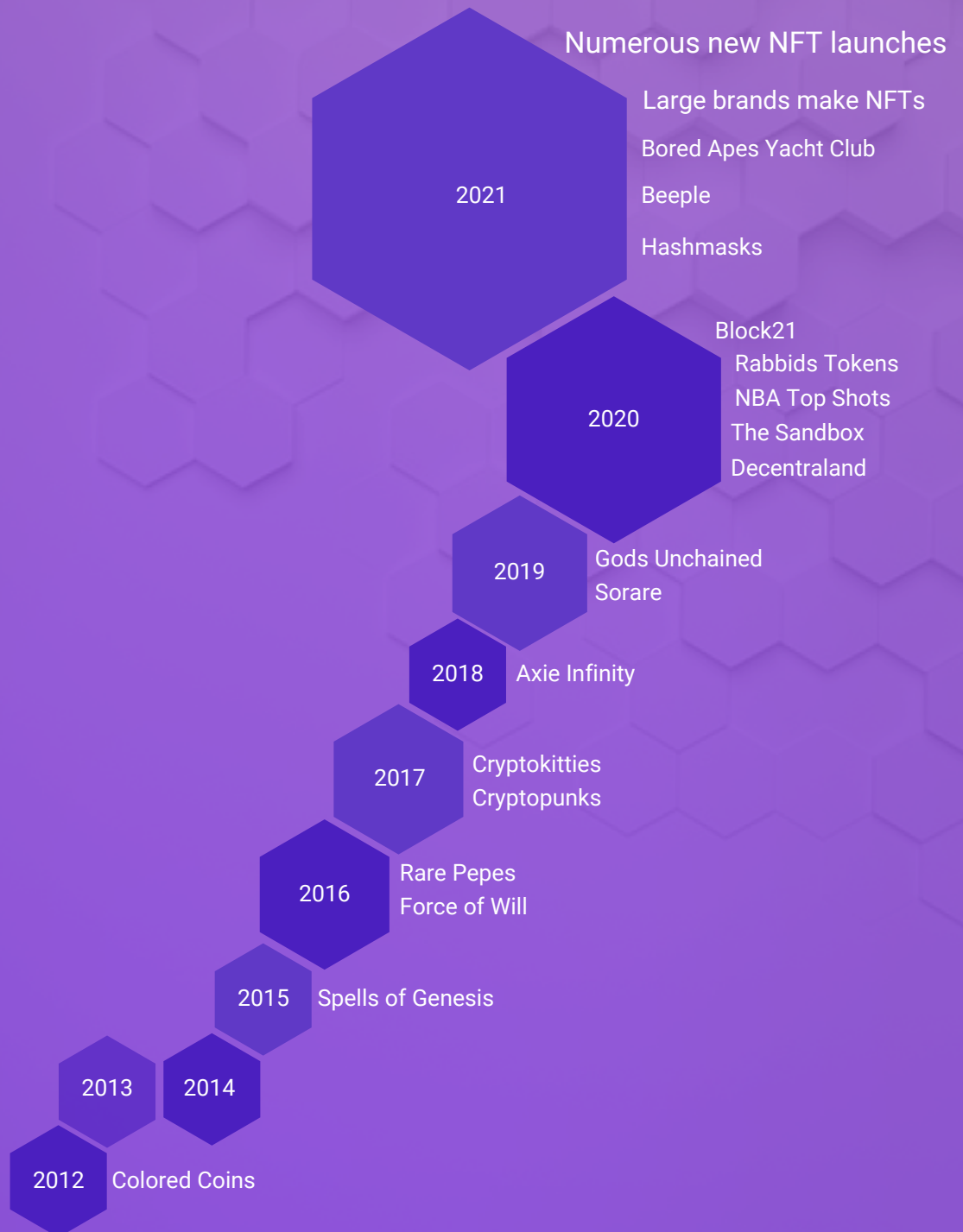
ImpactNFTs can be a catalyst towards funding social and environmental causes in a way that can be publicly monitored. Ultimately, the goal is for corporations to take an increasingly active role in investing in the protection of the natural world through various incentive and disincentive systems. ImpactNFTs will act as a means of optimising existing spend within large corporations to achieve social and environmental outcomes in new and non-traditional ways. Connecting existing areas of spend within corporations to impact causes enables a form of circular economy incentive system to be nurtured, as funding becomes more consciously applied by the corporation without having to compromise on brand presence.

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The brief history of NFTs and how ImpactNFTs evolved

The following timelines and table illustrate highlights in the evolution of NFTs, notable projects, and the growing adoption of various industries in this space.

Figure 3. The growth in NFTs and sector engagement



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The brief history of NFTs and how ImpactNFTs evolved

Table 1: Key projects in the history of the NFT ecosystem

NFT activation	Use case	Value and price indicators	Story
2012-2013 Colored Coins Blockchain: Bitcoin	<ul style="list-style-type: none"> Digital asset Store of property Coupon Access token Digital collectable Subscription Issue share of a company 	Value indicators Initial NFT technology was required as the basis for specialized: <ul style="list-style-type: none"> Blockchain networks Rapid tokenization Sub-chain networks Smart contracts and other technologies Price indicator Not applicable	Several Bitcoins were segregated from the others to add a "specialty" to the coins. An additional layer of metadata was added on top of Bitcoins to create new tokens that were different from the rest and transfer them like assets. Made of small denominations of bitcoin that could be used as a form of property or asset i.e. 10 colored coins are equivalent to 10 shares. It enabled the creation of digital assets which can represent anything in the world, from stocks, commodities, real estate, fiat or crypto currencies. Size of distribution: Not specified
April 2015 Spells of Genesis Blockchain: Counterparty	<ul style="list-style-type: none"> Card trading game In-game assets 	Value indicators <ul style="list-style-type: none"> Fantasy game entertainment Collectables Community Price indicator Average card trades for \$1.5 USD	First blockchain based mobile game ever made combining Trusted Computing Group (TCG) functionalities and point-and-shoot aspects or arcade games. Players had to collect and combine cards to create the strongest deck in order to fight their enemies. Size of distribution: Not specified
Aug 2016 Force of Will Blockchain: Counterparty	<ul style="list-style-type: none"> Card trading game 	Value indicators <ul style="list-style-type: none"> Historical relevance Fantasy game entertainment Community Price indicator Average card trades for \$100-120 USD	Force of Will was the 4th ranked card game by sales in North America; only behind Pokemon, Yu-Gi-Oh and Magic: The Gathering. This event was important because Force of Will was a large mainstream company that had no prior blockchain or cryptocurrency experience. Their entrance into the ecosystem signaled the value of putting such assets on a blockchain. Size of distribution: Not specified
Oct 2016 Rare Pepes Blockchain: Counterparty	<ul style="list-style-type: none"> Meme art Trading cards Collectables 	Value indicators <ul style="list-style-type: none"> Scarcity Rareness and uniqueness Historical marker Collectable cards Political connotations and symbolism Price indicator Initially traded for \$2k USD In 2021 a trade for \$500k USD was made.	People began to issue "rare pepes" on the Counterparty platform as assets. A rare pepe is a type of meme featuring a frog character designed by Matt Furie. The frog is practically a metonym for memes. As if being on the Bitcoin blockchain isn't enough, the Rare Pepe Meme Directory had "experts" that certified the rareness and uniqueness of the pepe memes. Known as "Rare Pepes," the tokens were minted as digital collectible cards by blockchain pioneers. Size of distribution: 300 Pepes

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The brief history of NFTs and how ImpactNFTs evolved

NFT activation	Use case	Value and price indicators	Story
<p>Jun 2017</p> <p>Cryptopunks</p> <p>Blockchain: Ethereum</p>	<ul style="list-style-type: none"> Pixel art Collectables 	<p>Value indicator</p> <ul style="list-style-type: none"> Historical marker <p>Price indicator</p> <p>Originally distributed for free</p> <p>In 2017, \$1-\$34 USD each</p> <p>In June 2021, \$11.7m USD was the most expensive sale</p>	<p>Pixel generated art. Did not follow the ERC721 (technical standard for non-fungible tokens on Ethereum which tracks ownership and movements of individual tokens on the blockchain) standard as it did not exist and are not ERC20 (Ethereum Request for Comment - best for creating unique tokens) due to limitations. They are a hybrid of ERC721 and ERC20.</p> <p>Size of distribution: 10 000</p>
<p>Oct 2017</p> <p>CryptoKitties</p> <p>Blockchain: Ethereum</p>	<ul style="list-style-type: none"> Blockchain-based virtual game Collectables 	<p>Value indicators</p> <ul style="list-style-type: none"> Rareness and uniqueness - founder or diamond kitties are worth more Previous owner / origin Scarcity Historical marker <p>Price indicator</p> <ul style="list-style-type: none"> Founder kitties range in the 15-25 Eth or \$60k-\$600k USD per kitty Diamond kitties range 3-4 Eth \$10-13k USD per kitty 	<p>Blockchain-based virtual game that allows players to adopt, raise and trade virtual cats developed by Dapper Labs. First to use ERC721 standard. Kitties are numbered according to the order in which they were born, so the low ID numbers indicate that a kitty was born early in the game. As we get more and more kitties, the kitties with only four or five digits in their number will really start to stand out. Those early IDs can't be recreated, and owning one of those kitties is like owning a little piece of CryptoKitties history. Collectors love low serial numbers, and we're already seeing those low-ID kitties selling for significantly higher prices than comparable high-ID kitties. The first 100 NFTs minted in the CryptoKitties universe, are the so-called Founder Cats. Their value changes by their ID number, and the lower that number the more value the cat has. Also, their genetics place a role in the pricing, and whether the kitten has bred or not. Virgin cats are considered more valuable.</p> <p>Size of distribution: 50 000 Gen 0 kitties 100 Founder cats 243 Diamond kitties</p>
<p>2018</p> <p>Axie Infinity</p> <p>Blockchain: Ethereum</p>	<ul style="list-style-type: none"> Blockchain-based virtual game 	<p>Value indicators</p> <ul style="list-style-type: none"> Access to game Play-to-earn Entertainment <p>Price indicator</p> <p>\$300 - \$400 USD per axie (3 axes to start \$900-\$1 200 USD)</p>	<p>NFT-based online video game developed by Sky Mavis is a trading and battling game that allows players to collect, breed, raise, battle and trade creatures known as axes which are NFTs. New players need at least 3 axes to play. Land can also be purchased in the game. The game is designed to provide a fun, accessible and educational way to learn about blockchain technology.</p> <p>Size of distribution: Not specified</p>

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The brief history of NFTs and how ImpactNFTs evolved

NFT activation	Use case	Value and price indicators	Story
<p>May 2019</p> <p>Sorare</p> <p>Blockchain: Ethereum</p>	<ul style="list-style-type: none"> Blockchain-based virtual game 	<p>Value indicators</p> <ul style="list-style-type: none"> Sports fan entertainment Scarcity Use the cards to build a team Value based on the player score <p>Price indicator Range from \$18 USD to \$110k USD per card</p>	<p>Fantasy football NFT game in which buyers can buy, sell, trade and manage a virtual team made of player cards represented as NFTs. Teams earn points by participating and winning in leagues. Each card has a player score calculated according to the player's real-life performance over the last five games, including statistics such as goals, assists and penalties. To calculate a card's score, the Player Score is multiplied by card bonuses based on captain status, season and experience points.</p> <p>Size of distribution: 100 rare cards 10 super rare cards 1 unique card</p>
<p>Nov 2019</p> <p>Gods Unchained</p> <p>Blockchain: Ethereum</p>	<ul style="list-style-type: none"> Card trading game 	<p>Value indicators</p> <ul style="list-style-type: none"> Fantasy game Game community Play-to-earn <p>Price indicator \$87bn USD in 2019</p>	<p>Gods Unchained is an online strategy trading card game based on the play-to-earn model. Its trading cards are NFTs with real-world value based on their native GODS token. On OpenSea, cards can be sold for a fixed price, auctioned or sold in bundles. It is shaking up the normal model of gaming commerce where players purchase the game along with in-game items that they will never be able to sell back by allowing players to trade digital assets. Gods Unchained mints items as NFTs on a layer 2 Ethereum network. By owning one of these cards, players own a valuable digital asset. Cards can be sold for the in-game GODS currency, which can be transferred to fiat money. The Gods Unchained project may solve a big problem in gaming; it can be quite expensive to gamers, with billions spent every year on in-game purchases. Gods Unchained gives players an opportunity to earn money and trading cards just by playing. Take's players' fiat money and converts it for a more pleasing in-game environment. The Gods Unchained in-game currency is its own actual money. Players may buy and sell their cards through the game's marketplace to build a deck that will win more matches – gaining more cards as they win.</p> <p>Size of distribution: 500 million cards</p>

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The brief history of NFTs and how ImpactNFTs evolved

NFT activation	Use case	Value and price indicators	Story
Feb 2020 Decentraland Blockchain: Ethereum	<ul style="list-style-type: none"> Blockchain-based virtual game Digital real estate 	<p>Value indicators</p> <ul style="list-style-type: none"> Virtual world life Social needs Entertainment Size, location and quality of digital land <p>Price indicator Average land sells for \$1.2k USD but some have sold for more than \$150k USD and one selling for over \$900k USD in 2021.</p>	<p>Virtual world where users can buy, develop and sell land, an NFT ERC-721 token that represents ownership of virtual land in Decentraland. Users can purchase land with MANA, a in-game fungible ERC-20 token. A decentralised virtual world. Used for gaming, content curation, advertising, digital collectables, social and increasingly training, education and professional development.</p> <p>Size of distribution: Not specified</p>
2020 The Sandbox Blockchain: Ethereum	<ul style="list-style-type: none"> Blockchain-based virtual game Digital market 	<p>Value indicators</p> <ul style="list-style-type: none"> Limited virtual land Game access Play-to-earn <p>Price indicators</p> <ul style="list-style-type: none"> 1 200 premium lands sold out in 20 minutes at \$100 USD for each in the first sale. Open auctions for two large estates sold for \$78k and \$56k. The most expensive individual estate sold for \$43k. The cheapest estate sold for \$19k. 	<p>Blockchain-based digital universe built on Ethereum. Players can create their own items, mint them as NFTs and monetize. VoxEdit allows for building 3D models and designing game items; Marketplace makes it possible to trade these items and the Game Maker interface lets users build their own games with scenarios inside Sandbox using no-code solutions such as script templates. The economy of Sandbox is based on Sand - an ERC-20 utility token.</p> <p>Size of distribution: Not specified</p>
2020 NBA Top Shots Blockchain: Flow	<ul style="list-style-type: none"> Card trading Collectables 	<p>Value indicators</p> <ul style="list-style-type: none"> Sports fan collectors and community sentiment The player - who is playing on card The moment - specific moments The serial number - earlier versions are higher value Scarcity - Supply and demand <p>Price indicator Can range from \$9 - \$390k USD, earlier releases are more valuable as they were released first.</p>	<p>NBA Top Shot is an online NFT marketplace that sells NFTs of NBA highlights and is licensed by the NBA. All NFTs, whether licensed or include underlying copyrights, retain their characteristic of theoretical uniqueness. Each shot is coded with a unique serial number so identical NBA shots become distinguishable from one another, with lower serial numbers being more valuable because the NBA releases only limited quantities of each NFT.</p> <p>Size of distribution: 1 000 of each shot 10 released a day</p>

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The brief history of NFTs and how ImpactNFTs evolved

NFT activation	Use case	Value and price indicators	Story
<p>2020</p> <p>Rabbid Tokens</p> <p>Blockchain: Ethereum</p>	<ul style="list-style-type: none"> Trading collectable/ Charity funding 	<p>Value indicators</p> <ul style="list-style-type: none"> Collectable Gaming Fundraising for UNICEF <p>Price indicator 0.05 - 0.15 Eth \$3.4k - \$4k USD</p>	<p>Ubisoft's Strategic Innovation Lab launched a blockchain collectibles game called Rabbids Tokens to raise money for the United Nations Children's Fund (UNICEF). Raving Rabbids series is quite popular and has been featured in other Ubisoft games, and also as a TV show and a feature film. Ubisoft launched Rabbids collectibles as tokens, each with unique properties, design, and value. Rabbids tokens can be traded like cards, but the caveat here is you cannot own them permanently. Rabbids can be stored in the user's blockchain wallet temporarily. Another user who wants to buy the token needs to 'grab' it from the current owner by paying in Ethers but they go to UNICEF and not to your wallet. Each time the collectible token passes onto a new owner, it will take a new visual form. Although the user doesn't get to own the token permanently, they are given a Proof of Plausible Ownership (POPO), which can be stored in the blockchain wallet.</p> <p>Size of distribution: 55</p>
<p>Oct 2020</p> <p>Block21</p> <p>Blockchain: Bitcoin</p>	<ul style="list-style-type: none"> Digital art 	<p>Value indicators</p> <ul style="list-style-type: none"> Scarcity Uniqueness Symbolism Historical marker Identity and portraiture in a newly decentralized age <p>Price indicator Sold for \$131k USD</p>	<p>NFT art piece sold by Christie's created by Ben Gentilli representing Satoshi Nakamoto's vision, "forged out of the very code that lies at the genesis of it all." The artwork holds exactly 322 048 digits of Satoshi's original Bitcoin code and the name is a reference to Bitcoin's limited supply of 21 million coins.</p> <p>Size of distribution: 1</p>
<p>Feb 2021</p> <p>Hashmasks</p> <p>Blockchain: Ethereum</p>	<ul style="list-style-type: none"> Digital art 	<p>Value indicators</p> <ul style="list-style-type: none"> Digital immortality on the blockchain Commercial right to use the image Avatar of the image Rarity of image - robots are rarer than men in the series Name changing token <p>Price indicator 0.1 Eth (\$130 USD) in Jan 2021 to values around 100 Eth (\$100k - \$650k USD).</p> <p>Median price is \$3.8k USD in Sep 2021.</p>	<p>Digital art collection created by over 70 artists globally made up of 16 384 unique digital portraits by Suum Cuique Labs. By holding the artwork the one accumulates the NCT token on a daily basis, allowing the holder to choose a name for the portrait on the blockchain. Holders can also add strokes to the art piece over time by burning the NCT tokens.</p> <p>Size of distribution: 16 384</p>

7

The brief history of NFTs and how ImpactNFTs evolved

NFT activation	Use case	Value and price indicators	Story
Mar 2021 Beeple Blockchain: Ethereum	<ul style="list-style-type: none">• Digital art	Value indicators <ul style="list-style-type: none">• Scarcity• Uniqueness• Symbolism• First purely digital piece of art offered by this auction house. Price indicator Sold for \$69m USD	"Everydays - The First 5 000 Days" - a collection of digital pictures, 1 taken everyday for 5 000 days by graphic and digital designer Mike Winkelmann. Size of distribution: 1
Apr 2021 Bored Apes Yacht Club Blockchain: Ethereum	<ul style="list-style-type: none">• Avatars• Collectables• Community club	Value indicators <ul style="list-style-type: none">• Unique features - eg. solid gold fur• Blue chip NFT - based on community owning the apes Price indicator Original price was \$3k USD \$2.25m USD at Sotheby's Auction in August 2021	A collection of NFT avatars created by Yuga Labs that act as a membership card and grants access to members-only benefits. Sold out in under 12 hours. Size of distribution: 10 000

Source: Project Ark

In 2020 and 2021, large global brands including fashion and luxury brands, sporting brands as well as financing, telco and utilities corporations began to dabble in NFTs. Branded NFTs have taken the form of digital assets and goods in the metaverse, profile pictures and avatars, and music drops and art in an effort to gain first-mover adoption, digital relevance and perceived innovation amongst stakeholders and consumers markets.^[10]

8

Evolving regulation for ImpactNFTs

NFTs are considered a new and emerging market and growing asset class on the blockchain that is being traded with limited existing legal and regulatory framework at present.

Due to current ownership qualities, NFTs are currently treated as property-type assets in the United States.^[11] NFTs have arguably grown amongst communities in markets such as Asia, South America and Africa due to their culturally diverse and creative properties. They are generally recognised under copyright and licensing laws in various countries. For example, in India, the copyright law requires the assignment of copyright to be in written form and to specify the contractual arrangement between the copyright owner and the assignee. While an NFT license defines rights and obligations of both (the owner of the NFT as well as the artist(s) / and creator(s) working on the NFTs), it is common for NFT issuers to grant to the NFT holders a non-sublicensable, non-exclusive license with limited usage rights.^[12] While various academics in Europe have argued that NFTs might not fit into current copyright rules entirely, this is the case with most cutting-edge technologies that garner significant public attention. This has resulted in the reexamination of the core doctrines of copyright law with regards to ownership, distribution, resales and collective rights management.^[3]

As with any innovation or emerging technology, the regulatory environment needs to evolve to create clear guidelines with regards to blockchain-enabled assets to ensure assets are clearly understood and legitimate as they transition from niche communities to mainstream adoption.

9

Realising the future promise of ImpactNFTs

Current market buyers are more interested in the provenance, rarity, gaming, comedic value or creative qualities of current NFTs on the market, where funds are generally raised for a selective group of creatives, technologists, companies or individuals within the ecosystem. There is no current requirement for reporting on the impact or ESG component integrated into their smart contracts.

Looking to the future, ImpactNFTs can play a critical role in expanding the engagement of corporate interest in NFTs, bridging the gap between ESG and reporting in a creative and digital way. ImpactNFTs can enable market buyers to continue to interact with NFTs for the qualities they currently value, but also allow NFTs to help address issues with regards to funding sustainable development causes and biodiversity protection. ImpactNFTs can dually act as digital certificates that will be able to potentially augment, disrupt and digitally replace renewable energy certificates as the industry develops, to be recognised, used and traded by corporate institutions as evidence of sustainable development activities and investments.

At the intersection of sustainable development and the adoption of Web 3 technologies lies the increased use case and adoption of ImpactNFTs. They act as vehicle for raising funds through digital assets and creating public recognition and certification for corporations. ImpactNFTs will be applied and activated across value and supply chains to enhance and balance the new and existing contracts organisations have with their stakeholders in a modern, transparent and engaging way.

The potential of the emerging industry of ImpactNFTs lies in how they are shaped and accepted by corporations and regulators as a public, modern and legitimate form of certification for social impact.

10

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