

# Alternatives to offsetting

## The role of climate impact funds in corporate climate engagement

POLICY BRIEF  
November 2025



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## Executive summary

As the climate crisis intensifies, companies must urgently decarbonise their value chain operations to comply with the scientific demands of the 1.5°C target established by the [Paris Agreement](#). In parallel, while prioritising their own decarbonisation trajectories, companies should also fund high-quality climate action beyond their value chains as a means of taking responsibility for their unabated emissions.

Traditionally, companies have purchased – and retired – carbon credits on the voluntary carbon market in the form of “offsetting” or “compensation” claims, whereby they often present themselves, their services or their products as being “carbon neutral”. Such claims give the misleading impression that carbon credits, usually far removed from a company’s value chain, can reliably neutralise or counterbalance the climate impact of value chain actions and have come under increased scrutiny in recent years.

The examination of such claims has revealed a need for more responsible and accurate communication from companies about climate contributions outside of their value chains. As a result, there has been a push for companies and other relevant actors to move away from the legally – and reputationally – risky compensation approach to the “beyond value chain mitigation” (BVCM) model.

In this context, “climate impact funds” – broadly defined as initiatives or platforms that channel capital towards various climate or environmental projects and organisations – have received more attention as they align well with the BVCM model.

This briefing explores the landscape of “climate impact funds” by providing an informative assessment of how a small sample of select funds operate. The purpose is to provide stakeholders with a clearer understanding of the climate impact funds landscape in order to facilitate more informed and impactful choices when it comes to beyond value chain mitigation.

Our research finds that climate impact funds support varying mitigation actions, with most funds conducting their own due diligence and encouraging companies to adopt a BVCM approach without misleading compensation claims. Where it is lacking, climate impact funds should establish independent advisory boards and provide greater clarity on the types of claims that contributing companies can, and cannot, make. Moreover,

there is a need for clearer BVCM metrics. For companies, BVCM actions should be viewed as a responsibility rather than as philanthropy.

Recommendations are presented to both climate impact funds, and companies navigating the climate impact funds landscape. These outline steps to add credibility, transparency and accountability to the BVCM model and its actors.



# Introduction

## From compensation to contribution

As the climate crisis intensifies, companies must urgently decarbonise their value chain operations to comply with the scientific demands of the 1.5°C target established by the [Paris Agreement](#). In parallel, while enacting their decarbonisation trajectories, companies should also fund high-quality climate action beyond their value chains as a means of taking responsibility for their unabated emissions.

However, companies have not always communicated responsibly about their support for mitigation beyond their value chains, often misleadingly conflating internal decarbonisation with the supposed benefits of carbon credits purchased on the voluntary carbon market. For example, the [2023 edition of the Corporate Climate Responsibility Monitor](#), a joint NewClimate Institute and Carbon Market Watch publication, found that a substantial number of companies that marketed themselves as ‘climate leaders’ had relied on “some form of offsetting” or compensation to reach their targets. It was also revealed that several companies made misleading claims in relation to their current climate impact. Such greenwashing practices are highly irresponsible, since they promote a false impression to consumers and investors that a polluting company or a product is “clean”.

In recent years, there appears to have been a shift away from the compensation model, whereby carbon credits are purchased and retired with the intention of compensating for or neutralising emissions. Among other things, this reflects the growing legal and regulatory pushback against offsetting claims. For example, the European Union recently prohibited offsetting claims for goods and services such as ‘carbon neutral milk’ or ‘climate neutral flights’ due to their inherently inaccurate and deceptive nature.

This ban will come into effect from September 2026 following an [EU revision of its consumer protection law](#), which aimed to crack down on greenwashing. Concurrently, there has been [a wave of legal and regulatory actions and decisions](#) – in the EU and beyond – that challenge the concept of offsetting and how it is used to make highly

misleading corporate climate claims that are in breach of consumer protection laws.<sup>1</sup> Compensation claims can therefore be highly risky - both legally and reputationally - for companies.

In this context, "climate impact funds," are initiatives or platforms that channel capital towards various climate or environmental projects and organisations, and have gained traction as an option for companies looking to fund climate action beyond their value chains as part of their overarching strategies supporting global net zero. Such funds therefore broadly qualify under the 'beyond value chain mitigation' (BVCM) or 'contribution' model, which stands in contrast to the offsetting model. Recently, some actors in this space have reframed BVCM as "[taking responsibility for ongoing emissions](#)".

In this briefing, we provide an overview of climate impact funds as a concept and analyse how selected funds operate (e.g. which types of mitigation they fund). The briefing aims to help stakeholders better understand the climate impact funds landscape in order to facilitate informed and impactful choices when it comes to beyond value chain mitigation. This publication is not intended to serve as a critical assessment of climate impact funds or their wider credibility, but rather to assess how they operate against a set of broad criteria.

To gather information, we conducted desk research and held informal interviews in an attempt to ensure, to the best of our ability, that the details provided are accurate and up to date.

## **No universally accepted definition**

Climate impact funds can be considered as a relatively new concept (within the context of outside value-chain climate action) and are not universally defined. Each fund tends to be structured differently and the majority of funds reviewed in this paper represent a diverse portfolio of initiatives spanning everything from environmental, climate, and human rights advocacy activities to conservation efforts and carbon dioxide removal (CDR). A company might choose to support a particular fund based on the initiatives it

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<sup>1</sup> See also: [Breaking: Court judgment in first Dutch greenwashing class action - marketing claims KLM are considered to be misleading | Loyens & Loeff](#); [Swedish court bans Arla's net-zero advertising claim](#); [Deutsche Umwelthilfe siegt vor Gericht: HelloFresh darf sich nicht mehr „klimaneutral“ nennen - Deutsche Umwelthilfe e.V.](#); [German court bans Lufthansa's alleged 'greenwashing' ads. Marketing & Advertising News. ET BrandEquity](#); [Coordinated EU consumer regulatory action is pending regarding offsetting claims. Press corner | European Commission](#); [Settlements and regulatory rulings also relate to the Australian Consumer Law and Corporations Act, and the requirements governing listed company reporting. EnergyAustralia apologises over claims of 'greenwashing' with Go Neutral products - ABC News](#); [AFM annual report 2022: a call to keep an eye on the long term](#); [RFP 763 ASIC's recent greenwashing interventions | ASIC](#).

includes in its portfolios and other factors that are important to that particular company (e.g. biodiversity).

Given that certain funds include projects that address broader environmental issues rather than only those that are climate-related, these may be more accurately referred to as “environmental impact funds”. In addition, our research notes that “impact funds” actually operate more like “impact platforms” that include different fund types (e.g. Milkywire). For the purposes of this publication, however, we will nonetheless use the term “climate impact funds” since this is the umbrella label that is frequently applied in this context.

## Overview of the beyond value chain mitigation (BVCM) model

A contributions based approach to impactful ‘beyond value chain mitigation’ climate actions allow companies to take responsibility for the emissions that they have not yet reduced while on their decarbonisation pathways, without relying on an inherently problematic [‘offsetting’](#) or [‘neutrality’](#) model.

Offsetting is closely tied with the [voluntary carbon market](#) where each carbon credit is designed to represent the avoidance, reduction or removal of one tonne of CO<sub>2</sub> equivalent (following a ‘tonne-for-tonne’ offsetting model). The fundamental problem with the tonne-for-tonne offsetting approach is that one credit cannot be proven to reliably counterbalance one tonne of CO<sub>2</sub> on climate-relevant timeframes, and in most cases has no physical link to the buyer’s value chain operations. Therefore it is incorrect to identify such transactions as equivalent to [real emission reductions](#). Serious credit quality concerns are the benchmark of most VCM credits, including [overestimated baselines \(overcrediting\)](#), lack of permanence and additionality, and inadequate social safeguards, amongst others. In fact, an in-depth [peer-reviewed study](#) concluded that upwards of 80% of carbon credits generated across more than 2,000 projects - representing 812 million carbon credits - are likely to carry a significantly lower climate impact than claimed.

The Science Based Targets Initiative (SBTi) also concluded in its [2024 synthesis report](#) on carbon credits that “the empirical and observational evidence [...] with less risk of bias or irrelevance[,] suggests that various types of carbon credits are ineffective in delivering their intended mitigation outcomes[...]”. Therefore, “the evidence submitted to the SBTi generally suggests that there could be clear risks to corporate use of carbon

credits for the purpose of offsetting. This includes potential unintended effects of hindering the net-zero transformation and/or reducing climate finance.”

Alternatives to the tonne-for-tonne offsetting approach exist under the BVCM model, including the [‘money-for-tonne’ and ‘money-for-money’ approaches](#). Under a ‘money-for-tonne’ approach, a company may apply an internal carbon price to its ongoing emissions (e.g. the social cost of carbon) and the resulting capital is directed toward BVCM initiatives selected by the company. Under a money-for-money approach, a company may allocate a certain percentage of its profits or revenues to BVCM initiatives.

In order to illustrate the (high level) difference between the offsetting and BVCM models, take the following examples:

### ● Neutralisation model

Company A purchases carbon credits on the voluntary carbon market (VCM) and uses them to compensate for, neutralise or cancel out an equivalent quantity of emissions it generates. Company A then claims that its climate impact (i.e. its operational emissions) has been compensated through its purchase of these credits, whether directly through a consumer-facing advertisement (e.g. carbon-neutral product) or indirectly through presentation of reduced in-house emissions in a corporate climate target or related sustainability reports.

### ● BVCM model

Company B also purchases carbon credits on the VCM but it does *not* advertise or claim that these credits have cancelled out its climate impact. Further, Company B does not call its products or services carbon-neutral or misleadingly convey in corporate sustainability reporting that its in-house emissions are lower. Instead, Company B might advertise that its support of a carbon crediting project helps contribute to ‘global climate action’ or ‘conservation of a threatened forest’. Even though the supported carbon crediting project may be identical, the end use of these credits is different.

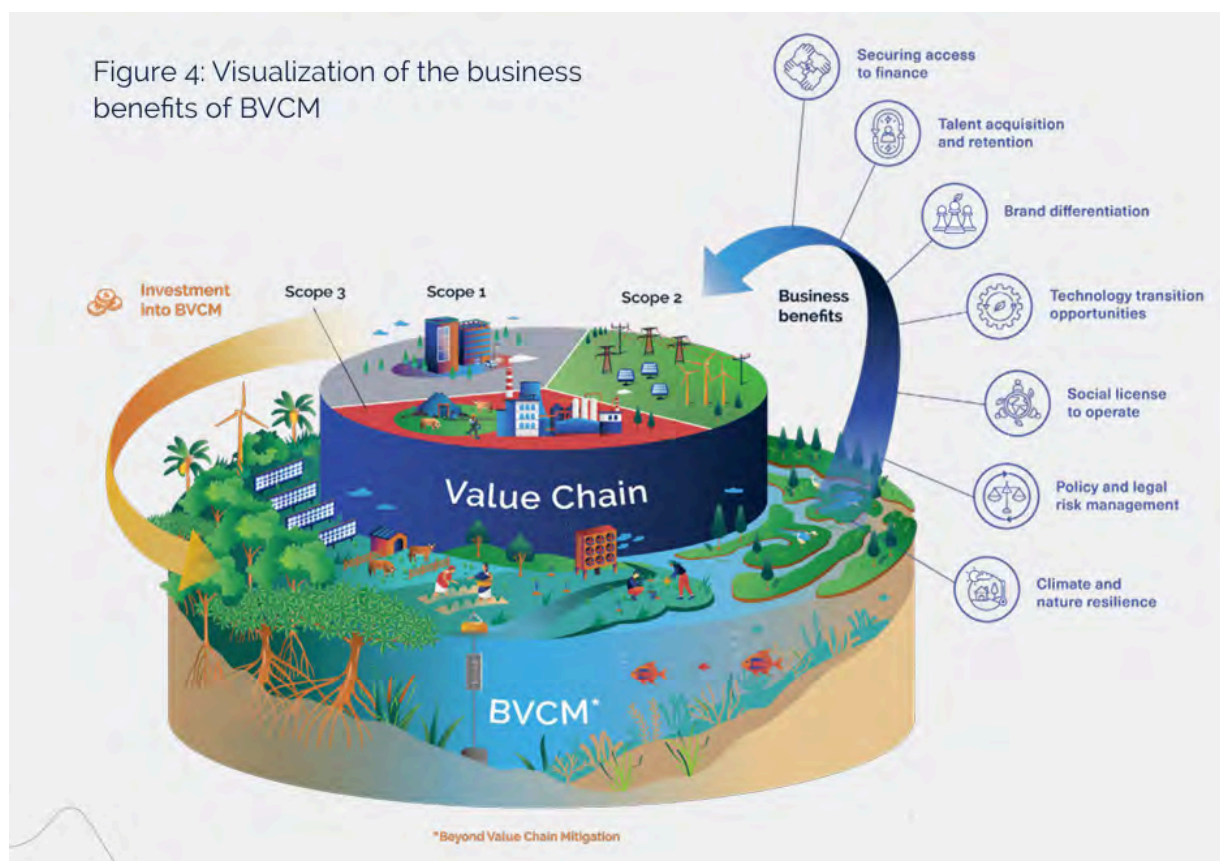
Instead of directly purchasing carbon credits itself, Company B might alternatively decide to contribute to a climate impact fund with a diverse portfolio. Under the BVCM approach, Company B could thus claim that it has contributed to a particular climate or environmental initiative, without purporting to have neutralised the impact of its

ongoing emissions. The role that climate impact funds can play within the BVCM model is discussed in more detail below.

### ● Business case for BVCM

There is a compelling business case for the BVCM model that companies and market actors should consider. First and foremost, corporate offsetting claims are subject to increasing legal and regulatory scrutiny making them both legally and reputationally risky (as discussed in the preceding sections). Corporate BVCM claims, on the other hand, enable more accurate communication about corporate climate action outside the value chain.

BVCM [corporate climate communications](#) may also benefit from increased brand differentiation connected to climate leadership. Multiple [consumer surveys](#) have confirmed that the perceived sustainability of a company influences purchasing decisions, conferring a potential competitive advantage. However, if and when consumers discover that companies have strayed into greenwashing territory, which is a large risk with offsetting claims, this can [erode consumer trust](#). Other potential business benefits for a BVCM approach are illustrated in the following SBTi graphic and related [report](#).



## Key steps for implementing the BVCM model

There are different ways to implement the BVCM model but stakeholders agree on several [shared steps](#). While prioritising its own decarbonisation in line with a science-based 1.5°C trajectory, a company should do the following (Steps 3 and 4 in particular are where climate impact funds can play a role):

1. Calculate and disclose its GHG footprint, including scope 1, 2 and 3 emissions;
2. Determine a budget to be allocated to beyond value chain climate action (e.g. through an internal carbon price, a share of revenues, etc.);
3. Undertake due diligence to decide on a beyond value chain climate portfolio that will direct finance to the most impactful climate initiatives;
4. Finance the identified initiatives;
5. Publicly communicate about each of the first 4 steps, clearly separating beyond value chain funding from internal decarbonisation efforts.

### ● Philanthropy or responsibility?

Should investment in beyond value chain mitigation be considered as a philanthropic activity undertaken by a 'generous' company to demonstrate its goodwill towards the planet, or as a duty in line with a company's corporate climate responsibility strategy?

Even if a company is prioritising its own decarbonisation in line with a science-based 1.5°C pathway, it will continue to generate emissions for several, if not many, years. This does not absolve the company of responsibility. On the contrary, as long as a company is generating emissions that harm the planet, it has an obligation to take action. While a company must always prioritise decarbonisation of its own value chain as an absolute priority, it should then determine a budget to allocate to BVCM, for example, via a money-for-tonne or a money-for-money approach, as detailed in the preceding section.

Provided that there are sufficient funds allocated for current and future decarbonisation efforts (including investments into research and development, and adoption of new methods to abate tomorrow what might be considered unabatable today), BVCM should not be dismissed as optional goodwill. Instead, such action should represent a meaningful option for companies to take some responsibility for the ongoing damage to the climate caused by their operations and must therefore be considered a [legitimate function of corporate climate responsibility](#).

## • The role of climate impact funds in BVCM corporate climate action and communication

Credible climate impact funds can be a way for companies to support BVCM. In this context, it is useful to discuss the [potential advantages and disadvantages of this action](#).

### ADVANTAGES

Climate impact funds tend to involve diversified portfolios that include a range of different project types. Such a multiform approach can be attractive for a company to avoid ‘putting all its eggs in one basket,’ as would be the case if it only purchased carbon credits generated from either a single project or project developer on the voluntary carbon market, which often happens when companies pursue a tonne-for-tonne approach that aims to secure a high volume of credits at the lowest cost. The ability to contribute to a wide range of climate or environmental initiatives can also be attractive to companies that seek to align their BVCM support more precisely with their sustainability goals, brand positioning and risk tolerance. This flexibility allows companies to balance their contributions against both internal priorities and evolving stakeholder expectations.

Climate impact funds may also be better suited for funding transformative mitigation because they do not always focus as strictly on emissions quantification and are willing to select [higher cost or potentially high-barrier/high-reward activities](#). These kinds of projects are often underfunded, yet remain a crucial component of climate action, which plays a role in efforts to avoid irreversible tipping points and make systemic changes that are essential for global net zero. For example, Milkywire supports [Human Rights Watch’s advocacy](#) on the phase out of coal power plants, which if successful would be a hugely impactful measure towards mitigating emissions, but which might otherwise encounter barriers for funding if driven by achieving strict emissions quantification metrics.

Furthermore, there are several advantages that arise from the fact that conceptually, impact funds by and large follow the BVCM model. For example, the risk of greenwashing may be reduced since companies have an opportunity to more accurately communicate about a broader range of impacts, rather than focus solely on claims tied to GHG reductions measured in tonnes of CO<sub>2</sub>e that falsely equate use of carbon credits with real emission reductions.

Since impact funds, in general, do not offer offsetting or equivalent services or certificates, there is no ‘easy’ offsetting route like is often promoted by traditional

voluntary carbon market actors. This can therefore push companies to pursue deeper engagement with the initiatives supported by the funds to craft a more accurate narrative about their contributions. In addition, as noted in the preceding section, companies that [communicate climate action transparently](#), without misleading consumers, may benefit from brand differentiation resulting from perceived climate leadership.

## POTENTIAL DISADVANTAGES

Climate impact funds do not always apply clear methodologies or precise metrics to assess the impact of BVCM projects. This in turn can lead to different approaches regarding data collection, quantification, monitoring and oversight, and may present an obstacle for companies since they may prefer clearer, more precise and/or quantifiable impact metrics to justify their financial contributions and to be reassured of the overall integrity of their chosen initiatives. Certain emerging frameworks aim to fill that gap such as the [method for measuring the carbon impact of a reforestation project](#) developed by the civil society organisation Planète Urgence, which adapts metrics and approaches used in carbon crediting methodologies (reference scenario, additionality tests, monitoring), but neither generates carbon credits nor allows companies supporting the framework to make any claim of ownership over the underlying mitigation.

Another potential disadvantage is that claims resulting from impact fund contributions could be considered less 'precise' than claims relating to compensation claims.<sup>2</sup> Communicating about companies' support for climate initiatives via impact funds requires nuance since it is more complex than a simple and direct (albeit highly misleading) "carbon neutral" message. In addition, uniform guidance and rules on the specific wording of BVCM claims is lacking in general.<sup>3</sup> Although claims related to impact fund contributions require companies to prepare more refined and careful communications, it can also present opportunities to highlight customer facing narratives aligned to their business priorities – thereby increasing brand differentiation which may benefit the company vis-a-vis its customers – and to reduce legal risks associated with traditional offsetting claims.

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<sup>2</sup> Compensation claims include, but are not limited to, "carbon" or "climate" neutral, "climate compensated", and "climate positive".

<sup>3</sup> Though this may be addressed with the upcoming final revision of SBT's Corporate Net-Zero Standard V2.0. The [draft](#) for the second public consultation, published in November 2025, includes a section on "taking responsibility for ongoing emissions" (i.e. BVCM).



# Overview of selected climate impact funds

## Comparative overview of climate impact funds

### Key considerations and analysis

We have selected a sample of initiatives that we broadly consider to fall under the umbrella of climate impact funds, which include: 1% for the Planet, Frontier, Landscape Resilience Fund, Milkywire, Murmur, Pinwheel and the UEFA Climate Fund. Most of the funds are aimed at companies that are looking for ways to fund initiatives beyond their value chains. The objective of our assessment is to offer an overview of different types of climate impact funds, examining their similarities and differences. We do not draw conclusions on which funds are more impactful than others.

To gather information about the funds, we conducted desk research and held informal interviews in an attempt to ensure, to the best of our ability, that the details provided are accurate and up to date. We exchanged with all of the climate impact funds covered in this report, with the exception of Murmur, where we were unable to speak to a representative despite several outreach attempts.

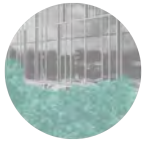
This approach sought to address the following questions:

1. How is the fund structured?
2. Does the fund offer 'funding' or 'financing' (defined as an investment return for the financier)?
3. What type of mitigation activities are being funded?
4. Does the fund support carbon crediting projects?
5. Does the fund promote offsetting or strictly adhere to the BVCM model?
6. Does the fund seek a quantified impact? If not, what kind of metric(s) are used to assess impact and whether projects are of high integrity?
7. Does the fund give guidance to companies about what kinds of claims they can make (i.e. what companies can say for supporting the fund)?
8. Is the fund privately or publicly funded, or a mix of both?

The below table profiles and summarises the main findings regarding each of the climate impact funds, and the following section discusses the details in full.

Climate Impact Fund	Structure	Funding or financing?	Mitigation activities	Support for carbon crediting projects?	Promotion of offsetting or strict adherence to BVCM model?	Quantified metric and/or other metric?	Guidance to companies about what kinds of claims they can make?	Privately or publicly funded (or a mix)?
<b>1% for the Planet initiative</b>	Membership pledges (1% of revenues) or pooled contributions (Planet Impact Fund) from companies to support environmental partners.	Funding.	A range of activities via partner organisations, e.g. conservation and restoration, sustainable livelihoods.	Yes, some.	Provide indirect guidance on offsetting, but not on BVCM model.	Other metrics to vet supported partners, e.g. 3 <sup>rd</sup> budget alignment, non-profit.	General guidance on marketing language and logo use.	Privately funded.
<b>Frontier</b>	Advance-purchase commitments from companies for carbon removals.	Financing by facilitating pre-purchase agreements and offtake contracts.	Durable carbon dioxide removals.	Yes, indirectly.	Offsetting is neither excluded nor discouraged.	Yes, CO <sub>2</sub> metrics and other MRV criteria (e.g. durability, additionality).	No explicit guidance..	Privately funded.
<b>Landscape Resilience Fund</b>	Loans and technical assistance, e.g. to SMEs.	Financing tool (repaid loans are reinvested in SMEs).	Sustainable land management practices and adaptation.	No, carbon crediting projects are not supported.	Offsetting is not promoted.	Impact metrics are tied to SME performance and landscape outcomes.	Not specified.	Blended finance approach: public, private and philanthropic
<b>Milkywire</b>	Climate Transformation Fund and other funds (nature, forests & landscapes, oceans, wildlife), plus CDR purchase programme.	Funding model for funds. Financing model for CDR purchase programme	Durable carbon dioxide removals; nature restoration; forest conservation, and more.	Yes, in some funds. CDR purchase programme will deliver carbon credits to companies.	Funds do not promote offsetting and support the BVCM model.  For CDR purchase programme, it's unclear.	Project-dependent, e.g. CO <sub>2</sub> metrics for CDR, legal boundaries for forest management.	Co-authored the guidance paper " <a href="#">Funding Beyond Value Chain Mitigation</a> " with Gold Standard and Murmur. Refers companies to this resource.	Privately funded.
<b>Murmur<sup>4</sup></b>	A fund partnering with music and visual arts sector organisations.	Capital is obtained by applying a carbon price to unabated emissions.	E.g. training programmes to communicate about climate change; climate projects.	Remains unclear.	Info unavailable but unlikely Murmur promotes offsetting given its BVCM guidance.	Unclear which metrics are used.	Co-authored the guidance paper " <a href="#">Funding Beyond Value Chain Mitigation</a> " with Gold Standard and Milkywire.	Privately funded.
<b>Pinwheel</b>	Platform that directs contributions from companies into environmental and climate projects.	Funding.	Durable carbon dioxide removals; biodiversity; circular economy (e.g. tackling e-waste collection, etc.).	Yes, some.	Offsetting is not promoted. Pinwheel is a proponent of the BVCM model.	For carbon crediting projects, VCM metrics; for other projects, relevant KPIs.	Proponent of BVCM and advises clients to avoid offsetting claims.	Privately funded.
<b>UEFA Climate Fund</b>	An event fund for EURO 2024 to address "unavoidable" emissions.	Funding.	Related to the operations and infrastructure of German amateur football teams.	No.	Offsetting is not promoted. Promotion of BVCM model.	Quantified metrics do not appear to be detailed.	Not applicable.	Privately funded solely by UEFA.

<sup>4</sup> There is limited information available on Murmur's website and we were unable to speak to a representative despite several outreach attempts.



# Climate Impact Funds

## 1% for the Planet

### How is 1% for the Planet structured?

The '1% for the Planet' initiative is an organisation founded in 2002 that includes a broad range of organisations in its network of 'environmental partners'. As such, it does not label itself as a "climate impact fund" because its environmental partners focus on a range of issues, beyond those solely focused on climate. This organisation consists of two different funding models:

- **1% for the Planet membership model:** When 1% for the Planet was founded in 2002, it was solely based on this original funding model, which is membership based. This model is directed at companies of all sizes – from sole-proprietors to large corporations – and the structure includes three main elements:
  - i. **Commit & Give:** Companies join as members by committing to donate 1% of revenues to approved environmental partners of their choice amongst the organisation's network. Members pay an annual membership fee, which counts towards their 1% commitment. The 1% for the Planet network of environmental partners primarily consists of environmental organisations, though select programmes are also included, and all participants are vetted. An example of this is an organisation whose focus is supporting veterans that runs a specific environmentally-related initiative.

All new environmental partners must be recommended by an active member. Once recommended, the organisation must undergo an assessment process to confirm its eligibility.

Companies contribute directly to these environmental partners; 1% for the Planet is not involved in payment processing and positions itself – within this specific model – as a "connector", "third-party certifier" or "amplifier" rather than as a grantor. Members contribute directly to the vetted environmental partner(s) of their choice and send proof of payment to 1% for the Planet, which verifies that contributions have been made. In other words, 1% for the Planet provides guidance and support throughout the contribution process and seeks to ensure member accountability while offering credible third-party certification.

A 1% commitment does not have to be purely monetary. At least half of the 1% commitment must be monetary, while there is a "flexible giving" option for the other half. For example, a company can fulfil a portion of its commitment via non-monetary contributions such as employee volunteer hours where employees from the member company performs environmental work for a particular environmental partner, e.g. "beach or trail cleanups, tree planting, board service or any other work with an in-network

environmental partner”. This volunteer service is “valued at a set rate of \$29.95 USD per hour per employee”. Member companies can also make “in-kind product or service donations” under the flexible giving option.

- ii. Certify: Members must submit annual proof of revenue and contribution receipts each year to maintain their 1% certification.
  - iii. Amplify: Members are encouraged to leverage the ‘1% for the Planet logo’ and network to communicate their environmental commitments.
- **Planet Impact Fund model:** This is a separate funding model that was founded in 2022, in partnership with the National Philanthropic Trust and CapShift. It was created in order to expand environmental impact and enable participation by a broader range of contributors, as it does not require a 1% commitment. Companies, individuals and other institutions are all invited to contribute, with the exception of: (1) individuals on the staff or board of investee companies; and (2) environmental partner grantees who are funded through the Planet Impact Fund.

Under this model, companies and individuals can choose the amount they contribute depending on the method in which they contribute. For example, there is no minimum amount for contributions made via credit cards. For contributions through check or wire, a minimum of \$5,000 is required. Companies that contribute under this model, therefore, are not required to make a 1% commitment as they would under the previous model. While the 1% for the Planet membership model encourages its members to communicate publicly – or advertise – about their commitments, the same kind of encouragement is not present for businesses who contribute under the Planet Impact Fund model. However, businesses that only contribute to the Planet Impact Fund, for example, are still welcome to communicate about their support. Those contributing to the Planet Impact Fund are expected to receive impact reports on an annual basis.

The fund pools contributions into a portfolio that supports both environmental grants and impact investments. Approximately 10% of the fund’s assets are disbursed annually as grants to vetted environmental NGOs (selected from 1% for the Planet’s network of environmental partner organisations), while the remaining capital is invested in environmentally-focused projects, with any returns reinvested into further environmental initiatives. 1% for the Planet states that the Planet Impact Fund’s “investment strategy is fully aligned with [its] grantmaking strategy” and it “invest[s] in companies developing innovative solutions to combat climate change, protect resources and drive environmental stewardship, while screening out companies that have heightened exposure to climate-related risks or fossil fuels.”. The Planet Impact Fund investment portfolio also prioritises engagement with businesses in order to “drive more environmentally responsible business practices, with a particular focus on greenhouse gas emission reduction.”.

## **Does the fund offer ‘funding’ or ‘financing’ (defined as an investment return for the financier)?**

Contributors to 1% for the Planet, whether via the original membership model or the Planet Impact Fund, do not receive loans or any financial return that benefits the contributor.

## What type of mitigation activities are being funded?

1% for the Planet supports a wide range of environmental and climate organisations and programmes through its environmental partners. These are supported via both the 1% for the Planet model and the Planet Impact Fund. 1% for the Planet's vetted environmental partners are categorised into four impact areas:

- 'Rights to nature' which includes nature access, community conservation, renewable energy, land and water rights;
- 'Conservation and restoration' which includes freshwater ecosystems, biodiversity, marine ecosystems, terrestrial ecosystems;
- 'Just economies' which includes food systems, decarbonisation, responsible consumption and production, sustainable livelihoods;
- 'Resilient communities' which includes sustainable cities, environmental education, toxics and pollution, climate adaptation.

While approximately 10% of the Planet Impact Fund model's assets support environmental partner organisations, the remaining supports environmental projects, varying from renewable energy installations, energy efficiency projects and sustainable infrastructure to nature-based solutions to limit climate change and biodiversity loss.

## Does the fund support carbon crediting projects?

Some in-network environmental partners, such as COTAP (Carbon Offsets To Alleviate Poverty), support projects that generate carbon credits via afforestation and reforestation. These are primarily small-scale and community-based.

## Does the fund promote offsetting or strictly adhere to the BVCM model?

1% for the Planet initiative includes organisations that generate carbon credits (e.g. COTAP). Overall, the interventions supported by 1% for the Planet initiative typically focus on those outside of a contributing companies' value chain. 1% for the Planet initiative does not prominently promote offsetting, and recognises certain drawbacks, but does not strongly dissuade companies from offsetting either. For example, 1% for the Planet states:

*"Eligible offsets must be purchased through approved environmental partners, and must be verified, high-quality offsets according to a limited set of standards, including: American Carbon Registry, Gold Standard, Clean Development Mechanism, and Climate Action Reserve.*

*1% for the Planet initiative recommends offset purchasers to research the benefits and critiques of carbon offsetting, including the history and likelihood for them to create environmental injustices for Indigenous Peoples, and to choose offset solutions that explicitly and transparently address the public health and human rights impacts caused by many carbon offset projects.*

*1% for the Planet initiative also recommends following a “mitigation hierarchy,” meaning to prioritize all possible carbon emission avoidance or reduction before resorting to certified offsets for any unavoidable emissions. More expert guidance can be found within the SBTi Net-Zero Standard”.*

This indicates some alignment with traditional offsetting, albeit with caveats, rather than strict adherence to the contribution model (BVCM) which it does not appear to promote.

## **Does the fund seek a quantified impact? If not, what kind of metric(s) are used to assess impact and whether projects are of high integrity?**

Impact measurement is not generally based on a standardised or quantified metric. More specifically, 1% for the Planet does not appear to use carbon quantification (for climate-related projects) nor systematically apply project-specific impact metrics. Instead, 1% for the Planet relies on a vetting process for its environmental partners that includes:

- Proof of nonprofit or equivalent status;
- Organisational structure, mission alignment, and operational geography;
- At least two-thirds of the programme budget aligned with impact areas;
- Financial integrity and anti-greenwashing screening.

If an in-network environmental partner meets these criteria, they are encouraged to complete an optional impact questionnaire. This tool informs the scope of the work and impact of an organisation to help 1% of the Planet identify, connect and promote environmental partners in the network. An “environmental partners team” was recently established with the goal of reviewing existing partners to ensure they are meeting expected standards. This effort appears to reflect a broader push to increase oversight and accountability within the environmental partners network. It is unclear how stringent or effective this review process is, as limited information is available about the criteria used or the outcomes of these evaluations.

## **Does the fund give guidance to companies about claims they can make (i.e. what companies can say for supporting the fund)?**

1% for the Planet provides some guidance on recommended ‘boilerplate’ marketing language and ‘talking points’ companies can use in their communications related to 1% for the Planet contributions. Members usually, however, simply use the ‘1% for the Planet; logo’ in their advertising. There is more detailed guidance on credible logo use. If a member wants to run a more detailed advertisement, 1% for the Planet requests to review the language. According to 1% for the Planet, member advertising rules and collaborations are only detailed within membership resource documents and cannot be found on its website.

## **Is the fund privately or publicly funded, or a mix of both?**

1% for the Planet is entirely privately funded. Contributions can come from businesses and individuals.

## Frontier\_

### How is Frontier structured?

Frontier was founded in 2022 and is distinct from other reviewed funds since it is an advance market commitment to purchase \$925 million worth of permanent carbon removals between 2022 and 2030. It has been included in this review since it fulfills similar functions: companies voluntarily invest money together in a fund in order to scale up mitigation, which, unlike most of the other reviewed funds, may be used towards buyers' mitigation targets (see response to question 5 below for further info). Frontier notes that an advanced market commitment results in payment only after contract deliverables are met, which is meant to encourage greater involvement and innovation by fundees towards enacting mitigation, and which differs from traditional up-front grants. Founded by Stripe, Alphabet, Shopify, Meta, and McKinsey, capital is pooled by Frontier from companies that commit annual budgets for carbon removal. Suppliers apply via request for offtake proposals (RFPs) and receive payments upon verified carbon removal.

### Does the fund offer 'funding' or 'financing' (defined as an investment return for the financier)?

Frontier provides financing by facilitating pre-purchase agreements and offtake contracts between carbon removal suppliers and buying companies. Frontier itself facilitates the purchase of CDR on behalf of buyers, but indicates that at this time it will not make or facilitate any equity investments.

### What type of mitigation activities are being funded?

Frontier only focuses on durable carbon removals, split across the following categories:

- Direct Air Capture (DAC)
- Biomass carbon removal and storage
- Enhanced weathering and mineralisation
- Marine carbon removal

### Does the fund support carbon crediting projects?

Yes, indirectly. Many, if not most, of the CDR suppliers in Frontier's portfolio may not currently follow a carbon crediting methodology from one of the main voluntary carbon market standards, but many will ultimately sell tonnes of CDR to corporate buyers. Some of these CDR suppliers may ultimately certify CDR outcomes based on their own methodologies and procedures, rather than through traditional voluntary carbon market methodologies and stakeholders. In any case, even if Frontier is not supporting traditional existing carbon crediting projects and actors, the aim of the advance market commitment is to deliver certified tonnes of CDR and this therefore is support for carbon crediting projects.

## Does the fund promote offsetting or strictly adhere to the BVCM model?

Frontier applies a neutral position on this matter. Frontier focuses on facilitating the scale-up of durable removal technologies by delivering tonnes of CDR to corporate buyers, but it neither explicitly endorses nor rejects offsetting. Buyers will receive credits, but offsetting with removals is not ruled out. The absence of clear guidance from Frontier on corporate claims suggests alignment with offsetting in practice, which is problematic given the credibility concerns associated with the offsetting model. Frontier has indicated that they believe questions around offsetting and corporate claims should be addressed by policymakers and governments.

The founders of Frontier do not make explicit if and how the credits generated by the supported removals projects will be used by buyers. Offsetting emissions with removals does not seem to be ruled out.

## Does the fund seek a quantified impact? If not, what kind of metric(s) are used to assess impact and whether projects are of high integrity?

Yes. Frontier indicates it requires rigorous monitoring, reporting, and verification (MRV) from third-party validators as well as compliance with the aforementioned criteria since it is focused on delivering quantified tonnes of CDR to corporate buyers<sup>5</sup>. Frontier uses a combination of internal and external scientific technical advisors to appraise suppliers and its contracts include terms for quality, permanence, and third-party validation.

Frontier indicates that it applies the following criteria to vet its CDR suppliers:

- “Durability: Stores carbon permanently (>1,000 years);
- Physical footprint: Takes advantage of carbon sinks and sources that do not compete for arable land;
- Cost: Demonstrates a path to being affordable at scale (<\$100 per tonne);
- Capacity: Presents a route to being meaningful part of the carbon removal solution portfolio (>0.5 gigatonnes per year);
- Net negativity : Maximises net removal of atmospheric carbon dioxide;
- Additionality: Results in net new carbon removed, rather than taking credit for removal that was already going to occur;
- Verifiability: Has a path to using scientifically rigorous and transparent monitoring and verification methods;
- Safety and legality: Is working towards the highest standards of safety, compliance and local environmental outcomes; actively mitigates risks and negative environmental and other externalities on an ongoing basis.

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<sup>5</sup> Details on third-party validators can be found [here](#). Frontier’s contracts are all posted on github to increase transparency and the details in some of the contracts show the third party requirement. For example, there is an [explainer](#) for "prepurchase" track, that states independent assessments of reported data for MRV are required. In addition, a list for technical reviewers can be found [here](#).

## **Does Frontier give guidance to companies about what kinds of claims they can make (i.e. what companies can say for supporting the fund)?**

There is no explicit guidance on what kinds of claims its buyers can make.

## **Is Frontier privately funded, publicly funded or a mix of both?**

Frontier is privately funded.

## **Landscape Resilience Fund (LRF)**

### **How is LRF structured?**

The Landscape Resilience Fund (LRF) was established in 2021 and is an independent Swiss foundation co-developed by [South Pole and WWF](#). It operates a blended finance model combining public, philanthropic and private funding sources. The fund provides loans and technical assistance to SMEs focused on climate-resilient agriculture and also supports landscape-level governance and supply chain improvements in the Global South, particularly in Least Developed Countries (LDCs). The LRF does not define itself as a climate impact fund and operates rather differently from the other funds covered in this report.

### **Does the fund offer ‘funding’ or ‘financing’ (defined as an investment return for the financier)?**

The fund primarily provides financing and technical assistance to SMEs in the form of loans. The mechanism is designed to be a self-sustaining financing tool so that once primary loans are repaid, they are reinvested in other SMEs.

### **What type of mitigation activities are being funded?**

The LRF's primary emphasis is on climate adaptation in rural landscapes, but also seeks to deliver other co-benefits which can deliver on mitigation, such as promoting sustainable land management practices including agroforestry initiatives and community efforts to generate income from [non-timber forest products](#).

The fund is built on three pillars:

- Strengthening an integrated landscape approach;
- Delivering technical assistance for small and medium-sized enterprises (SMEs) towards investment readiness;
- Providing concessional loans to SMEs.

More precisely, the fund covers two main workstreams, that overlap and mutually support each other:

- Providing loans and technical assistance to SMEs that increase climate resilience for smallholders;
- Funding for landscape-level activities to improve governance and strengthen supply chains.

## Does the fund support carbon crediting projects?

Carbon crediting projects are not supported.

## Does the fund promote offsetting or strictly adhere to the BVCM model?

Offsetting is not promoted. The fund focuses on resilience and adaptation rather than carbon credits.

## Does the fund seek a quantified impact? If not, what kind of metric(s) are used to assess impact and whether projects are of high integrity?

Impact metrics are tied to SME performance and landscape outcomes such as improvements in farming practices, community resilience, and governance indicators. In detail, the fund's Resilience and Impact Framework (RIF) presents three levels of KPIs:

- **Five primary fund-level KPIs, collected for all SMEs and aggregated at fund level:**
  - a. Number of beneficiaries;
  - b. Area under sustainable land management;
  - c. Area under conservation;
  - d. Carbon sequestered, stored or reduced;
  - e. Additional finance mobilised;
- **Additional SME-specific indicators, such as:**
  - a. Percentage of smallholder farmers with crop diversification;
  - b. Percentage increase in the number of farmers using soil conservation practices;
  - c. Area under agroforestry;
  - d. Number of smallholder farmers trained on climate-resilient practices;
- **Landscape-specific indicators**, consisting of monitoring of landscape activities and understanding environmental and social risks/ trends.

## Does the fund give guidance to companies about what kinds of claims they can make (i.e. what companies can say for supporting the fund)?

This is not specified.

## Is LRF privately or publicly funded, or a mix of both?

The fund implements a blended finance approach, consisting of a mix of public, private, and philanthropic funding.

## Milkywire

*Note: Through its climate transformation fund, Milkywire has funded Carbon Market Watch's work on carbon dioxide removal governance between 2023 and 2025. Milkywire has not funded this report.*

## How is Milkywire structured?

Milkywire was established in 2018 and describes itself as an impact firm. More specifically, Milkywire describes itself as “a platform for environmental impact that connects businesses with high-quality climate and nature projects.” Milkywire comprises a variety of funds that contain thematic portfolios. Companies ‘partner’ with Milkywire by contributing to portfolios based on different themes.

### Milkywire's Funds

- The Climate Transformation Fund (CTF)<sup>6</sup> is the flagship fund which is based on three pillars:
  - The durable carbon removal pillar is focused on building a diverse portfolio to support the development and scaling up of innovative solutions and durable carbon removal technologies. As of today, 27 companies using nine different carbon removal methods were supported, for a total of \$6.6M in pre-purchases (the CTF does not deliver carbon credits to companies).
  - Under the decarbonisation pillar the focus is on empowering organisations to influence decision-makers in implementing more ambitious climate policies as well as projects that develop innovative renewable energy solutions. At the time of writing, 11 projects have been supported, including Carbon Market Watch.
  - The aim of the nature protection and restoration pillar is to invest in community-focused initiatives, where critical ecosystem restoration is paired with economic community empowerment. Until 2024, this pillar comprises 10 projects that reportedly account for 957,000 hectares of land restored and more than 16,000 community members engaged.

Since its inception in 2021 and through 2024, the CTF reports having received more than \$14 million in contributions from 22 companies to support 49 projects in 27 countries.<sup>7</sup>

<sup>6</sup> [Climate Transformation Fund Progress Report, Milkywire, 2024](#)

<sup>7</sup> As indicated earlier, Carbon Market Watch has been a recipient of funds from Milkywire's CTF from 2023 through 2025 for work on carbon dioxide removal governance.

Milkywire also offers four other funds with different thematic pillars:

- **Nature Transformation Fund (NFT)**: based on three pillars: (i) ecosystem health, (ii) policy and accountability, (iii) innovative finance. Total contributions amounted to \$16m, covering 23 projects in over 30 countries;
- **Forests and Landscapes Fund**: based on three pillars: (i) plant trees and restore forests, (ii) protect and restore open landscapes, (iii) stop deforestation and overexploitation. 17 projects are currently supported in 12 countries;
- **Oceans and Seas Fund**: based on three pillars: (i) protect marine wildlife, (ii) reduce marine pollution, (iii) protect and restore marine ecosystems. 13 projects are currently supported in eight countries;
- **Wildlife Fund**: two key programmes/pillars: (i) primates (ii) East African species. Eight projects are currently supported in nine countries (the fund has supported 26 projects since 2018).

### **Carbon removal credit purchase programme**

Whilst the CTF includes durable carbon removal-related initiatives, Milkywire has also created two separate CDR portfolios that do not take the form of BVCM funds. Instead, these two portfolios are carbon credit purchase programmes where companies can buy their own CDR credits. This stands in contrast to the other schemes that make contributions to the CTF, which do not result in ownership transfer to the funder of the underlying CDR. These two CDR credit portfolios involve 27 companies and carbon removal projects located in 20 countries and include the following:

- **Seed CDR portfolio**: focuses on early-stage investments and nascent technologies;
- **Scale CDR portfolio**: focuses on more established suppliers and aims at scaling up the most successful carbon removal projects that have already proven their effectiveness in the Seed Portfolio.

### **Regenerative Textile Initiative**

Milkywire also includes the Regenerative Textile Initiative (RTI), which is a programme aimed at responsible material sourcing. It is meant to guide companies – i.e. the fashion sector – “through every step of adoption regenerative materials from strategy to sourcing”, covering wool, cotton and leather.

## **Does the fund offer ‘funding’ or ‘financing’ (defined as an investment return for the financier)?**

The CTF offers funding rather than financing, as contributing companies do not receive any direct financial return or carbon credits. Milkywire’s other funds also do not appear to provide direct financial return or carbon credits.

Milkywire’s carbon removal credit purchase programme, on the other hand, does deliver ownership of carbon credits to companies.

## What type of mitigation activities are being funded?

The mitigation activities funded are partially tackled in the first question on the fund's structure. More specifically:

- **Climate Transformation Fund (CTF)**
  - Durable CDR approaches:
    - i. Ocean CO<sub>2</sub> capture electrochemistry;
    - ii. Woody biomass burial;
    - iii. DACS (Direct Air Capture with Storage);
    - iv. Enhanced Rock Weathering (ERW);
    - v. Bio energy carbon capture and storage (BECCS);
    - vi. Biochar.
  - Decarbonisation approaches:
    - i. Renewable energy;
    - ii. Accountability (projects that hold governments and industries accountable);
    - iii. Enabling environment (projects that shape policies and regulatory frameworks).
  - Nature protection and restoration approaches:
    - i. Tenure security covers projects that aim to strengthen landowners' rights. An example is the support given to Landesa, an organisation that strives to enhance land tenure security along with environmental protection efforts.
    - ii. Farmed Managed Natural Regeneration (FMNR) covers projects that leverage the natural ability of trees and shrubs to regrow from their root systems, such as the project carried by Justdiggit, which reports having restored over 2,37 million trees and improved the income of local communities and ecosystem health.
    - iii. Restoration covers projects that employ sustainable restoration methods. Plant with Purpose, for example, works with rural communities to support them in implementing initiatives related to nature restoration and regenerative agriculture.
    - iv. Community Forest Management (CFM) covers projects that strive to actively involve local communities in participation processes such as in a collaborative approach towards the planning, decision-making and management of forests.
- **Nature Transformation Fund (NFT)**
  - Ecosystem health, specifically projects that “support the protection and restoration of freshwater, land, and ocean realms, crucial for meeting the ‘30x30x targets of the Kunming-Montreal Global Biodiversity Framework”;
  - Policy & accountability, specifically projects that “emphasise the role of local communities as part of the solution through championing science-backed policies, strategic litigation, and strong accountability mechanisms”;
  - Innovative finance, specifically “focuses on developing financial strategies to sustainably manage and preserve natural resources by unlocking extra resources for long-term environmental stewardship”. Relevant examples of this mechanism are conservation and blended finance.

- **Forests and Landscapes Fund:**
  - Milkywire supports organisations to do the following:
    - Plant trees and restore forests: supported organisations work “to protect and restore forests and to enhance or reintroduce native species of trees and plants in order to create a natural and sustainable restoration”;
    - Protect and restore open landscapes: “Support is provided to organisations working to protect and restore open landscapes”. These “include ecosystems like grasslands, savannah, wetlands, and mountains”.
    - Stop deforestation and overexploitation: funding is provided to organisations that “fight to stop deforestation and overexploitation of forests to secure local livelihoods and wildlife habitats”.
  
- **Oceans and Seas Fund:**
  - Protect Marine Wildlife: Milkywire funds organisations “committed to preserving marine life by engaging in direct protection efforts, conducting research, and generating knowledge,” in addition to endorsing “projects aimed at establishing marine protected areas at both national and local levels”;
  - Reduce Marine Pollution: funding is given to organisations “that are involved in plastic reduction and other cleanup efforts aimed at minimising waste in the oceans”.
  - Protect and restore marine ecosystems: Support is given to “projects aimed at safeguarding and rejuvenating mangroves and other marine ecosystems for future generations [as well as] organisations that engage in grassroots efforts and work closely with local communities, while also advocating for policy changes at both the local and national levels.”
  
- **Wildlife Fund:**
  - Milkywire supports projects and/or organisations that focus on:
    - Primates: especially “the more overlooked groups of species such as the Red Colobus of Africa, the primates of the Mentawai islands in Asia and the primates of Brazil’s Atlantic Forests”; and
    - East African species: particularly those under threat due to “deforestation, [...] urbanisation [...] and agricultural expansion”.

## Does the fund support carbon crediting projects?

Yes, Milkywire’s CDR portfolios contain carbon crediting projects, though these have yet to issue carbon credits.

The CTF does not explicitly exclude projects that may generate carbon credits from eligibility in the fund, though there have been few to date. That said, the CTF does not deliver any carbon credits to its contributors. For instance, the InterEarth biomass storage project is said to be currently undergoing registration under Puro.earth's Terrestrial Storage of Biomass methodology, which will [offer third-party validation and issue carbon credits](#). Milkywire also notes that they specifically "tend to deprioritise nature projects that offer carbon credits" since Milkywire believes these fit better in the existing voluntary carbon market structure.

## **Does the fund promote offsetting or strictly adhere to the BVCM model?**

The CTF does not promote offsetting. On the contrary, the CTF is promoted as "an [alternative to traditional offsetting](#)" and "does not issue carbon credits or claim offsets". This detachment from offsetting is further strengthened through the general Milkywire policy stating that its aim is to fill a gap in the wider funding landscape by supporting projects that, for various reasons, cannot access carbon markets.

With respect to the separate CDR credit-purchase portfolios, it is unclear whether offsetting will be promoted. Given that companies will buy and own the CDR credits, it is conceivable they can be used to neutralise ongoing or future emissions, though Milkywire does not appear to openly advocate for a particular use case.

## **Does the fund seek a quantified impact? If not, what kind of metric(s) are used to assess impact and whether projects are of high integrity?**

Impact is measured depending on the type of the funded projects. When feasible, impact is assessed through quantitative metrics, such as tons of CO<sub>2</sub> removed or avoided. Given the diversity of projects and the early-stage nature of many, Milkywire also relies on qualitative and strategic measures to measure and monitor overall impact.

For instance, under the first pillar of the CTF - Durable Carbon Removal - impact is measured by quantifying the amount of CO<sub>2</sub> removal, or rather the tonnes purchased by Milkywire to support the development of that technology. One prominent example is Heirloom, a direct air capture company in the United States.

In the 'Nature Protection and Restoration pillar, progress is measured differently. For example, in the case of the Indigenous Conservation Community (WARSI), an Indonesian non-profit organisation addressing issues related to deforestation, key impact metrics include expanding the project area's coverage to eight villages (equal to around 230,000 hectares) to support indigenous communities' forest management, establishing legal boundaries for two villages, and the creation of around 150 jobs.

Finally, for the 'Decarbonisation' pillar, impact is measured in terms of the support that Milkywire has provided to organisations working on decarbonisation, for example in the form of grants to back organisations such as Beyond Zero Emissions (BZE) in its work on net-zero pathways in Australia or Human Rights Watch in developing 13 publications on the human and environmental toll of fossil fuel operations.

## Does the fund give guidance to companies about what kinds of claims they can make (i.e. what companies can say for supporting the fund)?

As a strong advocate for Beyond Value Chain Mitigation (BVCM) strategies over “traditional” carbon offsetting, Milkywire encourages companies to develop and implement robust BVCM strategies. To support this, it offers the guidance document “Funding Beyond Value Chain Mitigation”, created in collaboration with Gold Standard and Murmur. This guidance is designed to provide a step-by-step framework to help companies take meaningful climate action beyond their value chains. The [framework](#) consists of four key steps that direct companies toward a more impactful and effective contribution to global climate goals. Specifically:

1. Account and Report unabated emissions;
2. Set and maintain internal carbon fee per tonne of CO<sub>2</sub>eq;
3. Fund high quality climate action;
4. Make credible claims;

Additionally, these four steps build upon and are aligned with recommendations made in the SBTi paper “[Above and Beyond: An SBTi Report on the Design and Implementation of Beyond Value Chain Mitigation](#)”.

With respect to the carbon removal credit purchase programme, Milkywire does not appear to have provided any concrete public guidance yet on what types of claims can be made with these credits which are yet to be issued.

## Is the fund privately or publicly funded, or a mix of both?

Milkywire is privately funded. Since its foundation in 2018, Milkywire has raised over \$35 million from businesses and individuals.

## Murmur<sup>8</sup>

### How is Murmur structured?

Murmur was founded in 2024 and promotes itself as a charity organisation with the mission of bringing impactful environmental solutions across the music and visual art industries. To become partners, organisations must commit to reducing their carbon emissions by respecting the 1.5°C [Paris Agreement](#) climate pledge. It is also labelled as a strategic climate fund founded by leaders from climate strategy and creative industries.

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<sup>8</sup> As noted above, we were unable to speak to a representative despite several outreach attempts.

The charity grants are separated into [three categories](#):

- Change the industry: will look for ways to bring positive change to the music industry and visual arts;
- Change the conversation: the project will look for innovative ways of storytelling and inspire positive action;
- Change the world: targets projects that state a mission to have a lasting global impact in tackling the climate crisis.

## **Does the fund offer ‘funding’ or ‘financing’ (defined as an investment return for the financier)?**

Capital is raised by applying an agreed carbon price to unabated carbon emissions with funds going towards transformative climate projects within the sector’s value chains.

## **What type of mitigation activities are being funded?**

These include the following:

- Decarbonisation initiatives within the arts and music industries;
- Training programmes for artists and arts leaders to -communicate effectively about climate change;
- Support for impactful projects and NGOs that address the climate crisis on a global scale.

## **Does the fund support carbon crediting projects?**

Murmur appears to focus on BVCM strategies, but it remains unclear whether carbon crediting projects are supported within such strategies. Information is lacking on its website regarding its funded projects or activities.

## **Does the fund promote offsetting or strictly adhere to the BVCM model?**

It is unlikely, but unclear, whether or not Murmur promotes offsetting. Although there is limited information available on its website, Murmur’s collaboration with Gold Standard and Milkywire resulted in the publication of the [BVCM report](#) entitled “Funding Beyond Value Chain Mitigation.” This leads us to believe that Murmur aligns with the BVCM model.

## **Does the fund seek a quantified impact? If not, what kind of metric(s) are used to assess impact and whether projects are of high integrity?**

When researching, we could not find clear metrics for quantifying impact nor could we find clear information about what types of projects or activities it funds.

## **Does the fund give guidance to companies about what kinds of claims they can make (i.e. what companies can say for supporting the fund)?**

Yes. Murmur, in collaboration with Gold Standard and Milkywire, issued guidance on the BVCM claim model (see question 5 above).

## **Is the fund privately or publicly funded, or a mix of both?**

Most Murmur funding is privately sourced through contributions from organisations within the visual arts and music sectors.

## **Pinwheel\_**

### **How is the Pinwheel structured?**

Pinwheel is a private company founded in 2020, describing itself as a "sustainability platform" that channels contributions from companies into environmental and/or climate projects. A Pinwheel representative described its company's function as, "a mix of supporting corporates to make an impact and a platform for engagement, which operates under the umbrella of BVCM." A key difference regarding the fund's functioning when compared, for instance, to Milkywire is that Pinwheel provides a platform for organisations to directly select the projects they wish to fund. In fact, the platform allows employees to engage with a company's sustainability investment by giving them the right to vote for which projects receive funding. Some companies, however, simply choose to purchase an 'impact' and will not use Pinwheel's engagement tools.

### **Does the fund offer 'funding' or 'financing' (defined as an investment return for the financier)?**

Pinwheel offers funding rather than financing, as contributing companies do not receive any direct financial return or carbon credits. The funding operates through a subscription-based contribution model.

## What type of mitigation activities are being funded?

The mitigation activities vary. The fund's portfolio supports projects on three main thematic areas:

1. CDR and sequestration: projects belonging to this category include both tech-based and nature-based removals, such as carbon capture in building materials and agricultural sequestration, and in many instances will generate carbon credits (it should be noted that contributors to Pinwheel do not receive the credits themselves; instead Pinwheel retires them – or will retire them – on a company's behalf). More specifically, projects: (i) provide carbon credits that can be immediately retired; (ii) offer pre-purchase for carbon credits that will be “generated in the future and can be retired when issued at a future date”; (iii) do not provide carbon credits to contributors who will instead “receive impact reports and measurements”.
2. Biodiversity: projects focusing on natural habitat conservation, ecosystem restoration, and wildlife protection.
3. Circularity: projects tackling e-waste collection, plastic recovery, and recycling.

It is possible that projects may fall under more than one thematic area, given that in some instances, multiple benefits and outcomes can happen simultaneously (e.g. a mangrove restoration project can be eligible for both carbon credit certification and ecosystem restoration).

## Does the fund support carbon crediting projects?

Yes, projects in the portfolio had or will issue registered carbon credits which will be retired directly by Pinwheel.

## Does the fund promote offsetting or strictly adhere to the BVCM model?

Pinwheel is not supportive of offsetting and is a strong advocate of the BVCM model. Some of the supported projects generate carbon credits – which Pinwheel then retires on behalf of its clients – but the organisation firmly encourages its clients to adopt a contribution rather than a compensation approach.

## Does the fund seek a quantified impact? If not, what kind of metric(s) are used to assess impact and whether projects are of high integrity?

For carbon crediting projects, quantification of impact is based on standard VCM metrics that, according to Pinwheel, focus on delivering against SBTi BVCM Goals and Principles. For other kinds of projects, however, it can be more challenging to track and then attribute a quantified impact – for instance, in the case of biodiversity conservation. For these kinds of projects, however, metrics such as KPIs are used that may include, e.g. how many mangroves were planted or how many hatchlings there were in a given time period.

Pinwheel states that it “undertakes a multistage verification process to ensure that any selected project made available to clients is meaningfully repairing the planet and does so in a way that is consistent with the highest standards of propriety and ethics”. Pinwheel's project rating system is guided by three

frameworks: the [SBTi's BVCM Goals and Principles](#); the Oxford University Principles for Net Zero Aligned Offsetting; and the WWF-BCG Blueprint for Corporate Action on Climate and Nature.

Oxford's framework is shaped with a view to offset emissions, but Pinwheel predominantly refers to the principles in the context of prioritising support for [carbon dioxide removal projects](#). Pinwheel uses the [WWF-BCG](#) blueprint as a basis to recommend that its clients: i) account and disclose all emissions across their value chain across Scopes 1, 2, and 3; ii) reduce emissions in line with a science-based target; iii) make a financial commitment reflecting the size of the organisation and its profitability, preferably based on an ambitious internal carbon price; iv) invest these funds in a strategic sustainability fund covering quantifiable and less quantifiable options; v) responsibly align communications with stakeholder engagement.

## **Does the fund give guidance to companies about what kinds of claims they can make (i.e. what companies can say for supporting the fund)?**

Pinwheel is a vocal proponent of the BVCM claim model and gives guidance on this approach. Pinwheel advises its clients not to make neutrality or offsetting claims.

## **Is the fund privately or publicly funded, or a mix of both?**

Pinwheel is a privately-owned company, funded by shareholders and operating revenues.

## **UEFA Climate Fund<sup>9</sup>**

### **How is UEFA's Climate Fund structured?**

The UEFA Climate Fund was created as part of UEFA's Environmental, Social and Governance (ESG) strategy for UEFA EURO 2024. It is a one-off, event-specific fund structured to channel support to amateur football clubs and regional associations in Germany. The fund aligns with the Beyond Value Chain Mitigation (BVCM) principle, whereby UEFA is not claiming to offset the emissions caused by the event. Instead, UEFA set an internal carbon price for those emissions (albeit too low at €25/tonne) to raise funds towards a range of [mitigation and environmental projects](#) in Germany. The fund only supported projects within Germany.

UEFA is structured differently from the other funds since it chose and directly funded its activities and projects; there are no outside companies that contribute.

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<sup>9</sup> See also Carbon Market Watch's [article](#) on the UEFA climate fund. While UEFA was praised for the BVCM structure of the fund, it was partially critiqued for not applying a high enough internal carbon price and its decision to only fund projects in Germany instead of allocating some of the fund to projects located in the least developed countries.

## Does the fund offer ‘funding’ or ‘financing’ (defined as an investment return for the financier)?

UEFA’s Climate Fund offers funding, not financing. It was a grants-based model without return expectations and in any case was closed to funding from external companies. In detail, “for each tonne of CO<sub>2</sub> emissions produced in connection with the tournament, €25 were donated to the climate fund.” Funding applications could be made for any sum up to €250,000. In total, around €8m were allocated to 225 football clubs and to 21 regional football associations for investments in more sustainable infrastructure.

## What type of mitigation activities are being funded?

The projects funded and operated by football clubs and regional football associations varied, and included:

- Sustainable energy installations: such as photovoltaic/solar panel installations, battery storage systems, LED floodlight upgrades, heat pump systems, thermal insulation projects.
- Water and irrigation systems: particularly smart irrigation systems.
- Waste management improvements: such as waste separation systems.
- Sustainable mobility solutions: EV charging stations, a biofuel initiative and a ticket combination system for sustainable mobility.

## Does the fund support carbon crediting projects?

No, there is no indication that the fund supported projects that generate carbon credits.

## Does the fund promote offsetting or strictly adhere to the BVCM model?

The fund was explicitly framed as a way to take responsibility for “unavoidable” emissions without making offsetting claims such as referring to UEFA 2024 as being carbon neutral (in stark contrast to FIFA’s “carbon neutral” World Cup in 2022). While CMW contests the categorisation of these emissions as “unavoidable” and finds that an internal carbon price of €25 per tonne of CO<sub>2</sub>eq is too low, UEFA has effectively pursued a BVCM approach.

## Does the fund seek a quantified impact? If not, what kind of metric(s) are used to assess impact and whether projects are of high integrity?

According to UEFA, the projects had to provide an estimate of carbon emissions reductions per year, which was calculated based on information provided by the respective supplier (e.g. a supplier installing LED floodlights). However, there does not appear to be detailed reporting on quantified impacts; instead, the emphasis was on thematic climate protection and infrastructure improvements. Football clubs had to apply

for the available grants and tracking and accountability requirements were focused more on project implementation rather than precise CO<sub>2</sub> reduction quantification. Of the 225 football clubs and 21 regional football associations that received funding, the majority (211 and 13 respectively), have submitted and verified their final reports.

### **Does the fund give guidance to companies about what kinds of claims they can make (i.e. what companies can say for supporting the fund)?**

Not applicable: no guidance was provided, as this was a fund for internal UEFA use and not available for external corporate contributors.

### **Is the fund privately or publicly funded, or a mix of both?**

It was privately funded by UEFA.



## Findings

There are several key findings emerging from our review:

### Implementation of the Beyond Value Chain Mitigation (BVCM) model

On the whole, impact funds are generally structured to support climate action by enabling companies to support beyond value chain mitigation without reliance on a contentious and misleading compensation approach.

That said, not all funds provide clear guidance about the types of claims companies can – and cannot – make after contributing. Climate impact funds that do not provide claims guidance should address this information gap: especially funds that support carbon crediting projects and/or actually deliver carbon credits or certificates quantifying mitigation to contributing companies. However, funds that do not support crediting projects are not necessarily less rigorous because they don't presume – often flawed – quantification outcomes in the form of tonne-for-tonne emission reduction units.

### Prioritising funding over financing

Most funds share a common and positive trait in that their focus is on providing funding to mitigation projects rather than seeking return on financial investment. Prioritising funding over financing is likely to increase the chances that higher impact projects will be supported. It also serves to diminish the risk of low quality mitigation outcomes being pursued and prioritised, which often arises on the voluntary carbon market.

A model focused on maximising financial return is often to the detriment of project developers, as [WWF notes](#): “The current carbon market system incentivises the generation of large volumes of cheap credits to maximise returns for project proponents. This system favours lower quality projects that rarely address the systemic drivers of the climate and nature crises and generate limited benefits or negative impacts for people and biodiversity.”

## Funds take on a scrutiny role by leveraging their expertise

Many of the impact funds typically assume an oversight role in their management of the entire process – from project vetting and selection to ongoing outcome monitoring with limited claims guidance. This structure has the potential to enhance the reliability and overall integrity of the funded activities, since impact funds can bring specialised technical and scientific expertise to these functions. By applying this knowledge, they can help identify high-quality projects and ensure that funded activities align with effective climate action as opposed to the traditional carbon market framework.

In light of the fact that clearer impact methodologies for BVCM activities are still evolving, impact funds may develop and implement their own assessment approaches which may cause some to raise questions on credibility. For example, there may not be external, independent verification of the activities, and some funds, being relatively small, might not have sufficient capacity to undertake thorough vetting and monitoring.

On the other hand, the lack of a uniform impact methodology may also mean that impact funds have the ability to adapt their assessments to each unique project, which could result in more accurate and tailored impact analyses as well as unlocking high-barrier/high-reward outcomes such as, so-called [“high-hanging fruit” mitigation projects](#). These projects could include potentially transformative technologies that are not suitable for carbon crediting mechanisms due to earlier development stages, carrying a higher risk profile and difficulty over quantifying outcomes. As a result, such projects are regularly underfunded. This does not suggest lower standards, but instead differently designed assurance mechanisms that are a barrier to such early-stage, high-risk interventions. In this sense, the current methodological openness could help encourage the funding of these kinds of projects, as long as there is sufficient transparency and adequate safeguards in place.

## Lack of clear BVCM metrics poses comparability challenges, which should be addressed while unlocking more holistic action

As previously pointed out, there may not be uniform application of clear, transparent and robust BVCM impact metrics, which may make it more difficult for impact funds to assess and compare the effectiveness of different supported activities.

That said, a narrow focus that concentrates solely on quantified metrics, for example, could lead to 'carbon tunnel vision', resulting in [potentially detrimental impacts on land tenure or biodiversity](#) (e.g. monoculture tree plantations). While it should be ensured that activities are leading to mitigation, attention must also be paid to other factors such as the rights of indigenous peoples and local communities, co-benefits and biodiversity. Funds that measure both quantifiable and non-quantifiable climate impacts is a positive practice that could be further improved by applying sufficient clarity and transparency to assessment and reporting tasks.

Differently designed methodologies for measuring mitigation impact that support the BVCM model should be implemented. Not only would this clarify the separate role of BVCM as clearly distinct from internal decarbonisation efforts, but would also help protect companies from making misleading claims that bear legal and reputational risk, whether unintentional or otherwise.

## **Responsibility rather than philanthropy**

Many of the funds – though not all – communicate that companies should be prioritising the reduction of their own emissions, while setting an internal carbon price for unabated emissions and channelling funds to beyond value chain mitigation as a matter of responsibility rather than philanthropy. Companies can – and should – therefore frame their contributions accordingly and regard them as a legitimate component of their corporate climate responsibility strategies.

## Recommendations for climate impact funds

We have identified several key areas where impact funds could strengthen their practices to enhance overall integrity:

- **Define clearer guidance on the kinds of claims contributing companies can make.** More specifically, impact funds should explicitly reject a neutralisation or compensation model in their guidance, explaining why it is flawed and detailing how the BVCM model, grounded in a “contribution” approach, offers a more credible alternative. It should also be made clear that BVCM support should be considered as a supplement to internal decarbonisation rather than as a substitute, and that all claims must reflect this distinction. More precise communication standards would help mitigate the risk of greenwashing (therefore minimising legal risk for companies) in addition to increasing alignment with the intended principles of BVCM.
- **Improve rigour when monitoring corporate claims and related communications** that are underpinned by contributions to the impact fund. Vigilant practice can help to decrease the amount of misleading claims made by companies. It is also in the self-interest of funds to conduct such thorough monitoring, since they may inadvertently put themselves at reputational or legal risk if a contributing company makes misleading claims about the fund or its activities.
- **Establish independent advisory or scientific boards that present publicly accessible findings**, if this has not already been done. This must include information on assessment criteria – such as a procedural rationale for evaluations – along with provision of impact reports from the assessed project or organisation. The goal should be to ensure the highest level of transparency, thereby strengthening the credibility of project assessments and the overall integrity of the funds themselves. Company confidence in impact funds will also be enhanced by clear explanations on fund websites that clearly outline the justification for supporting specific projects<sup>10</sup>.
- **Collaborate with international standards and other relevant organisations to advocate for clearer and more precise metrics for a range of BVCM activities.** The lack of clear and more precise BVCM metrics in this regard has been identified as a potential barrier to credibility. Collaborative efforts should aim to align methodologies, definitions, and indicators to foster greater transparency and accountability. Planète Urgence, for example, has released a comprehensive framework that adapts metrics and approaches used in carbon crediting methodologies to BVCM activities, but without generating carbon credits nor permitting companies supporting the framework to make any claim of ownership over the underlying mitigation. Clearer metrics are needed to better distinguish BVCM support for interventions that are not solely focused on carbon and that, for example, might centre on R&D or advocacy. This could build greater confidence in BVCM activities that do not fall squarely within a CO<sub>2</sub> reduction metric.

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<sup>10</sup> Several of these funds already include explanations on their reasoning for supporting particular projects.

## Recommendations for companies navigating the climate impact fund landscape

- **Prioritise in-house decarbonisation in line with a science-based 1.5°C trajectory and respect the mitigation hierarchy**, before setting a BVCM strategy and deciding to engage with climate impact funds. As previously detailed, a company should follow key steps, which include (1) calculating and disclosing its greenhouse gas footprint, including [scope 1, 2 and 3 emissions](#); (2) determining a budget for allocation to beyond value chain climate action; (3) undertaking due diligence to decide on a beyond value chain climate portfolio that will direct finance to the most impactful climate initiatives; (4) financing the identified initiatives; (5) publicly communicate about each of the first four steps, making clear distinction between beyond value chain funding and internal decarbonisation efforts.
- **Conduct due diligence on climate impact funds and the supported projects**, focusing on those with the greatest impact and relevance to the company's priorities. High level examples include scaling durable CDR or contributing to wider landscape conservation efforts, both of which are offered by multiple funds. Among other things, companies can review a fund's documentation and mission statement, sustainability and financial reports and any related third-party assessments, investigations or certifications. In addition, it is important for companies to evaluate a fund or a project's overall transparency to ensure that there are no gaps in the disclosure of critical information, and that they communicate transparently about their motivation to support a specific initiative.
- **Stay clear of misleading corporate communications about using climate impact funds for improper purposes, such as equating BVCM with internal decarbonisation.** Adopting a BVCM approach paves a more honest path for corporate communication and also reduces reputational and legal risks that increasingly surround compensation and neutralisation claims. Distinguishing between the two different types of claims is of fundamental importance, since each claim signals a very different message to consumers, investors, regulators and the public.

# Conclusion

As the climate crisis intensifies and scrutiny around corporate climate strategies deepens, climate impact funds have emerged as a promising potential option for companies to contribute to meaningful, high-integrity climate action beyond their immediate value chains. Rooted in the principles of the "beyond value chain mitigation" (BVCM) model, these funds reflect an opportunity for companies to deliver impact on the ground and to responsibly communicate their climate mitigation actions, while avoiding the risks and pitfalls associated with using carbon credits to compensate or neutralise ongoing carbon emissions.

By enabling companies to support a diverse array of projects - ranging from durable carbon removals and conservation to advocacy and systemic change - climate impact funds represent a new paradigm in corporate climate responsibility. Many of these funds favour a model that prioritises climate impact over financial returns, and offer due diligence services that increase confidence in the quality and success of supported initiatives. These elements, combined with most funds demonstrating clear support for beyond value chain mitigation without offsetting, mark an important step toward rebuilding trust in corporate climate contributions.

Nonetheless, gaps remain, such as the absence of clear and precise metrics, and guidance to assess and communicate the impact of selected actions. While methodological flexibility can enable support for a diverse range of climate initiatives, insufficient clarity could – in certain circumstances – hinder corporate engagement, decrease compatibility across the BVCM landscape and provide a barrier for stringent accountability. Furthermore, there is a clear need for improved guidance on what types of claims companies can credibly make when supporting climate impact funds, particularly to avoid the pitfalls of greenwashing and misleading carbon neutrality narratives.

Going forward, companies must approach these funds with rigour and in search of adding clarity: prioritising internal decarbonisation in line with a 1.5°C trajectory, conducting thorough due diligence to ensure fund alignment with their goals, and maintaining integrity and transparency in all public communications. While the BVCM model continues to evolve, climate impact funds can offer a meaningful way to complement internal decarbonisation efforts and demonstrate a broader commitment to climate responsibility. Set within adequate frameworks and underpinned by strong safeguards, these funds could play an important role in accelerating the transition towards global net zero.



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