

# MONEX GROUP

## **Monex Group supports ESG blockchain reporting innovation**

TOKYO, October 28, 2021 – Monex Group, Inc. (headquarters: Tokyo, Japan, Representative Executive Officer and CEO: Oki Matsumoto, hereinafter Monex Group) invested in a strategy of Monex Climate Impact GP (headquarters: George Town, Cayman Islands, Director: Vincent Thebault, hereinafter MCI) in July 2021 as part of its Sustainable Finance activities announced earlier this year\*. Monex Group is supporting MCI's green fintech initiative aimed at meeting investors' requirements in terms of impact reporting.

MCI together with Singapore-based Fintech U-Reg (headquarters: Singapore, Executive Director: Florian Dumas), have successfully created and conducted a proof-of-concept (POC) for an ESG reporting blockchain application. Running on a Distributed Ledger Technology platform which enables structured information to be recorded, accessed and shared across a distributed network, the application publishes and shares investment impact data of renewable energy projects.

This POC application aims to provide stakeholders such as asset managers and private banks with a transparent and tamper proof reporting tool that allows them to monitor, evaluate the ESG impact of their investments.

The completion of the POC comes at a time where there are increasing expectations - from regulators, investors, clients or business partners - of investment firms, banks and corporates to make ESG disclosures and transparency in the ESG impact of their business activities or of their investments. Past occurrences of fraudulent disclosures coupled with a strong increase in allocation of assets to ESG vehicles makes it imperative that reporting is transparent.

The Private Distributed Ledger Network allows for monitoring and supervision of IoT data inserted by smart sensors using GPM SCADA systems from GreenPowerMonitor, a DNV company. Tamper-proof reporting of environmental impact is therefore available at portfolio asset level and aggregated at fund level or at investment entity level.

### **How the POC Application works**

The application in its original Proof of Concept processes periodic reports to investors on metrics such as renewable amount of energy produced, equivalent number of households energy produced, plants performance ratio, carbon emissions avoided as well as financial ratios, including additional performance generated from carbon offset. Reporting data is uploaded on the DLT and is immutable, likewise for transparent formulas of carbon offset or other ESG ratios that can be checked and crossed with official data tables from various countries or global climate NPOs, with reports here too available at asset level or on a portfolio basis.

The POC has been built and designed to add data checks or validation through smart contracts by external third parties, NPOs and local regulators, with these participants able to manage their own node. By having a networked reporting system, the POC also lowers transaction costs related to sourcing, interpreting and distributing trustworthy ESG data.

\* News Release: Monex Group Creates the Sustainable Finance Department (January 22, 2021)  
([https://www.monexgroup.jp/en/news\\_release/irnews/auto\\_20210121447333/pdfFile.pdf](https://www.monexgroup.jp/en/news_release/irnews/auto_20210121447333/pdfFile.pdf))



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