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Dentsu and partners to test collaborative NFT approach for an environmental DAO in Kawasaki city “Tsunaga-Loop”

— Environmental activities within the community will be visualized in the form of an artwork and sold as NFT’s: Validating the effectiveness of an “NFT-driven collective creative” approach to incentivize the operation of a sustainable environmental DAO —

Dentsu Group Inc. (President & CEO: Hiroshi Igarashi; Head Office: Tokyo, Dentsu Group) will conduct an experimental implementation of a co-creation incentivization program with Dentsu International Americas (*1), Sivira, Sony, and Fireplace within the cyclical resource community initiative “Tsunaga-Loop (*2)” which is formed by Kawasaki citizen volunteers. Dentsu Group Inc. and its partner entities will be responsible of the digitization and credential (*3) management of each individual volunteer’s ecological contribution using Web3.0 (*4) technology, to demonstrate the effectiveness of “NFT-driven collective creative” in driving collaborative eco-activities and co-creation within the community through this experimental operation.

Dentsu Group is designing an incentivization program for community operation utilizing NFT’s named the “NFT-driven collective creative” approach (*5). This experiment will be the world’s first effort to investigate the effectiveness of this approach, viewing the citizen community engaged in ecological activities as a DAO (Decentralized Autonomous Organization, (*6) that possesses a high affinity for Web 3.0 technologies.

In the experiment, each volunteer will receive a piece of a puzzle-type NFT through their individual eco-activity each day, which will be put together to complete the puzzle NFT as a group. Each NFT piece represents a 20 kg. (44 lbs.) reduction of raw garbage, and a completed NFT will be a certificate of a 180 kg. (397 lbs.) waste reduction as well as one large art piece completed by the community’s collective effort. This eco-contribution art NFT will be put into an auction, and the final bid amount will be distributed to the community members according to their contribution. The experiment is planned to be held from June 2022 to the end of the year.

In terms of the technology enabling the use of NFTs for this experiment, Sivira’s contract wallet system “unWallet (*7)”, whose technical effectiveness has been verified in media artist Yoichi Ochiai’s summer school program “Table Unstable (*8)”, and Sony’s hardware wallet (*9), which enables easy digital signature for the NFT authentication via an IC card, will be used. IC card readers will be installed in participating Fireplace (*10) stores “Rock Hills Garden” in Kawasaki city, and exclusive events for community members who have acquired NFT pieces are planned to be held periodically. Further, the project group is

recruiting businesses to participate in the DAO as incentive providers so that the community members can receive and use perks outside of Kawasaki according to their ecological contribution.

“Tsunaga-Loop” is a community initiative in Kawasaki where residents, farms, and businesses work together to realize a food resource circular society using household compost to produce food. In these types of ecological activities that are typically run by volunteers and not by any specific entity, the contribution of individuals is not quantified and thus far has been unsuccessful in bringing economic returns to the contributors, resulting in a limitation in scale and continuity of such activities. In this experiment, we are attempting to foster comradery between community members and an opportunity to gain financial rewards through their eco-activities to complete the puzzle NFT and auctioning it as an artwork. We will investigate the requirements to realize a sustainable environmental DAO as well as the effectiveness of the “NFT-driven collective creative” approach.

This “NFT-driven collective creative” is an unprecedented approach - each person's efforts are made visible, a sense of celebration is heightened through the process of creating a work of art together, and the power of the community is harnessed to solve problems.

Dentsu Group, Sivira, and Sony will continue to investigate the feasibility of commercializing this incentivization program. By providing a digital identity to the achievements of activities that contribute to solving environmental issues, we aim to realize a society in which individuals become more proactive in their daily eco-activities, where community building and a variety of sponsoring opportunities for businesses can be further cultivated.

[Image of the society that the Dentsu Group, Sivira, and Sony are aiming for]



※1 Dentsu International Americas, LLC ("Dentsu International Americas"), a U.S. subsidiary of Dentsu International Limited that is responsible for overseeing and supporting the overseas operations of the Dentsu Group.

※2 Tsunaga-Loop is an eco-activity community of Kawasaki city in which residents, farms, and businesses work together to realize a food resource circular society. The community is led by three companies – incl. Dentsu Inc. and Trustridge Inc., who participated in the "Eco-Wa-Ring Kawasaki" initiative in 2021, along with the help from other community garden organizations of Kawasaki.

※3 Credential in this statement is the information used for user authentication. The credential information to be used in this experiment will be encrypted by a private key (of a pair of keys in public-key cryptography, it refers to the information to be confidentially held by the owner, used to authenticate exchanges of encrypted assets and other digital assets). By storing the private key information in a hardware wallet in the form of an IC card, the security of each participant's personal identifiable information and contribution score is to be ensured.

※4 Web 3.0 refers to the internet-based system which builds identity around digital assets in accordance with the concept of SSI, where access and ownership rights to data are managed in a decentralized manner.

※5 NFT-driven Collective Creative conceived by Kohei Washio of Dentsu International Americas is a community operation method hypothesis in the Web 3.0 era to enforce the integrity of a community and its drive to work towards a mission. Utilizing NFT technology, the method aims to boost trust and trackability towards contribution of individual community members and economic reward opportunities for the members, simultaneously. In this experiment, the process of members collecting pieces of the NFT puzzle to complete the larger artwork is implemented to visualize each community member's contribution the community's mission of reducing household waste, elevate the festive mood, and enforce the emotional bond of the community.

※6 DAO is an acronym short for Decentralized Autonomous Organization. In a DAO, there is no individual or unit that manages the organization; it is a self-sovereign collective of individuals cooperating to achieve its objective as a group self-governed using blockchain technology. Since the communal rules are automatically enforced by smart contracts, DAOs excel in collective decision-making of participants and in transparency of the rules under which the community is operating.

※7 unWallet is an NFT contract wallet provided by Sivira, which is a non-custodial wallet service that enables users with no knowledge on NFT or blockchain technology can readily use through a UX similar to a general web application. The service has been developed by a combination of a contract wallet featuring core functionalities originally developed by Sivira and a web-based user interface. <https://sivira.co/index-ja.html#products-top>

※8 Table Unstable is a conference body hosted by Yoichi Ochiai consisting of open debates and presentations. The summer school referenced in this statement is an extracurricular education program for elementary and middle school students. <https://tableunstable.org/>

※9 A hardware wallet is a device that securely stores the information (private keys) necessary to transact cryptographic assets and other digital assets utilizing blockchain technology, independent of the online network.

※10 Fireplace is a company based in Kawasaki whose mission is to "create connections and increase the aggregate happiness (of society)" and operates "Rock Hills Garden" near Kawasaki station as well as two other community spaces. Its 3 core business domains are real estate value improvement, regional development, and neighborhood.

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