

NUS tokenises green bond data in pilot with Northern Trust, UOB

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In a bid for more transparency in sustainable reporting, a Singapore university is using blockchain technology, or a digital ledger, to store green bond credentials.

The National University of Singapore (NUS) said in a media release on Jan 13 that it will tokenise green bond credentials in a pioneering initiative, with the help of American financial services company Northern Trust and local lender UOB.

Under the pilot, Nasdaq-listed Northern Trust will mint and hold a green bond reporting token using its digital assets platform.

The digital token will hold the environmental impact reporting data from NUS' third green bond that was issued in 2023.

UOB, as the lead arranger of the bond issue, will solicit and provide crucial feedback on how the tokenised data can enhance investors' sustainability reporting practices.

"Based on the market best practice, issuers of green bonds provide regular updates to investors regarding the use of funds. On their part, investors may require such data for their own sustainability reporting obligations and to assess their progress towards their ESG (environmental, social and governance) goals," NUS said.

Tokenisation is the conversion of an asset or ownership rights of an asset into digital form on the blockchain, where the data is anonymous. The pilot will focus on ensuring data integrity to provide investors with confidence that the environmental impact reporting data is secure, immutable and reliable, NUS said.

It added that investors of the bond will receive the same complete set of information. This information will remain unchanged even as the bond changes hands.

Mr Tan Kian Woo, NUS' senior vice-president and chief finance officer, said its first-in-market green bond reporting tokenisation initiative is a milestone in the university's commitment to advancing green finance innovation.

"By creating a token that enhances the integrity and transparency of our environmental data, we aim to provide greater confidence to investors, helping them meet their sustainability reporting goals," he said.

The green bond reporting token is the first step in NUS' broader strategy to explore how blockchain technology can enhance green finance practices through a three-year agreement signed with Northern Trust in November 2024.

The pilot is also part of Project Guardian, a global collaboration between policymakers and key industry players, led by the Monetary Authority of Singapore and aimed at enhancing the liquidity and efficiency of financial markets through asset tokenisation.

It falls under the fixed income workstream of Project Guardian, which focuses on demonstrating the benefits of tokenising bonds and other fixed income securities.

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