



Concordium Foundation

Transparency Report # 2

1 March 2024

BUILDING A SAFER DIGITAL WORLD



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1. Message from the management

Dear Reader

We are pleased to submit Transparency Report No. 2 to the Concordium community and other stakeholders in the Concordium Project. The report has been prepared by Concordium management with the aim of enhancing knowledge about the Concordium project among all stakeholders. The focus of the report is primarily on events and developments from 1 July 2023, to the end of February 2024. However, certain information will pertain to events before the period under review.

The Transparency Report also includes information on management's expectations regarding future developments and events. Such information is subject to uncertainty, as expected developments and events may be influenced by factors that are unknown, unpredictable, or beyond Concordium's control. While management believes the predictions regarding future developments and events are reasonable based on the currently available information, actual developments and events may significantly differ from the expectations expressed in this Transparency Report.

The Transparency Report highlights an exciting period during which Concordium and the Concordium ecosystem made significant progress. This includes technological developments contributing to the release of new important features and the implementation of the new ConcordiumBFT consensus protocol in September 2023. This implementation enabled an approximately 80% reduction in transaction finalisation time. Another significant event was the 99% reduction in transaction fees implemented in January 2024.

The period under review also featured announcements of important use cases, many of which benefit from the ID-related features uniquely offered by the Concordium blockchain. In January and February 2024, transactions generated by use cases led to a substantial increase in the number of on-chain transactions, reaching more than 200,000 transactions per day.

Furthermore, in January 2024, we reaffirmed our commitment to the continued decentralisation of the blockchain and announced concrete steps toward closer integration and cooperation with the Concordium ecosystem and community in various areas, including wallet development, marketing, CCD staking, and custody.

Looking ahead, we anticipate continued progress with the implementation of a robust technology development roadmap, as well as the launch of Concordium-based applications by many new use cases. An exciting event will be the first election by CCD holders of members of the Concordium Governance Committee, a true milestone in the journey to decentralisation.

Enjoy reading

The Concordium Management



2. Concordium Foundation CCDs

2.1. Concordium Foundation holdings

On the 17th of February 2024, the number of CCDs held directly on CCD-accounts by Concordium Foundation amounted to approx. 4.52 billion of which 79% were staked. These holdings include approx. 0.72 billion CCDs that are awaiting settlement of OTC transactions with buyers of CCDs and CCDs allocated to team members under Concordium's team incentive programs. Adjusted for CCDs allocated to the team and CCDs awaiting settlement of OTC transactions, the total number of CCDs held on CCD-accounts by Concordium Foundation amounted to approx. 3.80 billion CCDs of which approx. 3.59 billion were staked. This is a decrease in the adjusted number of CCDs on Concordium Foundation's accounts from 4.05 billion in June 2023.

The CCDs are held on 32 CCD-accounts, comprising eight accounts that hold the core treasury holdings of Concordium Foundation and 24 supplementary accounts that currently hold smaller amounts used for various operational purposes such as payment on transaction fees regarding certain blockchain services supported by Concordium Foundation.

The eight core accounts have the following accounts numbers on the Concordium blockchain:

- 49SJ6R6T9zo1C5cLVyxbwAuZC3EcDB9a78vSQYm3ZLA2y2eojM
- 47xTHwtFra1d4Mq4DYZuZYJEYrDXY34C4CGkTTzT6eiwjEczuT
- 3CbvrNVpcHpL7tyT2mhXxQwNWHiPNYEJRgp3CMgEcMyXivms6B
- 4d13WVDNKKVGDUxRUb1PRQAJyTwWSVcjWS7uwZ1oqmDm5icQEPT
- 3EctbG8WaQkTqZb1NTJPAFnqmuHvW62pQbywvqb9VeyqaFZdzN
- 3ofwYFAkgV59BsHqzmiWyRmmKRB5ZrPfbmx5nup24cE53jNX5
- 4MPJybKC9Kz7kw9KNyLHhuAEt4ZTxLsd3DBDbxtKdUiv4fXqVN
- 44bxoGippBqpgseaiYPFnYgi5J5q58bQKfpQFeGbY9DHmDPD78

On the 17th of February 2024, the total number of CCDs on the core accounts amounted to 4.52 billion CCDs of which 3.59 billion or 79% were staked and the remaining operational accounts held a total of 3.6 million CCDs.

In addition to CCDs held directly on CCD-accounts on the blockchain, Concordium Foundation has deposited 0.58 billion CCDs on crypto accounts with providers of crypto market infrastructure services, primarily staking services, custody services and market making services.

The total number of CCDs owned by Concordium on all accounts and deposits thus amounted to approx. 4.39 billion CCDs on the 17th of February 2024, excluding the CCDs held awaiting transfers or settlements, as described above.

On the same day, the total number of CCDs in existence was 12.88 billion. The CCDs owned by Concordium Foundation thus represented 34.1% of the total number of CCDs in existence. At the same time, the total number of staked CCDs on the blockchain amounted to 7.54 billion of which CCDs staked by Concordium Foundation accounted for 47.7%.



Concordium Foundation operates several Nodes, which are primarily used for the staking of Concordium Foundation's CCDs on core accounts. The Concordium nodes are not open for delegation and therefore do not compete with other node runners that are generating income from providing delegation to CCD-holders.

2.2. Concordium Foundation rewards

In the reporting period since the previous Transparency Report, Concordium has received staking rewards on its staked balances. Since the 24th of June 2023, Concordium Foundation has received approximately 285 million CCDs in Finalization and Baker rewards. Additionally, Concordium has received 10% of all newly minted CCDs, which, in the period from the 24th of June 2023 to the 17th of February 2024, amounted to 74 million CCDs. In total, Concordium has thus received 359 million CCDs in staking income and income from its share of all newly minted CCDs.

2.3. Concordium Foundation sale of CCDs

The primary source of fiat funding for Concordium stems from the sale of CCDs. Before the initial listing of the CCD on the Bitfinex exchange in February 2022, all sales of CCDs took place by way of TPDA-agreements (Token Purchase and Delivery Agreements). After the initial listing of the CCD, the sales have taken place by OTC transactions.

The total amount of capital raised since the project's inception in 2018 is approximately EUR 57 million, a number that has not increased since the date of the previous Transparency Report dated 27th of June 2023.

A small group of buyers from the Private Placement rounds have not yet taken delivery of their CCDs as Concordium has not yet been able to obtain or verify the receiving account with these buyers. The number of CCDs awaiting delivery to Private Placement buyers is 20 million CCDs, approximately 1.0% of the total number of CCDs sold in the Private Placements.

A sale of CCDs amounting to EUR 5 million concluded in the first half of 2023 and a new sale of EUR 0.1 million in the 2nd half of 2023 remains to be settled. These sales transactions are planned to be settled in the 1st half of 2024 upon activation of Concordium Foundation's direct membership of a Swiss SRO, ref. below. As sales of CCDs are expected to remain the key source of fiat income, additional CCD-sales, by way of OTC-transactions, are expected in the second half of 2024 and beyond, subject to market conditions.

While the settlement of these sales commitments will support the financial position of Concordium Foundation, they are not necessary for the financial stability and robustness of the Concordium project as Concordium Foundation has in parallel secured funding commitments to secure the operations and financial stability of the company.



2.4. Concordium cap-table and CCD lock-up commitments

In connection with the Private Placement rounds conducted in 2021, Concordium Foundation implemented a CCD lock-up policy that defined the timing of the release of CCDs to all parties who would receive CCDs following the Token Generating Event. The resulting 2021 cap table, including the updated lock-up amounts for the various CCD holders, is shown below:

CCD holder group	Sold/allocated CCDs	CCDs released immediately	First month of release period	Last month of release period	CCDs already released as per 17 February 2024	Remaining CCDs locked-up as per 17 February 2024
Private Sales	1,954,000,000	97,700,000	Jan-22	Oct-22	1,954,000,000	0
Sales to Strategic Partners	1,000,000,000	50,000,000	Jan-22	Oct-22	1,000,000,000	0
Seed Sale	2,500,000,000	0	Jul-22	Jul-23	2,500,000,000	0
Team allocation ^{*)}	1,000,000,000	0	Jul-22	Jul-23	1,000,000,000	0
Concordium Foundation	2,771,000,000	70,000,000	Jul-23	Jul-25	934,320,000	1,836,680,000
Concordium Foundation - testnet incentive	25,000,000	0	Jan-22	Jan-22	25,000,000	0
Concordium Foundation - Community and Developers Endowment	650,000,000	0	Jan-22	Jan-25	451,388,889	198,611,111
Concordium Foundation - Market making, etc.	100,000,000	0	Jan-22	Jan-22	100,000,000	0
Total	10,000,000,000	217,700,000			7,964,708,889	2,035,291,111

*) In April 2023, the gradual release of part of the Team Allocations which were scheduled to be released in the period from end of April 2023 to July 2023 was deferred to 2024.

As shown in the above 2021 cap table, at the time of the Token Generating Event on the 9th of June 2021, Concordium Foundation's share of the 10 billion CCDs genesis block amounted to 3.546 billion CCDs, split on Concordium Foundation's core holdings of 2.771 billion CCDs, Testnet incentives of 0.025 billion CCDs, Community & Developers endowment of 0.650 billion CCDs, and Market making, etc. of 0.100 billion CCDs.

As of the 17th of February 2024, Concordium Foundation had remaining lock-up commitments amounting to 2.04 billion CCDs. These locked CCDs will be released from the lock-up commitment in the period until July 2025. Compared to the number of locked-up CCDs on the 24th of June 2023 (the time of the previous Transparency Report), the number of Concordium Foundation's locked-up CCDs has decreased by 0.99 billion CCDs.

As shown in the 2021 cap table, the allocation to Concordium team members, including employees, advisory board, supporting scientists, and key consultants amounted to 10%, or 1.00 billion CCDs, of the total genesis block of 10.00 billion CCDs. As of the 17th of February 2024, 0.19 billion CCDs remain to be distributed to this group of recipients. In addition to the Team allocations already included in the 2021 cap table, Concordium has subsequently granted less than 100 million CCDs in allocations to team members as part of the incentive program. The allocations are subject to vesting.

The distribution of the allocated 5.45 billion CCDs to Private Sales buyers, Strategic Partner buyers, and Seed buyers has been completed by way of scheduled transfers to the respective receivers and the lock-up periods embedded in the scheduled transfers have expired in the current reporting period.



2.5. CCD holdings of Concordium Seed Founders, advisors, and team

In connection with the initial capitalisation of Concordium in 2018, the Founders and other Seed investors purchased 25.0% of the Genesis Block, as disclosed in the cap table, corresponding to 2.5 billion CCDs.

In addition, by the end of 2018 and early 2019, scientists with the Concordium Blockchain Research Center Aarhus (COBRA) at the Computer Science Department of Aarhus University and other experts acting as advisors to Concordium were allocated CCDs, in total amounting to 0.19 billion CCDs.

By end-June 2023, i.e. at the time of the previous Transparency Report, accounts identified to be owned by the above-mentioned Founders and Seed investors contained 3.12 billion CCDs and accounts identified as belonging to the above-mentioned scientists and advisors contained 198 million CCDs, i.e. a total of 3.32 billion CCD. As of the 17th of February 2024, the balances on these accounts amounted to 3.40 billion CCDs, i.e. an increase since the last Transparency Report of approximately 80 million CCDs.

The increase in the total amount of CCDs on the above accounts is a net development, reflecting that the number of CCDs sold or otherwise transferred out of the accounts in the period has been less than the number of CCDs received as rewards, purchased, or otherwise acquired.

Management is aware that in connection with the past distributions of CCDs to Concordium team members under the CCD incentive program, team members have sold a portion of their CCD holdings to cover the tax imposed on the CCD allocation. The extent of tax driven sales is uncertain but for team members taxed in Denmark, the applicable income tax percentage would typically hover around 50%. Currently, management is considering alternative distribution models for the remaining CCDs within the existing team incentive programs and for future programs.

2.6. Changes to the regulatory set-up regarding sale of CCDs

As an issuer of payment tokens, in this case the CCD, Concordium Foundation is defined as a financial intermediary under Swiss regulations and, as such, Concordium Foundation operates under the rules and supervision of a Swiss Self-Regulatory Organisation (SRO). In the past, Concordium's KYC/AML obligations have been performed on behalf of Concordium by an external KYC specialist company, which is a member of an SRO. In 2023, the Board of Concordium Foundation decided to change the regulatory set-up and become a direct member of a Swiss SRO. The procedures required for obtaining SRO membership have been initiated and the past engagement of an external KYC/AML provider has been terminated. In the period until the SRO membership is activated, Concordium Foundation will not receive additional funds from the sale of CCDs.



2.7. Tokenomics highlights

As of 18 February 2024, the Concordium Blockchain is running on at approx. 200 nodes. During the period since the last Transparency Report, the number of nodes has fluctuated, but it is estimated that it has remained above 150 nodes in the period.

Concordium Foundation is currently running 9 nodes for the staking of its CCDs.

The following tables provide an overview of the key tokenomics parameters as of 18 February 2024 with the values in the previous Transparency Report shown in brackets.

- Current CCD growth rate: 8% (10%).
- Average Block Time, last 30 days: 2.2 seconds (10.1 seconds).
- Average Finalisation Time last 30 days: 4.3 seconds (11.9 seconds).
- Number of delegators: 1,860 (1.610).
- Number of validators: 176 (191).
- Average daily number of transactions last 30 days: 118,996 (28,932).
- Number of transactions since inception: 22.2 million
- Average daily number of blocks in the last 30 days: 40,151 (8,537).
- Number of newly minted CCDs since inception: 2.88 billion (2.15 billion).
- Number of CCDs paid as block rewards to validators since inception: 2.55 billion (1.82 billion).

Concordium has in the past contributed to the above transaction level by supporting services that ensure a consistent workload on the blockchain. In 2023, transactions from such services accounted for more than 95% of the total number of transactions. Concordium supports these services and transactions to ensure that there is a certain minimum level of transactions on the chain. Furthermore, the transaction workload enables Concordium and ecosystem participants to monitor the performance of the blockchain.

In 2024, the use case driven transaction activity has increased substantially and Concordium plans to scale down the number of Concordium-supported transactions concurrent with the take-up of transactions generated by DeFi applications and other use cases.



3. Concordium's Technology & Product Development

For Concordium's products, the vision of creating a safer digital world translates into four top-level themes listed below. With decentralisation being the top focus for 2024, we will be putting even more effort on user experience and working closely with our community and use cases to make sure we deliver the needed value and to support decentralisation.

- 1) Doubling down our effort scaling up the Developer Community
- 2) Implementing decentralisation of governance bringing our community closer
- 3) Lowering the onboarding hurdle for Web2 companies to use blockchain as their infrastructure
- 4) Bringing a great user experience to our wallets making onboarding extremely easy

The following section lists the products and areas, Concordium's Product and Engineering teams strive to build out in line with the 4 focus areas:

3.6. The Blockchain & SDKs

- Scalability: Concordium BFT was released in September 2023, which is Concordium's new consensus protocol with a finalisation time of 3 seconds and a TPS of 2000. This makes Concordium one of the fastest blockchains globally.
- Onboarding: We will be launching two frameworks for Track and Trace and Real World Assets in Q1 2024. The purpose of these frameworks is to act like a plug and play for companies who are looking for solutions within these verticals.
This will allow the Use Cases to be up and running faster since the frameworks reduce implementation workload significantly. Overall goal is to increase the transactions on our platform.
- SDKs: We have during Q3 and Q4 2023 put a lot of effort and implementation into several SDKs, adding even more functionality, making it both easier and more beneficial to onboard into our platform.
- Tooling: We have done releases for Cargo-Concordium and VScode extensions that add substantial ease of use, as well as deployed scripts for verifiable builds. We have released Smart Contract libraries adding various usability features, amongst that have been improved schema support and protocol 6 support.
- NRG cost: We have lowered the transaction cost by 100X on the 7th of February 2024 to be more competitive with the market. We will in H1 optimise our Wasm Engine to lower the cost for complex transactions. Once that is done, we will increase the overall cost a bit, but it will be lower than the previous cost which was €0.01 for simple transactions.
- Agora Marketplace: The Low-code NFT marketplace built by Concordium has been received very well and we have in Q4 2023 expanded its capabilities by adding an ESG upgrade called Agora Impact Market, which supports end-to-end tokenization and trading of carbon credits.



3.7. Community

- Governance: We have started implementing our Governance voting that will go live June 2024. In parallel, we intend to convert this into a one-of-a-kind voting platform for use cases requiring more than just “one token, one vote.” We want to extend the capabilities of decentralisation of Governance to work closer with our community.
- Developer Community: We are putting more effort into the Developer Community, starting January 2024 we hired a Senior Developer Community Manager that will drive the area. We have also hired a Developer Relations Engineer to join the Developer Community in February. Building out the Developer Community is key for Concordium’s success. Getting developers to build on top of our platform is not only important for the adoption of use cases but also a must for decentralisation. The community is an extension of the Concordium core developer team. Key goal is to get more developers building on top of Concordium.

3.8. Identity

As a key USP, Concordium’s Identity Layer will continue to evolve making it easy for businesses to build applications that use the built-in ID features of the blockchain and the Concordium wallet.

- National Identities: In Q4 2023 we implemented support for the Danish MitID which now makes it possible to get a Concordium identity with a few swipes on a smartphone. We also support the equivalent for Finland.
- Web3ID: Version 3.0 of Concordium’s ID layer, dubbed “Web3ID”, which builds on the W3C standards for self-sovereign identity, was released in September 2023. With Web3ID, any company can be an issuer of credentials that claim something about a person. And any person or business can verify information given by the user based on those credentials in the shape of zero-knowledge proofs. We will continue to make it easy to onboard businesses, provide machine IDs, lower the bar for businesses to become issuers, and for verifiers to check zero-knowledge proofs.
- CompanyID: We have created a better UI and onboarding flow for companies to identify themselves. We are also enhancing this in Q1 2024 to enable ID for Virtual Assets Service Provider (VASP) companies.

3.9. Wallets

Crypto wallets are clients that can access blockchain functionality. Concordium’s own wallets are built for iOS, Android, Chromium browsers, and desktops, OSX, Windows, and Linux. Making Concordium accessible from external wallets opens up for more users and this has been a focus for 2023 and will continue in 2024.

- Mobile Wallet: We have in Q1 2024 released a new version of the CryptoX wallet with a focus on a better onboarding experience. After downloading and opening the app, the user will be introduced to the home page which will showcase the use cases and other interesting features for Web3. This will allow the user to gain some interest and be able to play around in the wallet.



If the user wants to create a transaction the users will be required to identify themselves, bringing on a better experience for the user.

- Desktop Wallet: The Desktop wallet is meant for institutional users and for Concordium's Governance Committee. It will continue to support these user groups, but will not be usable from dApps.
- External Wallets: We are extending our Wallet SDKs, making it easier for 3rd party wallets to integrate Concordium. We have released the browser and Android wallet SDKs in January 2024. We will release the iOS wallet SDK in March 2024. This is crucial for reaching a wider audience, bringing more attention to Concordium, and making us more accessible for users.

3.10. Explorer

CCDScan.io is Concordium's own blockchain explorer, which has features to support developers and end-users. Further the explorer has support for Validators (previously known as Bakers), Stakers, Developers, Traders, CCD-owners, and Data Analysts.

- Smart Contracts: For CCDScan we have done several releases including a portal where it is possible to search, read, and view smart contracts. We have also released a new circulation supply endpoint for CoinMarketCap and CoinGecko and new TVL endpoints

3.11. DeFi Ecosystem

Concordium's strong focus on supporting a healthy DeFi ecosystem comes with a unique differentiator, the Identity Layer. We are building out the DeFi space by adding more functionality and offerings.

- KYC-as-a-Service: With Web3ID it is possible for a service provider to issue KYC-verified information as a credential that users can hold in their wallets. This will significantly lower the bar for businesses as it may ease the KYC-friction when use cases can choose to not implement KYC in their own service but rely on already existing KYC data. We have partnered with Muinmos in Q3 2023 to support this service to our community and customers.
- Bridge: Boosty Labs, a Web3 technology company, is adding Concordium to their Tricorn cross-chain bridge service, thereby opening up bidirectional transfers between Concordium and Ethereum. Planned release in Q1 2024.
- Oracle: Umbrella launched their oracle on the Concordium network in Q4 2023 and are continuously adding more data feeds according to the community's feedback.
- Stablecoins:
 - A stablecoin provides a safe haven from volatile crypto as an on-chain asset. Membrane Finance introduced a native EUROe stablecoin to Concordium at the end of December 2023.
 - Concordex supports various bridged tokens including WUSDC, WUSD, WBTC, WETH, WDAI.
- Launchpad: The first launchpad, Concorpad, went live in December 2023 and will provide ICO capabilities among other key features for getting new projects off the ground.
- Indexer: We will make developing Concordium easier by providing an Indexer for quick lookups of key chain data, providing the ability to launch a local chain with 1 click. The indexer was released mid Q4 2023.



4. Industry Infrastructure development

Concordium is undergoing a significant expansion of its crypto and blockchain infrastructure tools and services. Numerous projects are underway to enhance CCD-holders' capabilities in accessing, transferring, storing, and staking their CCD tokens and Concordium-based smart contracts.

Copper.co has successfully integrated the CCD, thereby becoming the first institutional custodian to join the Concordium ecosystem. Other institutional custodians have shown interest in integrating CCD and the Concordium smart contract standard - CIS2. Updates on these ecosystem expansions will be shared upon completion of their integration. Concordium is committed to improving the availability of institutional and self-custody solutions.

A variety of staking services are already available to CCD holders. Interest in staking CCD tokens, either through dedicated staking services or directly on exchanges, has grown significantly. Major staking providers have been looking to enhance accessibility and availability of CCD staking services. Concordium is dedicated to simplifying the CCD integration process by providing necessary documentation and support.

Figment.io, a leading institutional staking provider, announced support for the CCD, joining other providers like Luganodes, Northstake, Amdax, and Myrmidon Staking. Making CCD staking options widespread and competitive is seen as crucial for decentralising the Concordium blockchain further.

Improving implementation guides for centralised exchanges (CEX) has been another focus area. Concordium has developed documentation and support for various APIs, including Coinbase Rosetta, to streamline the CEX integration process. Concordium also offers support and guidance to exchanges through a dedicated integration team with significant implementation experience to ensure smooth implementations and adherence to best practices.

Lastly, Concordium has supported initiatives relating to bridging CCD and CIS2-based tokens to other networks and bringing tokens from other networks to Concordium.



5. Concordium's Commercial Activities & Grant Program

5.6. Commercial activities

In the past eight months, the commercial activities of Concordium have increased significantly. With the expansion of essential infrastructure, the introduction of key partnerships, the development of low-code frameworks and an overall increase in activity on the chain, Concordium has positioned itself for an interesting year ahead.

Essential infrastructure developments on Concordium:

In the second half of 2023, Concordex was launched by Tacans AG as the first native decentralised exchange on the Concordium blockchain. The platform has seen increasing transactions and liquidity since then, recently reaching one million dollars of transaction volume. Concordium blockchain now has its first ERC-20 bridge, Arabella, and work is in progress by Boosty Labs on integrating with the first multi-chain bridge, Tricorn. In January 2024, Umbrella Network announced the integration of the first oracle service with Concordium and Subquery was introduced as the first blockchain indexing solution provider. The first token launchpad, Concorpad, was developed during the second half of 2023 and the first Token Generating Events are currently being analysed and assessed by the respective use cases and the Concorpad team. Finally, in November 2023, the fintech company Membrane Finance announced the integrating of its MiCAR-compatible e-money stablecoin EUROe, being the first native stablecoin on Concordium. The EUROe is now available directly from Membrane Finance by new minting of EUROe and through Wert.io's on-ramping solutions and can be traded on Concordex. As more projects start to utilise the token in their activities it is expected to become an increasingly important vehicle for stable financial interactions.

Key partnerships and developments

In alignment with our strategic shift towards a more decentralised operational structure Concordium has invested in establishing and nurturing valuable partnerships. Corporate partners are developing and deploying solutions targeting their business challenges leveraging the technical and commercial expertise of Concordium's core team in a co-creational relationship. Some of such projects focus on public verifiability of data using zero knowledge technology and verifiable credentials, others are leveraging Concordium's ID-layer to secure accountability and trust in tokenization systems. The science and innovation driven solutions have made waves in the cryptographic community and the open-sourced elements are available for anybody to use.

Concordium has joined forces with strategic partner Blockchain Founders Group to support startups building on Concordium with an accelerator program. This 8-week accelerator program will include tactical workshops, mentoring and technical support for the admitted applicants building on Concordium. By the end of the program the strongest participants have the chance to secure up to €120,000 in funding through an investment. The program is currently open for submissions, and the first applicants show great potential.



2023 was concluded with the announcement of our partnership with Hitachi Solutions. Our joint efforts are dedicated to conducting a proof of technology on the Concordium blockchain. The primary objective is to develop a Web3 wallet, with a focus on integrating biometric electronic signatures to enhance usability. Hitachi's Public Biometric Infrastructure (PBI) platform serves as the cornerstone of this endeavour, combining biometric authentication and PKI digital signature technology.

Low-Code frameworks

Technical partners and Web3 developer houses have been involved in developing new infrastructure additions and support structures for aspiring projects joining the ecosystem. This is exemplified with the strides taken with our low-code frameworks.

One of the developments in this regard is the latest iteration of the Agora NFT Marketplace. Agora-IMPACT was launched as an open-source low-code framework in Q3 2023 to support ESG projects on a mission to enable frictionless and trustworthy carbon offsetting. Consequently, Agora-RWA has been reviewed by Concordium's tech and science team and is available as an open-source framework since February 2024. It aims to fasten development progress and reduce the development cost for projects aiming to tokenize Real World Assets like real estate, traditional financial products, commodities or collectables and rare goods.

The customizable and dynamic architecture of this solution forms a safety- and efficiency focused foundation for many types of use cases. The main innovation in comparison to competing frameworks is the compliance ready, customer lifecycle management setup and access control mechanisms defined by designated user types. Moreover, many other enabling features like commissioning, shielding, and sponsoring of transactions, but also zero knowledge proofs of verifiable credentials, portable KYC and AML checks can be implemented if relevant for a given use case.

Overall increase in activity

As the Concordium ecosystem grows day by day, it becomes increasingly important to focus on supporting the ecosystem participants in their endeavours. The Developer Endowment Pool has been used to assist projects with tokens to increase user engagement and adoption. Overall, this has amounted to an increase in transactions with great contributions from key participants like AesirX and Digital Social ID. As many more projects are expected to go live in the months to come the Developer Endowment Pool is expected to be a key tool to support the increase in blockchain activity.

Also, the heightened GitHub activity attests to the growing interest from use cases, showcasing a resilient and dynamic community. With an increased focus on developer support, we expect this to be a continuous trend in the year ahead. The new ambassador program is a testament to the increased focus on community inclusion and engagement.

**Key focus areas for 2024**

As a next step in the RWA (Real World Asset) vertical, the commercial team and an increasing number of ecosystem partners will support use cases leveraging Concordium's blockchain and smart contract technology. We are looking forward to announcing the latest grantees that are determined to deploy their own RWA tokenization and marketplace platform leveraging Concordium's Low-code Framework. Traceability and ID solutions remain close to Concordium's commercial focus. A number of Companies are eagerly developing solutions for real world challenges. They will be presented on an ongoing basis over the first half of 2024.

The introduction of the Tricorn bridge will allow assets to flow freely in and out of the Concordium ecosystem. DeFi applications and infrastructure partners are set up to bring activity from other ecosystems onto Concordium and increase their user base. The new bridge will also allow projects to wrap CIS2 tokens into ERC-20 tokens and list them on EVM based exchanges. This is a crucial goal we are working towards to allow for higher accessibility and lower entry barriers for interested market participants.

In our ongoing commitment to fostering innovation and growth within the Concordium ecosystem, a primary focus will be on enabling and encouraging use cases that significantly increase transaction volume. To this end, we are actively facilitating the development of robust design frameworks that can support such expansion. AesirX and Digital Social ID are proof that ecosystem collaborations are at the forefront of our efforts, as evidenced by their prominent activities as viewed on the Concordium Explorer. These initiatives are not only testament to our proactive engagement with key use cases but also valuable experience which can be learned from and help in taking other use cases to new heights.

As one of the most recent efforts, the Concordium grant program has been revamped with a new cohort setup that allows more structured application, review, and decision processes. All of this will provide a much more transparent grant process where the user is guided through every step and always knows how far they have to go until they get a response.



5.7. Concordium Grant Program

In collaboration with Seier Capital A/S, Concordium is managing the Concordium Grant Program. This initiative aims to support the development of innovative projects within the Concordium ecosystem. The program provides expert guidance and financial backing to ventures exploring unique applications across various sectors. Whether it is emerging startups building blockchain-focused businesses from the ground up or established enterprises enhancing existing applications with Concordium's technology, the grant program serves as a catalyst for transformative initiatives. In the latter half of 2023, the Concordium Grant Program supported the introduction of more than 15 interesting projects expanding the Concordium ecosystem in many directions.

In the realm of Tokenized Loyalty Programs, initiatives such as MeProtocol and SharingClub contribute by providing robust infrastructure for loyalty solutions. These projects introduce a fresh perspective to customer engagement and rewards while seamlessly integrating with the Concordium blockchain.

Exploring generative AI dApps, projects like Orpiva, 2021.ai, and Signa-X are at the forefront, pioneering innovative applications. By harnessing the power of generative AI, these platforms aim to redefine user experiences and interactions, offering a solid foundation for decentralised applications.

Golisto leads the way in reshaping the representation and trading of tangible assets on the blockchain. Their initiatives establish a secure and transparent foundation for the tokenization of physical collectables, introducing efficiency and accessibility to the process.

The grant program also supported the introduction of several pieces of blockchain infrastructure that have been imperative to improving the overall utility of Concordium. The new naming service by Web23 went live in September 2023. In December 2023, Subquery was introduced and went live as the first indexing service for the Concordium blockchain, enhancing the accessibility of data.

Moreover, the grant program has supported the introduction of some groundbreaking initiatives. It backed the integration of IBEXUS's tooling, which uses Concordium blockchain to create agreements that are autonomous, transparent, and trustworthy. The program also supported VeritaTrust's platform, designed to tackle fake product reviews and giving new opportunities to foster consumer trust and engagement, and it played a role in integrating new functionalities to TechFiesta, a web3-focused hackathon platform by Ekolance and Subtonic, changing how we approach participation in the music industry. Concordium blockchain has also seen the introduction of Edubuk's pioneering diploma verification tool, making it easier for people to prove their educational credentials and Gonana Farm, a web3-enabled marketplace for agricultural commodity traders worldwide.

Aligned with Concordium's commitment to impactful innovation, the grant program supports projects that solve issues and add real value across various industries.



6. Marketing activities

The marketing highlights for the second half of 2023 and the beginning of 2024 include the following:

- Full rebranding of the Concordium blockchain resulting in a new website, new visual identity, and mission & vision statements.
- A major boost in our marketing spend, prioritisation and execution.
- Higher engagement on social media, better share of voice positioning in Web3 and significant community growth.
- Decentralisation and marketing.

There has been a major boost in our marketing spend, prioritisation and execution during the past months. As part of our endeavours to put Concordium on the map of Web3 stardom when it comes to Layer-1 projects, Concordium embarked on an exciting rebranding journey resulting in a completely new website, visual identity, mission and vision.

Concordium has adopted a clearer narrative now geared towards decentralisation focusing on positioning as a robust L1 with identity embedded at the protocol layer balancing privacy and accountability. In this way, Concordium is laying the foundations for the future of Web3 adoption, propelling areas such as DeFi, stablecoin, ID infrastructure, Web3ID, AI, ESG and more.

As part of this focus, the marketing department has highlighted new prominent use cases, generating more exposure and creating new business opportunities. For example, in the area of ESG, we have collaborated with influencers and industry experts to amplify Concordium's appeal and value proposition.

An example of our most successful expert collaboration took place in October, with the renowned digital identity expert and thought leader, Bianca Lopes on a LinkedIn event garnering 1331 sign-ups, 560 leads and 100 ongoing conversations.

Growth has also been consistent on LinkedIn, increasing the number of new followers by a percentage of more than 25%. Additionally, we closed the year 2023 with a partnership announcement with Hitachi Solutions to conduct the proof of technology on Concordium blockchain aiming to build a Web3 wallet using biometric electronic signatures to improve usability. Hitachi's Public Biometric Infrastructure (PBI) platform is a new public key authentication platform that combines biometric authentication technology and PKI digital signature technology.

Furthermore, we have earned important media placements establishing key spokespeople in Concordium and heightening the overall brand's thought-leadership throughout our verticals, creating awareness and attracting high-quality leads. Media includes strong publications such as Cointelegraph, Decrypt, DeFi Lama, Blockworks, Biometric Update, Benzinga etc.



Concordium's share of voice and media coverage has significantly increased in relation to other L1 competitors. For example, during the month of September, we saw Concordium take a 25.4% share of voice amongst them in media coverage.

Additionally, we crafted a very successful DeFi report delving into the convergence of Traditional Finance (TradFi) and Decentralised Finance (DeFi) establishing Concordium as the most regulation-ready blockchain to build dApps on. This report generated 500 leads in total, 60% of these stemming from Google ads and 40% from LinkedIn ads.

Our metrics reveal an uptick in social media engagement during the past months with an overall 9% growth on Twitter, 25% growth on LinkedIn, 43% growth on Discord, and 28% growth in Telegram respectively. Lastly, we see a surge in the number of YouTube subscribers by 25% and an average live-streaming viewership of 2.7K views. This growth is mostly due to optimised titles, taglines, descriptions, thumbnail visuals, and more consistent posting.

Concordium's community keeps on growing, and we managed to draw new Web3 crypto native community members. For example, we drew in new Web3 crypto native community members with the Galxe and Bit2Me campaigns. Galxe generated 6,300 new members on Discord, 869 media mentions, 2 million reach, 758 wallet downloads and an approximate number of 700 account creations.

Concordium's CCD token was listed on the Spanish crypto trading platform Bit2Me as part of a bigger strategy to penetrate the Hispanic market. Bit2Me is a Spanish crypto exchange boasting approximately 500,000 active users and an appealing user interface that is catered to novice investors as well as experienced traders.

This year 2024 we will concentrate on decentralisation and amplifying use cases by creating awareness while simultaneously tapping into their existing communities with co-marketing efforts. Also, we will extend our partnerships with relevant platforms that help Concordium's community grow exponentially.

We have started to collaborate with Giga Corp, a specialised Web3 agency that will focus on expanding our Concordium community and bringing awareness to the developer ecosystem through impact compound-growth strategies. On top of this, we will continue our collaboration with PR partners, influencers, and paid media.



Our ambassador programme will be essential to grow our community and bring decentralisation by incentivizing and empowering our community members to become active participants in our journey. Combined with this there is a digital asset management system that will enable our community to create content and evangelise the broader Web3 enthusiasts about Concordium. The digital asset management system (DAM) will be an evolution of Concordium's media kit, serving as a user-friendly platform with access to all our creative assets, attracting crypto natives and builders alike.

Finally, we will apply the lessons learned from the previous year and push our efforts even further, setting new standards in the blockchain space and gaining more awareness amongst the crypto native and developer communities, we will do this through strategic participation at selected events, higher targeted PR, establishing ourselves in the space, hackathons, key partnerships, etc.



7. Concordium Governance

The governance structure in Concordium comprises two main elements being the Corporate Governance structure that deals with the decision-making process and related responsibilities of the Concordium Group and the decision-making process and related responsibilities related to Concordium Blockchain.

7.6. Concordium Corporate Governance

The purpose of the Concordium Foundation is defined in its Public Deed. The Foundation Board is tasked with ensuring that the Concordium blockchain protocol continues to develop and remain relevant to the needs of users within the principles of the Foundation's purpose. The Concordium Foundation is supervised by the Swiss authorities.

In January 2024, Bjørn Krog Andersen resigned from the Board due to other business engagements.

Hereafter, the members of the Concordium Board of Directors are the following:

- Lars Seier Christensen, chairman since inception, Swiss resident, Danish nationality
- Simone Monnerat, board member since inception, attorney at law, Swiss resident, Swiss nationality
- Ueli Maurer, board member since inception, professor at ETH, Swiss resident, Swiss nationality
- Ian Zhang, board member since October 2021, Swedish resident, Chinese nationality.

Since the last Transparency Report in June 2023, the Board of Concordium Foundation has held three board meetings, one in September 2023, one in December 2023, and one in January 2024.

The Board is planning its work concerning an annual wheel, thereby ensuring that specific items are discussed and dealt with following internal policies and regulatory requirements, such as risk analysis, financial planning, etc.



7.7. Concordium Blockchain Governance

The Concordium Board has appointed a Governance Committee, currently consisting of five members.

The Governance Committee evaluates and implements parameter changes and protocol updates, and oversees and adjusts the tokenomics, including the CCD growth rate within the discretion granted by the Concordium Foundation.

The Governance Committee is furthermore responsible for developing the details of the governance framework to be proposed to the Foundation Board for approval.

Concordium has announced its commitment to a gradual decentralisation of the blockchain governance function. In line with the chosen strategy, the Concordium blockchain will gradually be decentralised by implementing the steps described below to adopt a suitable form of blockchain democracy that will be a hybrid between representative and direct democracy.

As part of this transition, CCD holders will assume an increasing role in suggesting and determining the priorities for the Concordium blockchain through the Governance Committee. They will be able to elect members of the Governance Committee and propose candidates for the Committee. In addition, they will obtain the right to vote on Governance Committee proposals and will have the opportunity to formulate their own proposals. The Foundation Board will act as a guarantor that the fundamental Concordium principles of privacy with accountability and that the Public Deed of the Concordium Foundation are adhered to. Via the decisive influence on the composition of the Governance Committee, CCD holders will assume a strong role in shaping and overseeing the development of the Concordium blockchain.

The next step of the governance decentralisation will take place in June 2024, when two members from the community will be elected by CCD holders to join the governance committee.



7.8. Concordium's strategy for decentralisation

The Board of Concordium Foundation has adopted a strategy for governance decentralisation, which include the following steps:

Step 1. Preparation phase from Mainnet launch in 2021 to 2024.

The Board of Concordium Foundation appoints all five members to the Governance Committee.

Step 2. Gradual decentralisation: June 2024 (Mainnet +3 years)

CCD-holders appoint two new members to the Governance Committee by electronic voting from a list of candidates proposed by the Board of Concordium Foundation, thereby expanding the Committee from five to seven members. At this stage, two of seven members of the Governance Committee are appointed by the CCD holders.

Step 3. Further decentralisation: June 2025 (Mainnet +4 years)

CCD holders appoint two further members of the Governance Committee by electronic voting, expanding the Governance Committee from seven to nine members. All the candidates for the Governance Committee for this election and onwards are proposed by CCD holders. At this stage, four of nine members of the Governance Committee are appointed by the CCD holders.

Token holders may vote on certain technical proposals from the Governance Committee. A governance framework will determine what proposals are put to a vote and what quorums are needed for them to be accepted.

Step 4. Further decentralisation: June 2026 (Mainnet +5 years)

The Governance Committee's number of members remains at nine members, with three seats up for (re)election every year. Thus, three of the initial five committee seats appointed by the Board of Concordium Foundation are up for election in 2026. At this stage, five of nine members of the Governance Committee are appointed by the CCD holders. CCD token holders may make their own proposals to change parameters or elements of the tokenomics.

Step 5. Further Decentralisation: June 2027 (Mainnet + 6 years)

All members of the Governance Committee will be appointed by the CCD holders. Certain aspects of the governance framework may be modified by CCD holders. CCD holders may assume an even stronger role in shaping and overseeing the development of Concordium. The precise scope of the Governance Committee's mandate will be determined based on the experience gained during the preceding steps.



7.9. Composition of the Governance Committee

Initial composition in 2021 of the Governance Committee:

- Lone Fønss Schrøder, Concordium Group CEO.
- Jørgen Hauglund, Concordium Group CFO.
- Beni Issembert, Concordium Group CMO.
- Torben Pryds Pedersen, Concordium Group CTO.

Log of changes to the Governance Committee

- June 2022: Resigned member: Torben Pryds Pedersen.
- June 2022: Resigned member: Beni Issembert.
- June 2022: New member: Michael Jackson.
- June 2022: New member: Kåre Kjelstrøm.
- June 2022: New member: Christopher Portmann.
- March 2023: Resigned member: Lone Fønss Schrøder.
- March 2023: New member: Torben Pryds Pedersen.
- October 2023: Resigned member: Kåre Kjelstrøm.
- October 2023: New member: Nibras Stiebar-Bang

The current members of the Governance Committee

- Michael Jackson, an independent member of the Concordium Advisory Board, Luxembourg resident, British nationality.
- Jørgen Hauglund, Concordium Group CFO, Danish resident, Danish nationality.
- Nibras Stiebar-Bang, Concordium Group CTO, Swedish resident, Swedish nationality.
- Torben Pryds Pedersen, Special Advisor to Concordium's Commercial Team, former CTO of Concordium Group, Danish resident, Danish nationality.
- Christopher Portmann, Scientist with Concordium's science team, Swiss resident, Swiss nationality.



7.10. Governance Committee decisions:

7.10.1. New Governance Committee decisions since June 2023

Decision GP-010, August 2023

- Protocol update to increase the max. throughput of the Concordium blockchain
- Changes the consensus protocol from an existing two-layer design to a new ConcordiumBFT consensus.
- Adds better support for sponsored transactions.
- Other fixes and improvements.

Decision GP-011, November 2023

- Parameter updates to simplify the tokenomics, aligning with industry standards, and promoting a vibrant and dynamic staking ecosystem
- Finalisation rewards are removed and the corresponding minted CCDs are distributed as part of the block rewards.
- The maximum pool size is bounded by 5% of the pool stake.
- The ratio between the pool stake and validator stake is at most 6.
- The stake needed to set up a validator is increased to 500,000 CCDs.
- Passive commissions are increased to 25%.
- Pool commissions can be chosen freely by the validator running the pool.
- The cool-down for delegators is set to the same value as for validators, namely 3 weeks.
- The mint rate is decreased to 8% p.a.

Decision GP-012, January 2024

- Parameter update to reduce the cost of transactions with the goal of insuring competitive transaction fees for both simple and complex transactions
- The cost in EUR of all transactions is reduced by a factor of 100.
- The cost for simple transactions is planned to increase to the past level of slightly below in connection with a later implementation of a new pricing mechanism that will ensure competitive fees for all transactions.



7.10.2. Earlier GC decisions already included in the June 2023 Transparency Report

Decision GP-001, September 2021

- Change of CCD/EUR exchange rate to reflect Private Placement pricing.

Decision GP-002, October 2021

- Adds the possibility to add meta text (memo) to transactions transferring CCD.

Decision GP-003, January 2022

- Adds Digital Trust Solutions as an additional identity provider.

Decision GP-004, January 2022

- The protocol change adds support for multiple addresses for the same account, also referred to as account aliases. In protocol version 3 each account can have up to 16777216 addresses.

Decision GP-005, January 2022

- Adding Keys for Automatic CCD/EUR Rate Updates.

Decision GP-006, February 2022

- Adapting rules for automatic update of exchange rate for EUR-stable transaction fees.

Decision GP-007, June 2022

- Setting initial parameters for delegation incl. delegation leverage, pool size, and commissions.
- Updating parameters for allocation of minting rewards.
- Updating parameters for baker and delegation cooldown period.

Decision GP-008, June 2022

- Protocol change adding support for delegation, new smart contracts that support larger states, synchronous calls, and several cryptographic primitives.

Decision GP-009, December 2022

- Protocol update change adding support for upgradable smart contracts.
- Allowing smart contracts to query additional data from the chain.
- The protocol update allows smart contracts to use more resources and introduces a major reorganisation of the account storage allowing for more efficient account retrieval and updates.



8. Concordium Corporate Structure

The corporate structure of the Concordium Group is shown below. The Concordium Group comprises Concordium Foundation and its 100% owned directly or indirectly owned subsidiaries, Concordium AG, Concordium Research ApS, Concordium Software ApS, and Concordium Reg DeFi Lab AG.

Only active companies with ongoing operations are shown.

Since the Transparency Report No. 1, Concordium Reg DeFi Lab AG has been inactive and has thus been removed from the below Group chart.

Corporate structure of
Concordium Group

As of February 2024

