

IATA
GLOBAL
MEDIA DAYS

Environment Update

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Notes

Slide 1: Tony Concil welcomes and introduces the Sustainability Update with Sebastian Mikosz, Senior Vice President, Member and External Affairs, and Michael Gill, IATA Director of Environment, as well as the executive director of ATAG, our cross-industry association which has coordinated much of the work in this area in recent years.

Agenda

Environmental targets

Launch of Aviation Carbon Exchange

Questions & Answers

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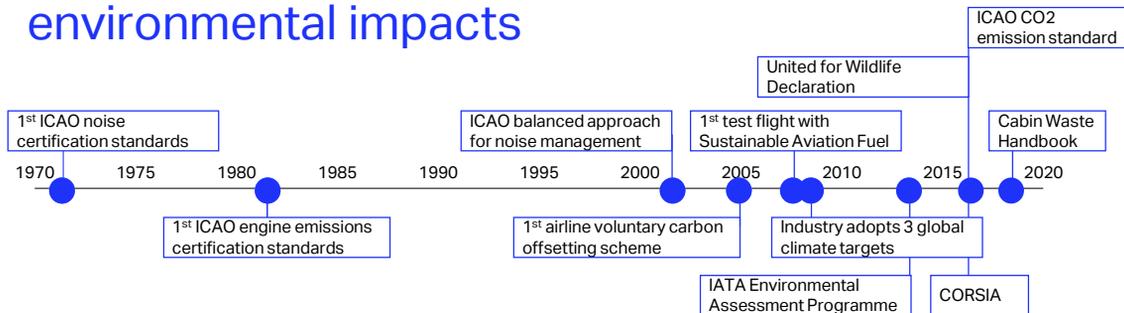
SLIDE 2

Sebastian good afternoon, evening, morning.

Introduction. (short)

Agenda

Aviation has a long track record of tackling its environmental impacts



Examples of achievements

- 2% annual average fuel efficiency improvement (vs. 1.5% target)
- Per-passenger CO2 impact improved by **over 50%** since 1990
- Noise footprint of new aircraft is **50%** less than the aircraft they replace
- Over **300,000** commercial flights with SAF

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SLIDE 3 NOTES

Environmental sustainability agenda is core to IATA.

Decades of improvements and new initiatives across wide variety of environmental and sustainability issues.

Our remit - Climate change and reducing emissions/single use plastics-cabin waste/illegal wildlife trafficking/aircraft noise/decommissioning and scrapping aircraft/environmental assessment programs for members.

But **KEY** issue for us **right now** is **climate change/emissions**.

COVID has been devastating for us - losses 2020 now expected to be \$118.5 billion, forecast another \$38bn of losses next year – but **not impacting our commitment to sustainability targets**.

This year's AGM resolution shows airlines' continuous commitment to fight climate change



Despite the catastrophic effects of the COVID-19 pandemic on the industry, the IATA AGM:

REAFFIRMS the strong commitment of IATA member airlines to respond to the climate challenge

PLEDGES to

- half the industry's 2005 net CO2 emissions by 2050
- explore pathways to reach net zero emissions

URGES governments to support the transition to Sustainable Aviation Fuels and avoid cost-ineffective instruments such as ticket or carbon taxes

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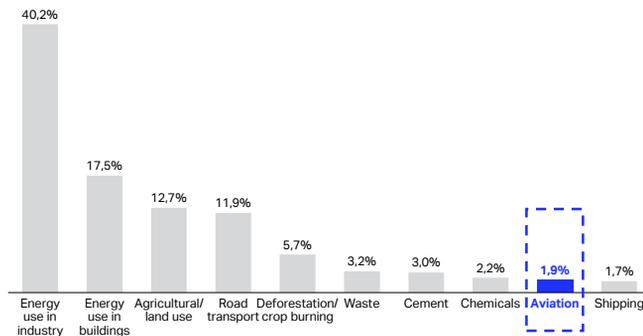
SLIDE 4

Commitment to fight climate change renewed at AGM Tuesday, despite the COVID crisis.

3 key plans of action on commitments, including renewed pledge to halve industry's 2005 emissions by 2050 ... explore pathways to net zero emissions... urge governments to support transition to Sustainable Aviation Fuel.

Aviation's carbon footprint less than 2% of global emissions

Breakdown of CO2 emissions by source, 2019



Note: data includes all greenhouse gas emissions. Source: World Resource Institute

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SLIDE 5

Commitment to cutting emissions has kept aviation industry at lower end of global CO2 emissions... about 2% of all global emissions last year.

Since 1990 have cut emissions per passenger by half.

Our CO2 impact should also be balanced with the positive impact on employment and economic activity.

Pre-COVID, aviation supported:

- 87.7 million jobs
- USD 3.5 trillion in GDP

We're committed to ambitious targets

- 1 Fuel efficiency**
An average improvement in fuel efficiency of 1.5% per year from 2009 to 2020
- 2 Carbon neutral growth**
A cap on net aviation CO₂ emissions from 2020
- 3 2050 goal**
A reduction in net aviation CO₂ emissions of 50% by 2050, relative to 2005 levels

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SLIDE 6

We had ambitious climate targets as far back as 2009.

1. Fuel efficiency gains 1.5 percent a year between 2009-2020. We met and beaten that target – average is 2% fuel efficiency gains – that's a 21.4% improvement since 2009.
2. Carbon neutral growth – into effect from the start of 2021.
3. Halve 2005 emissions levels by 2050. Explore pathways to zero net emissions by 2060-65.

And we're confident we can deliver these targets

The challenge is significant...

- Aviation is still largely **dependent on liquid fuel**:
 - Gravity and energy density
 - Trip length (long-haul trips)
- **Positive developments** in hydrogen and battery but still limits of science
- Will be **costly** to transition to new energy sources
- Airlines are **dependent on others in the value chain**
– aircraft manufacturers, fuel suppliers – who have the know-how to innovate

... but we are optimistic we can overcome it

- Since 1990, we have **improved** our CO2 impact per passenger **by over 50%**
- Since 2009, we have **surpassed** our short-term fuel efficiency improvement goal (**2% vs. 1.5% target**)
- We know there are **multiple pathways** to get there
- **Sustainable Aviation Fuels (SAF)** can fill the gap that remains



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SLIDE 7

Confident we can deliver on targets, but challenges are significant

The game-changer is Sustainable Aviation Fuels



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Sustainable Aviation Fuels (SAF) are the only current viable and scalable solution to aviation's climate challenge:

- SAF comes from **sustainable sources**, e.g. used cooking oil, municipal waste, non-food crops, waste gasses, salt water plants
- SAF **cuts life-cycle emissions by up to 80%**
- SAF is a **"drop-in" fuel**, i.e. can be used immediately, without adaptations to the aircraft engine
- SAF has **already been used** in 300,000 commercial flights
- There is enough **SAF feedstock** to meet aviation's needs in 2050



SLIDE 8

Ambitious targets - but need clear pathway to get there

We think right now a *game-changer* is Sustainable Aviation Fuel (SAF).

They're produced *from sustainable sources*: used cooking oil, municipal waste, non food crops, waste gasses, even salt water plants.

Cuts life-cycle emissions by up to 80%

Is a drop-in fuel – engines do not need to be modified

Already being used – 300,000 flights have included SAF

Interesting development – Rolls-Royce will conduct ground tests on its Trent engines with 100% SAF

But need policy support to bring down cost of SAF to be competitive with fossil fuel

- SAF is currently **significantly more expensive** than conventional jet fuel
- **Policy support is needed** to bring down the cost
- With effective policies, **SAF price could be reduced to be competitive with conventional fuel**
- **Policy support could include:**
 - Direct government investment
 - Loan guarantees
 - Tax incentives
 - Regulatory incentives



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SLIDE 9

Obvious question is why aren't we using more SAF.

Simple answer is production needs to be significantly ramped up. .. And because of low production it's 2-4 times more expensive than conventional jet kerosene.

Governments have in the past supported disruptive energy start-ups

We need Government support to ramp up production/bring down cost of SAF.

With effective policies price could be brought down to be competitive with fossil fuels.

Policy could be in the form of:

- direct government investment,
- loan guarantees,

- tax incentives
- regulations for example that support raw material (feedstock) to be used specifically for aviation fuel rather than fuel for other transport, like biofuel for land transport.

IATA calls for government investment in SAF – not ticket or carbon taxes

- 1** **Environmental impact**
Key driver for achieving challenging emissions targets
- 2** **Only solution to sustainable long-haul travel**
Long-haul aviation will rely on liquid fuels out to 2050
- 3** **Economic impact**
Development of SAF industry will create jobs and boost economies of first-mover countries



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SLIDE 10

It is a compelling case –

1. Key driver for reducing emissions
2. Only foreseeable solution right now for sustainable long-haul flight.
3. Development of SAF industry can create jobs, boost economies for first mover countries.

As I said at beginning our commitment to tackling climate change is unwavering.

Would like to hand over to director of aviation environment Michael Gill to talk about a big new step in carbon offsetting which will also boost the climate change agenda

Aviation Carbon Exchange



An IATA solution powered by CBL Markets

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SLIDE 11

Importance of carbon offsetting.

CORSIA .. One of four pillars to achieve significant our aggressive emissions reduction target.

Extremely important measure, particularly in the short- to medium-term, to keep emissions under control as technology ramps up.

We're proud to be launching today the IATA Aviation Carbon Exchange, in partnership with CBL Markets.

Aviation Carbon Exchange



- Solution for airlines to overcome **carbon offsets sourcing** difficulties
- Electronic trading platform - access to **CORSIA** and **voluntary** credits
- Fully integrated with the **IATA Clearing House** for settlement of funds
- Highest level of **transparency** in **carbon pricing** and **availability** of credits
- **Open** to all airlines
- Eliminates complex purchase agreements

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The screenshot displays the 'MARKET OVERVIEW' and 'COMPLIANCE' sections of the Aviation Carbon Exchange. The 'COMPLIANCE' section is active, showing a list of carbon instruments under the 'CORSIA' tab. The table below represents the data shown in the screenshot.

Actions	Standards	Project Type	Instrument
<input type="checkbox"/>	GS-VER	Biomass Cogeneration	Asia/China
<input type="checkbox"/>	GS-VER	Energy Efficiency	Asia/Cambodia
<input type="checkbox"/>	GS-VER	Energy Efficiency	Asia/Laos
<input type="checkbox"/>	GS-VER	Energy Efficiency	Latin America
<input type="checkbox"/>	VCS-VCU	Energy Industries - renewable/non-	Africa/Mauritius
<input type="checkbox"/>	VCS-VCU	Energy Industries - renewable/non-	Asia/China
<input type="checkbox"/>	VCS-VCU	Energy Industries - renewable/non-	Asia/India
<input type="checkbox"/>	VCS-VCU	Energy Industries - renewable/non-	North America
<input type="checkbox"/>	VCS-VCU	Forest Carbon	Africa/Congo
<input type="checkbox"/>	VCS-VCU	Forest Carbon	Africa/Kenya
<input type="checkbox"/>	VCS-VCU	Forest Carbon	Africa/Zambia
<input type="checkbox"/>	VCS-VCU	Forest Carbon	Latin America
<input type="checkbox"/>	VCS-VCU	Forest Carbon	Latin America
<input type="checkbox"/>	VCS-VCU	Forest Carbon	Latin America
<input type="checkbox"/>	VCS-VCU	Reforestation	Latin America

SLIDE 12

ACE Supports Climate Financing

Allows **direct market access** and income for project developers to finance offset projects

Enables financing of **community based projects** that offer co-benefits and support many of the **UN SDGs**, e.g. employment, gender equality, education or health

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SLIDE 14

Any questions or comment?

Please use the chat to submit any question or comment, we will try to answer as many as possible.

