SIS 2020 Update
Webinar
29 September 2020

We will begin shortly...
Welcome
IATA Legal Reminders

- Participants are reminded that live streaming of this webinar by participants to parties not in attendance is not permitted, except as indicated by and with the express permission and knowledge of the Chairperson and IATA.

- Unauthorized recording of the meeting is also prohibited.

- IATA will record the webinar and share the link afterwards to the members of this group.
Get ready to actively participate!

Agenda

- **09:03 – 09:10**: Welcome
  Juan Antonio Rodriguez, Director FDS Operations/IATA & Rob Huijsman, SIS Steering Group Chair/KLM

- **09:10 – 09:25**: Industry Economic Performance Update
  Andrew Matters, Deputy Chief Economist/IATA

- **09:25 – 09:40**: COVID-19 & IATA Revised Strategy
  Juan Antonio Rodriguez, Director FDS Operations/IATA

- **09:40 – 09:55**: SIS Steering Group Update
  Rob Huijsman, SIS Steering Group Chair/KLM

- **09:55 – 10:05**: SIS General Update
  Adina Minculescu, Head E-Invoicing Services/IATA

- **10:05 – 10:10**: SIS Customer Satisfaction Update
  Iuliana Filiuta, Senior Manager Industry E-Invoicing/IATA

- **10:10 – 10:25**: SIS Legal Compliance Update
  Kirk Pereira, Head Standardization E-Invoicing/IATA

- **10:25 – 10:40**: SIS Future Features: Auto-Coding & Simple Workflow
  Bruno Roussel, Senior Manager APPS Community/IATA

- **10:40 – 10:55**: Update on projects interfacing with SIS: PASS / Cargo Community / ACE
  Bruno Roussel, Senior Manager APPS Community/IATA & Iuliana Filiuta, Senior Manager Industry E-Invoicing/IATA

- **10:55 – 11:00**: Final Comments
Industry Economic Performance Update
Covid-19: Impact on air travel demand and the outlook for recovery

Andrew Matters
Deputy Chief Economist

www.iata.org/economics
email: economics@iata.org
Number of global flights is just half the level of a year ago. Despite rising gradually from their April low point (-80% year-on-year).

Weekly flights, %YoY change 2020 vs 2019

Weekly flights YoY change, 2020 vs 2019

Number of global flights operated

-51%yoy

Source: IATA Economics analysis based on data provided under license by FlightRadar 24. All rights reserved.
Regional recovery is mixed – AsPac & NthAm have led... 
...while the recent catch-up from European carriers is notable

Weekly flights, YoY change 2020 vs 2019

Source: IATA Economics analysis based on data provided under license by FlightRadar 24. All rights reserved.
Significant Covid impact on both pax (especially) & cargo
Cargo volumes down 13.5% yoy in July, passenger volumes down 79.8%

Source: IATA Economics using data from IATA Statistics
Domestic markets have underpinned the recovery so far
As restrictions are lifted more quickly than for international travel

Source: IATA Economics analysis based on data provided under license by FlightRadar 24. All rights reserved.
Airlines are trying to stimulate demand with low fares. Air fares for travel on domestic markets in August are ~35% lower y-o-y.

Source: IATA Economics using data from DDS

Growth in average air fares, DOM & INT travel

% change year-on-year

-40% -30% -20% -10% 0% 10%


International travel

Domestic travel
Traveler confidence is key for the industry recovery
49% expect to fly within three months of it being safe to do so

How long to return to travel 'as usual' after the pandemic has subsided?

- Not wait at all: February (14%), April (15%), June (15%), September (15%)
- Wait 1-2 months: February (47%), April (34%), June (32%), September (34%)
- Wait ~6 months: February (28%), April (32%), June (15%), September (15%)
- Wait ~1 year: February (8%), April (15%), June (4%), September (5%)
- Not travel in foreseeable future: February (4%), April (5%), June (4%), September (5%)

Source: IATA Economics using data from Rockland Dutton for IATA
Quarantine is a significant issue for the recovery. Travelers are as concerned about quarantine as catching the virus onboard.

Source: IATA Economics using data from Rockland Dutton for IATA
Governments have provided substantial assistance. Airlines kept on life support in 2020 but majority of aid has to be repaid.

Government aid made available to airlines due to COVID-19, by type (USD bn)

<table>
<thead>
<tr>
<th>Category</th>
<th>Reimbursable / deferral only</th>
<th>Non-reimbursable / waiver/ discount</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loans</td>
<td>58</td>
<td></td>
<td>58</td>
</tr>
<tr>
<td>Wage subsidies</td>
<td></td>
<td>39</td>
<td>39</td>
</tr>
<tr>
<td>Loan guarantees</td>
<td></td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Non-reimbursable government aid</td>
<td></td>
<td>16</td>
<td>16</td>
</tr>
<tr>
<td>Corporate taxes</td>
<td></td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Ticket taxes</td>
<td></td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Fuel taxes</td>
<td></td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>152</strong></td>
<td></td>
<td><strong>152</strong></td>
</tr>
</tbody>
</table>

Unprecedented 2020 loss narrowed but not eliminated
After $84bn net loss this year we forecast further loss of $15bn in 2021

Source: IATA Economics

Airline industry net profits and EBIT margin

- Net profit
- EBIT margin

Source: IATA Economics
Global pax volumes do not recover 2019 levels until 2024

The balance of risks and uncertainty remains tilted to the downside

Source: IATA/Tourism Economics, Air Passenger Forecasts, July 2020 update
Looking for insights into air transport markets and trends?

Download the IATA Economics Mobile App

100% free to download & use

IATA Economics Mobile App

Keep up to date with IATA Economics’ latest research & analysis on key aviation issues, insights and market trends.

Receive notifications when a new report is available, share content through social media and email.

Access industry-leading economic analysis on key aviation and market trends through:
• Reports
• Charts
• Presentations
• Videos and more…

To find out more visit: www.iata.org/econapp
Q&A
Post in Questions box
Thank you
COVID-19 & IATA Revised Strategy
IATA initially structured its work around 10 strategic areas in 2019

Build a strong platform for the future
- Infrastructure for growth
- Government, tax and regulation
- Skilled Staff
- Customer Experience

Help secure the industry’s license to grow
- Safety and security
- Environmental sustainability
- Rebalancing the value chain

Strengthen airlines’ capabilities
- Efficient airline processes
- Digital transformation
- Product differentiation
Emergency Priorities for 2020 due to COVID-19

The first three Emergency Priorities are about directly helping our members with measures to:

- **GENERATE CASH** ($120 bn)
  - Financial Relief to Airlines
  - Operational and Regulatory Relief
  - Payments and Settlement Systems

- **REDUCE COSTS** ($50 bn)
  - Activities:
  - Operational and Regulatory Relief
  - Payments and Settlement Systems

- **STIMULATE AND RESTORE THE MARKET**
  - Industry restart plan:
    - System restart
    - Demand restart

The fourth Emergency Priority is focused on IATA:

- **IATA'S SUSTAINABILITY**
Survive first few months
The crisis has demonstrated the strength of industry systems

<table>
<thead>
<tr>
<th>Financial relief</th>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of relief measures</strong></td>
<td>Generating cash</td>
<td>Reducing costs</td>
</tr>
<tr>
<td>Direct aid (subsidies and loans)</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Wage subsidies</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Corporate taxation</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Industry taxation</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Airport charges</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>ANSP charges</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Fuel charges</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>OEMs/MROs</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Inadmissible passengers</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operational and regulatory relief</th>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of relief measures</strong></td>
<td>Generating cash</td>
<td>Reducing costs</td>
</tr>
<tr>
<td>Vouchers or deferred refunds</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Slots</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Passenger rights</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>PRM rights</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Environment</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td><strong>Blocked funds</strong></td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Cargo</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Payments and settlement systems</th>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Type of relief measures</strong></td>
<td>Generating cash</td>
<td>Reducing costs</td>
</tr>
<tr>
<td>IATA settlement cashflow</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>IATA settlement risk</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Payments holdbacks</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Fraud prevention &amp; cybersecurity</td>
<td>✓</td>
<td>✓</td>
</tr>
</tbody>
</table>

23bn secured cash between March and June
Agent Risk: ISS agent unrecovered at 0.016% vs 0.025% in 2019.
Airline Risk: 10 suspensions in ICH 3.9m clawed back / 8 in ISS with 1.6m
Lobbying through ICH with suppliers every cycle either through protests and/or requests for deferral.
Who are we?

A. Generating cash
   Industry result
   $134.1bn
   Target
   Support up to $120bn
   111.8%

B. Reducing costs
   Industry result
   $49.1bn
   Target
   Support up to $50bn
   98.3%

C. Industry restart
   Last month RTK
   42% of Dec 2019
   Target
   Enable 60% of Dec 2019 RTK level by year end
   69.5%
Some organizational changes at IATA

- 2 divisions merged:
  - Financial, Data and Distribution Services (FDDS), primary focus product management and P&L responsibility
  - Customer Business Services (CBS), primary focus customer centricity and operations

- Muhammad Al Bakri (RVP Africa & Middle East) will replace Aleks Popovich on 1st March 2021

- Restructuring of the Global Delivery Centre (GDC) by November
Thank you

Q&A

Post in Questions box
SIS Steering Group Update

Rob Huijsman, SIS Steering Group Chair/KLM
Agenda

❖ Mandate of SIS Steering Group
❖ SIS Steering Group Members
❖ SIS Steering Group Meetings Agenda
Mandate of SIS Steering Group

• Role / Mandate of SIS Steering Group
  • Part of SIS Participation Agreement as Attachment C / “Governance”
  • Act as advisor to the Financial Advisory Committee, other relevant IATA bodies, and IATA Management, on matters related to SIS product (operations and further development of SIS service and associated processes)
  • E-Invoicing IS-XML standard review and updates to ensure the right standard in place to help industry to achieve savings through automation of processes
  • Area of activities detailed in ISPA Attachment C – Section 1.1
SIS Steering Group Members

- SIS Steering Group consist of 15 members, as per Terms of Reference
- 12 IATA Members Airlines and 3 non-airlines, ex-officio members
  - 5 members appointed by the Financial Advisory Committee (FinAC) based on the results of the elections at the SIS General Meeting
  - 5 members with Account Payable expertise appointed by the Financial Advisory Committee based on members nomination
  - 5 Officials of IATA and ACH and other WGs (acting ex-officio)
    - Chair of the Interline Billing & Settlement Operations Working Group
    - Chair of the ATA Revenue Accounting Committee
    - Secretary/Treasurer of the Airlines Clearing House
    - IATA’s Director for Financial Settlement Operations and Delivery
    - IATA’s Manager, Airline Distribution Standards - (Pay/Account Vertical)
SIS Steering Group Members

- Current SIS Steering Group - Effective 1\textsuperscript{st} October 2018 for 3 years mandate
- Mandate renewable up to a maximum of two times for appointed airline members = 3 mandates
- Chair and Vice Chair elected within the group for a 3 years mandate, with an expected rotation after 2 terms
- Members may not appoint a proxy to represent him or her
- Each Member shall act as a representative of the membership as a whole and not as a representative of the region or of the Member that nominated him/her
- Membership shall terminate if:
  - The airline ceases to be a Member, or
  - The Member leaves the relevant position in the airline, or
  - The Member fails to attend two consecutive meetings, or
  - The Member fails to attend 2 consecutive conference calls in a given calendar year
SIS Steering Group Members

- 5 members with Accounts Payable expertise appointed by FinAC – July 2018
- 5 new members elected during SIS GM 7th on 18th Sep 2018
- 5 Members appointed by FinAC
  - KL - Rob Huijsman - Chair
  - EK - Sureh Pereira – Vice Chair
  - CA - Chao Wang
  - DL - Lewis Moore
  - LH - Guido Baldus
- 5 Members Elected during SIS GM 2018
  - AC - Cheryl Stephen *
  - RJ - Moath Alwaqfi
  - TP - Joao Feliciano
  - UA - Chris Wiebelt
  - 6E – Pramod Kumar Srivastava

* Retired and currently Vacant – open for nominations - Communicated via SIS Bulletin on 25-Sep-2020
SIS Steering Group Members

- 5 Ex-officio members
  - Sophie Creusot – Vice Chair of IBS OPS WG
  - Brenda Fullmer (AA) - Chair of the ATA Revenue Accounting Committee
  - Lori Tully - Secretary/Treasurer of the Airlines Clearing House
  - Juan Antonio Rodriguez - IATA’s Director for Financial Settlement Operations and Delivery
  - Altug Meydanli – IATA’s Manager, Airline Distribution Standards - (Pay/Account Vertical)
- Secretary of the SIS SG:
  - Juan Antonio RODRIGUEZ - IATA’s Director for Financial Settlement Operations and Delivery
SIS SG Meetings and Calls

- SIS SG is meeting face to face twice per year, in May and November, and is having conf calls between meetings.

- 1 face to face meeting since SIS GM 2019:
  - SIN – 20\textsuperscript{th} – 21\textsuperscript{st} November 2019

- 3 conference calls:
  - 11\textsuperscript{th} & 12\textsuperscript{th} May 2020 - face to face meeting converted to conf call
  - 17\textsuperscript{th} June 2020
  - 9\textsuperscript{th} September 2020

- Next meetings / conf calls:
  - 18\textsuperscript{th} & 19\textsuperscript{th} November 2020 – conf call replacing the face to face meeting
  - 16\textsuperscript{th} December 2020
SIS Steering Group Meetings Agenda

• SIS Operational performance
  • SLA & KPIs
  • Review of the Operations of SIS under COVID circumstances - demonstrated robustness of systems and processes with teams working from home; no impact on operations or service performance

• SIS Financials
  • Review volumes and work with IATA team to reduce projected 2020 deficit
  • Decision to postpone the November 2020 release in order to save cost
  • SIS SG proposal to FinAC to use SIS 2019 Surplus to offset 2020 Deficit – approved

• Review proposed changes and agree content of SIS release 1.16 (May 2020)
  • Decision to postpone some functionalities with impact on airlines internal systems
SIS Steering Group Meetings Agenda

- Data quality
  - MISC data quality
  - SIS Webinar #2 / 2020 – “SIS E-Invoicing Miscellaneous Billings Best Practices” – held on 16th June 2020
  - Creation of a “SIS E-Invoicing Miscellaneous Billings Best Practices” guide for 2021
- SIS Webinar #1 / 2020 – “New SIS Functionalities” – 29th April 2020
  - More webcasts to come in 2020 and 2021
- SIS Audit – SOC2 certification
- Legal compliance
  - SIS platform recertification and new Comfort Letter
SIS Steering Group Update

- Conf call with FinAC Steering Group and Chairs & Secretaries of all WGs – 15\textsuperscript{th} July 2020
  - IATA Emergency Priorities
  - Covid-19 crisis and the “new normal”
Thank you

Q&A

Post in Questions box
SIS General Update
229mil (+1.22%) Transactions processed

1.8mil (+12.5%) Invoices processed

$76bil (+1.6%) Total USD Value processed

60,990 Companies receiving invoices

624 Companies sending invoices

1.76 US Cents Unit Cost (-7.7%)
SIS Agreements

<table>
<thead>
<tr>
<th>Membership Category</th>
<th>Aug 2020</th>
<th>2019</th>
<th>% change</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISPA Airline</td>
<td>444</td>
<td>440</td>
<td>1%</td>
</tr>
<tr>
<td>ISPA Supplier</td>
<td>110</td>
<td>108</td>
<td>2%</td>
</tr>
<tr>
<td>ISUA Airline</td>
<td>3</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>ISUA Supplier</td>
<td>131</td>
<td>130</td>
<td>1%</td>
</tr>
<tr>
<td>ISUA Agent UATP</td>
<td>3</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>E&amp;F Customers</td>
<td>83</td>
<td>81</td>
<td>2%</td>
</tr>
<tr>
<td>IATA Offices</td>
<td>14</td>
<td>15</td>
<td>-</td>
</tr>
<tr>
<td>TOU</td>
<td>1,906</td>
<td>1,860</td>
<td>2%</td>
</tr>
<tr>
<td>Sub Total</td>
<td>2,694</td>
<td>2,637</td>
<td>2%</td>
</tr>
<tr>
<td>TOU Agents*</td>
<td>87,420</td>
<td>85,305</td>
<td>2%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>90,299</td>
<td>87,942</td>
<td>3%</td>
</tr>
</tbody>
</table>

*Agents (BSP&CASS) to which IATA submits invoices through SIS. The number of agents also includes some branches, as requested for invoicing purposes.
# SIS General Update

## Billing Summary

### 2020 vs 2019

<table>
<thead>
<tr>
<th>Billing Type</th>
<th>Jan - Aug 2020</th>
<th>Jan - Aug 2019</th>
<th>2020 vs 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>USD Value</td>
<td>Count of Invoices</td>
<td>Count of Transactions</td>
</tr>
<tr>
<td>PAX</td>
<td>$8.79bn</td>
<td>323,794</td>
<td>49,013,065</td>
</tr>
<tr>
<td>NON-TRANS</td>
<td>$9.58bn</td>
<td>471,319</td>
<td>11,638,242</td>
</tr>
<tr>
<td>CGO</td>
<td>$0.56bn</td>
<td>53,626</td>
<td>560,890</td>
</tr>
<tr>
<td>UATP</td>
<td>$1.23bn</td>
<td>18,066</td>
<td>590,999</td>
</tr>
<tr>
<td>TOTAL</td>
<td>$20.19bn</td>
<td>866,805</td>
<td>61,803,196</td>
</tr>
</tbody>
</table>

In comparison to 2019, the invoice value decreased by 60% and the invoice count by 26%. Transaction count decrease in 2020 is 60%.
Billing Values and Invoice Counts by Category
Jan-Aug 2020 share of billing category in total

USD Value
- NON-TRANSP: 47%
- PAX: 3%
- UATP: 9%
- CGO: 44%

Invoice Count
- NON-TRANSP: 54%
- PAX: 37%
- UATP: 2%
- CGO: 6%
SIS General Update

Count of Transactions

2020 vs 2019

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>18,747,327</td>
<td>1.69%</td>
<td>16,632,329</td>
<td>3.18%</td>
<td>10,647,600</td>
<td>-40.43%</td>
<td>2,962,644</td>
<td>-61.62%</td>
<td>2,296,781</td>
<td>-87.94%</td>
<td>2,031,366</td>
<td>-85.91%</td>
<td>3,790,416</td>
<td>-83.07%</td>
<td>4,302,534</td>
<td>-80.75%</td>
</tr>
</tbody>
</table>
SIS General Update

Number of Invoices through SIS

2020 vs 2019

Year  2019  2020
220K
200K
180K
160K
140K
120K
100K
80K
60K
40K
20K

January  February  March  April  May  June  July  August  September  October  November  December

<table>
<thead>
<tr>
<th>Month</th>
<th>January Invoice Count</th>
<th>% Var.</th>
<th>February Invoice Count</th>
<th>% Var.</th>
<th>March Invoice Count</th>
<th>% Var.</th>
<th>April Invoice Count</th>
<th>% Var.</th>
<th>May Invoice Count</th>
<th>% Var.</th>
<th>June Invoice Count</th>
<th>% Var.</th>
<th>July Invoice Count</th>
<th>% Var.</th>
<th>August Invoice Count</th>
<th>% Var.</th>
<th>YTD Invoice Count</th>
<th>% Var.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>147,046</td>
<td></td>
<td>133,534</td>
<td></td>
<td>154,403</td>
<td></td>
<td>144,703</td>
<td></td>
<td>145,770</td>
<td></td>
<td>149,754</td>
<td></td>
<td>147,428</td>
<td></td>
<td>144,832</td>
<td></td>
<td>1,107,515</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>153,746</td>
<td>4.50%</td>
<td>149,983</td>
<td>11.57%</td>
<td>130,900</td>
<td>-15.19%</td>
<td>95,506</td>
<td>-33.72%</td>
<td>81,833</td>
<td>-43.80%</td>
<td>64,420</td>
<td>-43.64%</td>
<td>86,376</td>
<td>-39.92%</td>
<td>82,386</td>
<td>-43.12%</td>
<td>866,805</td>
<td>-29.76%</td>
</tr>
</tbody>
</table>
Governance - general

- SIS Annual General Meeting 2020 canceled due to effect of Covid-19 pandemic on airline industry
- “SIS 2020 Updates” Webinar - organized to provide annual updates from SIS and inform participants on important industry topics
- No voting item in 2020 for SIS system changes
- For 2021 we will implement an online voting capability to be prepared for a possible virtual event again
- Even if in 2020 no formal voting on SIS enhancement proposal, we encourage SIS Participants to send us proposals for SIS new functionalities
- Please use our IATA Customer Portal to submit your proposals to us
  - SIS enhancements can be requested by any SIS member via IATA Customer Portal [www.iata.org/cs](http://www.iata.org/cs), by selecting the Case Classification as “New Feature Request”
SIS SOC2 Audit

- Audit for 2019 operational year was conducted on Controls relevant to Security, Availability, Processing Integrity, and Confidentiality

- The external audit for SIS SOC2 certification audit took place in December 2019 and January 2020
  - Covered full year of operations 2019: 1 January to 31 December 2019
  - SIS supplier, Accelya - audited sites in India, Pune and Mumbai
  - IATA – Montreal
  - More than 160 controls
  - Included the audit of Disaster Recovery test
SIS SOC2 Audit

- Certification obtained end of February 2020
- Audit opinion states that the description of the system of controls as designed and implemented is fairly stated, the system is fit-for-purpose, and operated effectively during the period under review
- **No exceptions** were noted as a result of the external audit testing
- Fourth SOC 2 certification, obtained in 4 consecutive years, with no exception, which is an exceptional result
- Report have been distributed to Participants based on request, following industry communication early March
- A decision for the next certification will be taken in 2021 based on financial evolution during the year
2021 Budget and Forecast

• SIS service is run on a full cost-recovery basis with prices set to recover the budgeted costs

• As per ISPA, the surplus/deficit amounts will be shared between all ISPA participants proportionally to the total paid in the relevant year
  • For 2019 SIS recorded a Surplus of 246,000.00USD
  • SIS SG has worked closely and actively with IATA to find solutions for deficit reduction and succeeded to bring SIS to a Surplus situation from previous years when a deficit was recorded, by implementing several measures, i.e. reduced scope for major releases and enhancements budget, price increase, new support contract with improved conditions in place beginning of 2018, etc.

• As a result of 2020 activity, due to devastating effects of COVID-19 pandemic in aviation industry we estimate a Deficit of approx. 294,000USD
  • Result of drastic loss of volumes through SIS during this year
  • If COVID-19 would have not happened, 2020 would have resulted in a Surplus
To mitigate the effect of the deficit, SIS SG proposed to use the SIS 2019 surplus to offset the forecasted 2020 deficit.

Proposal has been approved by Financial Advisory Committee (FinAC) for IATA to implement it.

2019 Surplus has not been refunded and it is considered in the SIS financial results for 2020.

SIS SG and IATA will continue to closely monitor the evolution of the situation.

In 2021 the cost reduction initiative will continue (i.e. Reduced scope for SIS major releases).
Thank you

Q&A

Post in Questions box
SIS Customer Satisfaction Update
2020 SIS Annual Survey

Target:
Active SIS Users in the last 6 months

Areas of Experience:
Experience Metrics, SIS platform, Functionalities & service levels

Methodology:
An online survey was distributed to active SIS users from June 22nd to August 15th, 2020.

Response Rate:
5.1% Response rate (206) for the sample size of active 4011 Users
Your opinions on SIS

“Best way of dealing with the airline industry in a standard manner”

“Easy and fast exchange of financial data between partners. All exchanges centralized in one spot.”

‘It's quick, efficient. At any given time you can see the status of your billings”

“Seamless settlement method, receive your payment on time, paperless environment”
IATA SIS maintain satisfaction levels keeping a healthy NPS although this year decreases vs 2019

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Satisfaction</td>
<td>81.5%</td>
<td>82.2%</td>
<td>79%</td>
</tr>
<tr>
<td></td>
<td>Airline Suppliers: 75%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Effort Score (CES)</td>
<td>80.8%</td>
<td>81.5%</td>
<td>78%</td>
</tr>
<tr>
<td>NPS</td>
<td>34</td>
<td>49</td>
<td>15</td>
</tr>
<tr>
<td>Satisfaction with SIS Platform</td>
<td>81.9%</td>
<td>81.8%</td>
<td>79%</td>
</tr>
<tr>
<td>Contribution to Business Success</td>
<td>96.1%</td>
<td>95%</td>
<td>NA</td>
</tr>
</tbody>
</table>
NPS Analysis

This year, the challenges are more related to Usage complexity, and although it appears also as a strength for promoters, neutrals are also suggestion some training, interactive session or updates on the manual. Some improvements can be also performed in technical aspects like availability of the platform, sessions time out and browser login.

2020 Net Promoter Score = 34

**Detractors**
- Complex
- Lack of knowledge
- Not user friendly

**Neutrals**
- Training / interactive sessions and Manual update
- Additional features (alerts)– Reporting
- Availability - Time out – login problems (browsers)

**Promoters**
- Easy & Simple to use
- Effective and efficient
- User friendly platform
- Reliable and secure
- Convenient
- Saves time - necessary
Satisfaction with SIS Platform

2020 Satisfaction w/ SIS platform

81.9%

- Management of supporting documents (Receivables): 77.2%
- Management of Payable Invoices: 80.1%
- Management of Receivable Invoices: 85.9%
- Management of supporting documents (Payables): 74.8%
- Processing Dashboard: 68.0%
- SIS reports module: 68.0%
- Billing history and correspondence screen: 76.2%
- Member profile management: 68.0%
- Validation Error Correction: 67.0%
- User and contact management: 68.0%

2019
81.8%

Comments Summary:
- Key interest in Ability to access accurate and up to date Members information
- Usability: search options, download information, error validation info, user management
SIS File Management Functionalities

Comments:
• File submissions for uploads (error messages and waiting time to upload)
• More flexibility in download outputs in various formats

New features:
• Invoice management: search and review features and downloadable invoices or sent by email
• Reporting and dashboards
• Rejections

<table>
<thead>
<tr>
<th>Activity</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uploading billing data file using IS-WEB (IS-IDEC/IS-XML)</td>
<td>74.8%</td>
</tr>
<tr>
<td>Uploading billing data file using iiNET</td>
<td>59.2%</td>
</tr>
<tr>
<td>Uploading of supporting documents</td>
<td>75.7%</td>
</tr>
<tr>
<td>Downloading of output files</td>
<td>75.7%</td>
</tr>
</tbody>
</table>
SIS Support level of service

**2020 Satisfaction w/ SIS Support**

- **Knowlgedable**: 80%
- **Timely response to queries**: 78%
- **Responses clear and concises**: 76%
- **Turnaround time to solve issues**: 77%
- **Ease to have queries resolved**: 78%

**Comments:**
- Users are generally satisfied with the level of support provided for SIS.
- Customers perceive the difference in support levels and ask for direct effective contact in emergency situations.

**2020**

- Satisfaction: 83.8%

**2019**

- Satisfaction: 83.7%
Satisfaction with SIS Communication Channels

Comments:
• Good results overall for SIS communication channels.
• Some customers also ask for quicker responses, in terms of time but also channel experience: Email channel is the preference
• More training, working groups, and webinars are requested
Summary Overview

Key Insights

**Airline Members** represent 85% of the while **Europe** and **ASPAC** sum up 61% of participants in the survey.

**Airlines** are the most satisfied 83%. Highest regional satisfaction is for **North Asia at 87% and Americas 84%** and lowest for Asia Pacific 77.6%.

Long time users (more than 5 years) have the highest satisfaction levels, over 84%. **Key focus for satisfaction would be new users (less than 1 year) as their satisfaction levels are below 80%**.

Users appreciate the simplicity in invoice management provided by SIS – Has a major impact on their day to day business (**96% contribution to success index**)

Key Areas of Focus

The focus segment will be the new SIS users, with periodic **webinars** and **training sessions** on how to use the various SIS modules.

**FAQs** and **guidance materials** will be reviewed and enhanced to help users troubleshoot common errors. **Additional training** to be provided to IATA Customer Service Teams handling L1/L2 SIS queries.

Users are highly interested in **additional reporting capabilities in SIS** and being able to **receive mobile notifications for invoices/reports, etc.** Business requirements to be collected from users.

An **enhancement** to the validation and error reporting process will have a **positive impact on the overall user experience** (similar to what was done for MISC IS-XML files via CMP#813).

Minor **enhancements** to the **Contact Management** module would increase usability and user experience.
Thank you

Q&A

Post in Questions box
SIS Legal Compliance Update
SIS Legal Compliance Update

• Compliant in 44 countries
  • 8 countries were reviewed in 2018
  • Re-certification of remaining 36 countries done in 2020 by PWC
<table>
<thead>
<tr>
<th>Compliance list</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
</tr>
<tr>
<td>Cyprus</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Israel</td>
</tr>
<tr>
<td>Malta</td>
</tr>
<tr>
<td>Portugal</td>
</tr>
<tr>
<td>Slovenia</td>
</tr>
<tr>
<td>UK</td>
</tr>
</tbody>
</table>

66   SIS 2020 Update Webinar – 29 Sep 2020
**Compliance list**

<table>
<thead>
<tr>
<th></th>
<th>Austria</th>
<th>Australia</th>
<th>Belgium</th>
<th>Bulgaria</th>
<th>Canada</th>
<th>Croatia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyprus</td>
<td>Czech Republic</td>
<td>Denmark</td>
<td>Estonia</td>
<td>Finland</td>
<td>France</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>Greece</td>
<td>Hong Kong</td>
<td>Hungary</td>
<td>Iceland</td>
<td>Ireland</td>
<td></td>
</tr>
<tr>
<td>Israel</td>
<td>Japan</td>
<td>Latvia</td>
<td>Lithuania</td>
<td>Luxembourg</td>
<td>Malaysia</td>
<td></td>
</tr>
<tr>
<td>Malta</td>
<td>Netherlands</td>
<td>New Zealand</td>
<td>Norway</td>
<td>Oman</td>
<td>Poland</td>
<td></td>
</tr>
<tr>
<td>Portugal</td>
<td>Qatar</td>
<td>Romania</td>
<td>Saudi Arabia</td>
<td>Singapore</td>
<td>Slovakia</td>
<td></td>
</tr>
<tr>
<td>Slovenia</td>
<td>South Africa</td>
<td>Spain</td>
<td>Sweden</td>
<td>Switzerland</td>
<td>UAE</td>
<td></td>
</tr>
<tr>
<td>UK</td>
<td>USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Reviewed in 2018
## Compliance list

<table>
<thead>
<tr>
<th>Austria</th>
<th>Australia</th>
<th>Belgium</th>
<th>Bulgaria</th>
<th>Canada</th>
<th>Croatia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cyprus</td>
<td>Czech Republic</td>
<td>Denmark</td>
<td>Estonia</td>
<td>Finland</td>
<td>France</td>
</tr>
<tr>
<td>Germany</td>
<td>Greece</td>
<td>Hong Kong</td>
<td>Hungary</td>
<td>Iceland</td>
<td>Ireland</td>
</tr>
<tr>
<td>Israel</td>
<td>Japan</td>
<td>Latvia</td>
<td>Lithuania</td>
<td>Luxembourg</td>
<td>Malaysia</td>
</tr>
<tr>
<td>Malta</td>
<td>Netherlands</td>
<td>New Zealand</td>
<td>Norway</td>
<td>Oman</td>
<td>Poland</td>
</tr>
<tr>
<td>Portugal</td>
<td>Qatar</td>
<td>Romania</td>
<td>Saudi Arabia</td>
<td>Singapore</td>
<td>Slovakia</td>
</tr>
<tr>
<td>Slovenia</td>
<td>South Africa</td>
<td>Spain</td>
<td>Sweden</td>
<td>Switzerland</td>
<td>UAE</td>
</tr>
<tr>
<td>UK</td>
<td>USA</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Reviewed in 2020
SIS Legal Compliance Update

• If you require a copy of the detailed report from PWC, please log a case in the IATA customer portal.
Update on India - Compliance
India E-Invoicing

• The GST council in September 2019 recommended introduction of electronic invoicing in India

• Initial date was 1\textsuperscript{st} April 2020 but later moved to 1\textsuperscript{st} October 2020

• Applicable to taxpayers whose aggregate turnover (based on PAN) in a financial year is greater than INR 500 crores (approx. USD 67 million)

• Currently covers B2B supplies.

• E-Invoicing means reporting details of specified GST documents to a Government portal and receiving back a reference number.

• Note: Once reported these amounts appear in the GST books of the billing and billed members
India E-Invoicing & SIS

- To comply with this legislation SIS is being made compliant
- SIS will connect to the Government portal via API and submit the necessary data

Current process in SIS

Billing Entity → SIS → Billed Entity

Generate Invoice
Digitally sign
India E-Invoicing & SIS

• To comply with this legislation SIS is being made compliant

• SIS will connect to the Government portal via API and submit the necessary data
India E-Invoicing

- Criteria for submitting the invoice to the IRP (Invoice Registration portal)
  - The billing member has opted for submitting the invoices to the IRP
  - Both the billing and billed member have valid GST numbers
  - The invoice currency is in INR

- Invoices not meeting the above criteria will follow the normal SIS invoicing process

- If you are interested in subscribing to this service, contact the SIS Operations team via the IATA Customer Portal.
Thank you

Q&A

Post in Questions box
SIS Future Features: Auto-Coding & Simple Workflow
SIS Future Features

Auto-Coding
Today process for some invoices

- Supplier ERP
- Direct ERP to ERP Integration
  Machine Readable Invoices
- Airline Temporary Ledger account
- Airline Final posting

Requires invoices manual coding
Coding automation background

We like to automate the booking of invoice in airline ERP providing with data element that will allow automation.

This is valid for **Miscellaneous billing only**

This is valid for **invoice and TAX / VAT automated posting**

Airline will have the possibility to enrich invoice with coding information at **3 levels** for invoice posting and **2 levels** for TAX/VAT posting:

- **Invoice Header**
- **Invoice line item**
- **Invoice line item details**
Tomorrow process for SIS invoices

Supplier ERP

Direct ERP to ERP Integration
Machine Readable Invoices

SIS data enrichment with coding information

Airline Final posting

No manual coding required
Coding set up in SIS
Will work with any industry ERP
Flexible to the level of posting desired by Airlines
Includes automated TAX and VAT posting
## Coding at Invoice-Header level

### Add Miscellaneous - Invoice Coding

<table>
<thead>
<tr>
<th>* Level:</th>
<th>Invoice Header ▼</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>* Billing Member:</th>
<th>BA-125-British Airways</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>* Location Code:</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>* Charge Category:</th>
<th>All ▼</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>G/L Account:</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Company code:</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Cost Center:</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Assignment:</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Add Parameter:</th>
<th></th>
</tr>
</thead>
</table>

---

Save  
Back
Coding at Line-Item level

View when Level is selected as "Line Item"

Add Miscellaneous - Invoice Coding

* Level:
  Line Item ▼

* Billing Member:
  BA-125-British Airways

* Location Code:
  [Field]

* Charge Category:
  [Field]

* Charge Code:
  [Field]

* Charge Code Type:
  [Field]

G/L Account:
[Field]

Company code:
[Field]

Cost Center:
[Field]

Assignment:
[Field]

Add Parameter:
[Field]

Save  Back
Coding at Line-Item-Detail level

Add Miscellaneous - Invoice Coding

* Level: Line Item Detail

* Billing Member: BA-125-British Airways
  Flight Number: [field]

* Location Code: [field]

* Charge Category: All

* Charge Code: All

* Charge Code Type: All

* GL Account: [field]
  Company code: [field]
  Cost Center: [field]
  Assignment: [field]
  Add Parameter: [field]

[Save] [Back]
Tax Coding Invoice-Header level

View when Level is selected as "Invoice Header - Tax"

Add Miscellaneous - Invoice Coding

- Level:
  - Invoice Header - Tax

- Billing Member:
  - BA-125-British Airways

- Location Code:

- Charge Category:
  - All

- Tax Type:
  - Please Select

- Tax Sub Type:
  - Please Select

- Tax Category:
  - Please Select

- Tax Text:

- GL Account:

- Company code:

- Cost Center:

- Assignment:

- Tax Code:

- Add Parameter:

Save  Back
Tax Coding Line-Item level

View when Level is selected as "Line Item - Tax"

Add Miscellaneous - Invoice Coding

* Level
  Line Item - Tax ▼

* Billing Member:
  BA-125-British Airways

* Location Code:

* Charge Category:
  All ▼

* Charge Code:
  All ▼

* Tax Type:
  Please Select ▼

* Tax Sub Type:
  Please Select ▼

* Tax Category:
  Please Select ▼

  Tax Text:

G/L Account:

Company code:

Cost Center:

Assignment:

Tax Code:

Add Parameter:

Save  Back
### Coding Search

#### Miscellaneous - Invoice Coding

<table>
<thead>
<tr>
<th>Actions</th>
<th>Level</th>
<th>Billing Member</th>
<th>Location Code</th>
<th>Charge Category</th>
<th>Charge Code</th>
<th>Flight Number</th>
<th>Aircraft Registration Number</th>
<th>Tax Type</th>
<th>Tax Sub Type</th>
<th>Tax Category</th>
<th>Tax Text</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invoice Header</td>
<td></td>
<td>IB-E75-BERIA OPERADORA</td>
<td>MAD</td>
<td>Service Provider</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line Item</td>
<td></td>
<td>CY-078-CYPRUS AIRWAYS</td>
<td>NIC</td>
<td>Airport</td>
<td>Passenger Service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line Item Detail</td>
<td></td>
<td>ME-076-MEA</td>
<td>BEY</td>
<td>ATC</td>
<td>Meteorology</td>
<td>56554</td>
<td>A6EBM</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invoice Header - Tax</td>
<td></td>
<td>NZ-868-NEW ZEALAND</td>
<td>AKL</td>
<td>Cargo</td>
<td></td>
<td></td>
<td></td>
<td>VAT</td>
<td>GST</td>
<td>Higher</td>
<td></td>
</tr>
<tr>
<td>Line Item - Tax</td>
<td></td>
<td>IR-688-RAN AIR</td>
<td>IKA</td>
<td>Mail</td>
<td></td>
<td></td>
<td></td>
<td>VAT</td>
<td>GST</td>
<td>Higher</td>
<td></td>
</tr>
</tbody>
</table>

---

86  SIS 2020 Update Webinar – 29 Sep 2020
New Fields in IS-XML

Following the matching correspondence of the invoice data and the coding that airlines will maintain in SIS, the following additional fields will be added to the IS-XML standards:

- G/L account: AN 10
- Company code: AN 4
- Cost center: AN 10
- Assignment: AN 18
- Tax Code: AN 2
- Add Parameter: AN 25
SIS Future Features

Simple Workflow
Process flow today

Today bilateral invoice file are delivered “same day” to the airline then the business owner validate invoice:
- From SIS after email reception
- Though Airline validation workflow
- In the Airline ERP
Tomorrow bilateral invoice file are delivered. When invoice has been approved or disputed to the airline with information of approval in payment status, an email alert is sent to the airline’s station manager or business owner.
Additional requirement for invoice contact

The requirement would be to allow airlines to provide a default email contact per supplier to be enriched in the PDF and XML outbound creation.

For example, an invoice is submitted to Athens Airport, Greece with no contact details entered by the billing member. Being the billed member, I can define a parameter for this specific supplier and charge category that is to add Mr Smith’s email to the PDF invoice by default, unless the billing member enters a contact of the billed member.
Q&A
Post in Questions box
Thank you
Update on projects interfacing with SIS: PASS / Cargo Community / ACE
SIS Projects Updates

PASS – Postal Accounts Settlement System
What is PASS?

A global digital platform to simplify billing and settlement between airlines and postal operators
From manual 1-to-1 to a digital, common and global platform
PASS integration with SIS for electronic invoicing
PASS – Offers

- **Standardization** and unique identification to the transactions and participants.
- **Centralized collection of billing data** from airlines and operational data from postal operators.
- **Automated data validation and verification**.
- Fixed timetable of reporting deadlines (x2 monthly) and **fixed schedule to generate regular invoices**.
- **Standard invoicing** and data format.
- **Facilitated invoice reconciliation** for postal operators.
- **Payment validation** and easier settlement.
- **Automated online disputes** process.
- **Flexibility** – recognition of bilateral trading terms and conditions.
Key Benefits

- **Increased efficiency**
  - Improved quality of invoices and data (reduced discrepancies and errors)
  - Standardization and automation save time in reconciliation
  - Consistent, accelerated and paperless processes support sustainability and reduce costs

- **Improved cash-flow**
  - Fewer disputes improve collection rates
  - Streamlined payment procedures = more on-time settlements

- **Stronger partnerships**
  - Global platform allowing access to airlines and postal operators worldwide
  - Centralized collaboration enables airlines and postal operators to better connect
  - Automation will free up resources to expand the business
Engagement Update (September 2020)

- **PASS is live now.** There is some delay in the on-boarding due to Covid-19. Beyond current interested parties/pilot testers, IATA will defer the global engagement to later in this year or early 2021.
- China Post completed the trial run and confirmed on-boarding to PASS.
- LH Cargo completed the trial run and has presented to their senior management. Pending its further internal review.
- QR confirmed to start the trial run and will then start the on boarding process to PASS.
- Engaging Qatar Post for on boarding PASS.
- IATA has presented PASS demo to interested airlines and postal operators and continues the follow-up for the trial run.
For further information, visit www.iata.org/pass

And contact IATA for the demo and trial run:

Camille Chan
(chanc@iata.org)
SIS Projects Updates

Cargo Community Billings
We have been discussing usage of the SIS e-Invoicing capability with a subgroup of Cargo Policy Group:

- KLM
- United
- SAS

Presenting the following concept using SIS to reduce cost and do synergies with CASS process
CASS process is getting back up by SIS

CASS process issue billing statement and facilitate payment collection and reconciliation

In some countries there is a need for specific legal process outside of CASS that SIS could help to ensure I.E. Italy.

Legislation is changing every month in the world and IATA strategy is to have invoice issued in SIS to comply where is needed to ensure cost efficiency of the industry because we have synergies between CASS and SIS that we could leverage.
Airlines customers are sometimes Suppliers too…

Depending on the relationships and the activity a supplier can be a customer.

i.e. Ground Handler or Trucker or GSSA

So bringing this community of users goes to hand to hand with the strategy to collect all direct operating cost through the SIS process.

We may use SIS to invoice for CASS process back up and at the same time use SIS for invoicing services and we could look at facilitating cash collection for those additional service leveraging existing infrastructure or develop new capability that would improve the current process.
Solution extension tomorrow
Using existing industry solution

- We also use a similar process for Postal Account Settlement System project where SIS will be used to issue the legal invoice.
- We benefit from many synergies and increase the community allowing other transaction to flow and reduce cost for all.
- This is also setting industry process and standard facilitating a larger adoption
- Any type of invoice can be supported by the process, keeping in mind we always try to facilitate the process and the automation of the cost or payment
Who could be billed or join the platform?

✓ Any one can enter the platform for **free** but they would only receive PDF invoices.

✓ You can invoice any existing participant or add any partner as desired.

✓ Freight Forwarder, logistic partner could be invoiced following one process

✓ Same participant would join with higher status would they need to create invoices toward any other participant

   Let your Cargo AP/AR team know about it!
For further information, visit www.iata.org/cass

And contact IATA for a demo and trial run:

Bruno Roussel
(rousselsb@iata.org)
SIS Projects Updates

ACE – Aviation Carbon Exchange
INTRODUCING THE AVIATION CARBON EXCHANGE
Investment Need for Airlines

Only **specific carbon credits** that meet all environmental eligibility criteria under CORSIA can be used for compliance.

**Existing complexities:**

- Lack of carbon market experience
- Where and what to buy? Type of credits?
- Complex bilateral agreements
- Lots of players in the market
- Lack of price transparency
- Financial counterparty risk
Aviation and Environment

Airlines have made firm and public commitments to offset emissions, e.g. to become carbon neutral.

Questions to be answered:

- When to invest? Now or later?
- With whom to invest? Broker, banks, retailers?
- Type of projects and credits to invest in? Where can I find charismatic projects that meet public acceptance and expectations?
- Carbon pricing, what’s the magnitude of my $ investment?
- What should I do with a surplus of carbon credits?
Who are the parties selling carbon credits…

- Banks
- Brokers
- Retailers
- Intermediaries
- Carbon offset project developers

… and what are the issues?

- Complex bilateral agreements
- Minimum volume uptake requirements
- High mark-up and hidden costs
- Lack of visibility in terms of project availability and choice.
- Financial risk - e.g. no guarantee credits are CORSIA compliant
What does an exchange solution can offer instead?

- Automatically contract with numerous parties offering carbon credits. No paper, no special agreements needed.
- Price transparency and reduced costs.
- Transparency in terms of availability of credits.
- Access to different project types and geographical location of choice.
- Possibility to resell credits, e.g. in case of surplus or in case of price change opportunities.
- Cutting out the middleman and the margins associated by not directly dealing with project developers.
Aviation Carbon Exchange

On January 30, 2020, The International Air Transport Association (IATA) and CBL Markets announced a partnership to develop the Aviation Carbon Exchange (ACE). The ACE leverages CBL’s world class technology and was designed with IATA to provide a centralized marketplace where airlines and airports can identify, select, and transact voluntary and CORSIA eligible emission units, via a simple, secure electronic interface.
15 out of 30 of the world’s largest airlines have accepted an invitation by IATA to join the ACE Pilot program.

Of the ACE Pilot members, 20% of airlines have made voluntary commitments including; carbon neutrality for domestic as well as global emissions. This accounts for ~80 million tCO2e.

ACE Member Airlines account for more than 300+ million tCO2e emitted annually.

Many of the commitments are scheduled to begin in 2020.
ACE Market Benefits

• **Access:** All CORSIA-eligible emission units on one dedicated screen

• **Simplicity:** Easy-to-use electronic interface, single venue
  - Ability to select by project type, state/region, standard, or vintage
  - Links to project information direct from screen

• **Secure Trading:** Electronic clearing and minimal settlement time and delivery of products and funds, eliminating counterparty risk

• **Leverage:** Trade directly with a wide range of participants (including brokers, intermediaries, project developers) on a single screen, removing the need for ERPAs

• **Increased Liquidity:** The exchange provides price transparency and liquidity across multiple compliance markets from one highly secure screen
ACE Market Benefits

• **Connectivity:** The exchange electronically interfaces with registries to facilitate seamless trading of products
  - American Carbon Reserve (ACR), Climate Action Reserve (CAR), Gold Standard (GS)
  - Verified Carbon Standard (VCS/Verra), UNFCCC Clean Development Mechanism (CDM)

• **Safe & Secure Settlement:** Seamless and secure in-fund trading for airlines using the IATA e-Invoicing solution (SIS) and Clearing House (ICH) system.

• **Marketplace Trading:** Possibility to switch between marketplaces, e.g. between dedicated CORSIA-eligible emissions market and other markets that fulfil mandatory offset obligations or voluntary offsetting demand.

• **Shaping the Industry Solution:** Pilot members will provide valuable guidance to both IATA and CBL to improve the ACE design.
ACE Demo

The ACE team can facilitate a live demonstration of the ACE, in order to allow the key stakeholders within an airline to familiarize themselves with the features of the exchange.

The objective is to provide the audience with an overview of how to identify, select, and transact CORSIA eligible emission units with the click of a button.
Benefits of Joining the ACE!

- ACE is free for Airlines to join
- ACE is a price discovery tool
- ACE is an industry solution by the industry, for the industry
- ACE can be used by airlines to prepare for CORSIA compliance
- ACE has transparent fees
For further information, visit www.iata.org/ace

And contact IATA for a demo and trial run:

ACE Team
(ace@iata.org)
Thank you

Q&A

Post in Questions box
Thank you

The recording of this webinar along with the presentation and Q&A document will be sent via email to all participants and posted on the SIS website.

1. www.iata.org/sis
2. “SIS for Airlines”
3. “Media” tab
Thank you

Q&A

Post in Questions box