ISCC Stakeholder Meeting “Decarbonisation of the Aviation Sector”

Presentation: Voluntary Corporation Demand for Sustainable Aviation Fuel

RMI Presenter:

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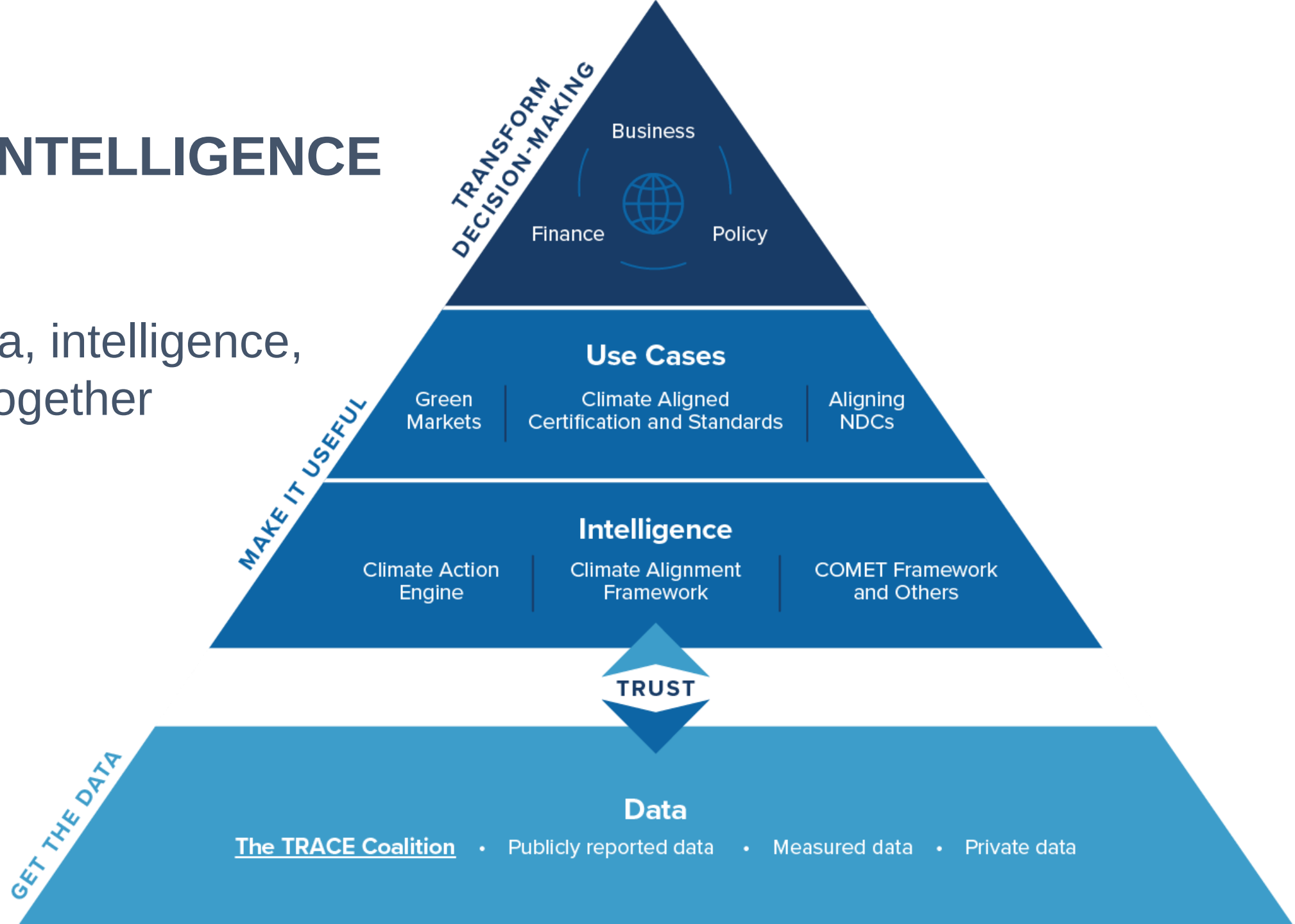
CLIMATE INTELLIGENCE SYSTEM

We bring data, intelligence, and people together



CLIMATE INTELLIGENCE SYSTEM: PATHWAY TO GLOBAL IMPACT

CHANGE MARKETS AND POLICIES

INDUSTRIAL ROADMAPS

Oil & Gas

Climate Action Engine Launches

SAFc

MiQ

COP26 Sectors Commit

REGULATORS

CALIFORNIA AIR RESOURCES BOARD

EPA

Green Exchange

EU Green Deal Compliance

MULTILATERAL

International Energy Agency

IPCC

INTELLIGENT SOLUTIONS

IMPROVE EXISTING

FINANCIAL

SASB

TCFD

CORPORATE

FASB

IFRS

CREATE NEW

GREEN STANDARDS

MiQ Methane

SAFc Aviation

COMET Scope 3

GREEN STEEL

GREEN SERVICES & PRODUCTS

DATA

PILOT

CLIMATE ACTION ENGINE

WattTime

BUILD COALITION

CLIMATE TRACE

INCREASE QUALITY & VOLUME

COMPREHENSIVE, TRUSTED GHG DATA

GLOBAL COVERAGE

REAL-TIME RESOLUTION

ROCKY MOUNTAIN INSTITUTE

2018 - 2020

LAUNCH AND BUILD INFRASTRUCTURE

2021 - 2024

DEMONSTRATE RESULTS

2025

CHANGE THE GAME

MISSION POSSIBLE PLATFORM

WEF CST consists of 5 content workstreams plus a secretariat

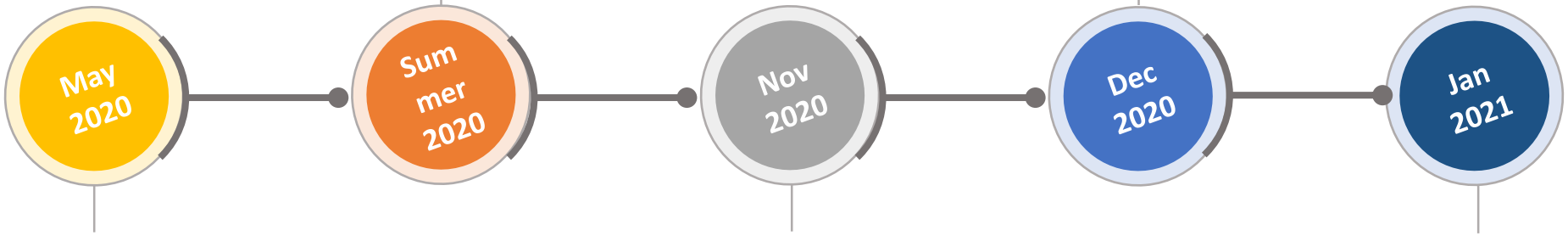
WORLD ECONOMIC FORUM

Detailed next

	1 Assess SAF feasibility & sustainability	2 Democratize global SAF supply	3 Align on an industry-backed policy proposal	4 Create a scalable SAF market place	5 Develop a blueprint for financing
Context	CST has already developed an initial analysis on SAF availability (e.g., current feedstock, projected growth, challenges)	SAF industry presents an opportunity for states with access to low-cost power / substantial sustainable biomass to benefit from a global energy transition	Global deployment at scale will require policy interventions to trigger learning curve effects and economies of scale that could benefit the rest of the industry	Evidence that (US) corporate flyers are willing to pay a SAF premium translating into a 10% SAF blend; this requires a scalable SAF marketplace	There is a need to mobilize funding around R&D and SAF supply chain scale-up, and to align these investments around shifting investors portfolios
2020 ambition	Refine and strengthen existing analyses (estimates for feedstock availability, readiness of technology pathways) into a short synthesis	Create a global map of SAF supply and business opportunities, and support the design / roll-out of regional pilots (e.g., India)	Align on proposed policy interventions to trigger learning curve effects and economies of scale that could benefit the rest of the industry	Design SAF market-place and make a wave of first transactions, design / pilots in 2020, 1st wave of transactions in 2021.	Develop a blueprint for the financing of the transition to SAF, based on dialogues between aviation players and the finance community
Lead	McKinsey & Company; ENERGY TRANSITIONS COMMISSION	McKinsey & Company	ENERGY TRANSITIONS COMMISSION	ROCKY MOUNTAIN INSTITUTE	WORLD ECONOMIC FORUM; ENERGY TRANSITIONS COMMISSION

Demand Signal Overview

Goal to deliver five **significant components** by Davos



Design 'Unit of Trade'

Collaborating with stakeholders across the value chain to identify key product attributes

Consult with Climate NGOs

Work with WRI, CDP, EDF on new approach to address indirect carbon from supply chain

Draft Demand Use Case Examples

Apply new SAF product and accounting system retroactively to table test the Demand Signal product

Develop Demand White Paper

Lead by PwC and RMI to generate system to recognize/track voluntary SAF transactions

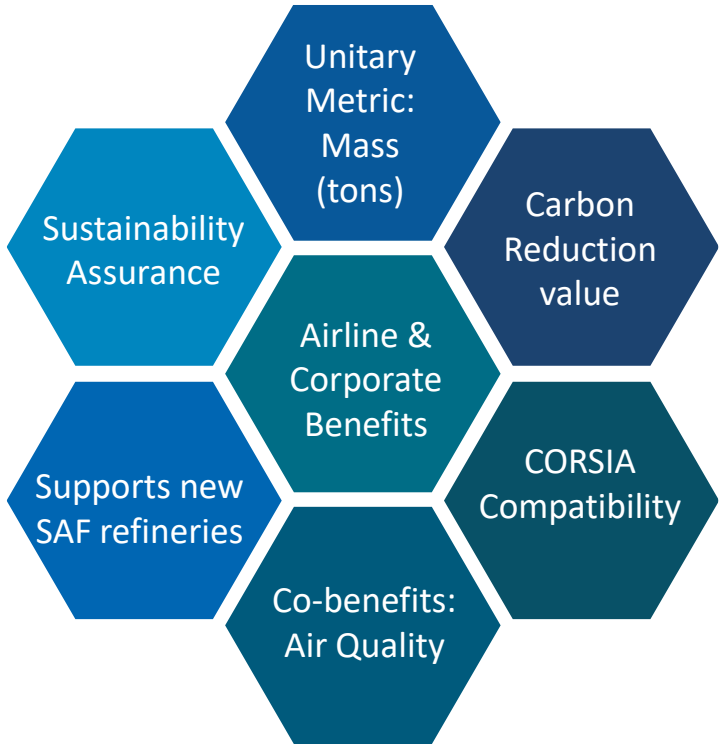
Launch SAF credit Pilot

Apply Demand Signal product and accounting to new transaction

Demand Signal Unit of Trade

New stakeholder designed SAF credit will offer a **Scaled Solution** to aggregate voluntary funding

Product Components:



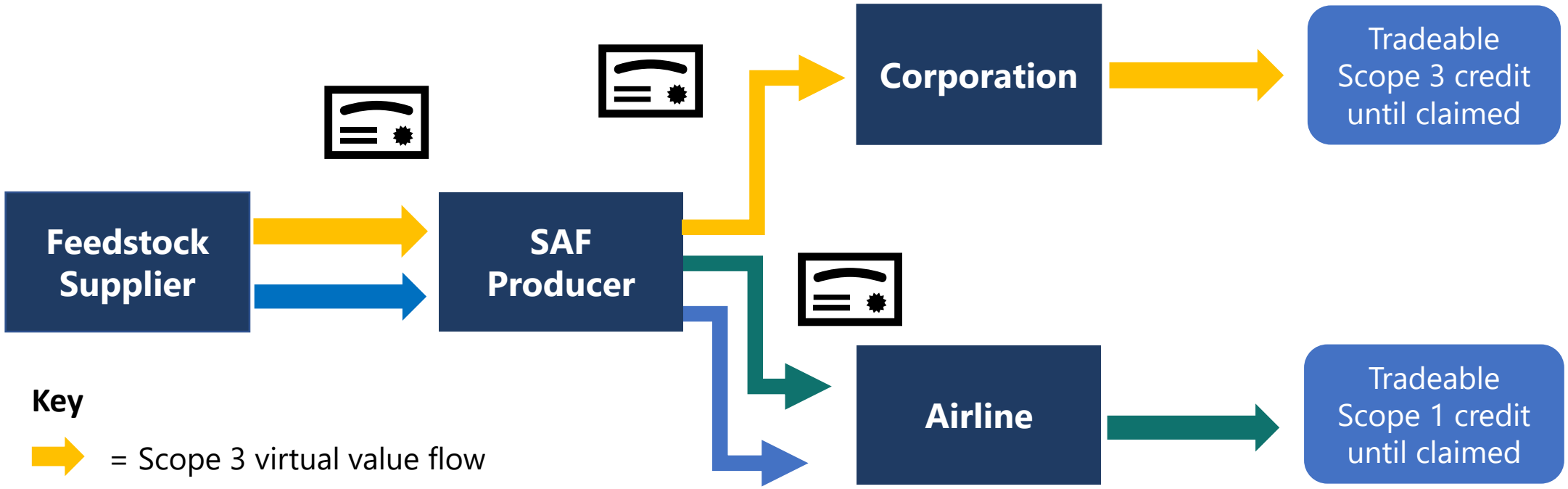
Virtual SAF credit (SAFc) features:

- **Corporations:** Can cover full SAF premium and obtain new 'supply chain' value + carbon value, or just pay for the supply chain portion
- **Airlines:** Could use SAFc carbon value for CORSIA compliance as an alternative to or combined with offsets, and sell portion remaining value (Scope 3) to passengers & cargo customers
- **Business Jet Operators:** Can access virtual SAF product to achieve net zero operations at the lowest cost location
- **Individuals:** Obtain SAFc from transparent source potentially at favorable prices
- **Airports and Aerospace:** Can purchase SAF credit to cover their air travel and potentially pay for future air quality benefits
- **Fuel producers:** Can obtain longer term contracts without the daunting requirement of price parity with fossil jet

Google Microsoft BCG McKinsey & Company BLACKROCK UNITED BOEING Southwest SkyNRG Deutsche Post DHL

Demand Accounting Framework

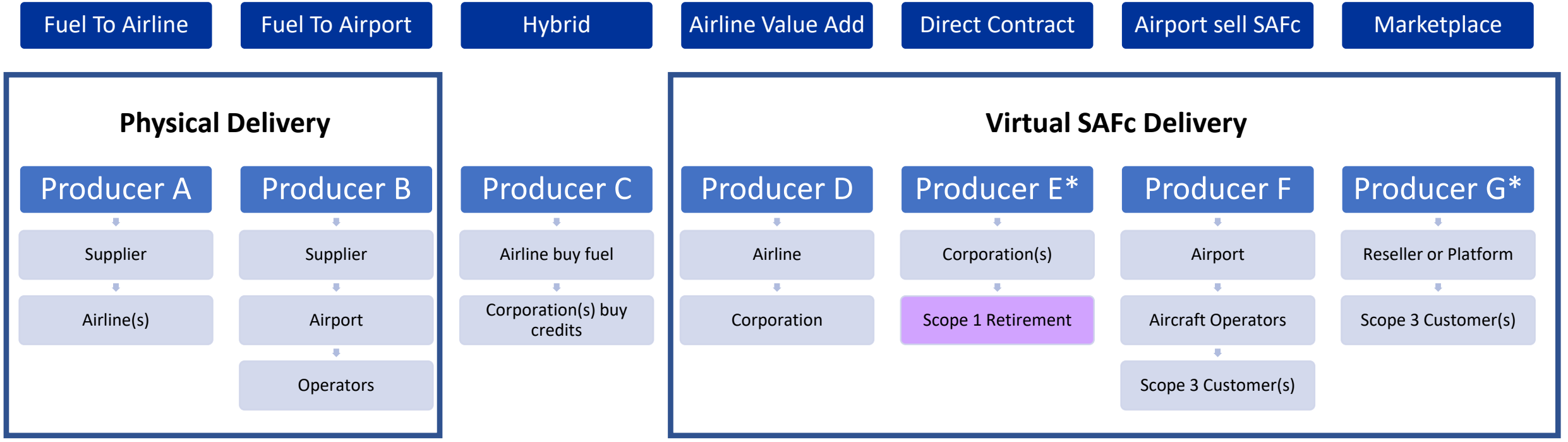
SAF credit generates two value streams enabling Aviation Customer to contribute to the **Solution**



SkyNRG pwc UNITED Port of Seattle SFO San Francisco International Airport

So how would transactions work?

Range of SAFc Transactions



Aircraft operators = Airlines, Fixed Base Operators, Private Aviation, OEMs, etc.
Scope 1 can be included or separate from Scope 3 value
Scope 3 Customers = Businesses, Individuals, Airports, OEMs, etc, ***Scenarios E** and **G** raise fuel liability questions

Collaborate with Climate NGOs

Consult with Climate Leading NGOs to **establish new Scope 3, Supply Chain** approach

Business for Social Responsibility

- SAFA and Potential "Buyer's Coalition"

World Resources Institute

- Leverage existing reporting options initially
- Avoid emissions first; prove SAF is best practice

World Wildlife Fund, *U.S. name* (WWF)

- Prove SAF is Additional (ala offset additionality)

CDP (formerly Carbon Disclosure Project)

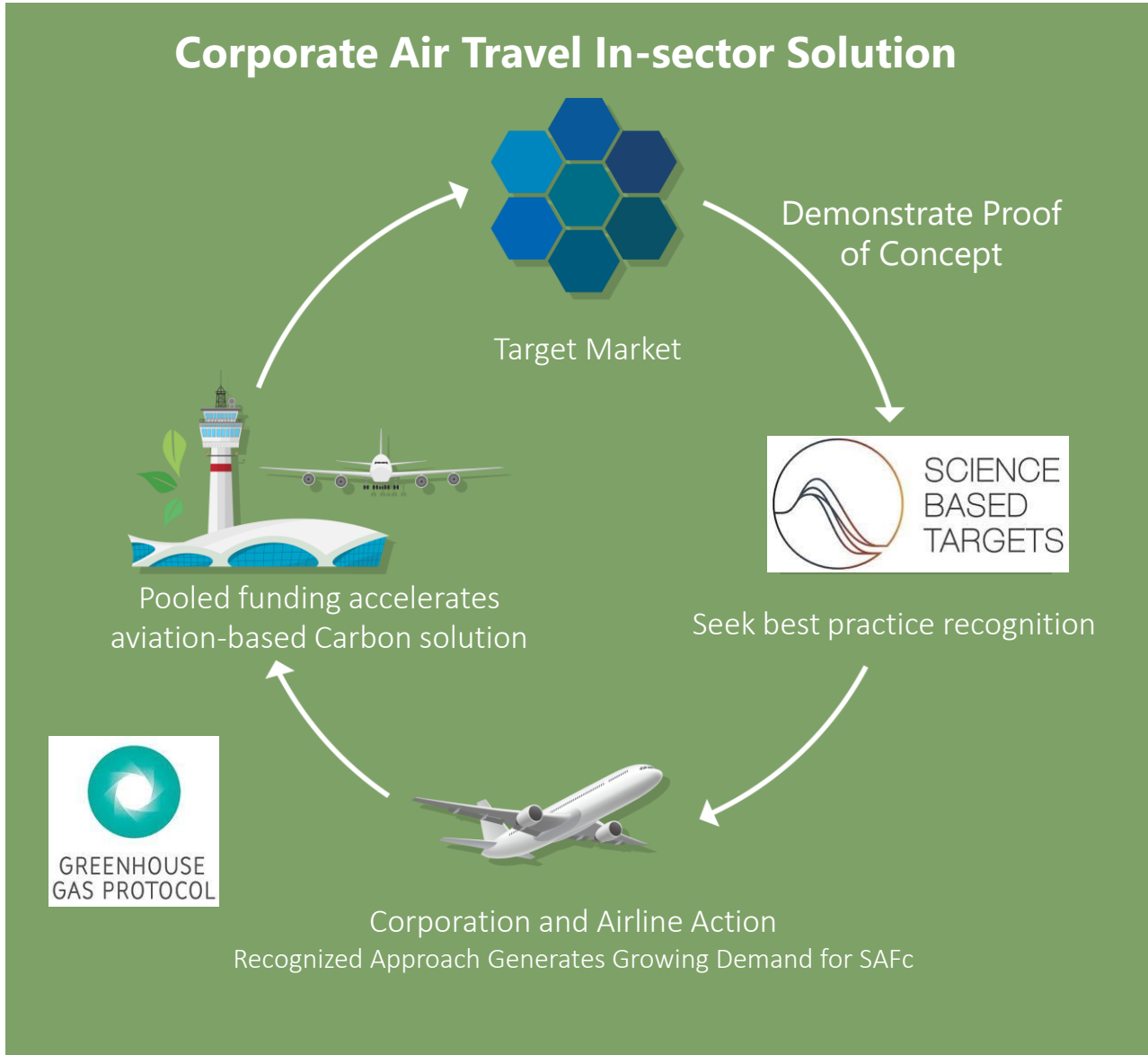
- Demonstrate corporate demand

Environmental Defense Fund

- Avoid Double Counting/Claiming
- Align with CORSIA and Article 6 pending requirements

Smart Freight Centre

- Opportunity to collaborate on "book and claim"

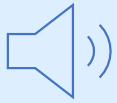


Key takeaways from Clean Skies Demand Signal

Corporations want purchase flexibility in SAF product – option to buy the SAF entire value (carbon + other attributes) or just the Scope 3 claim.

Potential corporate customers are waiting for the WEF Demand Signal standard before buying SAF. Working group speed is critical.

Decoupling SAF attribute purchases from physical delivery allows for most efficient delivery and enables customers to buy lowest cost or best carbon performance SAF



Corporate demand is tied to potential for Scope 3 claims and ability to support climate leading goals such as Science Based Targets

A global tool/platform is valuable for claim retirements, aggregating impact, and will potentially serve as a future marketplace.