

17 November 2021

MINUTES OF THE DSI INDUSTRY ADVISORY BOARD MEETING #2

Meeting 2. Industry Advisory Board Meeting

Date	17 November 2021
Time	13:00-15:00 CET
Place	Video Conference call

Present	DSI Industry Advisory Board Members	ICC DSI Management
	Gerard Hartsink (Chair)	Oswald Kuyler (Managing Director DSI)
	Miguel-Angel Lopera (GS1)	Hannah Nguyen (Deputy Director DSI)
	Stephan Wolf (GLEIF)	Raoul Renard (Legal Reform Lead DSI)
	Pat Antonacci (SWIFT)	
	Mencia Bobo (Santander)	
	Natasha Condon (JP Morgan)	
	Daniel Lit (DBS)	
	Venkatraman Panchapakesan (HSBC)	
	Bénédicte Nolens (BIS)	
	Richard Morton (IPCSA)	
	Grant Hunter (BIMCO)	
	Stéphane Graber (FIATA)	
	Benoit Cosserat (CMA CGM)	
	Zanna McComish (BHP)	
	Kirsty Keane (Anglo American)	
	Derrick Loi (Ant Group)	
	Juan Saavedra Ortiz (Inditex)	
	Richard Wulff (ICISA)	
		IAB Observers
		Emmanuelle Ganne
		(WTO, DSI Governance Board)
		Brendan O'Hearn
		(WCO, DSI Governance Board)
		Chris Southworth (ICC UK)
		Francois-Xavier Didelot (CMA CGM)
		Erick Tavares (Vale)
		Niels Nuyens (DCSA)
		Jacobo Iribarnegaray (Inditex)
Absent	Thomas Bagge (DCSA)	
	Lynn Ng (ING)	
	Marcos Turini (Vale)	
	Thomas Lindy Sorensen (DB Schenker)	
	Aliyu Suleiman (Dangote)	
	Peggy Mah (Rio Tinto)	

NO.	TOPICS
1	<p>Welcome and Introduction of New Members by IAB Chairman</p> <p>The Chair of the IAB, Gerard Hartsink, laid out the agenda. He made a brief note on members who were absent with reasons from this meeting.</p> <p>The Chair introduced 5 new members who had joined the IAB since the last meeting:</p> <ul style="list-style-type: none"> - Mencia Bobo (Santander) - Aliyu Suleiman (Dangote) - Peggy Mah (Rio Tinto) - Benoit Cosserat (CMA CGM) - Richard Wulff (ICISA) <p>Three new members (Mencia, Benoit and Richard during point 9) made a brief introduction about themselves and their organizations.</p> <p>The Chair shared that there were some pending new members from China and Japan who are awaiting clearance from the DSI Governance Board. This will strengthen the cross-regional and cross-sectoral representation of the IAB. The Chair reminded IAB members of the importance that the IAB and all its members will adhere to relevant Competition Laws.</p> <p>The Chair further shared some general remarks:</p> <ul style="list-style-type: none"> - Given the importance of communications, a detailed Communication plan is being prepared on how to best engage the IAB members and their organizations, including also the wider ICC community such as National Committees. The intention is to table this point in the next IAB meeting. - While some Standard Development Organizations (SDOs) are already part of IAB, there are others such as ISO, UN/CEFACT, OASIS, etc. Suitable cooperation models are being worked out vis-à-vis respective organizations.
2	<p>Governance Matters by IAB Chairman</p> <p>The Chair noted there was no comment received regarding the circulated Minutes of Meeting #1 and for that reason the same had been published on the DSI website to inform all interested stakeholders. The Minutes of Meeting #1 were formally approved with no objection.</p> <p>The Chair further requested that the 6 members who made presentations during Meeting #1 (GS1, DCSA, FIATA, IPCSA, GLEIF, SWIFT) confirm whether their materials (could also be published on DSI website. Members who wish not to publish their slides should notify the Secretariat by end of the week.</p> <p>The Chair proceeded to address key feedback received on 3 main areas of the draft IAB Charter :</p> <p>2.1 Preamble</p> <p>A member suggested to include in the pre-ambule the risk aspect of the digital international supply chain. The Chair proposed adding one sentence: "In its recommendations, the DSI will take into account the operational risks (such as counterparty risks, compliance risks, cyber-risks) to ensure secure transactions and prevention of fraud for the international supply chain ". The proposed amendment was passed with no objection and the plan is for the draft Charter (with any amendments) to be approved at the next DSI Governance Board meeting in December.</p>

2.2 Article 6 on decision-making process

There were requests from members to clarify the decision-making process. The Chair laid out a few considerations as background, among others (i) compliance with Competition Laws; (ii) any recommendations made by the IAB shall remain recommendations and not legal obligations; (iii) ICC has many corporate members and several IAB members are industry organizations with their own rulebooks, standards and governance process for their approval of their recommendations on legal and technical standards. The Chair reiterated the need to be respectful of these processes and bilateral dialogues with respective industry organizations would be set up in case of a need to recommend certain changes to the standards adopted by such organizations.

2.3 Article 15 on Sustainable Revenue model

This would be addressed in section 8 by the DSI MD.

3

Round Table #1

- A member from an industry association agreed with the considerations behind Article 6 and suggested potentially including a consultation period for industry associations who may need to go back to their global memberships to get feedback on future IAB recommendations before voting.
- Another member who is a standard development organization (SDO) sought to clarify whether the IAB's recommendations on standards would be endorsed by the ICC Board. The Chair clarified the role of the ICC Board (in charge of overall ICC matters) and the ICC DSI Governance Board which sets the strategic priorities for the DSI but will not take a position on the recommended standards that are approved by the IAB.
- A corporate member recommended tightening the language in Article 6 around voting mechanism (e.g. unanimous support required or majority suffice) and obligations if any on the part of corporate members towards adopting those recommendations.
- Another corporate member echoed the need for clarification especially around IAB recommendations or decisions which might affect only one single industry and not the rest.
- In response to both members, the Chair suggested that he would come back with concrete examples in the next IAB meeting. The Chair reiterated the need to be mindful of potential impacts of future recommendations and the benefits of having dialogues with the impacted industry (via their associations). The MD of DSI, Oswald Kuyler, added that the DSI could work on some recommended language amendments and examples to solicit feedback from members before the next meeting.
- A corporate member asked whether there would be sectoral meetings with focus on specific topics. The Chair advised that assuming the refreshed strategy is endorsed, for next steps the IAB will create WGs as necessary but also making full use of existing organizations (such as some industry associations already in the IAB) and other existing structures (e.g., ICC Banking Commission, ICC Customs and Trade Facilitation Commission, etc.) to avoid duplication.

4

Interviews Playback by DSI Deputy Director

The Chair informed that while a conscious decision was made not to share specific feedback of individual members with the full Board, known to the Chair and MD and the Deputy Director, Hannah Nguyen, who was asked by the Chair to give a high-level summary of the IAB survey result.

4.1 Playback of IAB Survey questions

Ms. Nguyen thanked all IAB members for sharing their feedback on survey questions, which asked for inputs on several dimensions: (i) Where there is a struggle to get high quality, trusted and reliable data; (ii) Where paper based documents produce the most friction in the supply chain; (iii) which standards should be included in the scope of the DSI program; (iv) how to rank the identified standards in terms of priorities and timeline; (v) are there any projects or support that would be relevant to the DSI, and whether there any

gaps or considerations. Ms. Nguyen noted that in the analysis that follows, responses had been aggregated into interconnected themes and did not correspond directly with order of survey questions.

4.2 Quality & trusted data are required by various participants

Ms. Nguyen observed that regardless of sector or role in the global supply chain, the problems tend to center around the same cluster of goals or use cases:

- KYC/ KYS/ AML/ Sanctions compliance
- KYG compliance
- ESG reporting
- Product Origin Attestation for duty optimization
- Evidence title and receipt of underlying goods
- Evidence compliance to Documentary Credit process
- Enable Receivables Finance and Supply Chain Finance
- Compliance with Border Agencies procedures
- Supply Chain Visibility

4.3 Friction points in the paper-based process

Ms. Nguyen explained with some slides the specific friction points in each use case as the digitized data needed to be exchanged, verified and then consumed by various actors in their respective processes.

4.4 Four levels of interoperability – Key enablers vs obstacles

Ms. Nguyen highlighted that the survey responses pointed to four layers of interoperability which need further enabling – 1. Legal, 2. organizational, 3. semantic and 4. technical. While much had been said about legal interoperability (public law and/or private law) and the needs to standardize the ways data should be structured and exchanged digitally, a common theme had emerged around organizational interoperability, where business processes across organizations and sectors need to be more closely integrated. There were suggestions to (i) improve change management process, (ii) incentives design to promote the switch from analog to digital and (iii) capacity building in terms of training and education.

4.5 Other areas of interest

Ms. Nguyen shared that DSI had received inputs from members on other areas of interest such as the need to standardize IoT data and event data, how to reconcile the multiple Digital Identities of Subjects and Objects, the evolving role of insurance in a digital world and the need to tackle the diversity in some of the standards used in different jurisdictions.

5

Round Table #2

The Chair invited all members to give comments on the interview playback.

- Several members expressed their satisfaction with the survey results in having surfaced common challenges in the international supply chain but asked for further details on how the DSI planned to move forward.
- A corporate member cited the need to think about whether the DSI should look into the challenges around long-standing instruments of trade (B/L, CoO) or newer pieces such as ESG and other challenges which are in between such as KYC requirements. The key question would be where the IAB efforts would make the most impact for the international supply chain.
- The Chair advised that several work streams could take place in parallel, similar to how one would 'eat the elephant'. By mobilizing the best people around the topics, it is possible to tackle several things together, subject to a clear and logical IAB portfolio being identified. The Chair asked members to hold further questions till after Mr. Kuyler shared the refreshed Five-year plan.

6	<p>Refreshed Five Year Plan by DSI Managing Director</p> <p>The MD of DSI, Oswald Kuyler, gave an overview of the Refreshed 5-year Plan and 1-year Deliverables based on the feedback on IAB survey. From a process viewpoint, the DSI's goal is to solidify these by end of December for execution starting January. Considering capital allocation and capability, DSI is fully aligned with IAB members in terms of the need to focus DSI's work on areas of highest priorities for the industry and would be leaning on the IAB's capability to collectively carry out the work plan.</p> <ul style="list-style-type: none"> - Mr. Kuyler shared the five Foundational Pillars for Execution, starting with taking stock of (i) the common Data Elements for Trade, (ii) the common Trade Document types which would benefit from further standardization and (iii) Trusted API interoperability with the goal to share these documents or data within the supply chain in a trusted, verifiable and secure manner. On (iv) Modernized Rules for Trade, Mr. Kuyler shared the example of eUCP rules in, among others, the banking space to ensure electronic presentation of invoices and bills of lading are compatible with how these documents are produced digitally. - Lastly, Mr. Kuyler shared pillar (v) on Seeding Digitization, citing the need to move from general business cases (such as the recent G7 report on economic benefits of digitalization) to specific industry business cases (for mining, banking, retail, etc.) to drive adoption and support for harmonization of legal and technical standards. He mentioned that there is potential to partner with multilateral development banks to modernize digital infrastructures in Ports and Customs to address modern trade challenges. Finally, education and training are key to empower everyone to participate. - For next steps, Mr. Kuyler envisioned each of these pillars to be led by 1 or 2 IAB members and potentially involve the wider communities of SDOs and across industry sectors to collectively work together. - Mr. Kuyler showed an evolved Five-year plan which moved from 2021 Focus Points to 2022 Deliverables and eventually 2026 Ambition. Mr. Kuyler invited all IAB members to work with the DSI in the coming 2-3 weeks to give their feedback on whether these are sufficient and specific enough to be executed, or whether certain items might not be high priority or missing from the agenda.
7	<p>Round Table #3</p> <p>The Chair invited all IAB Members to engage in an open discussion and share their thoughts on the proposed Five Foundational Pillars for execution, and whether Members would volunteer to lead or involve in any of them.</p> <ul style="list-style-type: none"> - Some members cited the need to look also at the three pillars (i), (ii) and (iii), horizontally especially due to the inter-connected nature between data elements, trade documents and the technology needed to enable secure and trusted transfer of such data in the international supply chain, with the electronic Bills of Lading as an example. In response, the Chair recognized the inter-relations but shared that having everything in one "bucket" may not be optimal in terms of work process and efficiency. - A member suggested removing the specific mention of APIs and suggested to leave it broadly as "trusted technology interoperability" to maintain technology neutrality. Similarly, the same member recommended to remove mention of 'decentralized' in 'decentralized connectivity', given that some areas of the ecosystem may still be subject to centralization. - A member highlighted that rather than referring to ports exclusively, a broader term encompassing 'Seaports, Airports and Land Border crossing points' would help global standards implementation in landlocked countries or in Air Cargo. When referring to 'customs', 'other government agencies' should also be mentioned. - Another member suggested tightening language around 'P&I rulebook harmonization' to reflect 'adaptation to interoperable world' which would be more accurate. - A member stressed the need to commercialize rulebooks such as URDTT and eUCP by reaching out to wider communities to drive adoption and the need to ensure common trade documents can be applied in a platform-agnostic environment. The same member volunteered to join one of the WGs on common trade documents or technology interoperability.

- A member sought clarification on where harmonized identification of products and locations would fit in the work plan. The Chair clarified that these are addressed under Pillar (i) under Goods identity and Location data.
- The member also asked whether there are potential 'sponsors' for standards adoption, citing example of the FSB push for LEI (Legal Entity Identifier) adoption for financial transactions. In response, the Chair referred the question to Mr. Stephan Wolf/CEO of GLEIF, who shared that the LEI's value is now being embraced by non-financial sectors and in development is a digital representation of the LEI that can be used for all documents and transaction purposes.
- Several members cited the need to look into harmonization of standards in ESG space, while others cautioned not to duplicate existing efforts. In response, the Chair agreed that ESG is an important area, but several groups are already tackling this. Mr. Kuyler further added that ICC recently published a position paper titled 'Standards for Sustainable Trade and Sustainable Trade Finance', which would be shared with all members and the ICC saw the need to bring together disparate groups who are working on ESG standards to avoid ending up with several frameworks that are not interoperable for the international supply chain.

The Chair thanked all members for their valuable contributions and confirmed that all suggestions would be carefully considered. He clarified once more shortly the MD proposal for the five pillars based on a comment of one of the IAB members. The Chair asked whether the Board had any serious objection to move forward with the Five Foundational Pillars, taking into account all remarks made (including re-naming or re-organizing the pillars if necessary). The Chair's recommendation to the Board is to first agree on the fundamentals of the Five Foundational Pillars and to conclude at the latest in the next meeting whether organizing WGs along these pillars would be the best and most effective way forward. Before ending the round table session, the Chair asked members to approach the Chair and DSI MD individually should they volunteer to lead one of WGs. Terms of Reference will be developed and presented for approval by the IAB.

8

Revenue Model Evolution

Mr. Kuyler shared the current thinking on the Sustainable Revenue (view till 2026, aligned to Five-year plan) which would not need to be endorsed during this meeting but could be further solidified in the next few quarters. While current seed funding would last through 2023, the objective is to maintain sustainability for the IAB activities itself. The work that the DSI does is not limited to ICC members and involves collaboration with many parties, associations and organizations who are not ICC members.

The models proposed are similar to those used in other standard development organizations where non-profits and associations pay either zero or a very low fee, while corporates are expected to contribute an annual fee. Mr. Kuyler recommended IAB members to take a look at the two options presented and give their confidential feedback to DSI individually. DSI would then consolidate and work through a process to solidify a realistic model. The Chair further added that the same model will be presented to Governance Board.

A member asked to clarify the difference between the 2 options and what the costs will cover. Mr. Kuyler shared that the 2 options are just examples of what the revenue would look like and subject to further comments from the IAB. Given that the DSI is a non-profit, Option A would essentially cover the costs. On a confidential basis, Mr. Kuyler is prepared to share the cost basis with all IAB members individually. The one pager will also be presented to the DSI Governance Committee during the December meeting.

9

Presentation by International Credit Insurance & Surety Association (ICISA)

Mr Richard Wulff, Executive Director of ICISA, introduced himself and the association comprising of members around the world who are solely focused on credit insurance and surety. ICISA and its members are interested in enabling international trade with as little

friction as possible. One of the relevant activities included blockchain projects for surety where surety bonds (including customs bonds) can be exchanged on a blockchain and technology solutions for fraud prevention in supply chain finance. Another ICISA member has actively put trade credit insurance policies on blockchain so that it can be visible to financiers of specific transactions as part of the export docs. Linking back to Five Foundational Pillars, Mr. Wulff highlighted that customs bonds may merit from further standardization and transparency under the 'Key trade documents' pillar.

10**AOB****10.1 2022 IAB meetings proposal**

- The Chair asked members to consider the 4 tentative dates for the 2022 quarterly IAB meetings: 17 February 2022, 18 May 2022, 18 August 2022 and 17 November 2022. The Chair invited members to provide feedback in case they cannot participate on those dates before December 2021.
- Another idea being considered is to meet up once a year in person, to be organized on a rotational basis across continents to facilitate global participation and in conjunction with other industry events to optimize member's travel. This concept would also be discussed with the DSI Governance Board.
- The Chair mentioned several resources and reports at the end of the presentation which could be of interests to members.

10.2 Sharing by Chris Southworth, Secretary-General of ICC UK

The Chair introduces Mr. Chris Southworth as one for the founding fathers of the DSI program, who shared on his ICC roles of representing the UK ICC business community with the UK Government, the Commonwealth B2B Forum and the G7 Lead in Legal Reform. Having been involved in the legislative reform work of the DSI since Day 1, Mr. Southworth shared on latest milestones (G7 Ministerial Declaration, G7 Business case for Legal reform, etc.) and progress in the creation of the Legal Reform Advisory Board. Mr. Southworth expected that the UK's expected adoption of the UNCITRAL Model Law for Electronic Transferable Records in 2022 would set a global example and accelerate the momentum around similar adoption in G7, G20 and the Commonwealth, as well as other regional networks (ASEAN, Africa, the EU, the Americas, etc.). He expressed confidence in the amplifier effect of the progress made so far and invited all interested parties to engage in further conversations.

10.3 Closing

The Chair welcomed any remarks or questions in the AOB part of the meeting.

The Chair announced a few follow-ups before concluding the meeting:

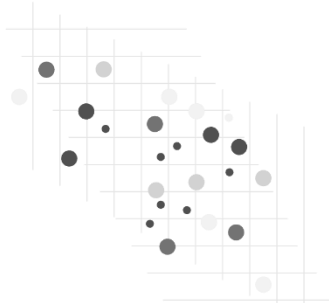
- Meeting Minutes to be made available to all IAB Members for review. The plan is to publish the Minutes asap. The formal approval will take place after the review and will be published on the DSI website to ensure transparency. In the next IAB meeting the formal approval takes place.
- Sharing of the updated IAB Members' LinkedIn profiles for ease of communication among members
- Next meeting to be convened on 17 February 2022 (tbc).

November 2021

Gerard Hartsink
Chairman of the IAB

Oswald Kuyler
Managing Director DSI

ANNEX A – Five Foundational Pillars For Execution (upgraded version)



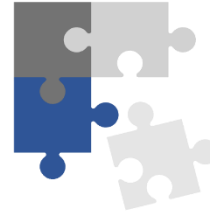
Key Data Elements for Trade

Know your Customer/
Supplier/ Goods/
Vessel identity,
Location data, ESG
Reporting Data,
payment, insurance
& trade finance
related data



Key Trade Document types

CoO, Commercial Invoice
(VAT), Warehouse
Receipts, Packing Lists,
Bills of Lading, Declaration
Forms (Customs),
Insurance Certificates,
Customs Bonds, etc.



Trusted Technology Environment

Verifiable Credentials,
Authentication,
Digital Signatures,
Data exchange between
supply chain actors
(B2B, B2G, G2B).



Modernized Rules for Trade

Private sector:
EUCP, URDTT, P&I
Rulebook adaptation to
interoperable world.
Preferential and non-
preferential CoO rules.
Technical standards
for ETRs.

Public sector:
MLETR
MLES



Seeding Digitization

Private sector:
Business cases to drive
adoption. Seeding adoption.

Public sector:
Facilitate systems in
Seaports, Airports and Land
Border crossing points;
Customs and other Gov
agencies to address modern
trade challenges.

All stakeholders:
Education and Training,
communications