

Code of Conduct

fact sheet

June 2021



Australian
Carbon Industry
Code of Conduct



What is the Carbon Industry Code of Conduct?

The Australian Carbon Industry Code of Conduct (the Code) aims to promote best practice within Australia's carbon reduction and sequestration industry. The Code provides guidance for carbon service providers undertaking carbon projects including under the Emissions Reduction Fund and other Voluntary Offset Schemes.

It is a voluntary Code that aims to promote market integrity, consumer protection and appropriate interaction with project stakeholders, including Native Title Holders, representative bodies, land managers and project owners. Signatories to the Code agree to meet the minimum requirements for operating in the carbon industry, as set out in the Code, including during pre-project activities, ongoing project management, documentation and general business practices.

Administered by the Carbon Market Institute (CMI), the Code aims to address issues that impact the market integrity and reputation of the carbon industry and promote international leadership on carbon project development.

Signatories to the Code are committed to developing and conducting their business in line with industry best practice and interacting with their clients and other stakeholders in a professional and ethical manner.

What are the benefits to industry?

The Code makes an important contribution to a well-functioning carbon industry and over time will result in increased transparency and accountability, improved environmental and social integrity of projects, fair treatment of project stakeholders, and enhanced regulatory and legislative compliance.

The Code can be used as a risk mitigation tool for industry investors, shareholders, employees, clients and consumers. It can assist in best practice standardisation across the industry, which is of benefit to supply-side, demand-side, and intermediary stakeholders of the carbon industry.

Project owners and other stakeholders in the carbon industry engaging with a Signatory to the Code know that Signatories are committed to best practice business practices and have a commitment to the integrity, reputation and growth of the carbon industry in Australia. They also know that commitment to the Code provides a transparent and accountable pathway to managing issues that may arise in the market, and helps to provide further assurance and integrity to the Australian carbon industry and its reputation as it grows and matures.

What are the benefits to Signatories?

Signatories to the Code use their Signatory status to demonstrate their alignment with and commitment to best practice, which is beneficial when communicating and marketing their service offerings to clients. They communicate to their clients and stakeholders that they are committed to developing and operating in an industry that is built on community trust, transparency, accountability, social and environmental integrity, and is in compliance with the law.

Signatories are listed on CMI's Carbon Industry Code of Conduct website and their logos are displayed in the Code Administrator's public communications within events or publications. Signatories are entitled to use the Code of Conduct brand mark as a public recognition of leadership and integrity that distinguishes the organisation in the marketplace. By becoming a Signatory to the Code, the organisation is supporting the



carbon industry's vision of achieving a well-functioning carbon industry in Australia at the scale required to significantly contribute to greenhouse gas reduction commitments under the Paris Agreement.

What is the role of the Code Administrator?

The Code is administered by the Carbon Market Institute (CMI) who provides guidance to all Signatories about the operation and requirements of the Code. The Administrator undertakes education, monitoring and enforcement activities under the Code to ensure that Signatories continue to operate in compliance with the requirements of the Code, including compliance audits, investigation of complaints and breaches, and enforcement of sanctions. The Code Administrator is also responsible for:

- Managing the administration process relating to Signatories;
- Overseeing promotion of the Code;
- Developing training and supporting material on the Code to assist Signatories;
- Engaging with the independent Code Review Panel;
- Reviewing compliance including undertaking audits and initiating enquiries into compliance;
- Handling complaints and alleged breaches;
- Enforcing sanctions;
- Preparing an annual report on the Code's operations; and
- Strategic growth and direction of the Code.

What is the role of the Code Review Panel?

The oversight, monitoring and direction of the Code of Conduct is undertaken by the Code Review Panel (the Panel). The Panel is an independent body made of three members, who are all independent of the Code, and its Signatories.

The Panel operates under a publicly available Terms of Reference and meets regularly to consider:

- complaints handling processes and activities;
- appeals of enforcement actions; and
- the Administrator's ongoing approach to compliance.

The inaugural Panel was established in June 2021. The inaugural Panel will hold their appointments for a period of four years, subsequent Panels will hold their appointments for a period of three years.



General FAQs on the Code of Conduct

What are the benefits of becoming a Code Signatory?

Signatories to the Code are listed on CMI's Carbon Industry Code of Conduct website and demonstrate to the industry that they are committed to developing and operating in an industry that is built on community trust, transparency, accountability, social and environmental integrity, and are in compliance with the law. Signatories are entitled to use the Carbon Industry Code of Conduct brand mark; a public recognition of leadership and integrity that distinguishes the organisation in the marketplace.

Who can be a Code Signatory?

Carbon service providers (project developers, agents, aggregators and advisers) undertaking carbon offsets projects, including under the ERF and other Voluntary Offset Schemes, are encouraged to become a Signatory to the Code. Signatories to the Code are committed to developing and conducting their business in line with industry best practice and interacting with their clients and other stakeholders in a professional and ethical manner.

How can I sign-up as a Signatory to the Code?

The Signatory application form is available on the Code website. All applications must be submitted to the Code Administrator for assessment. Successful applicants will receive their unique Signatory identification number and relevant information about the Code, including the brand mark which can be used to demonstrate your support and commitment to the future of the carbon industry.

How much does it cost to be a Signatory to the Code?

There are two main categories of Signatories for the Code and three fee levels. The category is based on the activity of the Signatory and the fee level is based on the number of projects that the Signatory is contractually involved in. The annual fee levels range between \$2,575 and \$12,875¹.

Can I become a Signatory to the Code even if I'm not undertaking an ERF project?

Yes. The Carbon Industry Code of Conduct applies to industry participants involved in carbon offsets projects. This may include organisations acting as project agents, aggregators, proponents, or providing other services such as advisory or legal services. It applies to projects that exist in Australia, under the ERF scheme as well as other including under Voluntary Offset Schemes such as Gold Standard and Verra.

Who are the current Signatories to the Code?

All Signatories to the Code are listed on the Carbon Industry Code of Conduct website which is updated on a regular basis. These Signatories have agreed to meet the minimum requirements for operating in the carbon industry, as set out in the Code, including during pre-project activities, ongoing project management, documentation and general business practices. If you are unsure of whether an organisation is covered by the

¹ Signatory fees are subject to an annual increase of 3% or CPI (whichever is greater).



Code or believe an organisation has made misleading claims about their Signatory status, please contact the Code Administrator: code.administrator@carbonmarketinstitute.org

What are Signatories' obligations to clients?

Signatories have obligations to their clients. Clients may include project stakeholders including (but not limited to) Native Title Holders, representative bodies, landowners, land managers and project owners.

If you are a client of an organisation that is a Signatory, it is important that you are aware of their obligations to you. This includes obligations relating to the types of information, advice, and documentation that they provide to you. It also includes the ways in which they engage or consult with you as their client. Their obligations apply to their business activities both before a project commences, as well as during the project's lifetime.

Some examples of their obligations to clients are provided below.

Examples of Signatories' obligations to clients

Signatories must provide their clients with sufficient and accurate information in a way that allows the clients to make informed decisions about the project. This includes information about:

- The legal, regulatory or other obligations that the client may have if they enter into an agreement with the Signatory;
- The relevant project method requirements;
- The administrative and compliance requirements of the project, such as record keeping, audits, and eligibility criteria;
- The options for selling carbon credits;
- The project timeline;
- The client's obligations relating to the land during the project's permanence period (for land-based projects);
- The client's obligations if there is a natural disturbance to the land;
- The risks and potential consequences of the project; and
- The implications if the land where the project is being undertaken is sold.

Signatories are also required to:

- Disclose to clients any interests or benefits that they may have in the project or sale of credits;
- Seek to ensure genuine and early engagement with Native Title Holders, and if possible registered Native Title Claimants;
- Provide clients with a written project management plan, and ensure that you understand the plan;
- Provide clients with a copy of this fact sheet and of the Signatory's own complaints handling procedure document(s); and
- Ensure regular contact with landholders, provide regular advice to the client and ensure that any issues that arise can be addressed in a timely and efficient way.

This is not an exhaustive list of the obligations of Signatories under the Code of Conduct.

More detail on Signatories' obligations to clients (and other stakeholders) can be found in Section 2.2 and 2.3 of the Code. Please refer to the Code of Conduct (Version 2.0), available on the Code of Conduct website, or contact the Code Administrator via email if you require more information.



What should I do if I have a concern or would like to make a complaint about a Signatory?

If you have a concern or would like to make a complaint about the business practices of a Signatory, you are encouraged to raise the issue with the Signatory organisation directly in the first instance. Signatories are required to then acknowledge that they have received your complaint, and provide an expected timeframe for resolution of the complaint.

In the event that you are not able to raise the complaint directly with the Signatory,, or if your complaint has not been actioned or acknowledged, you may contact the Administrator directly by email to notify us of this issue, and/or submit a complaint through the complaints form on the Code of Conduct website.

You are also encouraged to raise the complaint with the relevant consumer protection organisation or scheme regulator (see Appendix 1, section 5 of the Code). In this case, you should notify the Administrator that you have done so, if it is relevant to the Code of Conduct.

Is the Code compulsory for anyone undertaking a carbon project?

No. The Carbon Industry Code of Conduct is a voluntary Code which aims to promote market integrity, consumer protection and appropriate interaction with project stakeholders.

Becoming a Signatory to the Code means you are demonstrating to the carbon industry that you are committed to developing and operating in an industry that is built on community trust, transparency, accountability, social and environmental integrity, and is in compliance with the law.

for more information please contact

Code Administrator

code.administrator@carbonmarketinstitute.org



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