

# TEM

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Submission to the Independent Review of  
the Carbon Industry Code of Conduct.

Tasman Environmental Markets

May 18, 2020



TEM



Australian  
Carbon Industry  
**Code of Conduct**  
SIGNATORY



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## AFSL NOTICE

Carbon markets participants in Australia who provide financial advice, trade, or make and operate and market in certain types of carbon credit units, or derivatives of these units, require an Australian Financial Services License (AFSL).

Tasman Environmental Markets (TEM) is an authorised representative (CAR 001248300) of TEM Financial Services Pty Limited (ABN 58 142 268 479, AFSL 430036).

TEM is authorised to provide financial services to wholesale clients (within the meaning of the *Corporations Act 2001*).

TEM is a Signatory to the Australian Carbon Industry Code of Conduct.







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## ABOUT TEM

[Tasman Environmental Markets](#) (TEM) delivers carbon offset solutions that help businesses take action in addressing climate change and reduce their carbon footprint. We source premium carbon offsets from over 50 projects worldwide that are verified to the highest international standards and provide life-changing benefits to people and the planet.

Since 2014, TEM has been connecting companies with impactful environmental projects in renewable energy, conservation, regeneration, clean fuel alternatives, Indigenous fire management, and more. Our founders have deep insights into global carbon markets and are active in carbon origination, carbon procurement, carbon risk management and marketing insights for both compliance and voluntary carbon markets.

Over the last six years TEM has grown to become recognised as a global leading carbon offset supplier. From big businesses to airlines, FMCG, travel and transport, we're here to help companies achieve their carbon neutral and emission reduction goals.



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# 1. INDEPENDENT REVIEW OF THE CODE

TEM welcomes the opportunity to provide feedback on the Independent Review of the Carbon Industry Code of Conduct April 2020.

Integrity, trust, and best practice are significant considerations in TEM's engagement in the Australian carbon market. Protecting our clients and ensuring they receive the best possible advice and services in an evolving market are core to what we do at TEM, which is why we are a strong supporter of the Code of Conduct and the work that has been undertaken through the Independent Review.

TEM broadly supports all recommendations made through the Independent Review and has provided further comment on certain recommendations in the section below.

We would be very happy to discuss these issues in further detail with representatives of the Carbon Market Institute. We look forward to contributing further to this important area of market development in Australia.



## 2. THE CODE

### Recommendation 7

Regarding recommendation 7 *that the Code Administrator assist Signatories and stakeholders in accessing ASIC's guidance on the need for an AFSL*, it is TEM's position that all carbon market participants, particularly landholders and demand side participants, should fully understand the requirement for businesses providing financial services<sup>1</sup>, such as carbon offset solutions in the Australian carbon market, to hold an AFSL. The Code Ad

TEM would also note that while some international carbon credits traded in Australia are not considered financial products under the *Corporations Act 2001*, it could still be considered best practice for any entity providing financial advice regarding any type of carbon credit in the Australian market to hold an AFSL. To support that outcome, the Code Administrator could also clearly identify Signatories that hold an AFSL and have more oversight of the application of an AFSL under activities covered by the Code of Conduct.

### Recommendation 8

Regarding recommendation 8 *that the Code Administrator provide guidance on the options for selling carbon credits*, TEM notes that as options and pathways to sell carbon credits evolve with policy change and technology improvements, this guidance may be best housed in a supplementary document rather than the Code text, which would be more efficient to update. TEM would also suggest that Signatories to the Code are able to review and contribute to this document.

### Recommendation 9

Regarding recommendation 9 *that the Code define the different types of Signatories*, TEM would also suggest that the Code of Conduct provides clear guidance on the application of Code of Conduct's requirements and best practice standards, particularly for the purposes of compliance, in instances where Signatories to the Code of Conduct do not have engagements or interactions with 'clients' as currently defined in Appendix 1(12) of the Code of Conduct.

<sup>1</sup> As defined by the Australian Securities and Investments Commission (ASIC) and the *Corporations Act 2001*.



## 3. MARKET INTEGRITY

### Recommendation 14

Regarding recommendation 14 *that the Code Administrator be given the discretion to recognise and rely on the business practices and compliance measures a Signatory has implemented to meet its AFSL obligations, subject to the Signatory demonstrating:*

- *the applicability of its AFSL to its carbon project customers;*
- *the duplication of its AFSL and Section 2 obligations and monitoring;*
- *the quality of its business practices; and*
- *the effectiveness of its compliance measures.*

To ensure effectiveness, TEM would suggest that clear guidance would need to be provided to Signatories on the specifics required to demonstrate the 'quality' of its business practices and the 'effectiveness' of its compliance measures, and the level of detail needed to meet any such amendment.

### Recommendation 16

Regarding recommendation 16 *that the Code Administrator develop the capabilities necessary to support its discretionary role in determining the relevance and effectiveness of Signatory's AFSL compliance measures*, TEM notes that in developing this capability, the Code Administrator and administrative staff could undertake training courses that AFSL holders are required to provide to authorised representatives.

### Recommendation 23

Regarding recommendation 23 *that the CMI continue positioning Signatories as trusted, ethical suppliers in the ACCU supply chain*, TEM views Signatory status under the Code of Conduct as an important element to highlight and clarify in any major procurement activity whether that be Government or demand-side procurement. TEM envisages that Signatory status will and should become a prerequisite for any major corporate looking for a partner in the acquisition of ACCUs or other carbon credits in the market.



## 4. THE CODE ADMINISTRATOR

### Recommendation 37

Regarding recommendation 37 *that the Carbon Market Institute administer the Code of Conduct during the Operational Stage*, TEM notes that in the Carbon Market Institute's role as the primary industry body in the Australian carbon market and the critical role that CMI played in the initial development and administration of the Code, they would be the best suited entity to perform the role of Administrator.





## 5. MISCELLANEOUS

### Recommendation 43

Regarding recommendation 43 *that more than one entity can become a Signatory to the Code under the one Signatory Fee, subject to those entities being companies within the same corporate group*, further consideration may need to be given by the Code Administrator as to whether this process occurs automatically.

### Recommendation 45

Regarding recommendation 45 *that the Code Administrator inform the Australian Financial Markets Association and the Clean Energy Regulator of the contractual needs of demand-side participants, to facilitate the modification of contracts for the trading co-benefit branded ACCUs*, TEM would suggest that prior to the Code of Conduct requiring compliance against the inclusion of co-benefits as a specific contractual requirement, there be an agreed national framework and valuation methodology for the accurate assessment and valuation of co-benefits in the Australian ACCU market.

