

Independent Review of the
Carbon Industry Code of Conduct
Consultation Paper

April 2020



Australian
Carbon Industry
Code of Conduct



Introduction

The Carbon Market Institute (CMI) launched the Carbon Industry Code of Conduct (Code) in 2018. The Code's vision is to achieve a well-functioning emissions reduction and carbon sequestration industry in Australia at the scale required to significantly contribute to Australia's greenhouse gas reduction commitments under the Paris Agreement. The Code's role in the carbon market is significant in that it: defines industry best practice for market participants including project developers, agents, aggregators and advisers in Australia's carbon projects industry; promotes consumer protection and appropriate and open interaction with clients; provides guidance to scheme participants; and promotes market integrity, accountability and displays international leadership in Australia's carbon market.

The Code is due to transition from its Foundation Stage to its Operational Stage on 1 July 2020. The Operational Stage will see the fully functioning implementation of the Code, following an Independent Review (the Review) for the appropriate consideration and implementation of the necessary transitional requirements. Guided by principles of efficiency, effectiveness, clarity and comprehensibility, predictability and consistency, proportionality and flexibility, the Review has provided a series of recommendations for consideration.

The Review has recommended CMI continue as Code Administrator and CMI intends to implement other recommendations subject to further consultation and consideration. Appropriateness of recommendations will be assessed on alignment with the Review's principles, considering the impacts to Signatories, clients, broader stakeholders and to CMI.

An effective transition to the Operational Stage should enhance the Code's ability to drive best practice behaviour of carbon market participants, and protect consumers of carbon products and services as the market continues to expand and mature.

Inviting Submissions

The Code Administrator is inviting submissions on the recommendations of the Review regarding:

- a) General views on the importance of transitioning the Code's administration from the Foundation Stage to the Operational Stage, as well as the timing of the transition in a COVID-19 affected market;
- b) Views on the continuing role of CMI as the Code Administrator in the Operational Stage; and
- c) Any other general or specific views pertaining to the recommendations.

MAKING YOUR SUBMISSION

The consultation period is open for two weeks, with the Administrator receiving submissions until 9am on Monday 11th of May 2020. Submissions must be presented with the cover sheet made available with this consultation paper, and will be accepted only via email to code.administrator@carbonmarketinstitute.org. Please see the submission cover sheet for further details.

Consultation outcomes and the Code's operational transition plan will be made publicly available in late May or early June 2020. Signatories will report under the Foundational stage requirements in July 2020.



Review Process

The Guiding Principles for this consultation are as follows.

The purpose and objectives established in the Australian Carbon Industry Code of Conduct (2018) (the Code) guide all of the Code Administrator's activities and operation of the Code. The principles underlying the rules in the Code, as outlined in Section 1.3 of the Code, are:

- (1) transparency and accountability;
- (2) environmental and social integrity;
- (3) legislative and regulatory compliance; and
- (4) community trust.

The objects of the Code provide specific direction for the Review, and the consultation on this Review is guided by the same objects. These objects, outlined in Section 1.1 of the Code, are to:

- (1) define industry best practice for project developers, agents, aggregators and advisers in Australia's carbon projects industry;
- (2) promote consumer protection and appropriate and open interaction with project owners and landowners;
- (3) provide guidance to scheme participants; and
- (4) promote market integrity, accountability and display international leadership in carbon project development.

The Code Administrator will form a position on recommendations to implement in the transition to the Code's Operational Stage, based on the following Assessment Framework:

Evaluation of recommendations against the Code Review's guiding principles:

- a) **Efficiency** – does the Code achieve its desired outcomes with the resources available to it?
- b) **Effectiveness** – has the Code achieved its objectives with minimal adverse consequences?
- c) **Clarity and comprehensibility** – are the objects and consequences of the Code readily understood by its stakeholders?
- d) **Predictability and consistency** – is the Code stable enough to rely upon? Does it avoid confusion? Does it engender trust?
- e) **Proportionality** – is the Code's intervention in a Signatory's business the right amount to achieve the Code's objectives? Has it avoided regulatory overreach?
- f) **Flexibility** – is the frequency of review suitable given developments underway in carbon markets?

**To make submissions or for more information
please contact:**

Code Administrator

code.administrator@carbonmarketinstitute.org



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