



business leading transition

transition to zero
2020 strategy



business is leading the transition

The 2020s are approaching as a decade of disruption but also opportunity. As clean technologies expand in capability as well as affordability and the climate crisis escalates, traditional business models, communities and ecological support systems will be under growing pressure. Enhancing finance and innovation to enable clean industry, carbon farming, regenerative agriculture and climate repair will be urgently needed.

Domestically, public policy processes will need to appropriately address the concerns of institutional investors, insurers and financial regulators. The private sector is already increasingly conscious of potential disruptions, growing climate impacts on asset portfolios and the risks of stranded assets in the transition to net zero emissions. Many stakeholders have begun, or are preparing for, the shift to net zero and negative emissions - what the science shows will be required to achieve the agreed 2°C and 1.5°C warming limits set out in the Paris Agreement.

2020 will be a significant year with the commencement of key operational elements of the Paris Agreement; Australia's Long-Term Strategy and Safeguard Reviews; New Zealand's zero carbon legislative reforms and initiatives across the Asia-Pacific region.

The board and CMI team look forward to working with you, and supporting business to lead the transition towards our 2050 vision of a prosperous, climate resilient and net-zero emissions world.

A handwritten signature in black ink, appearing to read 'John Connor', with a stylized flourish at the end.

John Connor
CEO

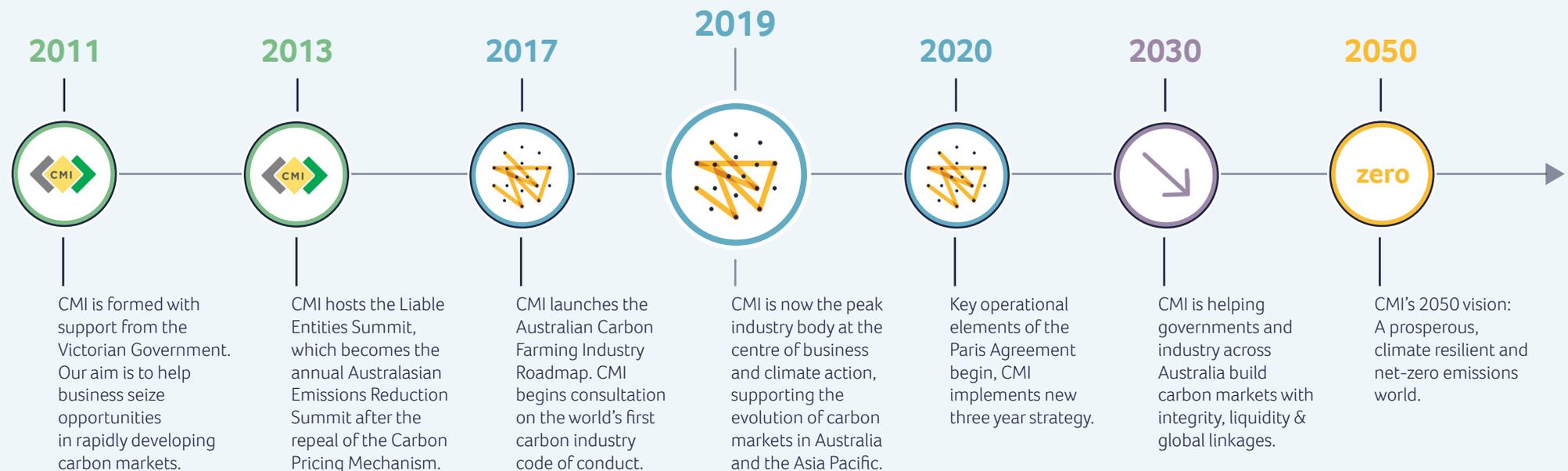
our journey

The Carbon Market Institute (CMI) was formed in 2011, with goals to (a) assist liable parties and those pursuing voluntary emissions reductions to meet their commitments at least cost; (b) assist relevant service providers to benefit from carbon market related opportunities; and (c) promote Australia as a hub for carbon market activity in the Asia-Pacific region. Although it has significantly evolved in its eight year history, CMI continues to operate as a unique industry association. We are governed by a Constitution approved by corporate members with commercial engagement in carbon markets who also elect the board. Associate observer members also participate where appropriate in working group and information sharing processes.

Through its evolution, CMI has stayed true to its strengths, continuing to advocate for efficient and effective carbon markets and related policy solutions. As a constructive and independent voice in the contemporary market, CMI works with members to grow a national carbon industry that is generating significant economic, indigenous, social and environmental benefits for Australia, in particular our regional and rural communities.

Our expertise, coupled with our expanding role as a steward of the evolving national carbon market, enables us to support ongoing economic development initiatives. CMI has developed the Australian Carbon Farming Industry Roadmap. In 2018 we launched one of the world's first carbon industry codes of conduct. Our growing membership includes emissions intensive industry, service and technology providers and financiers.

CMI's working groups, online portal and marketplace, roadshows, forums, webinars and flagship Australasian Emission Reduction Summit provide significant opportunities for knowledge sharing, commercial interaction and capacity building.



our corporate members



Allens > Linklaters



Baker McKenzie



Incitec Pivot Limited



NORTON ROSE FULBRIGHT



OMFMarkets



our context

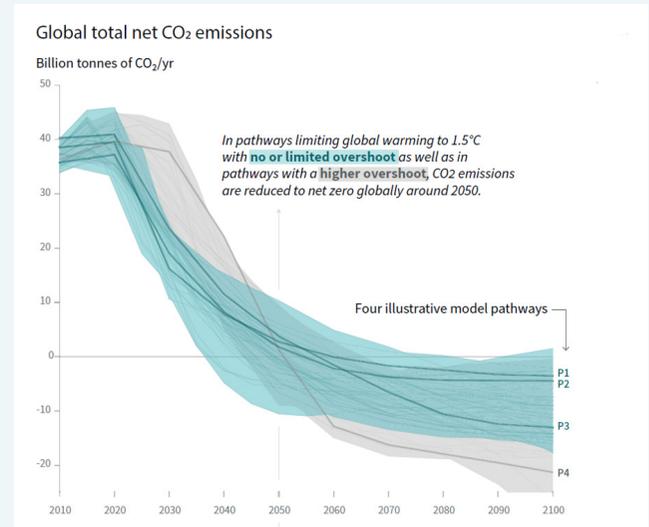
The transition to net-zero carbon emissions is underway. The Paris Agreement and the Task Force on Climate-related Financial Disclosures (TCFD) have established a framework for climate and net-zero emission reduction goals. This framework supports ambition, transparency, investment and international cooperation.

In this context, carbon markets are growing. There are carbon pricing mechanisms in more than 90 national and sub-national jurisdictions. These include New Zealand, China, Europe, South Korea, South Africa, Thailand, Japan, Canada and sub-nationally in the United States.

As detailed below, carbon markets are evolving in an ever expanding variety, across compliance, voluntary and emerging markets.

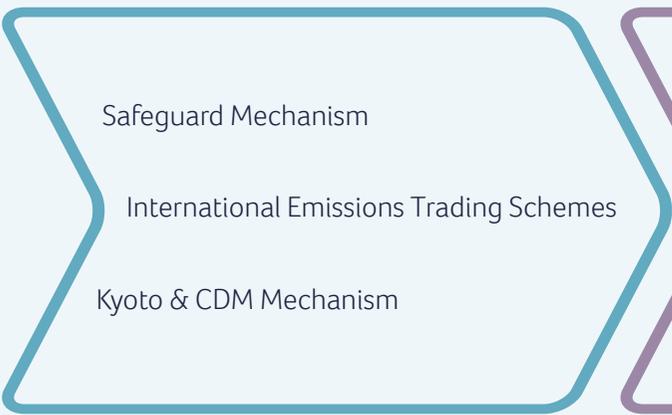
CMI's 2017 Australian Carbon Farming Industry Roadmap outlined an industry that can help drive AUD\$24 billion of investments, employ over 20,000 people and generate significant, economic, indigenous, social and environmental benefits for regional and rural Australian communities.

The transition to net-zero emissions presents many other opportunities for business in Australia and the Asia Pacific. Our challenge is to manage the risks and realise the opportunities of this transition.



This graph shows the scale and urgency of the problem, as well as projected pathways to net-zero and negative emissions required to limit warming to 1.5°C (source: IPCC).

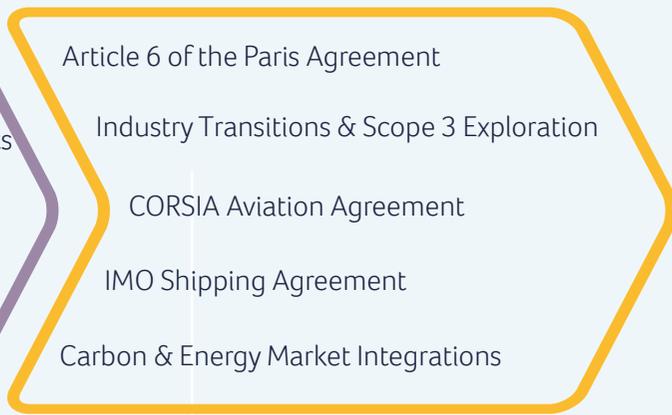
COMPLIANCE MARKETS



VOLUNTARY MARKETS



EMERGING MARKETS

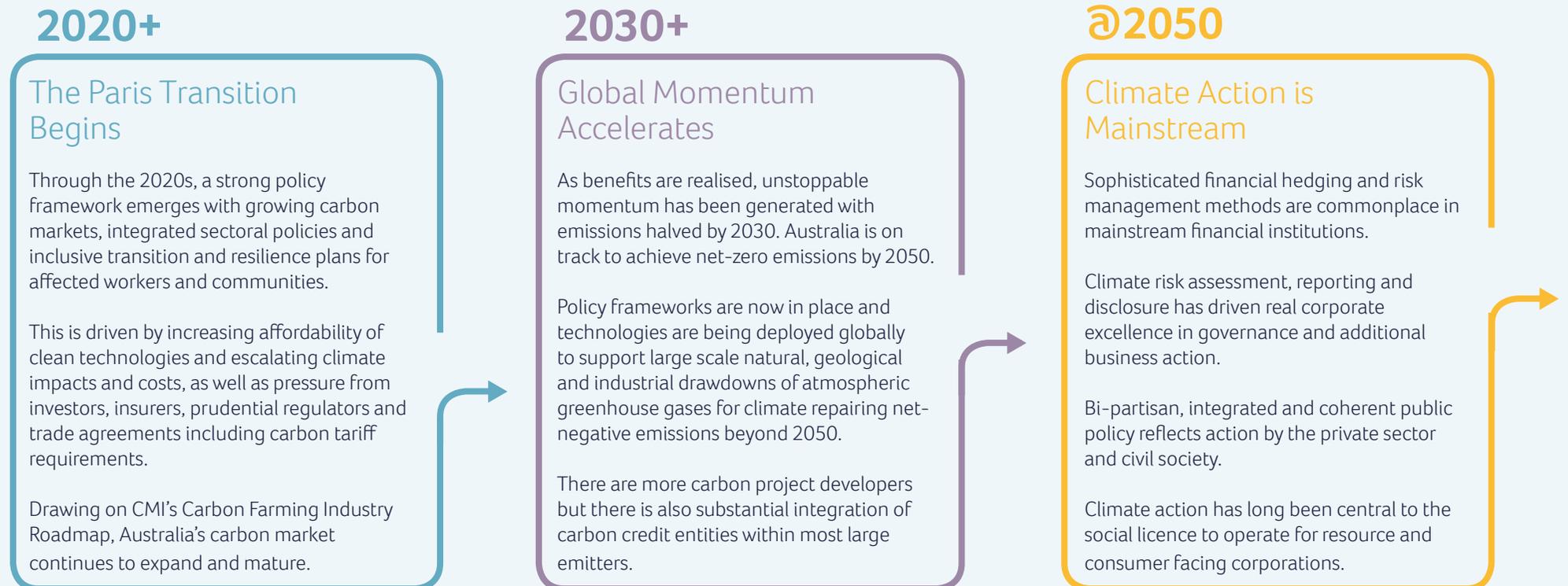


developing our strategy

CMI's pragmatic **transition to zero strategy** builds on our current market position and work to date, and has been developed in consultation with our corporate members across Australia. This strategy is guided by aspirational scenarios for the Institute and industry that outline a potential trajectory of global markets and policies, and the role that CMI will play in realising these scenarios in the 2020s, the 2030s, and by 2050.

In these scenarios, by 2030, the Paris Agreement (with its 2023 global stocktake and nationally determined contributions review and ratcheting) will have provided crucial leverage points for policy makers, investors and business. CMI, along with its members and partners, has helped governments build carbon markets with integrity, liquidity and credible international linkages. Increasingly, the employment, economic, health, indigenous, ecological and security benefits of clean industry and carbon farming are understood and supported by the general public and government.

Advances in data and technology can simplify administration, as well as the verification of carbon offset activities. In coming years, consumers, business and regulators will directly connect with the environmental, agricultural, indigenous and other co-benefits from decarbonisation activities.



our strategy

CMI's **transition to zero strategy** includes a refreshed vision and mission, while maintaining our commitment to enabling economic opportunities, growing prosperity and building resilience. It includes three-year objectives, and a range of outputs to support our growing corporate membership, which aim to realise the foundational vision of CMI as a hub for carbon market activity in the Asia Pacific.



business leading transition

CMI is the independent peak industry body at the centre of business and climate action:

- we speak for business leading the transition to a net-zero emission economy, sharing knowledge, building capacity and catalysing opportunities;
- we are the stewards of Australia's carbon markets and related effective policies, supporting their continued evolution while working to ensure the integrity of the market, participants and outcomes; and
- we champion the UNFCCC Paris Agreement and TCFD's framework of climate and net-zero emission goals and mechanisms for increasing ambition, international cooperation and investment.

our 2050 vision

A prosperous, climate-resilient, net-zero emissions world.

our mission

To help business manage risks and capitalise on opportunities in the transition to a net-zero emissions economy.

We are committed to:

- Leading and informing the community on the benefits of transition
- Developing and promoting efficient and effective emissions reduction policy
- Building integrity, linkages and liquidity in carbon markets
- Supporting our members to successfully transition
- Building capacity and expertise for a decarbonised economy

our strategic objectives

Realising both the 2030 Scenario and the 2050 Vision will require well directed efforts and strategic partnerships, as well as regular monitoring and review. In mid-2019 the CMI Board developed annual and three yearly objectives that will be reviewed by the Board annually. Across the five areas of its mission, these include the following strategies, tactics and outcomes:



Leading and informing the community on the benefits of transition



Developing and promoting effective emissions reduction policy



Building integrity, linkages and liquidity in carbon markets



Supporting our members to successfully transition



Building capacity and expertise for a decarbonised economy

outputs



**research
& analysis**



**market
development**



**market
integrity**



**member
services**



forums

three year objectives



Leading and informing the community on the benefits of transition

Through additional dedicated focus on communications, CMI will:

- a. launch a collaborative communications program with willing members and partners engaging Australians with the employment, health and ecological benefits of clean industry and carbon farming;
- b. grow our roadshows, forums, webinars and Summit, engaging hundreds of community leaders and potential carbon market participants; and
- c. ensure CMI's online members portal and marketplace will be recognised as the "one-stop-shop" for all experienced and incoming carbon market practitioners.



Developing and promoting effective emissions reduction policy

Through non-partisan, independent and pragmatic advocacy CMI will assist relevant governments and all major parties to:

- a. increase the scale of potential supply of carbon credits including through delivery of the Australian Carbon Farming Industry Roadmap with:
 - i. State and Federal funding mechanisms with prioritisation to support regional market developments, new and revised methodologies, and positive land use change.
 - ii. Streamlined transaction and administration costs that continue to ensure integrity.
 - iii. New methods and metrics for quantification and commercialisation of co-benefits.
- d. accept the benefits of international carbon trade and the need for significant ratchet in Australia's second 2025 NDC for 2035 and legislated net zero emissions target by 2050;
- e. implement stronger safeguard baselines and/or other policies including support for research, development and deployment;
- f. achieve emissions reduction for its 2020-2030 targets without any or significant use of carryover credits;
- g. establish transition frameworks and/or authorities with a focus on regional transition hot spots with applied resources for skills development, alternative employment creation and other support to maximise co-benefit opportunities.

three year objectives



Building integrity, linkages and liquidity in carbon markets

Through constructive engagement with, and promotion of responsible business-driven carbon markets, CMI will:

- a. manage the evolution of the Australian Carbon Industry Code of Conduct from foundational to operational stage with signatories covering the vast bulk of carbon project developers and credit purchasers;
- b. support the development of new and improved ERF methodologies and approaches including for blue carbon, integrated landscapes, industrial energy efficiency, alternative fuels, carbon positive buildings and other decarbonisation activities;
- c. facilitate the acceptance by the Australian Government, Austrade and other agencies of international trade in carbon credits and expertise, as an opportunity for Australia to benefit from export of credits and expertise;
- d. assist in the development of carbon industry pathways in the Asia Pacific region, including collaboration on methodologies between Australia and New Zealand or other similar jurisdictions;
- e. engage with banks, valuers and other financial institutions to have new metrics to value agricultural enterprises with carbon covenants as well as products and/or standards to de-risk carbon project investments, and;
- f. launch CMI's Reconciliation Action Plan and make meaningful contribution to Indigenous carbon development, participation and engagement across Pacific Rim markets.



Supporting our members to successfully transition

By representing our growing membership CMI will:

- a. deliver working groups, online portals and other forums for member-only engagement, including specialist task forces that utilise member networks and expertise in areas such as ERF methodology development and supply chain engagement;
- b. share member achievements, experiences and services through working groups, webinars, member insights, updates and our online platforms;
- c. provide responsive bespoke interactions, including strategic policy input, international networks and organisational briefings, within available resources; and
- d. ensure good governance and management of CMI as a peak organisation, including financial accountability, risk management and responsiveness.

three year objectives



building capacity and expertise for a decarbonised economy

The transition to net-zero and net-negative emission economies will represent considerable challenges and require continued development of capacity and expertise. CMI will:

- a. grow the Australasian Emission Reduction Summit as the international region's premier forum, bringing together national and international leaders from business, government, technology and finance for knowledge exchange and commercial interaction;
- b. deliver national forums on carbon farming and clean industry with targeted engagement to build capacity, showcase member services and best practices, and a dedicated program of engagement with senior, executive and director levels;
- c. design and implement a Corporate Climate Leadership Program with objectives including to:
 - iv. Support members delivering decarbonisation via a range of transition pathways.
 - v. Build capacity and expertise with members and the community (knowledge sharing).
 - vi. Share knowledge with senior, executive and director-level individuals within member organisations.
 - vii. Communicate positive climate action and business leadership activities in Australia.
- d. expand CMI's professional network membership program to engage individuals in the market that are supporting Australia's net-zero transition.

our outputs

To further the vision, mission and strategic objectives, CMI will contribute to the Australian marketplace, community and policy in the following ways:

