

becoming a signatory **guidance for signatories**

July 2021



Australian
Carbon Industry
Code of Conduct
SIGNATORY



Key Definitions

The Code of Conduct contains the following definitions in relation to Signatories, clients and activities.

- **Client** For the purposes of the Code means both supply-side consumers and demand-side consumers in the Carbon Market.
- **Signatory** A Signatory to this Code of Conduct.
- **ERF Project** An emissions reduction or carbon sequestration project undertaken under an approved ERF Method. The Code will only apply to projects that meet the Regulator's definition of the [newness requirement](#), as at 1 July 2018. To avoid confusion, the project may be listed on the Clean Energy Regulator's project register but must not have commenced prior to 1 July 2018.
- **Carbon Offsets Project** A project carried out in accordance with a statutory or voluntary scheme. The Code will only apply to projects, which are yet to commence as defined by the rules of the Scheme, as at 1 July 2018.

Application Process

By becoming a Signatory to the Code, you are supporting the carbon industry's vision of achieving a strong carbon industry in Australia that operates at the scale and quality required to significantly contribute to Australia's greenhouse gas reduction commitments under the Paris Agreement.

The application form can be found on the Code website's [Resources](#) page. All applications must be submitted to the Code Administrator for assessment. You will be notified of the outcome of your application within 10 business days. If your outcome is successful, you will be issued with an invoice for your annual Signatory fee. More information about Signatory fees can be found below. Once all fees are processed, your nominated primary contact will receive confirmation of your company becoming a Signatory to the Code. You will also receive your Signatory identification number, and information about the Code brand mark and brand mark guidelines.

Please note: any incorrect or incomplete applications submitted to the Code Administrator may lead to a delay in processing your application.

Signatory Types

The Code has predominantly been designed to suit the regulatory regime of the Emissions Reduction Fund (ERF) (which was previously known as the Carbon Farming Initiative (CFI)) and other relevant Voluntary Offset Schemes (for example Gold Standard and the Verified Carbon Standard). The Code aims to define industry best practice for carbon service providers and represents minimum standards that Signatories agree to meet. The Code applies to entities providing project services and advisory services to clients regarding:

- the registration, implementation, and management of carbon projects in Australia,
- the provision of legal/financial/technical advice, and
- the trading of carbon credits in the Australian market.

It covers all types of projects undertaken within the ERF and other Voluntary Offset Schemes.

The application of the Code may be different according to the category of Signatory. For example, an agent operating in the land-based sector will have different requirements than a project owner exclusively undertaking landfill gas or energy efficiency projects. High-level guidance is provided below in relation to different Signatory types captured under the Code.



However, the Code Administrator recognises that some companies that apply to become a Signatory to the Code may not fit exclusively in one Signatory type and have business activities within the industry that span across different Signatory types.

It is therefore the responsibility of such Signatories to ensure that they are aware of, and adhere to, the compliance requirements relevant to their business activities before signing up to the Code. Signatories are encouraged to familiarise themselves with the Signatory Annual Report (Self-audit Checklist) Form, which can be found on the Code website's [Resources](#) page which outlines annual reporting requirements.

Signatory Type: Project Services

The focus of your carbon industry business activities is to provide direct services to supply-side and demand-side consumers for the purpose of the development and management of ERF or carbon offset projects. Typical roles your business may undertake include engaging with clients directly:

- as a project owner;
- as a project aggregator;
- as a project agent, or;
- advising on the above.

If your business is contractually involved in developing and managing any Carbon Offset Projects or ERF Projects (regardless of role as primary, secondary or other contracting party), you would be under the 'Project Services' Signatory type.

- **Example 1** Your carbon industry activities involve the aggregation of multiple sources of carbon abatement from client(s)' carbon offsets projects.
- **Example 2** Your carbon industry activities involve the provision of advice relating to the potential for ERF projects on a client's property, and the preparation of project registration and auction qualification documentation for ERF projects.
- **Example 3** Your carbon industry activities provide services to a client in the development, design and activities of a carbon offsets project.

Signatory Type: Advisory Services

The focus of your carbon industry business activities is NOT to provide direct services for the purpose of the development and management of ERF or carbon offset projects, but to provide indirect services to supply-side and demand-side consumers across the carbon industry. Typical services undertaken may include:

- carbon or environmental market-related consulting services;
 - auditing services;
 - legal services;
 - trade and brokerage services; or
 - financial services.
- **Example 1** Your carbon industry activities involve the provision of legal advice to a client on an ERF Carbon Abatement Contract.
 - **Example 2** Your carbon industry activities involve the provision of auditing services to a client on a carbon offsets project.



Signatory Fees

The fee categories for each Signatory type and category are outlined below:

- **Project Services** Signatories are required to pay an amount that is calculated according to the number of projects they are contractually involved with at the time of application. These projects will have already commenced or are currently being implemented at the time of application and will include projects that are in the pre-project registration phase of project development.
- **Advisory Services** Signatories are required to pay a fixed amount.

Annual Signatory Fees		Signatory Fees (AUD ex. GST)**	
Signatory Type	Category Criteria	One Entity	Multiple Entities
<u>Category 1</u> Project Services	At the time of application your entity is contractually involved with 15 or more projects*.	\$12,875/per year	Based on the number of projects** that a maximum of three entities combined are contractually involved with.
<u>Category 2</u> Project Services	At the time of application your entity is contractually involved with between 5 and 14 projects*.	\$5,150/per year	
<u>Category 3</u> Project Services	At the time of application your entity is contractually involved with less than 5 projects*.	\$2,575/per year	
<u>Advisory Services</u>		\$2,575/per year	\$1,000/year for each additional entity.

* Does not include projects starting prior to 1 July 2018, as per the definitions of projects in Appendix 1 of the Code.

** Starting from 1 July 2021, fees are subject to an annual 3% CPI increase. FY22 fees displayed above include the 3% increase.

Multiple entities from the same corporate group are allowed under the one Signatory status, noting:

- A maximum of three entities from the same corporate group are allowed;
- Where there are multiple entities under the 'Project Services' Signatory type, total fees are commensurate to the total number of projects that those entities combined are contractually involved with (N.B: these projects have either already or are planned to be registered after 1 July 2018);
- Where there are multiple entities under the 'Advisory Services' Signatory type, total fees are set at \$1,000/year for each additional entity joining the Signatory (after the first); and
- Where there are multiple entities under both the 'Project Services' and 'Advisory Services' Signatory types, fees are based on the Signatory type of the related entities and are summed together.

Rules used to apply multiple entities under the one Signatory fee include:

- Where the Signatory is a parent entity (or organisation), any subsidiary of the parent entity can come under the one Signatory status;
- Where the Signatory is a subsidiary of a parent entity, both the parent entity and any subsidiaries of the same parent entity can come under the one Signatory status;
- The entity in the corporate group with the greatest operational control or which has been nominated is the fee-paying Signatory; and
- Related entities within the same corporate group as a fee-paying Signatory do not automatically receive Signatory status and will need to apply to join the Signatory, providing evidence they are a related entity.



Where there are multiple entities, Signatory related entities will come under the Fee-paying Signatory. Definitions and responsibilities of Fee-paying Signatory and Signatory Related Entities are provided below.

<p>Fee-paying Signatory definition</p> <ul style="list-style-type: none"> • If there is only one entity in the corporate group that is a Signatory to the Code, this entity is the fee-paying Signatory. • If there is more than one entity in the corporate group that is a Signatory to the Code, then the fee-paying Signatory entity is: <ul style="list-style-type: none"> ➢ the parent entity if the parent entity is a Signatory to the Code ➢ if the parent entity is not a Signatory to the Code, the subsidiary entity that has been nominated as the fee-paying Signatory by all subsidiary entities that are Signatories to the Code • If a parent entity of the same corporate group wishes to join the Code under the same Signatory as a subsidiary entity, then the parent entity needs to replace the subsidiary entity and become the new fee-paying Signatory.
<p>Fee-paying Signatory responsibilities</p> <ul style="list-style-type: none"> • Accepts full responsibility for paying Code Signatory Fees for both itself and for Signatory Related Entities. • Accepts full responsibility for compliance with Code requirements for both itself and for Signatory Related Entities including annual reporting and responding to information requests. • Will need to apply for a Signatory Related Entity to come under their Signatory status providing evidence including a declaration that: <ul style="list-style-type: none"> ➢ the fee-paying Signatory has full power to manage and execute any business of the affiliated entity related to compliance with the Carbon Industry Code of Conduct. ➢ the entity is within the same corporate group and that subsidiaries within the corporate group meet the definition from section 46 of the Corporations Act 2001. • Can promote themselves as a Signatory, including using the Code landmark in their documentation, and all relevant entity logos of the Signatory organisations will be published on the Code website.
<p>Signatory Related Entity definition</p> <ul style="list-style-type: none"> • Is an entity that has signed up to the Code through a Fee-paying Signatory that is in the same corporate group.
<p>Signatory Related Entity responsibilities</p> <ul style="list-style-type: none"> • Accepts responsibility for complying with Code requirements for itself only. • Will provide information and follow direction from the fee-paying Signatory regarding their responsibilities to comply with Code requirements. • Payment of Signatory fees is managed by the fee-paying Signatory. • Can promote themselves as a Signatory, including using the Code landmark in their documentation, and all relevant entity logos of the Signatory organisations will be published on the Code website.
<p>Entity definition</p> <ul style="list-style-type: none"> • A company, organisation, non-profit or registered charity with an Australian Business Number (ABN) or CAN. Entities may or may not be part of a corporate group. If they are part of a corporate group, they may be parent entities or subsidiary entities.
<p>Corporate Group definition</p> <ul style="list-style-type: none"> • Includes a Parent Company/s and its subsidiary/s as defined under section 46 of the <i>Corporations Act 2001</i>.



Parent Entity definition

- A corporation or other business enterprise that owns controlling interests in one or more subsidiary companies (distinguished from holding company).

Subsidiary Entity definition

The Code takes its definition of 'subsidiary' from section 46 of the Corporations Act 2001 (*the Corporations Act*). That is, a body corporate (the first body) is a subsidiary of another body corporate if, and only if:

- (a) the other body:
 - (i) controls the composition of the first body's board; or
 - (ii) is in a position to cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a general meeting of the first body; or
 - (iii) holds more than one-half of the issued share capital of the first body (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital); or
- (b) the first body is a subsidiary of a subsidiary of the other body.

for more information please contact

The Code Administrator

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