

Advisory Services overview

January 2023



Australian
Carbon Industry
Code of Conduct



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.

The Code applies to two relevant signatory types under the Code:

1. Project Services, and
2. Advisory Services.

For the Advisory Services type 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.
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- 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.
 - Example 3 Your carbon industry activities involve the provision of advice to a client on carbon credit sales and markets.



Advisory Services FAQs

Is the Code only relevant to Project Owners, Aggregators, and Agents?

No. While the Code contains requirements relevant to activities associated with Project Owners, Aggregators, and Agents it also contains sections that are specific to Advisory Services Signatories. For example, Section 2.2(10) of the Code sets out best practices for those providing advice under an Australian Financial Services Licence (AFSL). There are also other standards (outlined in Section 2.1 of the Code), that are relevant to all Signatories, regardless of type, in demonstrating their commitment to best practice.

Compliance & Audit Requirements

As an Advisory Services Signatory, you will be required to participate in Code education and training and the annual reporting and compliance process discussed in more detail below. To provide clarity to Signatories, clients and stakeholders on the Administrator's approach to compliance in the Operational Stage of the Code, the Administrator's **Education, Monitoring and Enforcement approach** can be found on the Code website's [Resources](#) page. This guidance document includes information on:

- Responsibilities of different stakeholders;
- A risk-based approach to compliance;
- Education;
- Monitoring, and
- Enforcement.

Annual Reporting for Signatories

Signatories are required to complete an **Annual Report (Self-audit Checklist) Form** at the end of each financial year (year ending 30 June). A completed annual report must be submitted to the Code Administrator within 30 days following the end of each financial year. This report will be used by the Code Administrator to inform compliance under the Code, in addition to auditing undertaken by the Administrator.

Annual Report – Key Dates

30 June End of compliance period under the Code
1 August Submission date for Signatory Annual Report
September Code Administrator publishes Code Annual Report

The **Annual Report (Self-audit Checklist) Form** can be found on the Code website's [Resources](#) page and has been developed as a self-audit tool, covering all relevant aspects of the Code. The annual report also serves as confirmation of a Signatory's compliance with the Code throughout the year, and reaffirms the Signatory's ongoing commitment to the Code.

The Code Administrator may request additional information following receipt of each Signatory's annual report. Signatories must comply in a timely manner with reasonable requests made by the Code Administrator for the provision of information or documentation. Annual reports will not be made publicly available, and all commercial-in-confidence information will be treated with appropriate confidentiality.

What are the benefits of becoming an Advisory Services Signatory?

The benefits for Advisory Services Signatory types are the same as Project Services Signatories. As an Advisory Services Signatory to the Code, your company will be listed on the Australian Carbon Industry Code of Conduct website to demonstrate to the 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 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 you in the marketplace

What is the annual fee for Advisory Services Signatories?

If the focus of your carbon industry business activities fit within the Advisory Services Signatory type, you are required to pay a fixed amount, equivalent to the smallest category of the Project Services Signatory type. Where there are multiple entities from the same corporate group all under the 'Advisory Services' Signatory type, total fees are set at \$1,000/year for each additional entity joining the Signatory (after the first).

Annual Signatory Fees		Signatory Fees (AUD ex. GST)**	
Signatory Type	Category Criteria	One Entity	Multiple Entities
<u>Advisory Services</u>		\$2,704/per year*	\$1,000/year for each additional entity.

*Starting from 1 July 2022, fees are subject to an annual 3% CPI increase. FY23 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 ;
- 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.

Who are the current Signatories to the Code?

All Signatories to the Code are listed on the [Current Signatories](#) page of the Code website. 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.

Where can I find further information for Signatories?

You will find further guidance on the Code website's [Resources](#) page, including in particular the **Code Overview Fact Sheet**, **Becoming a Signatory – Guidance for Signatories**, **Complying with the Code – Guidance for Signatories** and **Handling Complaints and Breaches – Guidance for Signatories**.

for more information please contact

Code Administrator

code.administrator@carbonmarketinstitute.org



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