

BECOMING A SIGNATORY

Guidance for Signatories

June 2024



Australian
Carbon Industry
Code of Conduct
SIGNATORY



Background

The Australian Carbon Industry Code of Conduct (the Code) aims to define industry best practice for project and advisory service providers that operate within Australia's Carbon Industry. It provides a set of standards that all Signatories are required to meet.

By becoming a Signatory to the Code, you are supporting the carbon industry's vision of an Australian market that operates at the scale to significantly contribute to Australia's greenhouse gas reduction commitments under the Paris Agreement.

Stakeholders in the carbon industry engaging with a Signatory to the Code know that they are engaging with a business that has made a commitment to operate at best practice, with compliance of the Code monitored by the Code Administrator.

ACI Code of Conduct Purpose and Objectives

This non-prescribed voluntary Code of Conduct (the Code) aims to:

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

This Code is not intended to replace existing consumer, carbon farming, emissions reduction or environmental legislation, policy, regulations, or guidance at local, state, or federal government levels.

The principles underlying the rules in the Code are transparency and accountability; environmental and social integrity; legislative and regulatory compliance; and community trust.

Signatory Types

The Code has been designed to support the regulatory regime of the Emissions Reduction Fund (ERF) 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 sets 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.

It is the responsibility of Signatories to ensure that they are aware of, and adhere to, the compliance requirements relevant to their business activities before applying to become a Code signatory.

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



Signatory Type: Project Services

The focus of your carbon industry activities is to provide direct services to demand and supply 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), your signatory type is 'Project Services'.

- *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 demand and supply-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.
 - *Example 3* Your carbon industry activities involve the provision of advice to a client on carbon credit sales and markets.

Note:

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.

If you require further information on which signatory type suits your operations, please contact the Code Administrator at code.administrator@carbonmarketinstitute.org



Signatory Fees

The annual fees for each Signatory type and category are outlined below:

- **Project Services Signatories** are required to pay a fee that is calculated according to the number of projects they are contractually involved with at the time of application. These projects are already registered under the applicable scheme at the time of application. This includes projects that pre-date the commencement of the Code (i.e. commenced prior to 1 July 2018).
- **Advisory Services Signatories** are required to pay fee, 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>Category 1</u> Project Services | At the time of application your entity is contractually involved with 15 or more projects. | \$14,621/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. | \$5,849/per year | |
| <u>Category 3</u> Project Services | At the time of application your entity is contractually involved with less than 5 projects. | \$2,924/per year | |
| <u>Advisory Services</u> | | \$2,924/per year | \$1,000/year for each additional entity. |

* Starting from 1 July 2024, FY24 fees displayed above include the 3% increase in alignment with CPI.

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.



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.

| |
|---|
| Fee-paying Signatory definition |
| <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. |
| Fee-paying Signatory responsibilities |
| <ul style="list-style-type: none"> • Accepts full responsibility for paying Code Signatory fees for both it and for Signatory Related Entities. • Accepts full responsibility for compliance with Code requirements for both it 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 <i>Corporations Act 2001</i>. • Can promote themselves as a Signatory, including using the Code brandmark in their documentation, and all relevant entity logos of the Signatory organisations will be published on the Code website. |
| Signatory Related Entity definition |
| <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. |
| Signatory Related Entity responsibilities |
| <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 brandmark in their documentation, and all relevant entity logos of the Signatory organisations will be published on the Code website. |
| Entity definition |
| <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. |
| Corporate Group definition |
| <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 able 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

code.administrator@carbonmarketinstitute.org



Australian
Carbon Industry
Code of Conduct
SIGNATORY