

# ACI Code of Conduct Conflict of Interest Policy

June 2023



Australian  
Carbon Industry  
**Code of Conduct**



## Code Conflict of Interest Policy

This policy applies to the Code Administrator (including code staff and staff that work for both the CMI and the Code), the Code Review Panel (Panel) and to relevant parts of the Carbon Market Institute in its capacity as a sponsor of the Code Administrator, including the CMI Board (Code implementors).

The policy outlines the minimum standards of conduct expected of Code implementors. It is the personal responsibility of each person to comply with this policy.

This policy is supported by a number of procedures, for example, the Panel members sign a declaration of impartiality and letter of engagement.

### 1. Purpose of Policy

The policy has been developed to assist Code implementors to:

- a. understand the standards of conduct that are expected while carrying out the functions of implementing the Code;
- b. act honestly, ethically and responsibly;
- c. exercise a reasonable degree of care and diligence; and
- d. act in a way that enhances public confidence in the integrity of the Code's role in the carbon market.

### 2. Outcome

The intended outcome of the effective implementation of this policy is that potential conflicts of interest can be effectively identified, disclosed, controlled and managed.

### 3. Key Principles

#### **Integrity**

- 3.1 You must not place yourself under any financial or other obligation to any individual or organisation that might be reasonably thought to influence you in the exercise of your functions as a Code Implementor

#### **Leadership**

- 3.2 You have a duty to promote and support the key principles of this Code by demonstrating leadership and maintaining and strengthening the public's trust and confidence in the Code and its role in carbon project development and management.

#### **Selflessness**

- 3.3 You have a responsibility to make decisions in the interests of the carbon industry and the Code. You must not make a decision or take action that causes or results in you obtaining:
  - a financial benefit (including avoiding a financial loss), or
  - other benefits for yourself, your family, friends or business interests.

#### **Impartiality**



3.4 You should make decisions on merit and in accordance with your obligations when carrying out your functions as a Code Implementor.

## **Accountability**

3.5 You are accountable for your decisions and actions and should consider issues on their merits, taking into account the reputation of Code Implementors and the carbon market.

## **Openness**

3.6 You should always be as transparent as possible about your decisions and actions.

## **Honesty**

3.7 You should always act honestly and in good faith for a proper purpose.

## **Code Principles**

This policy is aligned with key principles of the Code of Conduct:

- Promoting industry best practice;
- Promoting consumer protection;
- Providing guidance to stakeholders;
- Encouraging and ensuring market integrity, accountability, trust and transparency; and
- Promoting compliance

## **4. Conflicts of interests and conflicts of duties - General**

A conflict of interests exists where there is an actual, potential, or reasonably perceived conflict between a Code implementor's private interests or other duties, and the impartial performance of their functions implementing the Code.

A conflict of interest is when a person has their own interests that are different from a particular role, including for example on a board. A conflict of duties will arise when a person is required to fulfil two or more roles that may actually, potentially or be perceived to be in conflict with each other. An 'actual' conflict of interests is where there is a direct conflict between a person's duties and responsibilities and their private interests or other duties.

A 'potential' conflict of interests is where a person has a private interest or other duty that could conflict with their duties as a Code implementor in the future.

A 'reasonably perceived' conflict of interests is where a person could reasonably perceive that a Code implementor's private interests or other duties are likely to improperly influence the performance of their duties as a Code implementor, whether or not this is in fact the case. Private interests can be of two types: relevant pecuniary or relevant non-pecuniary.

A relevant pecuniary interest is an interest that a person has in a matter because of a reasonable likelihood or expectation of appreciable financial gain or loss to the person. A person does not have a pecuniary interest in a matter if the interest is so remote or insignificant that it could not reasonably be regarded as likely to influence any decision that person might make. A person may have a relevant pecuniary interest in a matter if the pecuniary interest is the interest of the person, the person's spouse or de facto partner or a close relative, or a partner or employer, or a company



or other body of which the person, or a nominee, partner or employer of the member, is a member. However, this will depend on the context and type of relationship.

A relevant non-pecuniary interest is a private or personal interest that a person has that may, for example, be based on a family or personal relationship, membership of an association, society or trade union or involvement or interest in an activity which may include an interest of a financial nature. You should consider possible relevant non-pecuniary interests that may arise while carrying out your duties as a Code implementor. Where possible, the source of potential conflict should be removed. However, where this is not possible, if you have a relevant non-pecuniary interest in a matter and the interest appears to raise a conflict with the proper performance of your duties, you must follow the requirements set out in 3. and 4. below.

## 5. Requirements

- 5.1 Code implementors must avoid or appropriately manage any conflicts of interests. The onus is on the individual to identify a conflict of interests and take appropriate action. This is supported by the general procedures set out in this policy, including for declarations and standard meeting processes.
- 5.2 Any conflicts of interests must be managed to uphold the probity of decision making under the Code. When considering whether or not a conflict of interest exists, you should consider how others would view the situation. You should appropriately manage any conflict of interest you may have. For example, Panel members should recuse themselves from a meeting discussion where a declared conflict might exist.

## 6. Management of conflicts

- 6.1 Where possible, the source of the conflict of interest should be removed. For example, by way of divestment of the interest / issue that is creating the conflict such as the sale of shares, or by severing the connection, for example resignation from a position in another organisation giving rise to the conflict or ceasing to provide services.
- 6.2 The overriding principle for managing conflicts of interests is early and complete disclosure to the Chair of the Panel or to the Code Administrator, or if the disclosure is by the Chair, to the Code Administrator. The disclosed interest should be placed on the conflicts register. The onus for this disclosure lies with the relevant individual.
- 6.3 Where the Chair of the Panel considers that an actual, potential or reasonably perceived conflict of interest has not been disclosed or appropriately managed, the conflict may be considered by the Chair, if necessary, after the Chair hears a submission from the individual. The Chair will make a decision as to how to manage the situation, which can include determining that the person should step aside from discussion and any decision-making for that matter, and record reasons for that decision. In making the decision, the Chair is to have regard to upholding the reputation of the Code.
- 6.4 When the conflict of interest arises as a result of an interest of the Chair of the Panel, another Panel member is to assume the Chair's leadership role in the management of the conflict process.
- 6.5 Code implementors are required to make a declaration of interest where they have any relevant pecuniary or non-pecuniary interest in a matter and this must be placed on the Conflicts Register below. It will also be noted in any decision record or meeting minutes of the Panel or the Code Administrator.
- 6.6 Code implementors will abide by the following:



1. Seek to ensure that the operation of the Code of Conduct does not undermine or negatively impact the operation of CMI, and vice versa.
2. Seek to ensure that the operation of the Code of Conduct and of CMI does not undermine the business practices of any Signatory/Partner/Supporter or CMI Member.
3. Will do all things necessary to ensure that they act with integrity, honesty and transparency with relation to current, apparent and perceived conflicts of interest.
4. Personnel whose duties support both the Code Administrator and the Carbon Market Institute, should ensure that distinct separation of duties are clearly defined in role descriptions, and that security and confidentiality of information is managed with the support of relevant line managers across both operations (as aligned with the Code of Conduct Confidentiality and Data Use Policy).

## 7. Conflict of Interest Register

A Conflicts of Interest Register will be maintained by the Administrator and shared with relevant internal stakeholders as needed. An example of an updated Conflicts Register can be found in below.

Person/entity and position	Relevant duty	Relevant interest	Conflict type	How is the conflict managed	Date registered
Joe Person	Panel Member for the Code	Option to purchase international EU ETS carbon credits from Galaxy Credits Ltd.	Perceived	There is no overlap with the ACCU market or the role as Code panel member – this is managed by disclosure	22/12/20

## 8. Record Keeping

Record keeping for these conflicts of interest will follow the following protocol:

1. Where a conflict of interest is communicated verbally, a record of this communication will be typed and stored in the conflicts register.
2. Records will be kept for a minimum of seven years.
3. The Code of Conduct Confidentiality and Data Use Policy will be followed.