



## CMI Advocacy Positions: Public Policy and Voluntary Carbon Markets

CMI is the independent industry association for business leading the transition to a net zero emissions economy. CMI develops independent, non-partisan and evidence-based policy positions through engagement with its members including direct conversations, CMI hosted forums, an annual survey as well as through its governance, working group and taskforce structures. CMI works constructively with governments at all levels while also making clear its longer-term priorities.

In late 2019 CMI adopted its [2020 Transition to Zero Strategy](#), which established a 2050 vision of a prosperous, climate resilient, zero emissions world and our mission to help business manage risks and capitalise on opportunities in the transition to a net-zero emissions economy. The Board recently approved the following CMI Policy Advocacy positions following discussions at CMI's Policy Working Group and further testing in a recent member survey.

These positions recognise the importance of public and private sector engagement in climate solutions and establishes CMI's public policy priorities as well as its priority activities in supporting voluntary corporate engagement in carbon markets.

CMI acknowledges the world is already in a climate crisis and that current national commitments have the world on track to average warming of around 3°C with devastating human and economic consequences. Australia has abundant opportunity and expertise in clean technologies, effective markets, and carbon farming. Many of our businesses are leading the transition and with the right policies, incentives and markets are willing to do more. The Investor Group on Climate Change estimates there would be [\\$43 billion greater investment](#) than usual over the next five years with policies and goals for net-zero emissions by 2050.

CMI is committed to independent, non-partisan and evidence-based advocacy on these and related positions and will review them on an annual basis.

### A. Public Policy Positions

#### 1. Targets and Transition

- a) Australia should legislate a clear goal of net-zero emissions by 2050 for Australia's Long-Term Emissions Reduction Strategy.
- b) Australia should strengthen Australia's 2030 Nationally Determined Contribution goal to be aligned with Paris Agreement goals to limit warming to well below 2°C and pursue limiting it to 1.5°C.
- c) Australia should integrate post COVID economic recovery plan with accountability criteria that highlights employment, decarbonisation, Indigenous, social, and environmental outcomes to ensure a just and sustainable transition.
- d) Australia should update the 2015 National Climate Resilience and Adaptation Strategy and better integrate the carbon farming industry into land and bushfire management.

#### 2. Carbon Markets & Clean Industry Development

- a) Australia should transition the Safeguard Mechanism to a baseline and credit scheme that drives emissions reductions across the economy, with an overall declining baseline trajectory that is at least aligned with Australia's NDC (with appropriate emissions intensive trade exposed industry considerations).
- b) Australia should develop a Clean Industry Research and Development Strategy. It should support sectoral decarbonisation pathways, emission reduction technology development (with extra public funding, taxation incentives etc) and greater transparency of carbon attributes and pricing in voluntary as well as compliance markets. This should include support for expanded and new methodologies and, if appropriate, other carbon reduction crediting.
- c) Australia should introduce a \$1 billion 5-year Land and Environment Investment Fund that can work with Clean Energy Finance Corporation, the Clean Energy Regulator and the Australian Renewable Energy Authority to support innovation, attract large scale investment, streamline regulation, reward ecosystem services, build resilience and promote climate solutions for farmers.



3. International Market Development
<ul style="list-style-type: none"> <li>a) Australia should rule out use of pre-2020 Kyoto carryover units towards Australia’s 2020-2030 NDC target.</li> <li>b) Australia should identify how it plans to be part of internationally linked carbon markets as they evolve under Article 6 of the Paris Agreement (including conditions to allow for export of ACCUs and use of international permits in domestic compliance).</li> <li>c) Via targeted regional engagement, Australia should work with industry to support the development of Nature-based Climate Solutions in the Asia-Pacific (investment, de-risking, Article 6 pilot trials).</li> </ul>
4. Governance and Disclosure
<ul style="list-style-type: none"> <li>a) Australia’s Council of Financial Regulators should develop standard reporting criteria to enhance the quality and usefulness of disclosures under the Taskforce on Climate-related Financial Disclosures (TCFD) framework.</li> <li>b) Together with the major accounting bodies, Australia’s Council of Financial Regulators should examine the phasing-in and mandatory reporting of climate-related risks and mainstream climate-related disclosures in companies audited financial statements.</li> <li>c) The Government should establish an independent Statutory authority reporting regularly to Parliament, recommending and reviewing NDCs (either proposed Climate Change Commission or reinvigorated Climate Change Authority).</li> </ul>

**B. Voluntary Carbon Market Development**

As an industry steward, CMI is committed to developing opportunities for market growth, investment, and education to maximise outcomes for market participants in the transition to a net-zero emissions economy.

CMI will lead or support activities that enable increased voluntary corporate market activity with high integrity.

This includes:

1. encouraging increased ambition from organisations towards emissions targets that are aligned with a 1.5°C temperature goal;
2. supporting carbon neutral and negative emission organisational goals and activities alongside actions that reduce and avoid emissions;
3. promoting transparency and information sharing in market activities and engagement through relevant corporate reporting;
4. highlighting and, where appropriate, supporting corporate leadership and best-practice market approaches to encourage further investment in local and regional markets;
5. implementing the world’s first [Carbon Industry Code of Conduct](#) which aims to promote market integrity, consumer protection and appropriate interaction with project stakeholders, including Native Title Holders, representative bodies, land managers and project owners;
6. working with relevant agencies and projects such as Climate Active to ensure voluntary offsets are high integrity and assist the development of the Australian carbon farming industry;
7. supporting the ongoing uptake of reporting undertaken in accordance with the Taskforce on Climate-related Financial Disclosures (TCFD) framework in managing future economic risks and opportunities and development of related business transition strategies.
8. promoting the benefits of carbon neutral supply chains and encouraging behaviours that evaluate the carbon attributes in product offerings and procurement decisions;
9. promoting the value of economic, social, Indigenous, and environmental co-benefits in market investment decisions and encouraging rigorous and transparent standards for their valuation;
10. supporting the development of carbon markets in the Asia/Pacific region and internationally.