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# Advisory Council Meeting 2

Responsible Carbon Finance for Clean Cooking Initiative

**11th July 2024**

# Overview of Today's Agenda

| Agenda item | Mins |
|---|---|
| **1. General update**<br>• Welcome<br>• Update: Principles launch, market response, ecosystem coordination[1]<br>• Confirmation of minutes of 1st meeting[2]<br>• New Advisory Council members[1] | 0:00 - 0:15 |
| **2. Forward process**<br>• The three work products for 2024[1]<br>• Timeline for 2024[1] | 0:15 – 0:30 |
| **3. The Code of Conduct Approach**<br>• The proposed CoC Approach[1]<br>• Playback of feedback received from the RCF Working Group[1]<br>• Reactions and reflections from the room[3] | 0:30 – 0:55 |
| **4. Closing**<br>• AOB | 0:55 – 1:00 |

# General Update

Feisal Hussain

**1** Update: Principles launch, market response, ecosystem coordination

**2** Confirmation of minutes of 1st meeting

**3** New Advisory Council members

**4** Working Group members

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3

# 1 Update:
## The Principles have been launched! Market response and ecosystem coordination…



To date, **>160** institutions have endorsed the RCF Principles.

# 2 Confirmation of Minutes from the First Advisory Council Meeting



**Proposal:**
We recommend that the Minute from the first meeting be approved and added to the RCF webpage.

# 3 Introducing the New Advisory Council Members

- Emanuele Banfi
- ENI
- Head of Carbon Credit Management

- Gordon Bennett
- Intercontinental Exchange Inc.
- MD, Utility Market

- Verena Brinkmann
- GiZ
- Senior Energy and Climate Advisor, EnDEV

- James Cooper
- Mercuria
- Head of Procurement

- Bianca Gichangi
- Regional Lead - Africa
- VCMI

- Kato Kibuka
- PowerUp
- CEO

- Jules Kortenhorst
- C-Quest Capital
- CEO

- Sarah Leugers
- The Gold Standard
- Chief Growth Officer

- Hanaan Marwah
- KOKO Networks
- Chief Strategy & Investment Officer

- Marcel Raats
- RVO
- Team Manager

- Peter Scott
- BURN
- CEO

- Ash Sharma
- Nefco
- Vice President

- Pascal Siegwart
- Total Energies
- VP Carbon Markets & Economy

- Dymphna van der Lans
- CCA
- CEO

- Justin Wheler
- VERRA
- Sr Director VCS Program Development

- Kandeh Yumkella
- Government of Sierra Leone
- Carbon Market Office

# 4

**Update:**
The RCF Working Group has been formed and held their first meeting

- Malcolm Bricknell
- Modern Energy Cooking Services
- International Liaison Manager

- Molly Brown
- BURN/ Project Developer Forum
- Head of Carbon Strategy

- Laura Clough
- SNV
- Global Technical Advisor for Clean Cooking

- Edwin Cogho
- TASC
- Carbon Portfolio Manager

- Tim Cowman
- Climate Impact Partners
- Director, Article 6 solutions
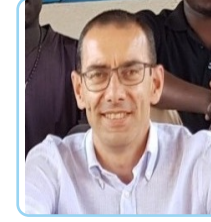
- Alessandro Galimberti
- AVSI
- Head of Climate Change, Energy and Environment

- Antonia Peart
- C-Quest Capital
- Investment Director

- Dwain Qalovaki
- Pacific Clean Cooking Collective
- Chief Operating Officer

- Neera van der Geest
- Fair Climate Fund
- Director

# We are driving towards three key products

## CoC Approach

Outlines a facility for recognizing the achievements of Project Developers in meeting the Principles, and an accountability process.

## Code of Conduct

Outlines the actions to be taken by project developers to fulfil the Principles. It needs to be pragmatic, yet ambitious.

## Buyer's Collateral

i. Buyer's Guide: helping buyers to structure new purchasing contracts.

ii. Buyer's Commitments: Outlines what buyers can do to enable the Code of Conduct.

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Timeline for 2024
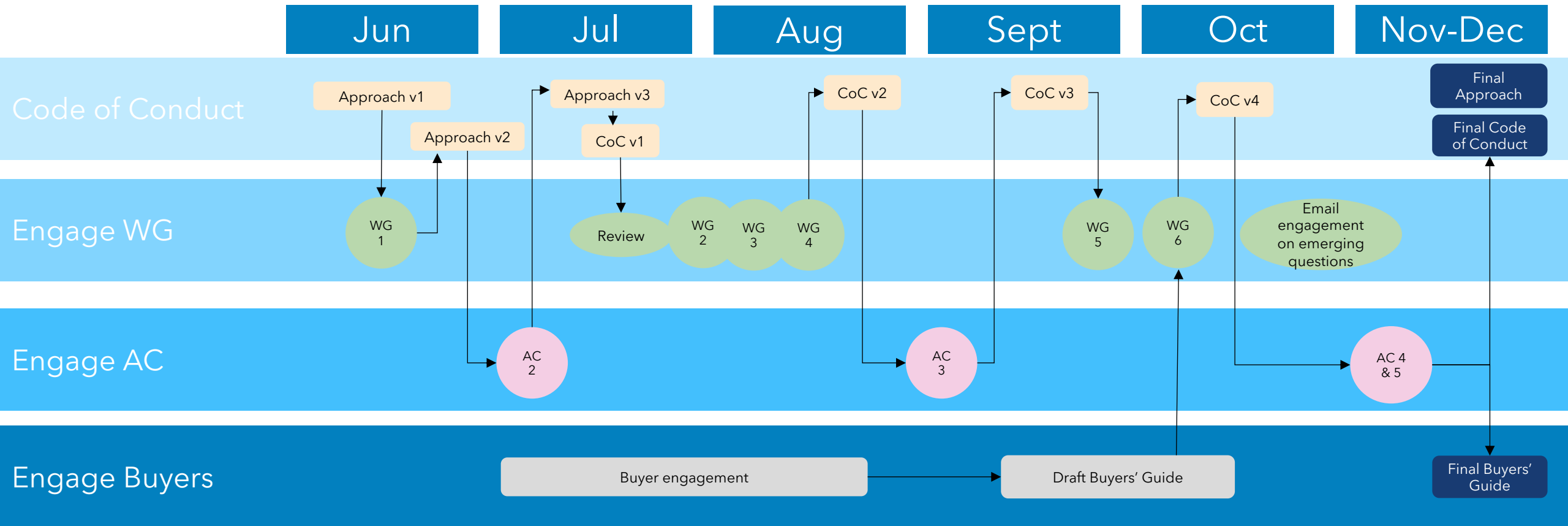
# The Code of Conduct Approach

**Ronan Ferguson**

**To prime the approach for establishing a Code of Conduct, we need to answer four things:**

**1** Why should a project developer follow the Code of Conduct?

**2** What should a project developer do to claim they are following the Code of Conduct?

**3** How will claims made by project developers be demonstrated?

**4** What might continuous improvement look like?

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# We have taken inspiration from other, similar, initiatives

We researched 7 initiatives to identify key lessons to inform the thinking for establishing the CoC Approach:

1. Extractive Industries Transparency Initiative (EITI)
2. Carbon Disclosure Project (CDP)
3. B-Corp
4. Fair Trade Initiative (FTI)
5. Better Cotton Initiative (BCI)
6. Global Reporting Initiative (GRI)
7. Taskforce for Nature-Related Financial Disclosures (TNFD)

## We considered:

- Mission, target audience & uptake
- How the acknowledgement system works
- How the validation system works

Takeaways:

a. A simple, binary approach is common

b. Initiatives distinguish between "core" and "developmental" criteria

c. Verification tends to be done by independent auditors

d. Biannual revisions seem to be the norm

| Initiative | A simple 'in/ not in' approach? | Has core and optional criteria? | Verification by auditors? | Revisions made post launch? | Year of launch |
|---|---|---|---|---|---|
| 1. EITI | ✘ | ✔ | ✔ | ✔ | 2002 |
| 2. CDP | ✔ | ✔ | (✔) | ✔ | 2000 |
| 3. B-Corp | ✔ | ✘ | (✔) | ✔ | 2006 |
| 4. FTI | ✔ | ✔ | ✔ | ✔ | 1992 |
| 5. BCI | ✔ | ✔ | ✔ | ✔ | 2009 |
| 6. GRI | ✔ | ✔ | (✘) | ✔ | 2000 |
| 7. TNFD | (✔) | ✔ | (✘) | ✔ | 2021/2015 |

# We tested some initial thinking with the Working Group...

## 1

**What should a project developer do to claim they are following the Code of Conduct?**

*Proposal:*

Meet all the "core actions" and document any additional (developmental) actions taken



## 2

**How will claims made by project developers be verified (initially)?**

*Proposal:*

Start with voluntary self-disclosure and, over time, progress towards public disclosure and (potentially) an audited assessment of evidence
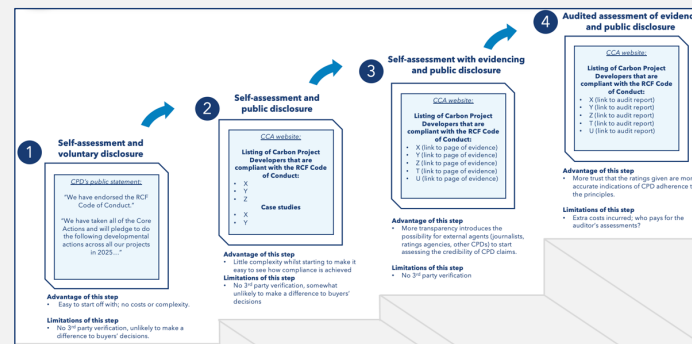


## 3

**What might continuous improvement look like?**

*Proposal:*

i. Revisit the Code of Conduct and associated Principles biannually.
ii. Encourage Project Developers to evidence their attainment of more actions over time



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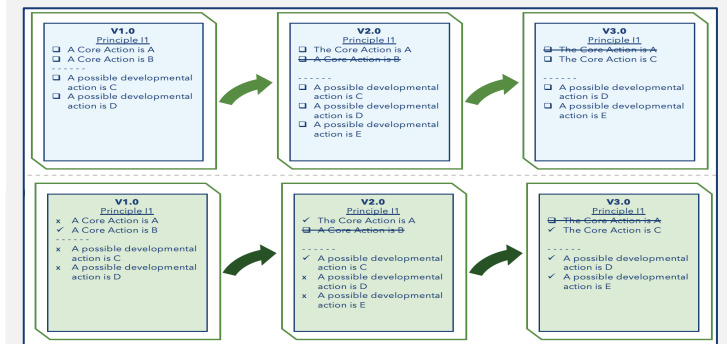
# ...and adjusted the CoC Approach based on the feedback

**Guiding Question for the CoC Approach:**

**RCF's current thinking:**

**1** Why should a project developer follow the Code of Conduct?

- Being seen to proactively developing responsible clean cooking carbon markets; restoring buyer confidence in the market, and (for fully compliant developers) potentially seeing an uplift in their clean cooking carbon credit prices.

**2** What should a project developer do to claim they are following the Code of Conduct?

- Project Developers should meet all the "Core Actions" for all the Principles to meet the minimum criteria for being RCF compliant.
- Project Developers may also document any "Developmental Actions" that they comply with.

**3** How will claims made by project developers be demonstrated?

- A three-stage evolution, with project developers moving from self-assessment with optional evidencing and public disclosure, to audited assessments with mandatory evidencing and public disclosure.

**4** What might continuous improvement look like?

- The Code of Conduct will evolve over time, being revisited biannually.
- Project Developers will need to continue to meet core actions (which will change during revisions) and they can add to their developmental actions.

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# Proposed Approach for the CoC Approach

Guiding Question for the CoC Approach:

**1** Why should a project developer follow the Code of Conduct?

**2** What should a project developer do to claim they are following the Code of Conduct?

**3** How will claims made by project developers be demonstrated?

**4** What might continuous improvement look like?

RCF's current thinking:

1. They will be seen as a market leader that is at the forefront of proactively developing responsible clean cooking carbon markets.

2. They need to participate to help restore buyer confidence around the general integrity, fairness and transparency of clean cooking carbon credits.

3. There is the possibility of them receiving premium pricing for their RCF-endorsed clean cooking carbon credits

**Key Strengths/ Opportunities:**
- Positive network effects could be likely to happen if early adoption from key Project Developers is strong, and this could result in a pressure for Project Developers not to be non-compliant.

**Key Weaknesses/ Threats:**
- The response of buyers to the 'RCF label' is unknown, and any premium prices cannot be attributed to a single label or initiative.

Comments from the Working Group:

"I think the proposed Approach should also address the question of why a Project Developer should follow the code of conduct and what the motivation is."

"The CoC should be practices that Project Developers can comply with which are over and above the general methodological requirements set by the standard bodies."

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# Proposed Approach for the CoC Approach

Guiding Question for the CoC Approach:

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**2** What should a project developer do to claim they are following the Code of Conduct?

**3** How will claims made by project developers be demonstrated?

**4** What might continuous improvement look like?

RCF's current thinking:

Project Developers should meet all the "**Core Actions**" for all the Principles to meet the minimum criteria for being RCF compliant.

Project Developers may also document any "**Developmental Actions**" that they comply with. These are not mandatory but offer some recognition for non-core actions being taken.

**e.g., Principle I1**
- ☐ Core Action A
- ☐ Core Action B

- - - - - -
- ☐ Developmental Action C
- ☐ Developmental Action D

**e.g., Principle I2**
- ☐ Core Action A

- - - - - -
- ☐ Developmental Action B
- ☐ Developmental Action C
- ☐ Developmental Action D
- ☐ Developmental Action E
- ☐ Developmental Action F

**e.g., Principle I3**
- ☐ Core Action A

- - - - - -
- ☐ Developmental Action B
- ☐ Developmental Action C
- ☐ Developmental Action D
- ☐ Developmental Action E

**Key Strengths/ Opportunities:**
- Simplicity; helps confirm the most critical criteria whilst allowing PDs to show extra best practices.

**Key Weaknesses/ Threats:**
- Likely that strong, different opinions will be expressed on what the Core Actions should be.

Comments from the Working Group:

"Keep it very simple. Focus on criteria that others do not touch. Go for a limited number of criteria: max 3-5 for core criteria, and max 10 for extra criteria."

"The risk I see is that we lay down a loose requirement for e.g. 'conservative baselines' and 'realistic utilisation rates', with project developers finding ways to play the system."

"I believe the CoC would need a public consultation period when it is in its "final" draft form to get input from wider range of stakeholders."

# Proposed Approach for the CoC Approach

Guiding Question for the CoC Approach:

**1** What should a project developer do to claim they are following the Code of Conduct?

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RCF's current thinking:

**Stage 1:**
- ✓ Self-assessment
- ✓ Optional evidencing
- ✓ **Public disclosure**

*Posted on the CCA website:*

**Listing of Carbon Project Developers that are compliant with the RCF Code of Conduct:**
- X
- Y
- Z

**Case studies**
- X
- Y

**Key Strengths/ Opportunities:**
- Simplicity, whilst increasing transparency

**Key Weaknesses/ Threats:**
- No 3rd party verification; unlikely to influence buyer decisions

**Stage 2:**
- ✓ Self-assessment
- ✓ **Mandatory evidencing**
- ✓ **Public disclosure**

*Hosted on a central data utility, e.g., Centigrade*

**Listing of Carbon Project Developers that are compliant with the RCF Code of Conduct:**
- X (link to audit report)
- Y (link to audit report)
- Z (link to audit report)

**Key Strengths/ Opportunities:**
- More transparency coming from evidencing needed by the central data utility

**Key Weaknesses/ Threats:**
- Self-assessment unlikely to be trusted by many buyers

**Stage 3:**
- ✓ **Audited assessment**
- ✓ **Mandatory evidence**
- ✓ **Public disclosure**

*Hosted on a central data utility, e.g., Centigrade*

**Listing of Carbon Project Developers that are compliant with the RCF Code of Conduct:**
- X (link to page of evidence)
- Y (link to page of evidence)
- Z (link to page of evidence)

**Key Strengths/ Opportunities:**
- Auditing brings more trust of adherence to the RCF Principles.

**Key Weaknesses/ Threats:**
- Extra costs incurred may not be absorbed by carbon credit price increases

Comments from the Working Group:

"Self-certification should only be attempted if the you have a clear unambiguous requirement. E.g., use FNRB values based on the most updated UNFCCC values."

"We should define what represents the best practices quite clearly, and then move quickly to having third-party validation."

"If the goal is to get a higher carbon price through following the CoC, then starting off with higher levels of verification (stage 3) may make sense."

# Proposed Approach for the CoC Approach

Guiding Question for the CoC Approach:

**1** What should a project developer do to claim they are following the Code of Conduct?

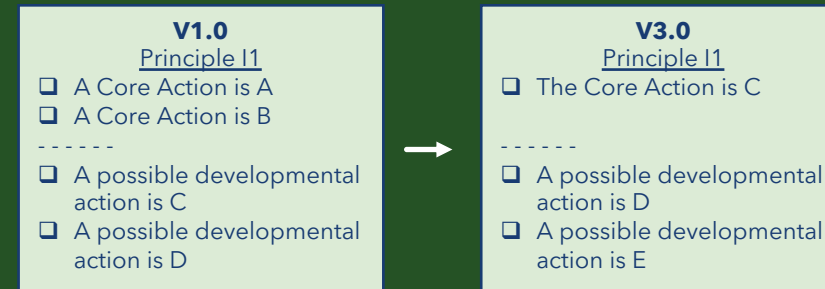**2** What should a project developer do to claim they are following the Code of Conduct?

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RCF's current thinking:

The Code of Conduct will evolve over time…

**V1.0**
Principle I1
❑ A Core Action is A
❑ A Core Action is B
- - - - - -
❑ A possible developmental action is C
❑ A possible developmental action is D

→

**V3.0**
Principle I1
❑ The Core Action is C
- - - - - -
❑ A possible developmental action is D
❑ A possible developmental action is E

…with Project Developers able to demonstrate continuous improvement

**V1.0**
Principle I1
x  A Core Action is A
✓  A Core Action is B
- - - - - -
x  A possible developmental action is C
x  A possible developmental action is D

→

**V3.0**
Principle I1
✓  The Core Action is C
- - - - - -
✓  A possible developmental action is D
✓  A possible developmental action is E

**Key Strengths/ Opportunities:**
• Core or developmental actions that are no longer deemed to be advancing the market can be removed from the Code of Conduct; helping RCF to strike the balance right between what's ambitious and what's practical

**Key Weaknesses/ Threats:**
• Self-certification (showing continuous improvement by Project Developers) should only be attempted if the CoC has clear and unambiguous requirements. If it does not, then 3rd party auditing might be needed from the outset

Comments from the Working Group:

"As projects require some form of third-party validation, it might be best to request Project Developers get a simultaneous third-party validation that the CoC is being adhered to."

"The risk I see is that we lay down a loose requirement for e.g. 'conservative baselines' and 'realistic utilisation rates', with project developers finding ways to play the system."

"The Approach will depend on some of the content in the CoC. We should revisit the Approach once we have a better sense of the content."

# Reactions from the room on the proposed CoC Approach

**Guiding Question for the CoC Approach:**

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# Closing & AOB

Feisal Hussain

# Next Steps

We will keep the Advisory Council updated on progress through a fortnightly update covering the status of the three key products (Approach, CoC and Buyer's Collateral). We will next see you in September.

Next Advisory Council meetings (invites to be sent out by CCA shortly):

1. Advisory Council Meeting 3: the focus will be on reviewing the Code of Conduct – **4th September**

2. Advisory Council Meeting 3: the focus will be on reviewing the Buyer's Collateral – **6th November**

*N.B. The RCF Project Team will be following up individually with AC members during 25th November to 6th December*

3. Advisory Council Meeting 3: reviewing (v6, i.e., near-final) Code of Conduct – **10th December**