



Advisory Council Meeting 4

Responsible Carbon Finance for Clean
Cooking Initiative

25th Sept 2024

Overview of Today's Agenda

¹ For AC information

² Pause for any comments

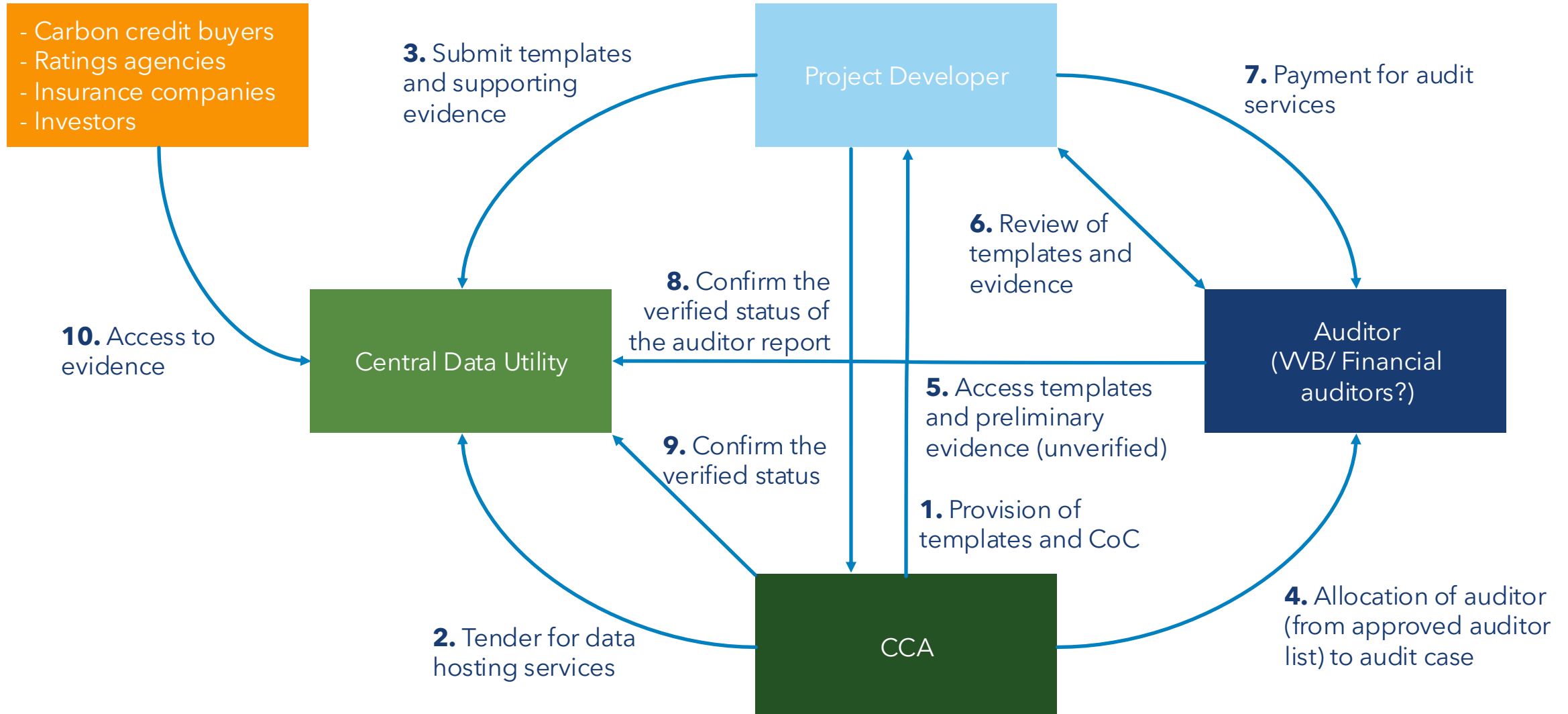
Agenda item	Mins
1. Introduction <ul style="list-style-type: none">• Welcome	0:00 - 0:05
2. The Code of Conduct Approach <ul style="list-style-type: none">• System on a Page¹• Why should a project developer follow the Code of Conduct?¹• What should a project developer do to claim they are following the Code of Conduct?¹• How will claims made by project developers be audited?²• What might continuous improvement look like?¹• Key Risks²	0:05 - 0:55
3. Closing <ul style="list-style-type: none">• Next steps¹• AOB²	0:55 - 1:00

Proposed Code of Conduct Approach

Ronan Ferguson



CoC Approach: System on a Page



To have an approach for establishing a Code of Conduct, RCF should address these four questions:

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 audited?

4

What might continuous improvement look like?

Proposed Approach for the CoC Approach

Guiding Question for the CoC Approach:

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What might continuous improvement look like?

RCF's proposed approach:

Project developers that are fully compliant with the CoC will:



1. Be seen as a market leader

- Developing responsible clean cooking carbon markets in a proactive manner



2. Benefit from positive 'spotlighting'

- CCA and other market building institutions will likely profile success stories online and at high profile events, such as COP.



3. Potential for premium pricing

- Helping to restore buyer confidence around the general integrity, fairness and transparency of clean cooking carbon credits may contribute to future premium pricing.

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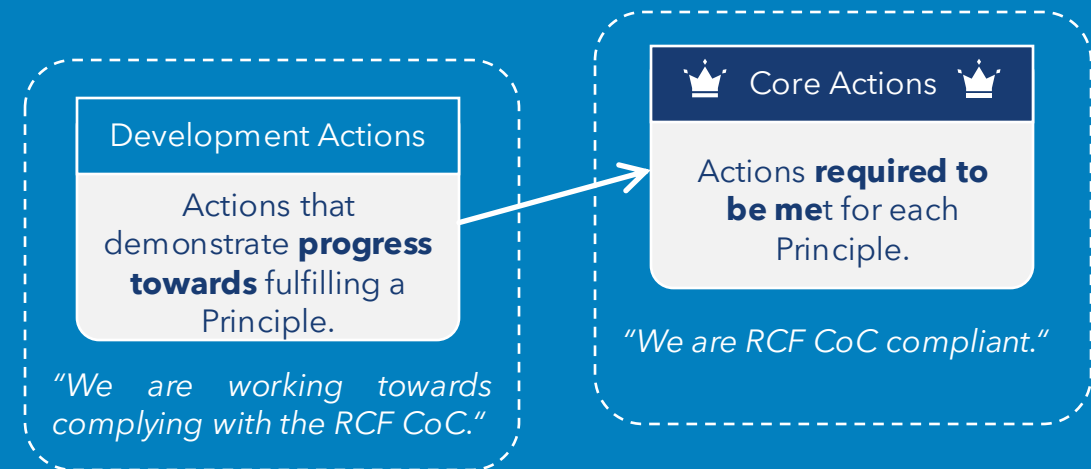
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What might continuous improvement look like?

RCF's proposed approach:

a) Structure of the Code of Conduct

There is a hierarchy of actions, the most important ones are the Core Actions:



- Each Principle in the CoC will have its own Core Actions. Project Developers must meet all the "**Core Actions**" for all the Principles to be RCF compliant.
- Project Developers not meeting all the Core Actions can document their "**Development Actions**" to show progress towards attaining the Core Actions.

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RCF's proposed approach:

b) Applying the Code of Conduct

All Core Actions must be fulfilled for a project developer to claim they meet a Principle. There are 16 Core Actions in V3 of the Code of Conduct, shown in the table below:

Theme:	Integrity			Fairness		Trans	Sustainability		
Principle:	I1	I2	I3	F1	F2	T1	S1	S2	S3
Core Actions:	2	2	2	4	1	2	0	3	0

Project developers should meet all the "**Core Actions**" for all the Principles to be RCF compliant.

- Principle I1
- Core Action 1
 - Core Action 2
 -
 - Development Action 1

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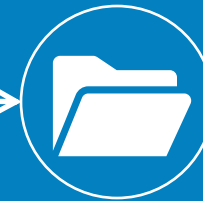
RCF's proposed approach:

c) Making a Claim



1. Prepare

Project developer initiates the process by completing the templates for the CoC.



2. Submit

Project developer uploads the templates (claims and supporting evidence) to the data portal.

The submittal is invisible at this stage.



3. Review

An auditor is assigned by CCA to review the evidence submitted and arranges any follow-up interviews with the project developer.



4. Result

The auditor determines the status and approves evidence to be publicly visible on the data portal.

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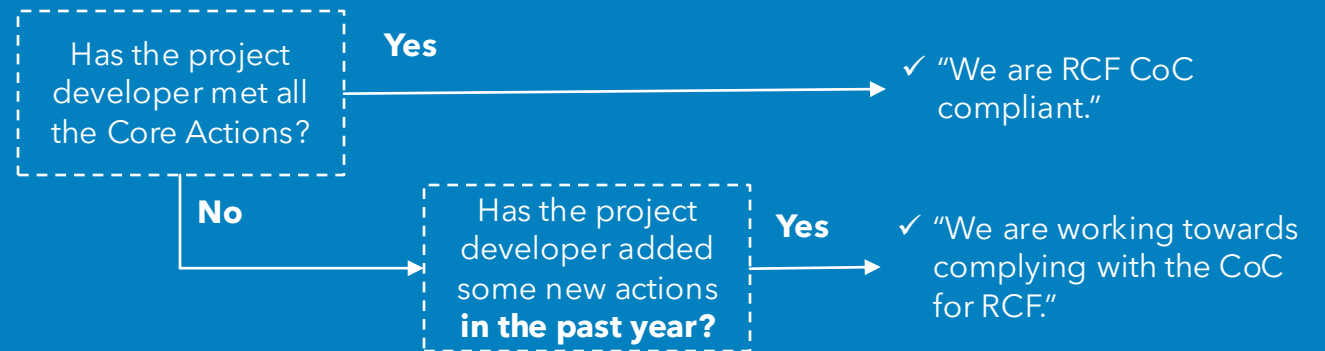
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What might continuous improvement look like?

RCF's proposed approach:

d) Communicating the Result

The claims a project developer can make regarding their compliance status are given by the decision tree below:



It will not be possible for a project developer to "endorse" the Code of Conduct without submitting a claim.

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RCF's proposed approach:

a) Vision

RCF seeks to move as quickly as possible towards a system that has:

- ✓ Audited assessments
- ✓ Mandatory evidencing
- ✓ Public disclosures

Hosted on a central data platform, e.g., Centigrade

Listing of Carbon Project Developers that are compliant with the RCF Code of Conduct, with links to audit reports and evidencing.

The main parameters RCF should prioritize in determining how to do this are:



1. Enhanced Buyer's perceptions



2. Low Costs



3. Low Complexity



4. Speed to get underway

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RCF's proposed approach:

b) Who will do the audits?

Given the desire is to move towards an audited system as quickly as possible, utilizing an existing accreditation system will be needed. The VVBs have been identified as the option to pursue to start off with:

	CCA	VVB	Auditor (e.g. KPMG)
1. Buyers' perceptions <i>(A high score indicates something buyers are more likely to believe/ put faith in)</i>	3/10 Unlikely to be perceived as impartial	4/10 Might be perceived as part of the problem, or part of an old system that is complicit with historic over-crediting	10/10 This is very likely to be trusted by buyers and is likely to be the most familiar to them
2. Costs <i>(A high score means minimal additional costs incurred compared with the status quo)</i>	2/10 New staff or consultants would need to be hired and trained to take on the audit activities	9/10 Key Assumption 1: this can easily be absorbed within existing verification cycles.	1/10 Key Assumption 2: project developers are able and willing to cover these additional costs.
3. Complexity (inputs needed) <i>(A high score means minimal new inputs needed to get the system operating)</i>	6/10 Reporting templates, training materials needs to be created	3/10 Reporting templates, training materials needs to be created. Enrolment of WBs, and a performance monitoring system and VVB allocation system would need to be created	4/10 Reporting templates, training materials needs to be created. Auditor selection and a performance monitoring system would need to be created
4. Speed <i>(A high score means the system can start operating quickly)</i>	2/10 Funding would need to be sourced, then recruitment of staff or selection of third-party vendors would need to happen. This would likely slow down the development of reporting templates and training materials	3/10 Enrolment of WBs, and a performance monitoring system and the VVB allocation system would take time to be co-created with industry	1/10 Key Assumption 3: Performance monitoring system and the auditor allocation system would take a long time to be co-created with industry and piloted
Scores	13/40 (3rd)	19/40 (1st)	16/40 (2nd)

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RCF's proposed approach:

c) How will the audits be done?



Independence: Audits will be done on a rolling bases, by auditors that have been pre-approved by CCA. CCA will assign an auditor to review a case.



Costs: Any additional costs (e.g. for the audits) would need to be covered by the project developer.



Timing: Project developers would receive an annual operational audit (i.e., not a financial one), where project developers fill out a set of templates and make the supporting evidence available.



Templates: Auditors will review the templates containing the supporting evidence submitted; checking the reporting is complete and that the underpinning evidence matches what is reported in the templates.

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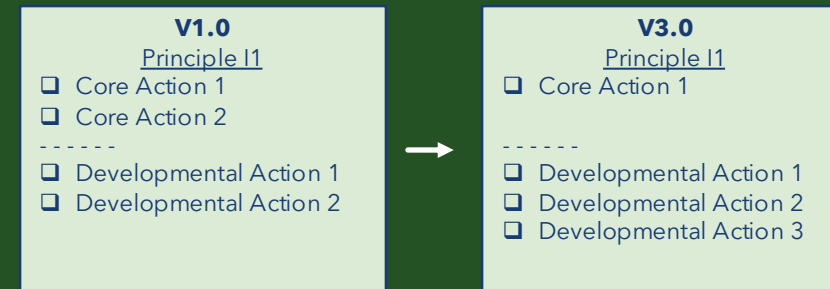
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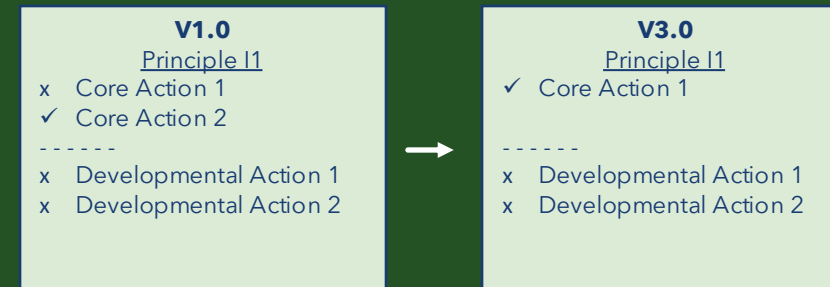
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What might continuous improvement look like?

The Code of Conduct will evolve over time. It is expected that the CoC will be updated every two years.

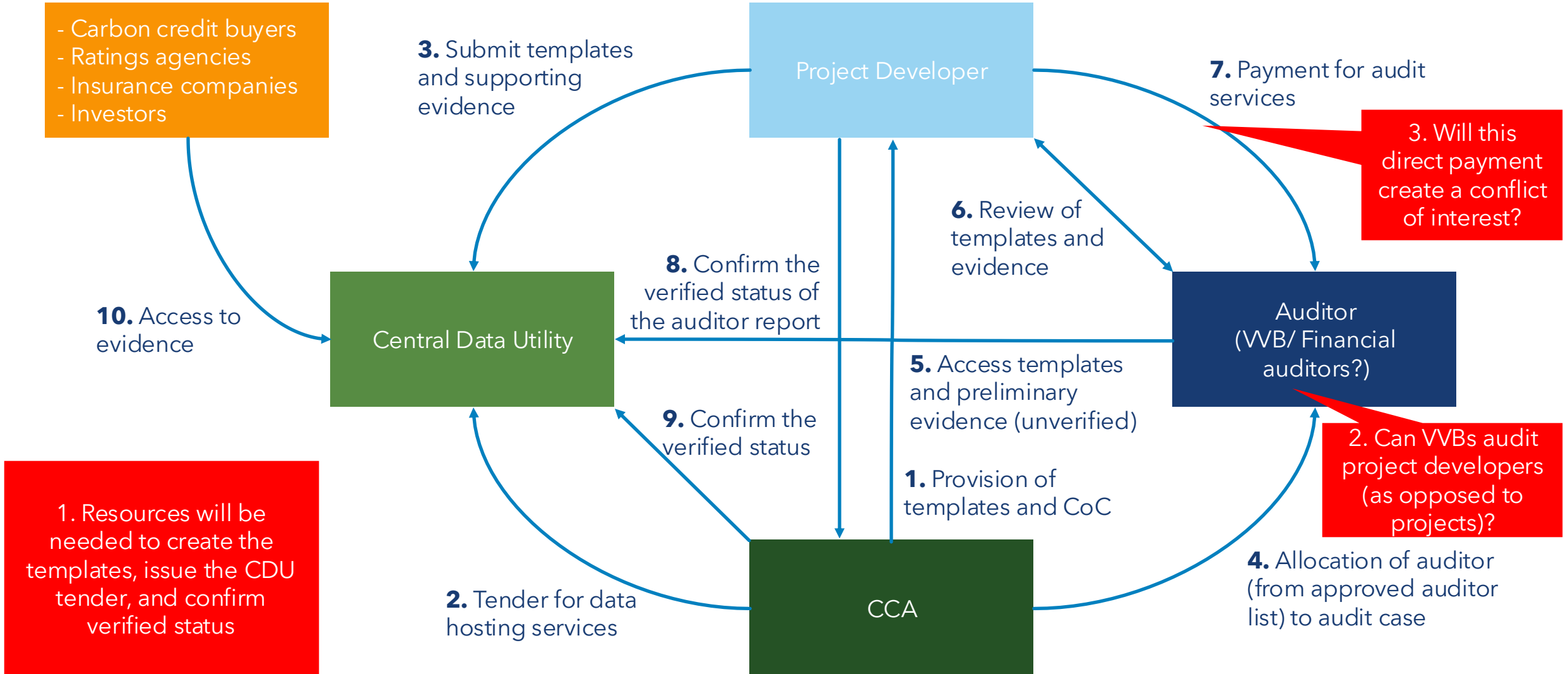


As such, project developers will need to keep up with how the CoC evolves, to ensure their continued compliance.



CoC Approach: System on a Page - Key Risks

- Carbon credit buyers
- Ratings agencies
- Insurance companies
- Investors



Closing and Next Steps

Feisal Hussain



Next Steps

For the Code of Conduct Approach:

- Engage with a sample of VVBs/auditors on the CoC Approach
- Engage with a couple of ratings agencies on the CoC Approach
- Find resources to cover RCF's activities for 2025 (e.g. creation of standardized reporting templates)

RCF, next meetings:

1. 30th October 2024: 6th Working Group meeting on Buyers' Guide Consultation (*invite to be updated*)
2. 14th November: AC meeting on the Buyer's Guide (*invite to be updated*)
3. 10th December: AC meeting on the near-final CoC

AOB