



STATUTORY INSTRUMENT.

No. *05* of 2025.

Climate Change (Management) (Carbon Markets) Regulation 2025.

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STATUTORY INSTRUMENT.

No. 05 of 2025.

Climate Change (Management)(Carbon Markets) Regulation 2025,

Being a Regulation -

- (a) to provide a framework for the administration of carbon markets; and
- (b) to provide a framework to identify carbon rights, and provide for the process for the determination of carbon credits; and
- (c) to establish the permit regime for mitigation activities, and for the generation, transfer, and sale of carbon credits; and
- (d) to provide a framework for the sharing of benefits from the transfer and sale of carbon credits,

and for related purposes,

MADE by the Head of State, acting with, and in accordance with, the advice of the National Executive Counsel, under the *Climate Change (Management) Act 2015*.

PART I. - PRELIMINARY.

1. INTERPRETATION.

- (1) In this Regulation, unless the contrary intention appears -
 - “Act” means the *Climate Change (Management) Act 2015*;
 - “activity data” means data collected from a specific mitigation activity, which is the subject of a permit;
 - “applicant” means an applicant for a permit under Part V;
 - “approved standards and guidelines” mean standards and guidelines developed or approved by the Authority;
 - “Authorised Officer” has the same meaning under the Act;
 - “Authority” has the same meaning under the Act;
 - “Board” has the same meaning under the Act;
 - “BSD guidelines” means the principles and guidelines contained in the National REDD+ Benefit Sharing and Distribution Guidelines;
 - “carbon credit” means an emission reduction, removal or avoidance unit generated as a result of a mitigation activity carried out, which may be transferred or sold in accordance with this Regulation;
 - “carbon right” refers to a primary carbon right and or secondary carbon right conferred upon a person in accordance with Part III;
 - “Customary Landholders and Local Communities” means customary landholders and local communities within a project area registered as an Incorporated Land Group under the *Land Groups Incorporation Act* (Chapter 147) or in accordance with Section 89(2) of the Act;
 - “Committee” means the Permit Review Committee established under Section 5 of this Act;

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- “emission factor” means a coefficient that quantifies the emissions or removals of a gas per unit activity;
- “results” means a measurable reduction, avoidance or removal of greenhouse gas from a mitigation activity, or over a specified area and a specified period of time measured in a standardised unit of metric tonne of carbon dioxide equivalent;
- “FPIC” means the internationally recognised principle of Free, Prior and Informed Consent which refers to the right of indigenous peoples to give or withhold their consent for any action that would affect their lands, territories or rights;
- “FPIC guidelines” means the principles and guidelines contained in the National REDD+ Free Prior Informed Consent Guidelines;
- “Global Warming Potential” means a ratio of the radiative forcing of one tonne of greenhouse gas emitted to the atmosphere compared to that from one tonne of carbon dioxide over a period of time;
- “GRM guidelines” means the principles and guidelines that are contained in the National REDD+ Grievance Redress Mechanism Guidelines;
- “initial validity period” means the period of validity for the first permit issued in the name of a permit holder for a project;
- “ITMOs” means internationally transferred mitigation outcomes under Article 6 of the *Paris Agreement*;
- “land” has the same meaning under the *Land Act 1996*;
- “Letter of Authorisation” means an approval from the Authority on behalf of the Government of Papua New Guinea, confirming that a permit holder has satisfied the requirements under this Regulation, and is authorised to generate and sell carbon credits on a platform;
- “mitigation activity” has the same meaning under the Act;
- “permit” means an SDM permit or a Voluntary Carbon Market permit;
- “permit-holder” means a person who has been issued an SDM permit or Voluntary Carbon Market permit;
- “primary carbon rights holder” means a person who possesses a primary carbon right in accordance with Section 11;
- “project area” means an area within which a mitigation activity is undertaken;
- “Register” means the register established under Section 8;
- “sector agency” means an agency, Department or instrumentality of the Independent State of Papua New Guinea;
- “SDM” means Sustainable Development Mechanism;
- “SDM permit” means a permit issued to a person in accordance with Part VI for the purposes of conducting mitigation activities that contribute to the mitigation of greenhouse gas emissions and support sustainable development in accordance with Article 6 of the *Paris Agreement*;
- “stakeholder” includes a sector agency, entity, civil service organisation, provincial body, or Customary Landholders and Local Communities;
- “Sustainable Development Mechanism” means the mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development in accordance with Article 6 of the *Paris Agreement*;
- “voluntary carbon market” or “VCM” means a decentralised market for private actors to voluntarily buy and sell carbon credits representing certified reductions or removals of greenhouse gases;
- “Voluntary Carbon Market permit” means a permit issued to a person in accordance with Part VI.

(2) This Regulation applies to persons intending to undertake mitigation activities and generate and trade carbon credits.

PART II. - PERMIT REVIEW COMMITTEE.

2. PERMIT REVIEW COMMITTEE.

(1) The Permit Review Committee is established pursuant to Section 44(6) of the Act.

(2) The Committee consists of officials of the Authority at the General Manager or Director level or their nominees.

(3) Where necessary, the Committee may, upon delegation by the Managing Director pursuant to Section 46(3) and (4) of the Act, invite representatives -

- (a) from the sector agency; or
- (b) from the private sector; or
- (c) from non-government organisations,

to provide specialist technical advice to the Committee.

3. FUNCTIONS OF THE COMMITTEE.

The Committee's functions are -

- (a) to assess all applications for permits; and
- (b) to provide advice to the Managing Director for the approval or refusal of permits; and
- (c) to monitor the implementation of mitigation activities permitted under this Regulation; and
- (d) to perform any other technical and advisory function as directed by the Managing Director in accordance with the Act.

4. MEETINGS OF THE COMMITTEE.

(1) The Committee shall meet as often as necessary to carry out its functions and at such times and places as the Authority determines.

(2) The Committee shall cause minutes of its discussions and decisions at its meetings to be recorded and kept.

(3) The Committee may, in its discretion, at any of its meetings -

- (a) invite relevant persons to attend; or
- (b) receive or hear submissions or information from any person as necessary.

5. REPORTS OF THE COMMITTEE.

The Committee shall submit reports to the Board biannually or as and when required by the Board.

6. VACANCY NOT TO AFFECT POWERS AND FUNCTIONS.

The exercise of a power or the performance of a function of the Committee is not invalidated by reason of a vacancy in the membership of the Committee.

7. CONFLICT OF INTEREST.

(1) A member of the Committee must disclose actual or potential conflicts of interest, as well as certain relationships to any application for a permit or the generation, sale, or transfer of carbon credits under this Regulation.

(2) A member of the Committee under Subsection (1) may be required to be excused from a meeting of the Committee.

PART III. - REGISTER.

8. REGISTER.

For the purpose of Section 78A of the Act, the Authority shall maintain a Register that contains records of -

- (a) permits issued, and all information pertaining to the permit, including but not limited to details of -
 - (i) the permit-holder; and
 - (ii) project design documents and mitigation activities; and
 - (iii) carbon rights; and
 - (iv) beneficiaries, and Free Prior Informed Consent; and
 - (v) benefits sharing arrangements; and
- (b) carbon credits generated under a permit, including information on -
 - (i) the value; and
 - (ii) quantities generated, issued and sold; and
 - (iii) the sale and transfer of carbon credits; and
 - (iv) the platform used for the sale and transfer of carbon credits; and
- (c) permits ceased, cancelled or revoked.

9. ACCOUNTS UNDER THE REGISTER.

(1) The Authority shall ensure that an account is maintained under the Register for each permit issued.

(2) The Authority is to ensure that accurate records are kept for the carbon credits generated under each permit, and that these credits are verified by the Authority and registered against the corresponding account.

10. COMPLIANCE WITH ENVIRONMENTAL INTEGRITY PRINCIPLES.

(1) In implementing Section 11(1)(x) of the Act and Sections 8 and 9 of this Regulation, the Authority shall, when assessing an application under this Regulation, implement a framework to generate high integrity carbon credits by complying with the Environmental Integrity Principles expressed in the *Paris Agreement*.

- (2) Subject to Subsection (1), the Authority shall ensure -
 - (a) to avoid double counting of emissions reduction or removal; and
 - (b) to promote additionality by ensuring that emissions which are used to generate carbon credits are in excess of any emissions reduction or removals required by law; and
 - (c) the certified emissions reductions or removals are quantified based on a realistic, defensible and conservative estimate; and
 - (d) the emissions reduction and removals are quantified and independently verified; and
 - (e) the certified emissions reduction and removals are not irreversible; and
 - (f) projects approved and implemented are in accordance with the law and international obligations; and
 - (g) projects approved and implemented must not result in a material increase in emissions elsewhere; and
 - (h) to apply any other principles that the Authority considers necessary, including the national and international obligations to protect and conserve biodiversity and other environmental values that promote sustainable development.

PART IV. - CARBON RIGHTS.

11. PRIMARY CARBON RIGHTS.

(1) Pursuant to Section 92A(2) of the Act, a person is considered to possess the primary carbon rights where -

- (a) the person has customary ownership over land which is the subject of or is intended to be used for a mitigation activity; or
- (b) a law confers upon that person the legal right over land which is the subject of or is intended to be used for a mitigation activity; or
- (c) a law confers upon that person a legal right over a technology utilised in a mitigation activity.

(2) A person who possesses a primary carbon right shall not conduct a mitigation activity except in accordance with Section 15.

12. SECONDARY CARBON RIGHTS.

(1) Pursuant to Section 92A(2) of the Act, a person, including a primary right holder, who intends to carry out a mitigation activity shall obtain the relevant permit in accordance with Part IV of this Regulation.

(2) A person who has been granted a permit by the Authority under Subsection (1) possesses a secondary carbon right.

(3) A person who possesses a secondary carbon right -

- (a) has the legal right to conduct mitigation activities to generate carbon credits, and transfer or sell such carbon credits in accordance with this Regulation; and
- (b) has the right to free and unimpeded access to the land and technology to conduct mitigation activities, in accordance with law; and
- (c) must ensure that the benefits accrued from the carbon credits are shared with the primary carbon rights holder, in accordance with Part VII.

PART V. - FREE, PRIOR AND INFORMED CONSENT.

13. REQUIREMENT FOR FREE PRIOR INFORMED CONSENT.

(1) For the purposes of Sections 87, 89 and 92 of the Act, a person who intends to conduct a mitigation activity and generate or trade carbon credits must -

- (a) obtain Free Prior Informed Consent of the primary carbon rights holder, in accordance with the Free Prior Informed Consent guidelines or other approved standards and guidelines; and
- (b) undertake landowner investigation studies, landowner identification and social mapping on the land upon which the mitigation activity is intended to take place, in accordance with the relevant standards and guidelines set by the Authority.

(2) Where Free Prior Informed Consent has already been obtained under another law, the applicant shall provide evidence to the satisfaction of the Authority that Free Prior Informed Consent has been obtained.

(3) Notwithstanding Subsection (2), the Authority may require an applicant to obtain Free Prior Informed Consent for the purposes of this Regulation.

(4) Free Prior Informed Consent is obtained, taking into consideration the general principles under Section 19.

14. COMPLIANCE WITH GENERAL PRINCIPLES.

- (1) Under Section 13, "consent" means the collective decision made by the rightsholders and reached through a duly recognised decision-making process of the affected people or communities
- (2) In obtaining FPIC, an applicant shall comply with general principles by ensuring that -
 - (a) there is no bias, coercion, conditions, intimidation, bribery, manipulation or offer of rewards in the obtaining of consent; and
 - (b) consent is sought sufficiently in advance of any authorisation or commencement of activities, and that respect is shown for time requirements of community consultations and consensus processes; and
 - (c) the information provided to the community -
 - (i) is provided before activities are initiated; and
 - (ii) is provided consistently and continuously; and
 - (iii) is accurate, clear and comprehensible; and
 - (iv) is accessible; and
 - (v) is culturally appropriate; and
 - (d) the community is informed of the following -
 - (i) their rights as primary right holders; and
 - (ii) potential positive and negative implications of the mitigation activities including the social, financial, political, and environmental impacts of the mitigation activities; and
 - (e) the process for land investigation, landowner identification and social mapping, decision making and documentation are transparent; and
 - (f) the information provided to the community is in a language that is understood and in an appropriate method and format that is acceptable to the community, and that there is recorded evidence of such.
- (3) The applicant must ensure fair and equal representation in the Free Prior Informed Consent process, including representation from women, marginalised groups, and rural communities.

15. NOTICE FOR FREE PRIOR INFORMED CONSENT.

- (1) An applicant who intends to undertake a mitigation activity shall ensure that the relevant Customary Landholders and Local Communities have been identified for the project area.
- (2) An applicant who intends to undertake a mitigation activity shall notify the Authority of its intention to do so before initiating the Free Prior Informed Consent process with the relevant Customary Landholders and Local Communities.
- (3) A notice under Subsection (2) shall be in the approved form containing information -
 - (a) on the project area; and
 - (b) on the applicant's business profile; and
 - (c) on the projected results; and
 - (d) regarding projected amount of carbon credits and revenue; and
 - (e) of a plan on how Free Prior Informed Consent will be conducted in the project area; and
 - (f) on the methodologies used to calculate results; and
 - (g) or documentation required by the Authority.

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16. APPROVAL TO INITIATE FREE PRIOR INFORMED CONSENT.

(1) The Authority shall review and conduct its due diligence on an applicant before granting approval to initiate the Free Prior Informed Consent process with the Customary Landholders and Local Communities.

(2) Subject to Subsection (1), the Authority may grant the applicant approval to initiate the Free Prior Informed Consent process where the applicant has satisfied the requirements under Section 19(3).

(3) Where approval under Subsection (2) is granted by the Authority, the applicant shall seek the written approval of the Customary Landholders and Local Communities to initiate the Free Prior Informed Consent process.

(4) For the purposes of obtaining Free Prior Informed Consent, the applicant shall consult with Customary Landholders and Local Communities on at least three occasions, each of which shall be separated by not less than one month.

(5) The final consultation to obtain Free Prior Informed Consent shall be obtained by the applicant at a public community meeting, at the site where the project will be implemented.

(6) An applicant shall prepare and maintain documentation and reports on the Free Prior Informed Consent process and its outcomes.

17. REFUSAL TO INITIATE FREE PRIOR INFORMED CONSENT.

The Authority shall refuse to grant approval under Section 16 where -

- (a) a prior notice over a project area or a portion of a project area has already been submitted and is undergoing the Free Prior Informed Consent process under this Part; and
- (b) a project area or a portion of a project area is the subject of an application under Part V; and
- (c) a project area or a portion of a project area is the subject of a permit.

18. CERTIFICATE OF CONSENT.

(1) A Certificate of Consent, in the approved form, shall be submitted by the applicant to the Authority as proof of Free Prior Informed Consent of the Customary Landholders and Local Communities of the project area.

(2) A Certificate of Consent shall be subject to independent verification in accordance with approved standards and guidelines.

19. FOCAL POINTS.

(1) The Authority may designate focal points to participate in the Free Prior Informed Consent process.

(2) A focal point shall verify -

- (a) documents and reports under Section 16(6); and
- (b) compliance with the requirements under this Part,

and report to the Authority as required.

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(3) A focal point may be a government agent or a provincial and local-level government representative from the Province where the mitigation activity is to be undertaken.

PART VI. - MITIGATION ACTIVITIES.

20. CATEGORIES OF MITIGATION ACTIVITIES.

(1) A mitigation activity may be carried out under one of the following categories -
(a) Project Approach; or
(b) National Approach; or
(c) International Cooperation Approach.

(2) For purposes of Section 78C(2)(a) of the Act, a mitigation activity that requires a permit under this Part shall be regarded as part of the Project Approach.

(3) For purposes of Section 11(1)(b) of the Act, a mitigation activity undertaken in accordance with Section 31 shall be regarded as part of the National Approach.

(4) For purposes of Section 11(1)(b) of the Act, an arrangement under Section 33 shall be regarded as part of the International Cooperation Approach.

Division 1. - Project Approach.

21. APPLICATION FOR MITIGATION ACTIVITY PERMIT.

(1) A person shall not carry out a mitigation activity unless the person holds -
(a) a Voluntary Carbon Market Permit; or
(b) a SDM Permit.

(2) An application for a permit under Subsection (1), Subject to Part IV, shall be made to the Authority in the approved form and accompanied by -
(a) the prescribed fee; and
(b) the business profile and evidence of incorporation under the *Companies Act 1997*; and
(c) evidence of an existing account with a locally operating bank; and
(d) Certificate of Consent and documents evidencing compliance with the Free Prior Informed Consent process; and
(e) written approval from the Provincial Executive Council of the Province in which the mitigation activity is to be undertaken; and
(f) Project Design Document; and
(g) information on the projected results for the total number of crediting years; and
(h) information on the projected amount of carbon credits and revenue for the total number of crediting years; and
(i) information on the proposed methodology to be applied in the calculation of carbon credits; and
(j) Benefit Sharing Plan and Benefit Sharing Agreement; and
(k) information on a Grievance Redress Mechanism; and
(l) evidence of relevant authorisation or rights conferred under any other law relating to the project area; and
(m) information specific to an application for a Voluntary Carbon Market permit or an SDM permit; and
(n) any other relevant information that the Authority may require.

(3) An application for a permit under this section may be made via an online portal approved by the Authority.

22. OBJECTION TO AN APPLICATION FOR MITIGATION ACTIVITY PERMIT.

(1) The Authority shall notify the general public of an application for a permit and invite objections within a specified period of no less than 10 working days from the date of notice.

(2) A notification under Subsection (1) -

(a) shall be published in a daily newspaper; and

(b) shall be circulated to the relevant provincial government for wider circulation within the province in which the project area is located; and

(c) may be published in other mediums of communication approved by the Authority, which are widely accessible.

23. APPROVAL OF A PERMIT.

(1) The Managing Director shall, acting on the advice of the Permit Review Committee, recommend to the Board for approval of a permit, if the application is in order.

(2) The Managing Director shall, acting on the advice of the Permit Review Committee, recommend to the Board for refusal of a permit if the requirements under Section 25 have not been satisfied.

(3) The Managing Director shall, in recommending refusal, provide reasons for refusal, in line with advice from the Permit Review Committee.

(4) The Board shall consider the recommendation from the Managing Director and may approve or refuse the issuance of a permit.

24. CONDITIONS OF A PERMIT.

(1) Where the Board approves the issuance of a permit, the Authority shall issue the permit in the approved form with the following conditions -

(a) the permit holder is to maintain accurate records of results; and

(b) permit holder is to submit biennial reports to the Authority on the mitigation activity and the results; and

(c) the permit holder is to maintain accurate records of carbon credits generated as a result of the mitigation activity; and

(d) the permit holder is to notify the Authority of the carbon credits sold or transferred, and the platform via which the transactions have taken place; and

(e) any other condition as specified by the Authority.

(2) Upon issuance of a permit under this section, the Authority may issue a Letter of Authorisation.

(3) A permit issued under this section shall be registered in the Register.

(4) Subject to Subsection (3), a permit may be issued by the Authority for an initial validity period not exceeding 20 years.

(5) Where the first sale of carbon credits under a permit takes place within the initial validity period, the permit holder shall be required to renew their permit under Section 27 at the expiry of five years from the date of the first sale, unless the initial validity lapses before this.

(6) A permit issued under this section is not transferable.

25. REFUSAL OF A PERMIT.

- (1) The Authority shall refuse to issue a permit where -
- (a) the applicant fails to meet the requirements under this Part; or
 - (b) the Authority is of the opinion that the consent of the Customary Landholders and Local Communities has been fraudulently obtained.

(2) Where an applicant has been refused a permit, the Authority shall notify the applicant of the reasons for the refusal in writing.

26. VARIATION OF A PERMIT.

- (1) A permit holder may apply to the Authority in the approved form and on payment of the prescribed fee for a variation of -
- (a) its mitigation activity; or
 - (b) a change in name, ownership or operational control; or
 - (c) a prescribed term or condition of a permit; or
 - (d) any other information submitted in support of an application for a permit under this Regulation or any other law.

(2) An application under Subsection (1) shall be considered as if it were an application for a permit under Section 4.

27. RENEWAL OF A PERMIT.

- (1) An application for renewal of a permit shall -
- (a) be made to the Authority in the approved form and accompanied by the prescribed fee; and
 - (b) be made no less than six months before its expiration date; and
 - (c) be accompanied by relevant information or documentation as may be required by the Authority.
- (2) A permit shall not be renewed if -
- (a) a permit holder has not complied with a condition of a permit or any other provision of this Regulation; or
 - (b) a permit holder has committed an offence under this Regulation or any other law; or
 - (c) a permit holder has not fulfilled obligations under a Benefit Sharing Agreement.

(3) A permit shall be renewed after five years as on the date of issuance.

28. CANCELLATION OF PERMIT.

- (1) The Authority may, by written notice, cancel a permit if -
- (a) the circumstances that formed the basis for the approval of the permit no longer exist; or
 - (b) information provided by the permit-holder, material to the issuance of the permit, was fraudulent or incorrect; or
 - (c) the permit-holder has breached a condition on which the permit was granted; or
 - (d) the permit-holder commits an offence under this Regulation; or
 - (e) the permit-holder requests that the permit be cancelled; or
 - (f) the activities undertaken under the permit are likely to adversely affect Papua New Guinea's Nationally Determined Contributions, or likely to cause other significant environmental or social harm.

(2) Refusal to accept a notice of cancellation under Subsection (1) shall not affect the validity of the cancellation, and the affected person shall be deemed to have knowledge of the cancellation.

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(3) A cancellation payment of an amount not exceeding 25 per cent of the projected revenue of the project submitted under Section 25 shall be made to the Customary Landholders and Local Communities where a permit has been cancelled within the initial validity period of a permit.

29. CESSATION OF PERMIT.

(1) A permit shall cease -

- (a) when the purpose for which it had been issued no longer exists; or
- (b) upon a cancellation by the Authority; or
- (c) where the permit holder has been liquidated or has become bankrupt; or
- (d) upon direction by the Court.

(2) Where a permit ceases under Subsection (1), a permit-holder shall be deemed to have known or anticipated the cessation of his permit, and may not be notified by the Authority.

30. REVOCATION OF CANCELLATION OF PERMIT.

(1) The Authority may review a decision to cancel a permit -

- (a) where there is a discovery of an administrative error; or
- (b) where information or documentation has become available, which -
 - (i) was not previously available or considered during the making of a decision to cancel a permit; and
 - (ii) would have affected the initial decision; or
- (c) in compliance with a recommendation by the Minister, following a successful appeal application by the permit-holder in accordance with Part IX.

(2) The Authority shall notify a permit holder of a revocation decision under this section.

Division 2. - National Approach.

31. NATIONAL APPROACH ACTIVITIES.

(1) In implementing Section 11(1)(b) of the Act, the Authority or a sector agency may undertake a mitigation activity for the purposes of achieving Papua New Guinea's Nationally Determined Contribution submitted pursuant to the *Paris Agreement*.

(2) A mitigation activity carried out under this Division shall be done in accordance with approved standards and guidelines.

(3) The Authority shall be responsible for coordinating mitigation activities under the National Approach.

(4) The Authority shall maintain a register of all mitigation activities carried out under the National Approach.

32. GENERAL REQUIREMENTS FOR NATIONAL APPROACH.

The Authority or sector agency carrying out a Mitigation activity under the National Approach shall ensure -

- (a) that consultations are conducted with the relevant sector agencies; and
- (b) that the appropriate Benefit Sharing Plan is consistent with the approved standards and guidelines; and
- (c) that the project description is submitted to the Authority and is in alignment with national priorities; and
- (d) compliance with any other requirements as set out in the approved standards and guidelines.

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Division 3. - International Cooperation Approach.

33. INTERNATIONAL COOPERATION APPROACH AGREEMENTS.

(1) For the purposes of Section 11(1)(b) of the Act, the Authority may enter into bilateral or multilateral agreements to facilitate cooperation at the international level to transfer Internationally Transferred Mitigation Outcomes in accordance with Article 6.2 of the *Paris Agreement* and approved Standards and Guidelines.

(2) An agreement referred to in Subsection (1) shall be entered into between the Authority and the equivalent agency or body of another State Party.

(3) An agreement entered into in accordance with this section is to establish the framework for cooperation between the Authority and the relevant agency of the partnering Government to identify and implement projects to achieve Internationally Transferred Mitigation Outcomes.

34. INTERNATIONAL COOPERATION APPROACH ACTIVITIES.

(1) For the avoidance of doubt, the identification of projects under Section 33 shall be subject to the same permit requirements under this Part, unless determined otherwise by the Authority and the relevant agency of the partnering Government.

(2) A Letter of Authorisation shall only be issued once the permit requirements under this Regulation have been satisfied.

PART VII. - CARBON TRADING.

35. GENERATION OF CARBON CREDITS.

Results generated from a mitigation activity shall be made readily convertible to carbon credits based on the following formula, or any other internationally accepted methodology that is approved by the Authority -

$$\begin{aligned} &\text{activity data} \times \text{emission factor} = \text{Emission Reductions (ER)} \\ &\text{ER} \times \text{Global Warming Potential} = \text{tonne of Carbon Dioxide Equivalent} \\ &\text{(CO}_2\text{e)} \\ &1 \text{ tonne CO}_2\text{e} = 1 \text{ carbon credit.} \end{aligned}$$

36. REGISTRATION OF CARBON CREDITS.

(1) A permit holder shall disclose the amount of carbon credits generated to the Authority before any transfer or sale in an approved carbon market.

(2) The Authority shall record the information received under Subsection (1) in the Register.

37. TRANSFER AND SALE OF CARBON CREDITS.

(1) A carbon credit generated under Section 35 may be sold or transferred by a permit holder.

(2) The Authority must make the relevant adjustments to the Register, where carbon credits are sold and transferred.

(3) A permit holder must notify the Authority of the price and quantity of carbon credits sold and transferred, and the platform via which the carbon credits are sold and transferred.

(4) A permit holder shall engage an independent verifier under Section 49 to verify the results and carbon credits generated from those results.

38. REMITTANCE OF PROCEEDS FROM THE SALE AND TRANSFER OF CARBON CREDITS.

(1) The permit holder shall ensure that net proceeds from the sale and transfer of carbon credits are remitted directly into a local account established by the permit holder.

(2) In this section, “net proceeds” means the revenue derived from the sale and transfer of carbon credits after the deduction of platform fees and associated costs as determined under a project agreement.

PART VIII. - BENEFIT SHARING.

39. GENERAL PRINCIPLES.

For the purposes of Sections 78C(2)(c), 90 and 93 and of the Act, the following principles shall guide benefit sharing and distribution under this Regulation -

- (a) inclusivity, to ensure multi-stakeholder involvement and participation in decision-making; and
- (b) participation of Customary Landholders and Local Communities and local communities, including women, youth, and marginalised groups; and
- (c) fairness and equity, by ensuring a fair and coherent distribution of benefits; and
- (d) effectiveness and efficiency, through effective processes and institutions that will produce results that meet the needs of society while making the best use of resources at their disposal; and
- (e) transparency in the manner decisions are made and their enforcement in accordance with law; and
- (f) accountability in the administration of finances and the benefit-sharing and distribution system in the:
 - (i) government; and
 - (ii) sector agencies; and
 - (iii) development partners; and
 - (iv) multilateral agencies; and
 - (v) private sector; and
 - (vi) project proponents; and
 - (vii) civil society organisations; and
 - (viii) Customary Landholders and Local Communities; and
- (g) a strong commitment to integrity and ethical values, as contained in the BSD guidelines or other approved standards and guidelines.

Division 1. - Project Approach.

40. IDENTIFICATION OF BENEFICIARIES.

(1) An applicant must identify the beneficiaries of a project area through the landowner identification study as part of the Free Prior Informed Consent process under Part IV.

(2) A beneficiary includes -

- (a) primary beneficiaries, which are Customary Landholders and Local Communities; or
- (b) secondary beneficiaries, which are the Authority and sector agencies; or
- (c) other persons who may be directly or indirectly affected by a mitigation activity.

41. BENEFIT SHARING PLAN.

(1) An applicant must develop a Benefit Sharing Plan and submit the same to the Authority in accordance with Part V.

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- (2) A Benefit Sharing Plan must contain this information -
 - (a) a comprehensive list of beneficiaries as identified through the Free Prior Informed Consent process; and
 - (b) the type or form of benefit, monetary or non-monetary, that will be derived from the mitigation activity; and
 - (c) benefit distribution, including how the proceeds from the sale and transfer of carbon credits will be equitably distributed; and
 - (d) the disbursement of benefits to Customary Landholders and Local Communities continues throughout the project; and
 - (e) expected timelines for the benefit sharing process; and
 - (f) the Free Prior Informed Consent process, including the social mapping and landowner identification report; and
 - (g) institutional arrangements and the governance framework relevant to benefit sharing; and
 - (h) monitoring and reporting; and
 - (i) Grievance Redress Mechanism; and
 - (j) the Certificate of Consent; and
 - (k) any other information required by the Authority.

(3) An applicant must consult with relevant beneficiaries and stakeholders on the Benefit Sharing Plan.

- (4) A Benefit Sharing Plan shall be in the approved form.

42. BENEFIT SHARING AGREEMENTS.

(1) An applicant shall enter into a Benefit Sharing Agreement with the relevant beneficiaries, which includes the Customary Landholders and Local Communities and the relevant sector agencies.

(2) A person shall not enter into a Benefit Sharing Agreement unless Free Prior Informed Consent has been obtained in accordance with Part IV.

- (3) The Benefit Sharing Agreement shall reflect the Benefit Sharing Plan.

(4) The Benefit Sharing Agreement shall be submitted to the State Solicitor for legal clearance prior to signature.

43. PERCENTAGE TO BE PAID TO THE AUTHORITY.

(1) Seven per cent of the total revenue received from each sale of carbon credits shall be paid to the Authority, in accordance with the Act.

(2) In this section, total revenue means the total amount received from the sale of carbon credits, which have been remitted into Papua New Guinea, less administrative fees charged for the use of the platform or any other charges imposed before the remittance.

Division 2. - National Approach.

44. CONSULTATION.

The Authority shall, through consultation with the relevant sector agencies, determine the beneficiaries of revenue received from the sale of carbon credits under the National Approach.

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45. REVENUE FROM THE NATIONAL APPROACH.

(1) The revenue generated through the sale of carbon credits under the National Approach shall be used to support national or sub-national level climate-change related projects or activities in accordance with established policies and strategies.

(2) Unless expressly specified otherwise through law, payments received under the National Approach shall be distributed in accordance with an agreement or contract, executed by the Head of State.

(3) A sector agency intending to undertake a mitigation activity under the National Approach shall ensure compliance with the Free Prior Informed Consent requirements under the relevant laws.

46. BENEFIT DISTRIBUTION PLAN.

A sector agency shall prepare a benefit distribution plan in respect of a mitigation activity, which shall include information relating -

- (a) to institutional arrangements; and
- (b) to source and types of benefits; and
- (c) to list of beneficiaries; and
- (d) to procedures for the disbursement of funds.

PART IX. - MEASUREMENT, REPORTING AND VERIFICATION.

47. STANDARDS OF MEASUREMENT.

A permit holder shall calculate results in accordance with Section 35 or the approved standards and guidelines.

48. REPORT.

(1) A permit holder shall furnish to the Authority biennial reports on the mitigation activity undertaken.

- (2) The report under Subsection (1) shall contain, inter alia -
- (a) results generated from a mitigation activity; and
 - (b) reports prepared by independent verifiers, as applicable; and
 - (c) the platform utilised for the sale and transfer of carbon credits; and
 - (d) any other related information required by the Authority under Section 24.

(3) The reports will be made publicly available on a platform approved by the Authority.

49. INDEPENDENT VERIFIERS.

(1) The Authority shall approve and maintain a list of independent verifiers for the purpose of verifying results generated under Part V.

(2) A permit holder shall notify the Authority in writing of the independent verifier engaged to verify the results and the carbon credits generated from those results.

PART X. - ENFORCEMENT AND OFFENCES.

50. OFFENCES.

- (1) A person or permit holder who -
- (a) conducts a mitigation activity under this Regulation without a valid permit; or
 - (b) obtains Free Prior Informed Consent through bribery, misrepresentation, coercion, intimidation or other fraudulent means; or

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- (c) misrepresents or provides fraudulent information regarding a Benefit Sharing Plan or Benefit Sharing Agreement; or
- (d) enters into a Benefit Sharing Agreement by coercion, false pretence or bribery; or
- (e) produces a fraudulent Benefit Sharing Agreement or Benefit Sharing Plan; or
- (f) produces a fraudulent Certificate of Consent; or
- (g) produces a fraudulent permit; or
- (h) provides a misleading report to the Authority regarding results; or
- (i) provides a misleading report to the Authority regarding the price, value and quantity of carbon credits sold and transferred; or
- (j) sells and transfers carbon credits in contravention of this Regulation; or
- (k) breaches a condition of a permit; or
- (l) fails to comply with Section 24(3); or
- (m) fails to comply with Section 49,

is guilty of an offence.

Penalty: A fine not exceeding K 500,000.00 or imprisonment not exceeding two years, or both.

- (2) A person who -
 - (a) provides false, misleading, or fraudulent information in an application for a permit; or
 - (b) obstructs an Authorised Officer or focal point from enforcing this Regulation; or
 - (c) obstructs or interferes with the rights of a permit holder to conduct mitigation activities; or
 - (d) denies a permit holder from free and unimpeded access to a project area; or
 - (e) produces false and misleading information during the Free Prior Informed Consent process; or
 - (f) provides false or misleading information under Section 21,

is guilty of an offence.

Penalty: A fine not exceeding K50,000.00 or imprisonment not exceeding two years, or both.

PART XI. - MISCELLANEOUS.

51. APPROVED STANDARDS AND GUIDELINES.

The Board may, in consultation with the relevant Stakeholders, develop and approve standards and guidelines for the purposes of this Regulation.

52. TRANSITIONAL PROVISION.

(1) A person who is conducting mitigation activities before the commencement of this Regulation shall, within six months from the commencement of this Regulation, notify the Authority of the mitigation activity carried out to date, and submit to the Authority a notice under Section 15.

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(2) The Authority shall assess a notice and application made under Subsection (1) and, where necessary, require the applicant to produce further documents or undertake further action, or both.

DATED this *Thursday, 20th* day of *November*, 2025.


GOVERNOR-GENERAL.