

**CLIMATE FRIENDLY PTY LTD
ENFORCEABLE UNDERTAKING**

Carbon Credits (Carbon Farming Initiative) Act 2011

Undertaking to the Regulator given for the purposes of section 237 of the *Carbon Credits (Carbon Farming Initiative) Act 2011*

by

CLIMATE FRIENDLY PTY LTD
(ABN 65 107 201 025)

Glossary

1. In this Undertaking, unless the contrary intention appears, the following definitions apply:

“the Act” means the *Carbon Credits (Carbon Farming Initiative) Act 2011*

“ACT” means Australian Carbon Traders Pty Ltd (ABN 27 121 961 144) of 22 Bridge Street, Harcourt, Victoria 3543

“Climate Friendly” means Climate Friendly Pty Ltd (ABN 65 107 201 025) of Level 2, 140 William Street, East Sydney NSW 2011

“Regulator” means the Clean Energy Regulator

“Rule” means the *Carbon Credits (Carbon Farming Initiative) Rule 2015*

“Undertaking” means this enforceable undertaking.

Persons giving Undertaking

2. This Undertaking is given to the Regulator by Climate Friendly for the purposes of section 237 of the Act.

Background

3. Climate Friendly is an Australian company limited by shares, headquartered in Sydney.
4. Climate Friendly is an authorized co-agent for emissions reduction fund projects with ACT as provided for under section 290 of the Act.
5. As co-agents, Climate Friendly or ACT may assist project proponents in undertaking actions specified in section 290 of the Act, including giving information and making requests to the Regulator.

Improper amendment of forms by co-agent

6. It is alleged that ACT made improper amendments to eligible interest holder consent forms submitted to the Regulator in relation to five (5) registered Emission Reduction Fund projects in accordance with section 25 of the Rule. The Regulator alleges these amendments gave the false impression that certain eligible interest holders had provided consent for the full project area, when they had not. As a consequence, not all relevant EIH consents have been obtained.
7. Climate Friendly's monitoring, information and record management procedures did not, at the time of submission of the forms by ACT, identify that forms had been improperly amended.

Undertaking

8. Under section 237 of the Act, the Regulator may accept any of the following undertakings:
 - a. a written undertaking given by a person that the person will, in order to comply with this Act or the associated provisions, take specified action;
 - b. a written undertaking given by a person that the person will, in order to comply with this Act or the associated provisions, refrain from taking specified action;
 - c. a written undertaking given by a person that the person will take specified action directed towards ensuring that the person does not contravene this Act or the associated provisions, or is unlikely to contravene this Act or the associated provisions, in the future.
9. Climate Friendly hereby undertakes to:
 - a. Obtain and resubmit to the Regulator, within one month of the date of this undertaking, new correct eligible interest holder consent forms for registered Emission Reduction Fund projects that are identified by the two Parties to this Undertaking as being impacted by the conduct outlined in clause 6;
 - b. By agreement with project proponents, transition all projects for which ACT and Climate Friendly are currently co-agents to a single agent model, with Climate Friendly acting as that single agent within three months of the date of this Undertaking;
 - c. Review internal standard operating, information and records management procedures related to emissions reduction fund projects and update these where necessary to ensure compliance with all relevant legislative requirements and the inclusion of additional due diligence measures, including but not limited to increased quality assurance, quality controls and management oversight of information or requests submitted to the Regulator within three months of the date of this Undertaking. The review and any necessary updated procedures will be finalised to the reasonable satisfaction of the Regulator;
 - d. Commission an independent audit of Climate Friendly's standard operating and records management procedures related to emissions reduction fund projects within six months

- of the date of this Undertaking. The audit must be undertaken by a Category 2 Registered Greenhouse and Energy Auditor with demonstrated expertise and experience in performance audits of systems and processes holding, as a minimum, ASIC registered company auditor status. Professional membership of the Institute of Internal Auditors (PMIIA) would be an advantage in demonstrating expertise in this area; and
- e. Implement a training program within six months to ensure all staff, and where relevant implementing partners, receive training from suitably qualified staff or external consultants on implementation of standard operating, information and records management procedures. This program will be run on an annual basis for all staff, with extra sessions run for new staff.

Reporting

10. Climate Friendly will submit the independent audit report to the Regulator within two weeks of the conclusion of the audit; and
11. Climate Friendly will provide the Regulator with a report documenting the implementation of this undertaking 12 months from the date of this Undertaking.

Acknowledgements


12. Climate Friendly acknowledges:
 - a. the Regulator will make this Undertaking publicly available, including by publishing it on the Regulator's websites;
 - b. this Undertaking in no way derogates from the rights and remedies available to any other person arising from any conduct of Climate Friendly; and
 - c. Climate Friendly undertakes to pay all costs associated with its compliance with this Undertaking.

Commencement of Undertaking

13. This Undertaking comes into effect when:
 - a. the Undertaking is executed by Climate Friendly; and
 - b. the Regulator accepts the Undertaking so executed.
14. This Undertaking ceases to have effect once the requirements of clause 11 has been completed to the reasonable satisfaction of the Regulator.

Executed by

CLIMATE FRIENDLY PTY LTD by its authorized officers pursuant to section 127(1)(a) of the Corporations Act 2001.



Freddy Sharpe, CEO & Director

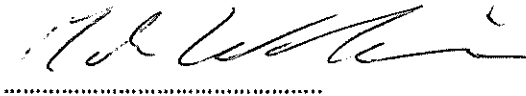
Date: 27 / 09 / 2016



Joel Fleming, Director

Date: 27 / 09 / 2016

Accepted by the Clean Energy Regulator pursuant to section 237 of the *Carbon Credits (Carbon Farming Initiative) Act 2011*



Mark Williamson, Executive General Manager

Delegate of the Regulator

Date: 27 / 09 / 2016