CLIMATE FRIENDLY PTY LTD

Assurance Engagement for GoldPower Assertion

May 2016

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF CLIMATE FRIENDLY PTY LTD

Climate Friendly Pty Ltd (“Climate Friendly”) engaged RSM to perform a reasonable assurance engagement on the preparation of the GoldPower Assertion in accordance with the GoldPower Policy for the 1 January 2015 to 31 December 2015 period.

The subject matter of our assurance engagement comprised the GoldPower Assertion appended to this report. The Reporting Criteria against which we assessed the subject matter comprise the GoldPower Policy appended to the report (Appendix 1).

Our independence and quality control

We have complied with the relevant ethical requirements for assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence, due care, confidentiality and professional behaviour.

In accordance with Australian Standard ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, RSM maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Management’s responsibility

Climate Friendly’s Management is responsible for the preparation and presentation of the subject matter in accordance with the Reporting Criteria.

This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the subject matter that is free from material misstatement, whether due to fraud or error, in accordance with the Reporting Criteria, in all material respects.

Our responsibility

Our responsibility is to express a conclusion on the controls surrounding GoldPower Assertion Practices. We conducted our reasonable assurance engagement in accordance with Auditing Standard ASAE 3000 *Assurance Engagements other than Audits or Reviews of Historical Financial Information.* This Standard requires that we comply with independence and ethical requirements and plan the engagement in order to perform effectively.

Summary of procedures undertaken

The procedures performed in conducting the engagement included:

- Held an entry meeting to discuss and confirm procedures to be performed, timing and deliverables;
- Obtained an understanding of the systems, processes and controls Climate Friendly has in place in relation to its GoldPower accounting;
- Considered management’s processes and controls over the completeness and accuracy of data contained within the GoldPower Register and which underpins the assertion;

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF CLIMATE FRIENDLY PTY LTD (CONT.)

Summary of procedures undertaken (cont.)

- Agreed details for a sample of the GoldPower sales and recorded in the GoldPower Register to customer invoices and web sales documentation;
- Agreed details for a sample of GoldPower sale reversals to supporting documentation;
- Reviewed banking records and compared cash inflows to sales recorded;
- Obtained an understanding of the controls in place to ensure all credit sold are GoldPower-eligible Gold Standard carbon credits;
- Agreed GoldPower sales to documentation supporting the retirement of those credits on the designated public registries;
- Reviewed the calculation of GoldPower certificates and agreed GoldPower certificate sales to an appropriate reduction of Gold Standard credits in the GoldPower Register; and
- held an exit meeting at the completion of fieldwork to discuss findings and outcomes.

Inherent limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that we have reviewed, has not been reviewed entirely, hence no view is expressed as to its effectiveness.

An audit is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the test performed are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Use of our reasonable assurance engagement report

This report has been prepared for the purpose of determining the accuracy of the GoldPower Assertion and may not be suitable for any other purposes.

Our report is intended solely for the Directors of Climate Friendly for the purpose described above. We permit Climate Friendly to share this report with its stakeholders to enable those stakeholders to confirm that an independent assurance engagement has been commissioned by the Directors of Climate Friendly. However, we accept no responsibility or liability to such stakeholders for any loss occasioned as a result of access to reliance upon this report.

Conclusion

In our opinion, the GoldPower Assertion has been prepared, in all material respects, in accordance with the GoldPower Policy for the 1 January 2015 to 31 December 2015 period.

Tim Pittaway
Director
RSM Australia Pty Ltd

Melbourne
11 May 2016

APPENDIX 1 – 2015 GOLDPOWER ACCOUNTING AND REPORTING POLICY

a) Sales of GoldPower are underpinned by the retirement of GoldPower-eligible Gold Standard carbon credits. The number of credits retired is calculated using an established process which ensures that the credits represent total MWh of electricity generation at least equal to the buyer's electricity consumption, and total tCO2e emission reductions at least equal to the emissions associated with that consumption.

b) A complete and accurate record of the details of all GoldPower transactions is maintained on the GoldPower Register, which is updated on a quarterly basis.

c) All sales of GoldPower are accurately accounted for in accordance with established procedures. All conversion factors used in those procedures are obtained from generally accepted published sources, or agreed explicitly with clients.

d) All sales of GoldPower meet the GoldPower Eligibility Criteria regarding certification standard, technology, facility age, and timing.

e) All carbon credits used in the creation of GoldPower are retired on the relevant registries[1] subsequent to confirmation of their sale.

f) Climate Friendly is committed to an independent evaluation of the accounting and reporting processes relating to the GoldPower product in order to confirm compliance with this Policy.

[1] Markit (for VERs); the CDM Registry or any UNFCCC-approved national emission registry (for CERs).

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