

Country Carbon 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

Country Carbon Pty. Ltd.
(ACN: 152 922 408)

1 Glossary

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

“**ACCU**” means Australian Carbon Credit Unit

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

“**CER or Regulator**” means the Clean Energy Regulator

“**Country Carbon**” means Country Carbon Pty. Ltd. care of Johnsons MME Level 2, Swift Street, Albury, New South Wales 2640, Australia

“**CFI legislation**” means the Act and the *Australian National Registry of Emission Units Act 2011* (Cth), and their associated regulations, rules and methodology determinations, as amended from time to time

“**ERF**” or “**Emissions Reduction Fund**” means the Australian carbon offsets scheme given effect to through the CFI legislation

“**ERF contracts**” means the Carbon Abatement Contracts entered between Country Carbon and the Regulator

“**Fit and Proper Person Test**” means the fit and proper person test described in Part 4 of the Act

“**Projects**” means eligible offsets projects registered under the Emissions Reduction Fund by the Regulator and pursuant to the Act

“**Undertaking**” means this enforceable undertaking.

2 Person giving Undertaking

2.1 This Undertaking is given to the Regulator by Country Carbon for the purposes of section 237 of the Act.

3 Background

- 3.1 Country Carbon is an Australian company limited by shares, headquartered in Albury.
- 3.2 Country Carbon is the project proponent for a number of Projects and holds a number of ERF contracts in respect to those Projects.
- 3.3 Country Carbon has contracted with a number of third parties, including landholders and holders of eligible interests, with respect to the Projects.
- 3.4 The CFI legislation sets out and contains a number of obligations for project proponents of eligible offsets projects including reporting and notification requirements.
- 3.5 The CFI legislation also requires project proponents to pass the Fit and Proper Person Test and to maintain this status.
- 3.6 It is alleged that Country Carbon has failed to comply with some of its obligations under the CFI legislation.

4 Undertaking

- 4.1 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; and
 - 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.
- 4.2 Country Carbon and its directors (**Country Carbon**) undertake to carry out the obligations and requirements set out below:

Review

- a. Appoint a suitably qualified, independent person to act as a governance advisor to Country Carbon (**independent governance advisor**).
- b. Country Carbon will provide the name and qualifications of the proposed independent governance advisor and the terms of reference for the position to the CER by no later than 12 June 2020.
- c. The CER will advise Country Carbon whether it agrees to the appointment of the independent governance advisor and the terms of reference within 20 business days. In the event that the CER advises Country Carbon that it does not agree, Country Carbon will provide the name and qualifications of an alternative appointment and/or alternative terms of reference within 20 business days. The CER will provide its response within a further 20 business days. In the event that no agreement can be reached on the appointment of an independent governance

advisor and/or the terms of reference, the parties will appoint an independent third party to act as mediator In relation to the matters in dispute.

4.3 At a minimum, the terms of reference must include a review (**Review**) of Country Carbon's:

- a. internal operating procedures, including optimal levels of staffing and access to and use of professional advice and expertise to meet statutory requirements and the lodgement of accurate, complete and timely applications and information in accordance with the Act and associated provisions;
- b. record keeping arrangements;
- c. governance;
- d. compliance with legal requirements;
- e. entry into, variation of, and compliance with contractual obligations.

4.4 The independent governance advisor must be required to prepare a written report on the matters listed above.

4.5 The Review (including the provision of the written report) is to be undertaken within a reasonable period, but no more than 6 months from the date of appointment.

4.6 The written report of the Review shall include recommendations for any required changes to operating procedures, record keeping arrangements, governance or other aspects arising as a result of the Review and the timeframe for implementation of those changes.

4.7 The written report shall be provided to the CER within 5 business days of receipt by Country Carbon.

4.8 The CER will provide its written comments on the written report of the Review within 10 business days of receipt.

4.9 Country Carbon will implement the recommendations arising from the Review within the timeframes recommended by the independent governance advisor.

4.10 Country Carbon will obtain verification from the independent governance advisor that the recommendations have been appropriately implemented (with such verification to take place within 3 months of completion of the last recommendation unless otherwise agreed by the CER).

Training

4.11 The independent governance advisor will also prepare, or arrange a suitably qualified independent person to prepare, a training manual which shall incorporate any findings from the Review (**Training Manual**).

4.12 The Training Manual will be provided to the CER for review and approval within 6 weeks of the provision of the CER's provision of written comments on the written report of the Review.

4.13 Following approval of the Training Manual by the CER, Country Carbon will ensure that all relevant staff or contractors who undertake work for Country Carbon in relation to the Emissions Reduction Fund receive the training specified in the Training Manual. For existing staff and contractors, this will be done within four weeks of the CER's approval. For new staff and contractors, this must be done within two weeks of commencement.

Administration and compliance

4.14 Country Carbon will comply with the legal requirements of the CFI legislation. This would include, but is not limited to:

- a. Meeting statutory reporting and notification requirements;
- b. Meeting statutory carbon maintenance obligations;
- c. Maintaining proper business records in accordance with Part 17 of the Act and the provision of information in accordance with Part 16 of the Act; and
- d. Obtaining eligible interest holder consents by no later than the end of the first reporting period.

4.15 Country Carbon will fully comply with requests for information made by the CER in relation to matters covered by or related to the CFI legislation or ERF contracts within the time specified by the CER. In the event that Country Carbon believes that the timeframe is unreasonable or unachievable, Country Carbon is to inform the CER within 5 business days of receipt of the relevant request for information and provide a reasonable alternative timeframe.

4.16 Noting that that Act and its associated provisions (including the *Criminal Code Act 1995*) use the expression "false or misleading" in relation to statements and information - Country Carbon will not submit to the CER any information that is false or misleading in a material particular or false or misleading by the omission of a material particular.

4.17 Country Carbon will meet legal obligations to ensure that all information provided to third parties, including any landholders, in relation to the ERF (including, without limitation, information regarding ACCUs, emissions avoidance, sequestration, project registration or ERF auction participation) is true and correct in all material particulars. The Parties note that this is of particular importance to the maintenance of Country Carbon's fit and proper person status.

4.18 In order to maintain the fit and proper person status required by the Act, Country Carbon will comply in a timely manner with the terms of contracts or written agreements with landholders or consent providers. Further, and in order to facilitate this:

- a. Where there is agreement to vary the terms of a contract or written agreement with a landholder or consent provider, Country Carbon must use reasonable endeavours to ensure that this agreement or variation is confirmed in writing;
- b. Country Carbon will respond promptly to any requests for information received by it from landholders or consent providers and will provide such information where the information relates to a carbon project being undertaken on their land or for which they have given consent;

- c. In the event that Country Carbon fails to comply with its undertaking set out in clause b., Country Carbon consents to the CER providing the requested information to the landholders or consent providers;
- d. Within seven days of the end of each month, Country Carbon will provide the CER with a table of projects and ACCUs credited in the previous 12 months, the date of crediting, the date of payment to each person who is entitled to receive payment as the result of the issuing of ACCUs for each project, and, in the event that a payment date has been missed or is re-negotiated, an explanation of the circumstances and proposed resolution; and
- e. In the event that Country Carbon fails to comply with its undertaking set out in clause bd, Country Carbon consents to the CER seeking the requested information from each person who is entitled to receive payment and to provide information about the project, including applications for, and issuance of ACCUs, in relation to the relevant project.

. General

- 4.19 Where this Undertaking requires Country Carbon to perform or complete an action in a specified timeframe, Country Carbon may request in writing, and the Regulator may grant, an extension to the timeframe.
- 4.20 When considering whether to grant an extension under clause 4.19, the Regulator must act reasonably at all times.

5 Acknowledgements

5.1 Country Carbon 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 Country Carbon; and
- c. Country Carbon undertakes to pay all costs associated with its compliance with this Undertaking.

6 Commencement of Undertaking

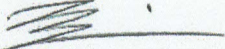
6.1 This Undertaking comes into effect when:

- a. the Undertaking is executed by Country Carbon; and
- b. the Regulator accepts the Undertaking so executed.

6.2 This Undertaking ceases to have effect two years from the date of effect (unless earlier agreed by the parties).

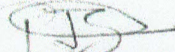
Executed by

Country Carbon by its authorized officers pursuant to section 127(1)(a) of the *Corporations Act 2001*


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Nicholas John Cameron, Director

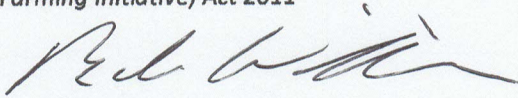
Date: 28 / 5 / 2020


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Peterina Julie Schade-Cameron, Director

Date: 27 / 05 / 2020

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


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Delegate of the Regulator

Date: 28 / 05 / 2020