



SOUTH POLE GROUP PTY LTD

Independent Assurance Engagement Report for GoldPower Assertion

August 2017

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF SOUTH POLE GROUP PTY LTD

South Pole Group (“SPG”) 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 2016 to 31 December 2016 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 Part D and E of the GoldPower Product Standard appended to the report (**Appendix 1**), applicable from 1 July 2016. For GoldPower sales made prior to 1 July 2016, we assessed the subject matter against the 2015 GoldPower Accounting and Reporting Policy (refer to **Appendix 3**).

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

SPG’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 SPG has in place in relation to its GoldPower accounting, including addressing:
 - GoldPower sales were made using GS VERs/CERs (criteria D I);
 - Projects used for GoldPower are from GS projects (criteria D II);
 - Projects used for GoldPower are from Eligible Technologies (criteria D III);
 - The correct number of equivalent CERs/VERs has been retired (criteria D VII);
 - Credit sold quantify the vintage criteria (criteria D VIII); and
 - Project qualify the facility age criteria (criteria D IX).
- 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 SOUTH POLE GROUP 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;
- Tested those controls for a sample of the GoldPower sales recorded in the GoldPower Register;
- 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 SPG for the purpose described above. We permit SPG 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 SPG. However, we accept no responsibility or liability to such stakeholders for any loss occasioned as a result of access to reliance upon this report.

Emphasis of matter

We draw attention to the following matter identified during our review in respect to SPG's compliance with the Section E of the GoldPower Product Standard 2016:

- **Completeness of information reported in the GoldPower Register:** When reviewing the information included in the GoldPower Register, we noted that the following details, although retained by SPG, were not always reported into the Register:
 - The buyer location and consumption period;
 - The electricity production facility technology, location and age;
 - The emission rate (where applicable); and
 - The MWh verification standard.

Our opinion is not modified in respect of this matter.

INDEPENDENT ASSURANCE REPORT TO THE DIRECTORS OF SOUTH POLE GROUP PTY LTD (CONT.)

Conclusion

In our opinion, the GoldPower Assertion has been prepared, in all material respects, in accordance with the 2015 GoldPower Accounting and Reporting Policy for the 1 January 2016 to 30 June 2016 period and with the GoldPower Product Standard 2016 for the 1 July 2016 to 31 December 2016 period.



Tim Pittaway
Director
RSM Australia Pty Ltd

Sydney
1 August 2017

APPENDIX 1 – 2016 GOLDPOWER PRODUCT STANDARD

D. GoldPower™ Criteria

- **MWh Verification:** The International REC Standard is currently accepted for GoldPower MWh verification. Other national or international standards may be included in new versions of this Product Standard, subject to review and approval by the GoldPower Technical Committee. Under certain conditions, as detailed in this document, GoldPower can be generated based on Gold Standard VERs and Gold Standard CERs in lieu of use of the International REC Standard or other MWh-based standards.
- **Project Certification:** All GoldPower is generated from production facilities that have been Validated and Registered with The Gold Standard (www.goldstandard.org).
- **Eligible Technologies:** GoldPower is generated by grid-connected renewable electricity production facilities, for renewable energy delivered to the grid. Eligible fuel sources are:
 - Wind; Small Hydro; Solar; Geothermal
 - Solid, gas and liquid bioenergy provided that:
 - co-firing of biomass with fossil fuels for the purposes of electricity generation is not accepted;
 - the solid, liquid or gaseous bioenergy feedstock is a waste product of the food, forestry, agricultural or municipal solid waste industries, and does not compete directly with food production.
- **Impact:** A core feature of GoldPower is its impact or “additionality”, i.e. that any purchase of GoldPower is contributing materially to the expansion of renewable energy infrastructure. This is in contrast with basic renewable energy tracking certificates such as US RECs, European GOs and IRECs, which do not convey any claim of causality. In order to provide assurance of impact, the following requirements must be met:
 - Regulatory Surplus: The renewable energy must not be counted towards any legally binding national or regional renewable energy target, or any utility’s compliance requirements (Renewable Purchase Obligation; Renewable Portfolio Standard, etc).
 - Causality: There must be a clear causal link between the purchase/sale of GoldPower and the development of the renewable electricity production facility, i.e., the certification and sale of renewable energy attributes has contributed meaningfully to the development of the facility, either by way of providing material financial support or helping to overcome substantial market and/or regulatory barriers.
- **Social and Environmental Safeguards:** Another important feature of GoldPower is that renewable energy production facilities contribute to sustainable development. At very least, there must be a clear demonstration that the project has not created any negative social or environmental impacts. Projects which deliver clear benefits on these levels are strongly recommended.
- **Attribute Aggregation and Exclusivity:** In order to demonstrate clear rights to all environmental attributes associated with a GoldPower sale, the following additional requirements must be met:
 - An attestation from the Facility Owner in the form provided in **Appendix 2** stating that it has not sold or otherwise represented the electricity corresponding to the GS CERs or GS VERs as renewable, has not issued any other renewable energy or emission reduction instruments for that electricity, and that the electricity is not counted towards any voluntary or compliance scheme, RPO or similar.
 - Supporting documentation clearly demonstrating that in the market in question the electricity cannot be the subject of any other claims.
- **Retirement:** All sales of GoldPower are underpinned by the retirement of associated tracking units on the appropriate registry. Retirement of all units must have been completed at the latest by the time of the GoldPower Audit.
 - Since GS VERs and GS CERs are denominated in tonnes of CO₂e the following procedure must be followed to ensure that the number of GS VERs/CERs retired corresponds directly to the verified delivery to the grid of a quantity of MWh of renewable electricity equal to the MWh of GoldPower sold
 - From the Verification Report corresponding to the relevant issuance of VERs/CERs, obtain the Net MWh Delivered to the Grid and the Total Verified tCO₂e.

APPENDIX 1 – 2016 GOLDPower PRODUCT STANDARD (CONT.)

- Calculate the number of GS VERs/CERs to be retired as follows: MWh of GoldPower sold MULTIPLIED BY Total Verified tCO₂e DIVIDED BY Net MWh Delivered to the Grid.
- Retire the required number of GS VERs or GS CERs in the appropriate emissions registry
- For GS VERs: the Markit Environmental Registry
- For GS CERs: the CDM Registry¹¹ or a national registry capable of holding CERs
- **Vintage:** The mid-point of the GoldPower production period should be no more than 2 years prior to the mid-point of the buyer's electricity consumption and reporting period.
- **Facility Age:** GoldPower is sourced from renewable electricity production facilities that became operational no more than 14 years prior to the year in which GoldPower is purchased (i.e. 2002 or later for purchases in 2016), with a strong preference for more recently constructed facilities.

E. The GoldPower™ Register

The GoldPower Register (<http://goldpower.net/goldpowerregister/>) provides transparency for GoldPower, demonstrating reliable end-to-end tracking of renewable and additional electricity generation. The GoldPower Register is publicly visible and includes the following details for all GoldPower transactions:

- The buyer name, purchase date and MWh of GoldPower purchased.
- The buyer location and consumption period.
- The electricity production facility name, technology, location, age and production vintage.
- The emission factor, emission rate, and certified greenhouse gas emissions reductions (where applicable) resulting from the clean MWh produced.
- The MWh verification standard
- The registry name and serial numbers of the underlying units.
- The retirement date and retirement URL (where available).

APPENDIX 2: FORM OF CHAIN OF CUSTODY ATTESTATION FOR GOLDPOWER BASED ON CER / VER MWH VERIFICATION.

This attestation is to assist buyers of GoldPower renewable energy to validate their renewable energy purchases. GoldPower is a voluntary renewable energy product based on grid-connected renewable electricity from facilities accredited under the Gold Standard, International REC Standard, and/or other approved certification and tracking systems. Sales of GoldPower are underpinned by retirement of I-RECs, Gold Standard VERs/CERs, or other eligible units. All sales of GoldPower are subject to an annual audit. A requirement of this audit is that participants make the chain of ownership of the renewable energy they sell transparent and verifiable, every step back to the generating facility.

Please read through the attestation and fill out all three sections, then return the completed and signed form to either the person that requested it from you, or to the GoldPower Technical Committee at info@goldpower.net. The information on this form is held strictly confidential and will not be shared with any party other than [insert name of Authorised Provider], the GoldPower Technical Committee, and any independent auditor appointed to provide assurance over the GoldPower purchase.

This attestation is *not* a contract with [insert name of Authorised Provider] or the GoldPower Technical Committee, and signing this form does *not* obligate you to have a direct relationship with either party.

For more information about GoldPower, please visit www.goldpower.net.

I. Facility information

Name of Generation Facility ("Facility"): _____

Company or Person that Owns Facility ("Seller"): _____

Address of Facility: _____

Contact Person: _____

Title: _____

Telephone: _____

Email Address: _____

Fuel type / Energy source: _____

Nameplate Capacity (MW): _____

Date Facility was First Operational: ___/___/___

Date of Capacity Upgrade or Repowering (if applicable): ___/___/___

APPENDIX 2: FORM OF CHAIN OF CUSTODY ATTESTATION FOR GOLDPOWER BASED ON CER / VER MWH VERIFICATION (CONT.)

Details of Capacity Upgrade or Repowering (if applicable): _____

Name of electricity grid into which the Facility supplies electricity: _____

Name of contracted buyer of electricity: _____

II. MWh of renewable energy generated and corresponding GS VERs/CERs

Period of Generation / Verification Period*	# MWh of electricity delivered to grid (as per verification report)	Emission Factor (as per verification report) [tCO ₂ e/MWh]	# Certified/Verified Emission Reductions [tCO ₂ e]	Serial Numbers of Issued CERs/VERs
e.g. 01 January 2013 to 31 May 2014	170,255.74	0.5554	94,560	TH-5-9208662-2-2-0-8625 to TH-5-9303221-2-2-0-8625

* The attestation must apply to the full Verification Period(s) since it is not possible to definitively link any specific batch of VERs/CERs within that to a specific generation period

III. Declaration

I, (print name and title) _____, declare that the renewable attributes of the electricity generated by Facility during the Period of Generation were, or will be, sold exclusively from Seller to the buyer(s) of the corresponding CERs/VERs ("Purchaser").

I further declare that:

- 1) all the renewable attributes (including CO₂ benefits), including any emissions offsets, reductions or claims, represented by the renewable electricity generation listed above were, or will be, transferred to Purchaser;
- 2) to the best of my knowledge, the renewable attributes were not, and will not be, sold, marketed or otherwise claimed by a third party other than Purchaser;
- 3) Seller sold/will sell the renewable attributes only once;
- 4) the renewable attributes or the electricity that was generated with the attributes was not used to meet any federal, state or local renewable energy requirement, renewable energy procurement, renewable portfolio standard, or other renewable energy mandate by Seller, nor to the best of my knowledge, by any other entity other than Purchaser;
- 5) the electricity associated with the attributes sold was not used on-site for powering electric generation equipment (parasitic load);
- 6) the electricity that was generated with the attributes was not separately sold, separately marketed or otherwise separately represented as renewable energy by Seller, or, to the best of my knowledge, any other entity other than Purchaser

APPENDIX 2: FORM OF CHAIN OF CUSTODY ATTESTATION FOR GOLDPOWER BASED ON CER / VER MWH VERIFICATION (CONT.)

Please indicate the following:

Is Seller reporting its direct greenhouse gas emissions in a legally binding cap and trade program for the time period of generation listed on this form?

Yes; list the cap and trade program: _____

No

IV. Signature

As an authorized representative of Seller, I attest that the above statements are true and correct.

Signature

Date

Place of Execution

APPENDIX 3 – 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 registries¹ 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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