

SA Cattle Conservation HIR Project #01112022 TP (ERF180122)

Assurance Engagement Report

Initial and Threshold Audit

Australian Carbon Credit Unit Scheme

Audited period: 22 March 2023 to 28 February 2025

July 2025



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ELIGIBLE REGISTERED PROJECT INITIAL AUDIT COVERSHEET

Audited Body

Name of Proponent	RegenCo Pty Ltd (Project Proponent)
Name of contact person for proponents	
ABN/ACN	ABN: 12 636 724 215
Contact person phone number	
Contact person email address	

Registered Project

Name of registered project	SA Cattle Conservation HIR Project #01112022 TP (Project)
Unique registered project identifier	ERF180122
Reporting period	22 March 2023 to 28 February 2025
Net abatement during reporting periods (in t CO2-e)	244,910.03 t CO2-e
Location of registered project	Pastoral Unincorporated Area local government area at
Method under which the registered project operates	Carbon Credits (Carbon Farming Initiative) (Human-Induced Regeneration of a Permanent Even-Aged Native Forest - 1.1) Methodology Determination 2013 – Compilation No.3 (Methodology Determination)

ELIGIBLE REGISTERED PROJECT INITIAL AUDIT COVERSHEET (CONT.)

Audit Description

Type of audit	Initial Audit
Kind of audit	Reasonable assurance
Objective of the assurance engagement	To undertake a reasonable assurance engagement, being an initial audit pursuant to sections 13 and 76 of the <i>Carbon Credits (Carbon Farming Initiative) Act 2011 (CFI Act)</i>, that in all material respects, the Project's Offsets Report for the period 22 March 2023 to 28 February 2025 has been prepared in accordance with section 13 and 76 of the CFI Act, the CFI Rule, and the Methodology Determination (CFI Legislation). Particularly, the audit must cover whether, in all material respects, the: ▪ Project Proponent met all requirements of the Methodology Determination under subsection 106(3) of the CFI Act; ▪ Project Report has been prepared in accordance with section 13 and 76 of the CFI Act; and ▪ Project has been operated and implemented in accordance with the: – Project's section 27 Declaration; – Methodology Determination; and – Requirements of the CFI Act.
Audit fee	
Total hours spend on the audit by the audit team	84
Non-audit fees paid to the team leader and audit firm for services and activities excluding this audit over the past 12 months	None
Why did provision of non-Part 6 services or activities not result in a conflict of interest situation?	Not applicable
Date terms of engagement signed by the project proponent	23 January 2025
Date audit report signed	15 July 2025

ELIGIBLE REGISTERED PROJECT INITIAL AUDIT COVERSHEET (CONT.)

Auditor Details

Name of audit team leader	Jean-Marc Imbert
Greenhouse and energy auditor registration number	
Organisation	RSM Australia Pty Ltd (RSM)
Phone number	
Address	Level 27, 120 Collins Street Melbourne VIC 3000
Names and contact details of other audit team members	
Details of exemptions under 6.71 of the NGER Regulations for the audit team leader or professional member of the audit team. These may include: ▪ conflict of interest and details of the procedures for managing conflict of interest ▪ relevant relationships, and ▪ exemptions for an audit team leader to carry out more than five consecutive greenhouse and energy audits for the proponent.	None

Peer Reviewer Details

Name of peer reviewer	
Organisation	RSM Australia Pty Ltd
Phone number	
Address	Level 3, 488 Queen St, Brisbane City QLD 4000

PART A: AUDITOR'S REPORT

To: RegenCo Pty Ltd

We have conducted a reasonable assurance engagement of the SA Cattle Conservation HIR Project #01112022 TP (ERF180122) (**Project**), being an initial audit pursuant to section 13 and 76 of the CFI Act, for the reporting period 22 March 2023 to 28 February 2025 to report on whether the:

- Project Proponent met all requirements of the Methodology Determination under subsection 106(3) of the CFI Act;
- Project Report has been prepared in accordance with section 13 and 76 of the CFI Act; and
- Project has been operated and implemented in accordance with the:
 - Project's section 27 Declaration;
 - Methodology Determination; and
 - Requirements of the CFI Act.

The Offsets Report consists of a total net abatement during the reporting period of **244,910.03 t CO2-e**.

Details of Project Proponent

Name	RegenCo Pty Ltd
Address	Level 1 140 Rundle Mall Adelaide, South Australia Australia 5000
ACN	636 724 215

Responsibility of Management

The management of the Project Proponent is responsible for:

- Compliance with the Methodology Determination;
- The preparation and presentation of the Offsets Reports in accordance with section 76 of the CFI Act; and
- The Project's compliance with its section 27 Declaration and the requirements of the Methodology Determination, the CFI Act, and the Carbon Credits (Carbon Farming Initiative) Rule 2015 (**CFI Rule**).

This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the Offsets Reports that are free from material misstatement, whether due to fraud or error, the Project's compliance with the CFI legislation and the Project Proponent's compliance with the Methodology Determination.

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. This includes all requirements specified in the *National Greenhouse and Energy Reporting Regulations 2008 (NGER Regulations)* regarding the Code of Conduct, independence, and quality control.

Furthermore, in accordance with Australian Standard ASQM 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements*, and ASQM 2 *Engagement Quality Reviews*, RSM Australia Pty Ltd maintains a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In accordance with ASA 102 *Compliance with Ethical Requirements when Performing Audits, Reviews and Other Assurance Engagements*, RSM Australia Pty Ltd has met the independence requirements and have the required competencies and experience to conduct the assurance engagement. RSM Australia Pty Ltd has also met the independence requirements of the APES 110 *Code of Ethics for Professional Accountants*.

PART A: AUDITOR'S REPORT (CONT.)

Our Responsibility

Our responsibility is to express an opinion on the Offsets Report, as to whether the Project was undertaken in accordance with the relevant legislation and whether the Project Proponent met the requirements of the Methodology Determination, based on the evidence we have obtained.

We conducted our reasonable assurance engagement in accordance with the *National Greenhouse and Energy Reporting (Audit) Determination 2009 (NGER Audit Determination)* and relevant national and international standards, as listed below. The NGER Audit Determination and relevant standards require that we plan and perform this engagement to obtain reasonable assurance about whether the Offsets Report is free from material misstatement, and whether the Project Proponent, met the requirements of the relevant legislation, in all material respects.

The following Standards on Assurance Engagements were used in undertaking the assurance engagement:

- ASAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information;
- ASAE 3100 Compliance Engagements;
- ASAE 3410 Assurance Engagements on Greenhouse Gas Statements;
- ASQM 1 Quality Management for Firms that Perform Audits or Reviews of Financial Reports and Other Financial Information, or Other Assurance or Related Services Engagements; and
- ASQM 2 Engagement Quality Reviews.

A reasonable assurance engagement, in accordance with the NGER Audit Determination, ASAE 3000, ASAE 3100, and ASAE 3410 involves performing procedures to obtain evidence about the quantification of abatement and related information in the Offsets Report, and about whether the Project Proponent have met the requirements of the relevant legislation. The nature, timing and extent of procedures selected depend on the Audit Team Leader's judgement, including the assessment of the risks of material misstatement or material non-compliance of the matter being audited, whether due to fraud or error.

In making those risk assessments, we consider internal controls relevant to the Offsets Report and the Project in order to design assurance procedures that are appropriate in the circumstances; but not for the purpose of expressing an opinion on the effectiveness of the Project Proponent's internal control processes.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Summary of Procedures Undertaken

The procedures conducted in performing our reasonable assurance engagement included:

- Identifying and documenting the key processes and controls relating to the Project's compliance with the CFI legislation, the Methodology Determination and the CFI Mapping Guidelines (**Guidelines**) through interviews with the Project Proponent and review of relevant material;
- Undertaking a risk assessment and control evaluation of processes used to ensure compliance with the CFI legislation and the Methodology Determination;
- Performing a review of the level of compliance with those controls assessed as effective for abatement data;
- Discussed details of the modelling of the Project activities in FullCAM with the Project Proponent;
- Recalculation of Project calculations and review of the assumptions supporting the calculations, including the use of high-resolution imagery to verify relevance and accuracy of field-data;
- Performing an evaluation on the risk of fraud, including reviewing potential over-claims and investigating any false and misleading information; and
- Undertaking a site visit to the Project land area and obtaining additional evidence as required to verify the on-ground environment.

Detailed procedures are included in [Part B](#) of the audit report.

PART A: AUDITOR'S REPORT (CONT.)

Use of our Reasonable Assurance Engagement Report

This report is intended solely for the use of the Project Proponent and the Clean Energy Regulator (**CER**) for the purpose of reporting on the Offsets Report for the Project.

Accordingly, we expressly disclaim and do not accept any responsibility or liability to any party other than the Project Proponent and CER for any consequences of reliance on this report for any purpose.

Inherent Limitations

There are inherent limitations in performing reasonable assurance engagements. For example, reasonable assurance engagements are based on selective testing of the information being examined, and it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement is not designed to detect all instances of non-compliance with the legislation, because such an engagement is not performed continuously throughout the reporting period being examined, and because the procedures performed in respect of compliance with the legislation are undertaken on a sample basis. The conclusion expressed in this report has been formed on the above basis.

Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and sampling or estimating such data.

Audit Opinion

In our opinion, in all material respects, for the reporting period 22 March 2023 to 28 February 2025, the:

- Project Proponent met all requirements of the Methodology Determination under subsection 106(3) of the CFI Act;
- Project Report has been prepared in accordance with section 13 and 76 of the CFI Act; and
- Project has been operated and implemented in accordance with the:
 - Project's section 27 Declaration;
 - Methodology Determination; and
 - Requirements of the CFI Act.

Signed:



Jean-Marc Imbert

Partner, Risk Advisory

RSM Australia

Melbourne

15 July 2025

PART B: DETAILED FINDINGS

As required under section 3.23 of the NGER Audit Determination, audit team leaders must outline the following:

Issues requiring particular attention

There were two issues identified that required particular attention during the course of the assurance engagement:

1. **Site Visit Observations** – During the site visit, out of the 51 points visited, we observed three instances of current grazing on vegetation and three instances where we believe the CEA may not achieve forest cover. As such, further monitoring may be required. This matter is further detailed under **Finding 1** in **Tables 1** and **2** of this Assurance Engagement Report below.
2. **Suppressive Mechanism** – It is difficult for the Auditor to distinguish whether the suppression of vegetation was caused by livestock, or whether drought was the main cause in regard to Section 4 (1)(b)(i) of the Methodology Determination, which relates to mechanisms that contributed to suppressing the development of forest cover. This challenge is compounded by the fact that the average head of cattle is 3,778.4 per year over the baseline, while the maximum stocking level set by the Pastoral Board of South Australia is 6,130 AE (adult equivalent), and the carrying capacity determined by RegenCo is 4,925 AE. The lack of baseline data in AE, with only head counts provided, further complicates the assessment. Without standardised measurements, it is challenging to accurately attribute the vegetation suppression to either livestock grazing or drought conditions. This issue was raised with the Project Proponent with the following points presented:
 - Stocking at the maximum stocking rates would undoubtedly lead to overgrazing;
 - Drought conditions increase the contribution of grazing to the suppression of Mulga regeneration; and
 - The grazing pressure on station during the low rainfall years exceeds what's required to ensure that there is no suppression of mulga regeneration and that available feed matched the grazing pressure present in that period.

We were satisfied with the response provided, acknowledging the complexities involved in distinguishing the causes of the suppression of native vegetation. This aligns with Section 4(2) of the Methodology Determination, which states that for land that is not conservation land it is irrelevant whether other external factors, such as drought or fire, also contributed to the suppression.

Aspects impacting on assurance engagement

Not applicable. There were no matters that materially impacted the carrying out of the assurance engagement.

Contraventions of CFI legislation

There were no contraventions of the Methodology Determination identified during the course of the assurance engagement.

Matters corrected during the course of the audit

There were three matters corrected during the course of the assurance engagement:

1. **Incorrect Date in Offsets Report** – The Offsets Report had an incorrect Start of Crediting Period, which was originally dated as 22/03/2025. The Auditor noted the incorrect date to the Project Proponent, who corrected it to 22/03/2023 in the Offsets Report. This matter is further detailed under **Finding 4** in **Tables 1** and **2** of this Assurance Engagement Report below.
2. **Fire Reporting Discrepancy** – The Auditor noted to the Project Proponent that there was a discrepancy with wildfire reporting between the Offsets Report and Stratification Report. The Offsets Report originally stated that there were no fires recorded during the reporting period, while the Stratification Report showed a fire in November 2023. The Project Proponent rectified this to include the November 2023 fire in the Offsets Report. This matter is further detailed under **Finding 5** in **Tables 1** and **2** of this Assurance Engagement Report below.
3. **Error in FullCAM Outputs Date** – The Auditor noted the initial carbon stock was calculated using incorrect FullCAM outputs dated 31 March 2023. Following this, the Project Proponent recalculated the initial carbon stock using correct FullCAM outputs from 28 February 2023. This matter is further detailed under **Finding 6** in **Tables 1** and **2** of this Assurance Engagement Report below.

Other Matters

Two other matters were identified during the course of the assurance engagement as detailed below:

Project Mechanism Evidence – There is an opportunity to enhance evidence collection practices, particularly in relation to the culling of feral animals. Strengthening the documentation and mustering evidence for these activities will provide more robust support for the Project's mechanism and ensure compliance. This matter is further detailed under **Finding 2** in **Tables 1** and **2** of this Assurance Engagement Report below.

PART B: DETAILED FINDINGS (CONT.)

Other Matters (Cont.)

1. **Security of Project Records** – The Auditor has identified an area for improvement related to the security of Project documents. The user “Fish Bowl” has editing access to the Project folders. This user is for a meeting room, which means all staff have access to the Project folders and may edit documents. Following discussions with the Project Proponent, they have said they are open to changing the access from Edit to View Only. This matter is further detailed under **Finding 3** in **Tables 1** and **2** of this Assurance Engagement Report below.

PART B: DETAILED FINDINGS (CONT.)

Table 1: Audit Findings and Conclusions

The table below summarises key audit procedures performed for this engagement and the corresponding outcome.

The results that are provided in the table below should not be construed as providing an opinion on the matter being audited as a whole, instead they should be read in the context of providing evidence to support the conclusion. These findings, conclusions and recommendations are designed to inform the Project Proponent and the CER of any compliance issues and will be used, in part, to better inform regulatory decisions and broader advice to the regulated community.

Risk	Testing conducted	Findings	Test Results
Declaration of an Eligible Offsets Project The Project was not undertaken, in all material respects, in accordance with sections 13 and 27 of the CFI Act.	- Assessed the application under section 13 is in accordance with the Act and applicable to the project. - Assessed that the information contained in the section 27 Declaration matches the Project; - Ensured conditions contained within the section 27 Declaration have been addressed; - Verified the Project Proponent's' legal right to undertake the project including: - Native Title and Land Title rights; - Confirmed relevant regulatory approvals were obtained in accordance with CFI legislation; and - All required EIHCs have been obtained. - Verified the Project is consistent with the type of project chosen under Part 3, Division 12 of the CFI Act by a physical site visit and reviewing photographs of: - Vegetation on the property for areas that have achieved forest cover; and - Areas where regenerating vegetation for Carbon Estimation Areas (CEAs) are representative of the main vegetation types in the Project area.	No exceptions were identified.	Based on the testing performed there were no matters identified to indicate, in all material respects, that the Project was not undertaken in accordance with sections 13 and 27 of the CFI Act.

PART B: DETAILED FINDINGS (CONT.)

Table 1: Audit Findings and Conclusions (Cont.)

Risk	Testing conducted	Findings	Test Results
CFI legislative compliance Offsets Reports were not prepared in accordance with the CFI legislation in all material respects.	- Assessed the Offsets Report for accuracy and completeness in accordance with section 76 of the CFI Act. - Assessed the Offsets Report for compliance with section 70(3) of the CFI Rule as applicable. - Assessed the project documentation for compliance with section 106 (3) of the CFI Act. - Ensured conditions contained within section 106 (3) of the CFI Act have been address - Assessed the Offsets Report for compliance with the CFI Guidelines.	No exceptions were identified, other than the Matters Corrected under Finding 4 and Finding 5 .	Based on the testing performed, there were no matters identified, other than the Matters Corrected under Finding 4 and Finding 5 , to indicate, in all material respects, that the Offsets Reports were not prepared in accordance with CFI legislation.
Identification and calculation of abatement <u>System controls</u> Material misstatements or omissions if the integrity of the software system is compromised.	Tested the effectiveness of the system controls within the software used by the Project Proponent. Our testing included verifying: - The Project Proponent's employee accesses of data management systems; - The security of the Project Proponent's activity on CER portal for the Project; - Quality assurance checks; and - Collection and transfers of monitoring reports and data between the Project Proponent. - The Project Proponent's employee access to the FullCAM 2020 spreadsheets.	No exceptions were identified	Based on the testing performed, there were no matters to indicate, in all material respects, there were control weaknesses in the systems used in the calculation of the abatement, or that the spreadsheets and other software relied upon to prepare the Offsets Report were compromised.

PART B: DETAILED FINDINGS (CONT.)

Table 1: Audit Findings and Conclusions (Cont.)

Risk	Testing conducted	Findings	Test Results
Identification and calculation of abatement (Cont.) <u>Controls surrounding collation of data</u> Control weakness exist in the review of abatement data generated from FullCAM 2020. Insufficient controls increase the risk that material misstatements are not prevented or detected.	- Performed tests on the effectiveness of operating controls for collation of abatement data. Controls tested included: - Review of reports generated from FullCAM 2020 for the Project Proponent's calculation spreadsheets; and - Management review and approval of the final Offsets Report. - Assessed the FullCAM 2020 abatement data identification and capture processes to determine if there had been any material omission of data; and - Assessed onsite data collation and record keeping processes through desktop review of documentation and interviews with relevant Key Personnel.	No exceptions were identified.	Based on the testing performed, there were no matters identified, to indicate, in all material respects, that FullCAM 2020 abatement data collation and review controls were insufficient such that material misstatements would not be detected prior to submission in the Offsets Report.

PART B: DETAILED FINDINGS (CONT.)

Table 1: Audit Findings and Conclusions (Cont.)

Risk	Testing conducted	Findings	Test Results
Identification and calculation of abatement (cont.) <u>Methodology Determination compliance</u> Offsets Reports have not met the requirements of the Methodology Determination.	Reviewed the methodology applied by the Project Proponent for the calculation of the net abatement and ensured it was compliant with the Methodology Determination. This included: - Reviewing - Supporting evidence to confirm eligibility project in accordance with Part 3 of the Methodology Determination; - Stratification of the Project area to ensure the CEAs comply with the 2018 CFI Mapping Guidelines, and the Methodology Determination; - Relevance and accuracy of the Project's use of field data; - Processes involved and activities included in the modelling of the Project in FullCAM; - Monitoring arrangements of CEAs; and - Monitoring undertaken in accordance with Part 5 of the Methodology Determination, and - On-ground vegetation types. - Verifying the net abatement equations used and calculations performed are in accordance with Part 4 of the Methodology Determination. - Arranging discussions with Project Proponent Key Personnel to gain an understanding of the Project's modelling, stratification and monitoring processes. - Conducted a site visit to inspect the property and observe the vegetation, species types, fencing and infrastructure included in the Offsets Report along with the CEA boundaries on the Project area.	No exceptions were identified, other than Finding 1 and Finding 2.	Based on the testing performed, there were no matters identified to indicate, in all material respects, other than Finding 1 and Finding 2, that material abatement data was omitted from the Offsets Reports or that the net abatement calculations have not been performed in accordance with the Methodology Determination.

PART B: DETAILED FINDINGS (CONT.)

Table 1: Audit Findings and Conclusions (Cont.)

Risk	Testing conducted	Findings	Test Results
Identification and calculation of abatement (cont.) <u>Compliance with Guidelines</u> The stratification of CEAs is not compliant with the requirements of the Guidelines, resulting in material abatement data being omitted.	Reviewed the methodology applied by the Project Proponent to undertake stratification and calculation of the net abatement and ensured it is compliant with the Guidelines. This included: - Reviewing the process of excluding: - Pre-existing forest cover and verifying the areas excluded are accurate; and - Land without forest potential and verifying the areas excluded are accurate. - Verifying: - Areas that demonstrate attainment of forest cover; and - Any additional requirements as per the transitional provision (if required). - Reviewing: - Photographs of the main species that make up the forest cover on the property; - Photographs of the regenerating vegetation in CEAs which show morphological features that were used in identification; - Documentation and on-site imagery of the Agent's data collection processes, together with data collected; and - The processes undertaken to perform the stratification, modelling and abatement calculations. - Conducting a walkthrough with the project proponent to understand the processes undertaken to perform the stratification of the project. - Performing a site visit to the Project area to ground truth the stratification of the Project.	No exceptions were identified, other than Finding 1.	Based on the testing performed there were no matters identified, other than Finding 1, to indicate, in all material respects, the stratification of CEAs is not compliant with the requirements of the Guidelines, resulting in material abatement data being omitted by the Project Proponent.

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PART B: DETAILED FINDINGS (CONT.)

Table 1: Audit Findings and Conclusions (Cont.)

Risk	Testing conducted	Findings	Test Results
Identification and calculation of abatement (cont.) <u>Monitoring disturbance events</u> Disturbance events have not been appropriately identified by the Project Proponent.	- Enquired with the Proponent to understand if any growth disturbance events have occurred and how these have been captured; - Reviewed: - The processes for monitoring Project disturbance events and verify compliance with the Methodology Determination; - Images of Project activities and disturbance events; and - Documentation to verify the dates of management activities and disturbance events. - Conducted interviews with representatives (land managers) of the Project Proponent to review process for monitoring disturbance events.	No exceptions were identified, other than Finding 1 .	Based on the testing performed, there were no matters identified to indicate, other than Finding 1 , in all material respects, control weaknesses which would increase the risk that the Project Proponent would not appropriately identify disturbance events.
<u>Completeness and accuracy</u> Material abatement data was omitted from the Offsets Report and the net abatement calculations have not been performed in accordance with the Methodology Determination.	- Assessed the stratification of the Project area and the Project's operation processes including removal of biomass from CEAs, livestock and grazing restriction, restriction on mechanical or chemical destruction of native vegetation and use of lime or fertiliser to determine if there had been any material omission of data. - Verified: - The completeness and accuracy of the net abatement calculations; and - That the exclusion areas were correctly treated and accounted for. - Reviewed the FullCAM 2020 input parameters for accuracy.	No exceptions were identified, other than the Matter Corrected under Finding 6 .	Based on the testing performed there were no matters identified to indicate, other than the Matter Corrected under Finding 6 , in all material respects, that abatement data was incomplete or inaccurate in the Offsets Report or the underlying net abatement calculations.

PART B: DETAILED FINDINGS (CONT.)

Table 1: Audit Findings and Conclusions (Cont.)

Risk	Testing conducted	Findings	Test Results
Record keeping <u>Documentation of CFI process</u> Not meeting the requirements of the CFI Act, in all material respects, if the CFI reporting processes of the Advisor are not formally documented and communicated to staff involved, e.g., a 'basis of preparation' document or standard operating procedures.	- Examine SOPs in relation to the Project reporting processes that the Project Proponent has in place and any mitigating controls, including the role of consultants used. - Conduct interviews with Key Personnel (and the onsite property manager). - Request specific records held onsite to be provided electronically. - Review electronic documentation security arrangements.	No exceptions were identified.	Based on the testing performed, there were no matters identified, to indicate, in all material respects, that processes were inadequately documented and communicated.
<u>Record keeping procedures</u> Not meeting the record keeping or reporting requirements of section 191 of the CFI Act where robust processes are not in place.	- Examined formalised documentation in relation to the ACCU that the Project Proponent has in place or any mitigating controls; - Verified all required records are held on file in relation to both the decision-making processes for the calculation and the data analysis methods used for abatement calculations; and - Assessed whether the security of records and timeframes they are held are in accordance with the CFI Act.	No exceptions were identified, other than the Matter Corrected under Finding 5 .	Based on the testing performed, there were no matters identified to indicate, other than the Matter Corrected under Finding 5 , in all material respects, that record keeping processes were inadequate.

PART B: DETAILED FINDINGS (CONT.)

Table 1: Audit Findings and Conclusions (Cont.)

Risk	Testing conducted	Findings	Test Results
Fraud Material misstatement of the Offsets Reports by the Project Proponent to claim more ACCUs and gain an increased financial benefit.	- The procedures listed above were designed to mitigate the risk of fraud. Furthermore, we: - Enquired with management in regard to: - Any inappropriate or unusual activity relating to the collection and collation of abatement data, calculation of abatement, and reporting; and - Any compensation schemes associated with ACCUs claims. - Considered the need to test manual adjustments to the abatement calculations. - Reviewed estimates for biases and evaluate wither the circumstances producing the bias represent a risk of material misstatement due to fraud. - Determined if there is the need for specialised skills or the need of an expert in relation to the implementation of the Project.	No exceptions were identified, other than the Improvement Opportunity detailed under Finding 3 .	Based on the testing performed, there were no matters identified to indicate, other than the Improvement Opportunity detailed under Finding 3 , in all material respects, control weaknesses which would substantially increase the risk of fraud and subsequently lead to the Offsets Reports being materially misstated.

PART B: DETAILED FINDINGS (CONT.)

Table 2: Audit Findings and Recommendations

Issue / Risk area		Findings	Conclusion and recommendations
1. Site Visit Observations	Risk Rating		Conclusion
		During the site visit, out of the 51 points visited, we observed three instances of current grazing on vegetation and three instances where we believe the CEA parts may not achieve forest cover. As such, we believe further monitoring will be required to ensure that regenerating vegetation progresses towards forest cover. Further detail of this instances below: ▪ Instances where there is current grazing on vegetation: - RSM23 (-26.364266, 133.691911) - RSM30 (-26.250775, 133.644310) - RSM75 (-26.467683, 134.138233) We are of the opinion that further monitoring is required as grazing on regenerating vegetation may not support the Project mechanism required in Section 12 of the Methodology Determination, which outlines that the Project Proponent must undertake HIR activities in a way that can reasonably be expected to result in the area becoming native forest cover. Without active monitoring, grazing could reach levels that negatively impact the regeneration of native forest cover. ▪ Instances where drought is impacting regeneration: - RSM31 (-26.258522, 133.589185) We are of the opinion that further monitoring is required as if drought continues to impact this area, killing regenerating vegetation, it may no longer reasonably be expected that the particular CEA part will become native forest through regeneration or attain forest cover and may require restratification in line with Section 18(3) of the Methodology Determination. ▪ Instances where the area is unlikely to achieve forest cover due to the low number of recruits and juveniles: - RSM08 (-26.612342, 133.799650) - RSM76 (-26.461226, 134.127288) We are of the opinion that due to the insufficient number of recruits and juveniles in these areas, it is unlikely that these particular CEA parts will regenerate into native forest or achieve forest cover and further monitoring may be required. Therefore, restratification in line with Section 18(3) of the Methodology Determination may be necessary if progress off the vegetation towards forest cover cannot be demonstrated.	There is a low risk that the Project Area is not being sufficiently monitored. Instances of current grazing on vegetation may impact the ability of the regenerating vegetation to progress towards forest cover if corrective actions and enhanced monitoring activities are not implemented. Aras impacted by drought and areas with low number of recruits and juveniles will need to be further monitored for progress of the regenerating vegetation towards forest cover, and if required restratify in line with Section 18(3) of the Methodology Determination. Recommendation The Auditor recommends the Project Proponent to: ▪ Review and enhance the monitoring approach related to the grazing activities in the affected areas; ▪ Review and enhance the monitoring approach related to the drought affected area; and ▪ Closely monitor the areas identified as unlikely to achieve forest cover for forest potential and progress of the regenerating vegetation towards forest cover. If required, the areas should be restratified in line with Section 18(3) of the Methodology Determination. Management Comments RegenCo will work with the landholders to closely monitor these areas and where possible further reduce grazing pressure on these areas to provide

PART B: DETAILED FINDINGS (CONT.)

Table 2: Audit Findings and Recommendations

Issue / Risk area		Findings	Conclusion and recommendations
1. Site Visit Observations (Cont.) Risk Rating L		As above.	Management Comments (Cont.) maximal opportunity for these areas to regenerate into forest.

PART B: DETAILED FINDINGS (CONT.)

Table 2: Audit Findings and Recommendations

Issue / Risk area		Findings	Conclusion and recommendations
2. Project Mechanism Evidence Risk Rating E		Overall, the Auditor believes that the Project Proponent is effectively undertaking the Project in a manner that supports the Project mechanism, which is required under Section 12 of the Methodology Determination. The reduction in livestock grazing within the Project area aligns with the Project's objectives. However, there is an opportunity to enhance evidence collection practices, particularly in relation to the culling of feral animals.	Improvement Opportunity There is an opportunity for the Project Proponent to strengthen the documentation and mustering evidence for the activities they undertake that results in regeneration, in relation to evidence required for Section 12 of the Methodology Determination. This will provide more robust support for the Project's mechanism and ensure compliance. Management Comments RegenCo notes this feedback and will work with the landholders to provide more rigour in the process of collecting evidence, especially in relation to the culling of feral animals. As was pointed out through this audit, management of feral animals was formally removed as a HIR project management activity.

PART B: DETAILED FINDINGS (CONT.)

Table 2: Audit findings and Recommendations (Cont.)

Issue / Risk area		Findings	Conclusion and recommendations
3. Security of Project Records Risk Rating E		The Auditor has identified an area for improvement related to the security of Project documents. The user “Fish Bowl” has editing access to the Project folders. This user is for a meeting room, which means all staff have access to the Project folders and may edit documents. Following discussions with the Project Proponent, they have said they are open to changing the access from Edit to View Only.	Improvement Opportunity There is an opportunity for the Project Proponent to increase the security of their Project-related records by changing the access of user “Fish Bowl” from Edit to View Only. Management Comments RegenCo has since taken this feedback on and changed the access to View Only.

PART B: DETAILED FINDINGS (CONT.)

Table 2: Audit findings and Recommendations (Cont.)

Issue / Risk area	Findings	Conclusion and recommendations
4. Incorrect Date in Offsets Report Risk Rating I	The Offsets Report had an incorrect Start of Crediting Period, originally dated as 22/03/2025. The Auditor noted the incorrect date to the Project Proponent, who corrected it to 22/03/2023 in the Offsets Report.	Conclusion The Auditor raised this finding with the Project Proponent via RFI. The Project Proponent opted to correct this issue and submit an updated version of the Offsets Report to the Auditor for review with the corrected Start of Crediting Period date. The Auditor found no issues with the updated version of the Offsets Report and this matter was corrected prior to the conclusion of the assurance engagement. Management Comments RegenCo thanks RSM for identifying this typing error.

PART B: DETAILED FINDINGS (CONT.)

Table 2: Audit findings and Recommendations (Cont.)

Issue / Risk area	Findings	Conclusion and recommendations
5. Fire Reporting Discrepancy Risk Rating I	The Auditor noted to the Project Proponent that there was a discrepancy with wildfire reporting between the Offsets Report and Stratification Report. The Offsets Report originally stated that there were no fires recorded during the reporting period, while the Stratification Report showed a fire in November 2023. The Project Proponent rectified this to include the November 2023 fire in the Offsets Report.	Improvement Opportunity There was an opportunity for the Project Proponent to improve the clarity and accuracy of the Offsets Report by ensuring that information related to wildfire events is consistent across all project documentation including the Offsets Report and Stratification Report. The Project Proponent submitted an updated Offsets Report for Auditor's review after this observation was raised via RFI. The Auditor found no issues with the updated Offsets Report and this matter was corrected prior to the conclusion of the assurance engagement. Management Comments RegenCo thanks RSM for pointing out the misleading statement that was in the original version of the offsets report.

PART B: DETAILED FINDINGS (CONT.)

Table 2: Audit findings and Recommendations (Cont.)

Issue / Risk area	Findings	Conclusion and recommendations
6. Error in FullCAM Outputs Date Risk Rating I	The Auditor noted the initial carbon stock (which is determined by Section 33(5)(a) of the Methodology Determination) was calculated using incorrect FullCAM outputs dated 31 March 2023. The Auditor raised this observation with the Project Proponent via RFI. Following this, the Project Proponent recalculated the initial carbon stock using correct FullCAM outputs from 28 February 2023 which was deemed to be compliant with Section 33 (5) (a) of the Methodology Determination.	Conclusion The Auditor raised this observation with the Project Proponent via RFI. The Project Proponent opted to correct this issue and submit updated FullCAM files to that Auditor for review. The Auditor found no issues with the updated FullCAM files and this matter was corrected prior to the conclusion of the assurance engagement. Management Comments RegenCo thanks RSM for pointing out this slight error in the RegenCo's FullCAM calculator. The master template has been updated for future project use.

PART B: DETAILED FINDINGS (CONT.)

Risk Rating

Risk Ratings		
Extreme		Issues which may have a catastrophic impact upon the quality and accuracy of data reported in the Offsets Report and/or upon compliance with the Methodology requirements if they are not addressed immediately.
High		Issues which may have a major impact on the quality and accuracy of data reported in the Offsets Report and/or on compliance with the Methodology requirements if they are not addressed as a matter of priority.
Medium		Issues which may have a moderate impact on the quality and accuracy of data reported in the Offsets Report and/or on compliance with the Methodology requirements if they are not addressed within a reasonable timeframe.
Low		Issues which are not likely to immediately impact on the quality and accuracy of data reported in the Offsets Report and/or on compliance with the Methodology requirements but may in future if plans are not put in place to rectify the issue.
Improvement		Standalone suggestion for improvement.
Implemented		Issue resolved as recommendation has been implemented during the review.

PART B: DETAILED FINDINGS (CONT.)

Peer Reviewer Conclusion

Name of peer reviewer	[REDACTED]
Peer reviewer's credentials	RSM Australia Pty Ltd Partner Category 2 Registered Greenhouse and Energy Auditor
Peer reviewer's contact details	Level 3/488 Queen St Brisbane City QLD 4000 Phone: [REDACTED] Email: [REDACTED]
Outcome of the evaluation undertaken by the peer reviewer	I have reviewed the Assurance Engagement Plan, Assurance Engagement Report and supporting work papers and I am satisfied that the engagement has been performed in accordance with the requirements of relevant assurance standards, including ASAE 3000 <i>Assurance Engagements Other than Audits or Reviews of Historical Financial Information</i> , ASAE 3100 <i>Compliance Engagements</i> and ASAE 3410 <i>Assurance Engagements on Greenhouse Gas Statements</i> .

Signed:



Jean-Marc Imbert

Partner

RSM Australia

Melbourne

15 July 2025

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