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GOVERNANCE

CARBON FRIENDLY HOLDINGS PTY LTD

ACN: 645 081 741

SHAREHOLDERS:

GYSBERT & MARIA VISSER as Trustees for the Meliponini Family Trust

BUSTER & MOB PTY LTD [ACN 642 393 708] as Trustee for Buster Enterprises Trust

LACHMAC PTY LTD [ACN 137 967 269]

VANADIT PTY LTD [ACN 116 249 382] as Trustee for the Van Rooyen Environment Trust

RECITALS

- A. The Company is **CARBON FRIENDLY HOLDINGS PTY LTD ACN: 645 081 741** and is owned by the shareholders and governed by the board of directors of the Company.
- B. This document sets out certain provisions agreed between the parties relating to governance of the Company and conduct of its operations, as well as other aspects of the shareholder relationship.

1 BUSINESS AND OPERATIONS

1.1 The Business

Business means the business of performing carbon footprint audits and assessments, provision of carbon footprint consultancy and marketing, carbon and climate certification of crops and farms, establishing, maintaining and promoting a carbon credit register or undertaking trading and placement of such credits, associated intellectual property products and ancillary undertakings, and associated purposes.

Unless the Board resolves otherwise, the Company must ensure that the Company does not carry on any activity or operation other than the Business.

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1.2 Place of Business

The Company will carry on the Business any place that the Shareholders decide.

1.3 Registered Office

Unless and until otherwise agreed in writing between the Shareholders:

- a) the financial year of the Company will commence on 1 July of each year and terminate on 30 June of the following year;
- b) the first financial year of the Company shall commence on the date of its registration and will terminate on 30 June of the following year;
- c) the registered office of the Company will initially be located at care of OBT Accounting & Tax, 20 William Street, Gatton, Queensland 4343 (or any other address as may be approved by the Board from time to time).

2 SHAREHOLDERS' INTERESTS

The Parties acknowledge that, as at the Commencement Date, the capital structure of the Company is as follows:

Shareholder	Shares	%
Buster	10	10%
MacFarlane	10	10%
Vanadit	10	10%
Meliponini	70	70%
TOTAL	100	100%

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3 THE BOARD

3.1 Appointment of Directors

- a) Subject to clause 9.2, each Shareholder holding at least 20% of the issued shares as its ShareholderProportion may appoint, by notice in writing to the Company, one Director.
- b) The Directors to be in office with effect from the Commencement Date are to be **Mariki Visser** and **Francois Visser** (for **Meliponini**), who have consented in accordance with the Corporations Act and being eligible to act.
- c) On or before the Commencement Date, the Shareholders must ensure the holding of a general meeting of the Company for the purposes referred to in clause 9.1(b).

3.2 Requirements prior to Appointment of a Director

The appointment of a Director by a Shareholder is subject to and conditional upon the Nominated Director:

- a) being actively involved in the Business of the Company at all times; and
- b) having appropriate residency and other nationality status to hold the position of Director of an Australian Company.

3.3 Meetings

- a) Board Meetings

Board meetings that include Directors and Shareholders must be held at least once every 6 months, unless otherwise agreed by during the Board meeting.

- b) Quorum

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- I. The quorum for a Board meeting is where the majority of Directors and 75% of the Shareholders are present. A quorum must be present for the whole of a meeting.

- II. A quorum will not lapse if a Shareholder or Director is prohibited by law or under an agreement between the Shareholders from being present at all or part of a Board meeting.

3.4 Voting majorities

a) Special resolution

The following matters require a special resolution of the Board, which must be accepted by a majority vote of at least 75% of the issued shares of the capital of the Company, unless expressly provided for in the Business Plan or Budget:

- I. incurring any capital expenditure or liability of \$50,000 or more, for an individual transaction or for a series of transactions in aggregate in any financial year;

- II. the acquisition of any freehold land;

- III. entering into leases of real property with rental payments of more than \$100,000 for each financial year;

- IV. provision of guarantees by the Company to any third party;

- V. obtaining new or increasing existing external borrowings;

- VI. sale of the whole or part of any material undertaking of the Company including, without limitation, the sale of any assets with a value of \$50,000 or more;

- VII. entering into any transaction which is not proposed on a commercial arm's length basis or of any unusual or onerous nature or which is outside the ordinary course of the Business;

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- VIII. the issue of any Shares, or options to take up un-issued Shares;
- IX. provision of any encumbrance by the Company over any of its assets, property, undertaking or uncalled capital securing any amount in excess of \$50,000;
- X. subscription for, or acquisition or sale of, any Shares in any company including, without limitation, the formation, sale or acquisition of any company as a subsidiary of the Company;
- XI. execution of contracts between the Company and any Shareholders or its related body corporate;
- XII. commencement of any new business (other than the Business); and
- XIII. any modification, variation or amendment to any agreement or arrangement (other than this document) referred to in this clause 9.3(b)(i).

3.5 Decisions of Directors

To the extent permitted by law, a director may make a decision in the interests of a Shareholder, without being required to have regard to the interests of the other Shareholders individually.

4 MANAGEMENT OF THE COMPANY

4.1 Board

Management of the Company is vested in the Board

4.2 Business Plan and Budget

- a) The Company must conduct the Business in accordance with the Business Plan and Budget.

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- b) The Directors must adopt a Business Plan and Budget for each financial year.
- c) At least 3 months before the commencement of each financial year the Company must prepare and distribute to the Directors and Shareholders a draft Business Plan and Budget for each financial year.
- d) The Directors must consider the draft Business Plan and Budget and adopt a Business Plan and Budget for the next financial year before commencement of that financial year.
- e) The Business Plan and Budget must:
 - I. give Directors and Shareholders a true and fair view of the current and anticipated future financial position of the Company;
 - II. set out in detail particulars of proposed business activities;
 - III. provide details of expected revenue and expenditure;
 - IV. contain a forecast profit and loss account, balance sheet and statement of cash flows;
 - V. specify the amount of additional capital (if any) required in the forecast period for the proper conduct of the Business and the Company.
- f) If the Directors fail to adopt a Business Plan and Budget before the commencement of a financial year then:
 - I. each Shareholder must ensure that the Director use its best efforts to adopt a Business Plan and Budget for the financial year; and
 - II. the Budget for that financial year will consist of:
 - A. that part of the Budget for the previous financial year that applies to the current financial year; and

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- B. a continuation of the Business and the business activities proposed in the Business Plan and Budget for the previous financial year.

4.3 Accounts

- a) The Directors must keep proper accounting records and accounts.
- b) The Directors must cause the accounts to be prepared in relation to each financial year and forwarded a financial summary to each shareholder within three months after the end of therelevant financial year.
- c) The Directors must ensure that the accounts are prepared in accordance with approved accounting standards.