The Climate Action Reserve is an environmental nonprofit organization that encourages actions to reduce GHG emissions and works to ensure environmental benefit, integrity, and transparency in market-based solutions to address global climate change.

The Reserve serves as an approved Offset Project Registry (OPR) for the State of California’s Cap-and-Trade Program, playing an integral role in supporting the creation and administration of compliance offsets. The Reserve also establishes high quality standards for offset projects in the North American voluntary carbon market and operates a transparent, publicly-accessible registry for carbon credits generated under its standards.

Drawing from its experience and knowledge in GHG accounting, the Reserve has launched innovative climate solutions that advance emissions reductions opportunities. The Climate Impact Score program quantifies and assesses the climate impact of projects financed by investments and supports the growth of investments that positively impact the environment. The California Environmental Quality Act (CEQA) GHG Mitigation Registry offers the opportunity to invest proactively in projects that will reduce GHG emissions and receive mitigation credits to address emissions forecasted to occur from projects under CEQA.

The Climate Action Reserve is a private 501(c)(3) nonprofit organization headquartered in Los Angeles, California.

Dear friends and colleagues,

The Climate Action Reserve has always supported and encouraged collaborative approaches to addressing climate change, and in 2017, we could not have been more appreciative for the great partnerships in which we engaged and the support we received. Those partnerships and support were critical in helping us strengthen our core work in offsets and expanding our work into new areas. A few of the Reserve’s major achievements in 2017 included releasing updated protocols for grassland, forest, and Mexico forest; embarking on a protocol revision and expansion for nitrogen management; reaching the milestone 100 million offset credits issued; and issuing the first credits under our Mexico Forest Protocol. In supporting the advancement of effective and impactful climate policy, we were honored to have opportunities to educate California legislators on the role of offsets in an extended cap-and-trade program (AB 398) and host an impressive delegation of bipartisan representation from 11 U.S. states and four governors at the UNFCCC COP 23 climate conference.

Looking ahead for 2018, we are confident that together we will continue to push forward the ideas and strategies crucial to meeting the climate challenge. This includes unyielding progress on clean and renewable energy, pushing towards commitments under the Paris Agreement, supporting subnational leadership from jurisdictions across the globe, and demanding (and voting for) climate justice.

Warm regards,
Craig Ebert
President, Climate Action Reserve
Over the course of the year, the Reserve registered 41 new offset projects that collectively earned 9.8 million offset credits. One of those projects was the San Juan Lachao forest project, which represented the first credits issued under the Reserve’s Mexico Forest Protocol.

In October 2017, the Reserve reached the milestone achievement of issuing over 100 million offset credits, which is equivalent to removing over 21 million passenger vehicles driven for one year. The achievement highlighted the importance of offsets as key tools for addressing climate change and achieving emissions reduction goals.

The Reserve was also proud to report that over 5.3 million Climate Reserve Tonnes (CRTs) were retired through 440 transactions in the voluntary carbon market during 2017, bringing the total offset retirement of CRTs since the program began to 30.4 million.

In 2017, the Reserve updated several of its offset project protocols as part of its ongoing effort to incorporate best practices, improved standards and stakeholder input:

- Release of the Mexico Forest Protocol Version 1.4 in January 2017 and Version 1.5 in September 2017
- Adoption of Version 4.0 of the Forest Project Protocol Version in June 2017
- Adoption of the Grassland Project Protocol Version 2.0 in January 2017
- Began the revision and expansion of the Nitrogen Management Project Protocol (NMAPP) to improve protocol use and applicability

**Reserve Program Highlights**

**Project Map**

- Forest
- Livestock
- Organic Waste Digestion
- Organic Waste Composting
- Landfill
- Ozone Depleting Substances
- Nitric Acid Production
- Coal Mine Methane
- Urban Forest

**Reserve Program Statistics**

- Account holders: 245
- Total projects: 529
- Offsets issued: 102,552,577
- CRTs/ROCs converted to ARBOCs – early action and compliance: 45,825,043
- CRTs in the forest buffer pool: 180,076
- Total CRTs retired: 30,415,727
MEXICO

The Reserve achieved a trailblazing milestone in October 2017 when it issued its first offset credits under the Mexico Forest Protocol to the San Juan Lachao forest project in Oaxaca. The project earned 17,063 CRTs for two reporting periods, but it is more than a committed effort to increase sequestration for climate mitigation – it is also a source of pride for the community. The forest carbon project has brought employment, new job skills, and increased responsibilities for community members. The project will provide an economic incentive that will enable a more productive forest in terms of timber production by rewarding the community to maintain the best-growing trees in the short term.

In addition to the Mexico Forest Protocol, the Reserve has four other protocols applicable for use in Mexico, addressing emissions from boiler efficiency, landfill, livestock, and ozone depleting substances. The Reserve’s Mexico protocols provide a standardized, streamlined, and flexible way for emissions reductions activities in Mexico to earn offset credits that can be used in the North American voluntary carbon market. The Reserve is actively working to advance offsets in Mexico and is committed to strengthening collaboration with Mexican government and industry on emissions reduction activities and cross-border initiatives.

ONTARIO

The Reserve was retained by the Government of Ontario to develop up to 13 offset protocols for use in Ontario, Quebec, and potentially other Canadian provinces. The Reserve’s partners for the work include Viresco Solutions, Brightspot Climate, Cap-Op Energy, Green Analytics and ÉcoRessources.

In May 2017, the Reserve completed the adaptation of the first draft offset protocol for Ontario, addressing landfill gas projects. The second protocol, which is for mine methane capture, was delivered in the summer of 2017. This protocol, along with the ODS destruction protocol, is expected to be posted for public comment in the spring of 2018. The remaining protocols are on track to be completed later in 2018. Wherever feasible, the protocols will be applicable across Canada.

The Reserve is honored and committed to supporting the development of a supply of high quality offsets with integrity, transparency and financial value for Ontario’s GHG program.

Climate Impact Score, CEQA GHG Mitigation Registry

CLIMATE IMPACT SCORE

The Reserve was honored to introduce its Climate Impact Score program to the climate finance sector by using its rigorous, standardized approach to assess the climate impact of three different climate investments. By providing the finance and climate community with easily understood data supported by a rigorous methodology, the program allows stakeholders to assess the greenhouse gas reduction potential of investment products across asset classes. The Reserve also convened and started taking guidance from the Climate Impact Score Advisory Council. Members include Tevesa Barnes, Executive Director, California Infrastructure and Economic Development Bank (CalBank); Bryan Garcia, President and CEO, Connecticut Green Bank; Alan Gordon, Senior Fellow for Climate Impact Score; Sean Peirce, Executive Director, The Climate Trust; and Douglass Sims, Director of Strategy and Finance, Center for Market Innovation, NRDC.

CEQA GHG MITIGATION REGISTRY

The Reserve continued development of its California Environmental Quality Act (CEQA) GHG Mitigation Registry, a complementary companion program to the Reserve’s offset registry. During this pilot phase, development was guided by work on a specific pilot project. The CEQA registry enables companies and organizations to invest proactively in projects that will reduce greenhouse gas emissions forecasted to occur once the projects are fully implemented. Building from the Reserve’s knowledge and experience in emissions reduction standards, it also enables programs and projects to utilize real, permanent emissions reductions with a high level of environmental integrity.
COP 23
The Reserve was honored to co-host a delegation that included bipartisan representation from 11 states, four governors, environmental nonprofit leaders, and business leaders to the UNFCCC COP 23 climate change conference in Bonn, Germany. Together with The Climate Registry and the Georgetown Climate Center, the Reserve hosted five side events on subnational strategies and actions in North America, featuring distinguished climate leaders including Governor Jerry Brown of California, Governor Kate Brown of Oregon, Governor Jay Inslee of Washington, and Governor Terry McAuliffe of Virginia.

PROTOCOL TRAININGS
The Reserve held several trainings for project developers and verification bodies on the Mexico Forest Protocol, Landfill Project Protocol, Grassland Project Protocol, and General Project Verification. The trainings provided detailed guidance on the protocols, documents, and tools that support project development and verification.

NACW 2017
The 15th annual Navigating the American Carbon World (NACW) conference continued the event’s long-standing tradition of providing valuable insights from speakers and sessions, facilitating thoughtful discussions among fellow carbon and climate policy professionals, and providing outstanding networking opportunities for collaboration and growth. NACW welcomed over 500 attendees and outstanding speakers, including Governor Jerry Brown, California Senate President pro Tem Kevin de León, Environment and Climate Change Canada Minister Catherine McKenna, SEMARNAT Undersecretary Rodolfo Lacy, Ontario Ministry of the Environment and Climate Change Minister Glen Murray, California EPA Secretary Matt Rodriguez, California Air Resources Board Chair Mary Nichols, Tom Steyer, Tom Toles, and more.

MEDIA HIGHLIGHTS
In 2017, the Reserve was featured in several articles from trade publications to regional and national publications across the United States, including the Los Angeles Times, Sacramento Bee, AP, E&E News, Environmental Finance, Orange County Register, San Jose Mercury News, SF Gate, Carbon Pulse, Imperial Valley News, The Oregonian, Clean Technica, San Diego Union Tribune, Salt Lake Tribune, Argus, Portland Business Journal, AgWeb, MaineBiz, Ecosystem Marketplace, ICIS, CaliforniaCarbon.info, and Climate Change Business Journal.

WEBINARS
The Reserve hosted numerous topical informational webinars on key developments in the carbon landscape, including subnational leadership at COP 23, California’s extension of its Cap-and-Trade Program with the passage of AB 398, registering projects under California’s Compliance Offset Program, introduction to the Forest Project Protocol Version 4.0, and introduction to the Mexico Boiler Efficiency and Mexico ODS Project Protocols.
**GOVERNING BOARD**

- **Linda Adams**, Chair  
  Former Secretary for Environmental Protection, California Environmental Protection Agency; Partner, Clean Tech Advocates

- **Peter Liu**, Vice Chair  
  Managing Director, Clean Energy Advantage Partners

- **Peter M. Miller**, Secretary  
  Senior Scientist, Natural Resources Defense Council

- **Jeffrey Kightlinger**, Treasurer  
  General Manager, Metropolitan Water District of Southern California

- **Jan Schori**, Audit Committee Chair  
  Retired General Manager, Sacramento Municipal Utility District

- **Steve Corneli**  
  Clean Energy Advisor

- **Cynthia Cory**  
  Director, Environmental Affairs, California Farm Bureau Federation

- **Gary Gero**  
  Chief Sustainability Officer, County of Los Angeles

- **Rodolfo Lacy Tamayo**  
  Undersecretary for Environmental Policy and Planning, Mexico Secretariat of Environment and Natural Resources

- **John Laird**  
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  Vice President, Federal Affairs, PG&E Corporation

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  Vice President, Strategic Partnerships, Advanced Energy Economy

- **Tim Profeta**  
  Director, Nicholas Institute for Environmental Policy Solutions; Assoc Prof of the Practice at the Sanford School of Public Policy, Duke University

- **Dr. Stephan Schwartzman**  
  Director, Tropical Forest Policy, Environmental Defense Fund

- **Nancy Sutley**  
  Chief Sustainability and Economic Development Officer; Los Angeles Department of Water and Power

**ADVISORY BOARD**

- **Right Honorable Kim Campbell**  
  Former Prime Minister of Canada

- **Hon. Gray Davis**  
  Former Governor, State of California; Of Counsel, Loeb & Loeb

- **Hon. Fran Pavley**  
  Former California State Senator

- **Diane Wittenberg**  
  Founding President, California Climate Action Registry

- **Ed Begley, Jr.**  
  Actor and environmental activist

**FISCAL YEAR 2017 REVENUE AND SUPPORT**

- Conference 11%
- Contracts 3%
- Reserve Fees 76%
- Workshop Income 1%
- Grants/Contributions 7%
- In-Kind/Miscellaneous/Interest 2%

**FISCAL YEAR 2017 EXPENSES**

- Program Services 63%
- Management and General 28%
- Fundraising 10%

**CONDENSED STATEMENT OF FINANCIAL POSITION**

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<tr>
<th>Category</th>
<th>Amount</th>
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<tbody>
<tr>
<td>Total Assets</td>
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<tr>
<td>Liabilities</td>
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<tr>
<td>Net Assets</td>
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<tr>
<td>Total Revenues and Other Support</td>
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<tr>
<td>Changes in Net Assets</td>
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