



ANNIVERSARY
CLIMATE
ACTION
RESERVE

— 2001 • 2021 —

2021 ANNUAL REPORT

Letter from the President

2021 commemorated the 20th anniversary of the Climate Action Reserve. Since March 2001, we have worked to set the standard for greenhouse gas (GHG) emissions accounting and to encourage actions to measure and reduce GHG emissions with the highest degree of transparency and integrity. In the span of 20 years, the Reserve has grown into the most experienced, trusted, and efficient offset registry to serve the carbon markets. In addition to serving the California Cap-and-Trade Program as an approved Offset Project Registry (OPR), the Reserve has adopted 22 offset protocols for the North American voluntary carbon market and achieved over 169 million metric tons of GHG emissions reductions.

In 2021, we forged ahead with new opportunities for innovation and investment for robust, accountable, and efficient market-based climate solutions. The Reserve adopted the Mexico Halocarbon Protocol, bringing new opportunities for emissions reductions into the North American carbon market, and launched the development process for the Biochar Protocol and Climate Forward Avoided Wildfire Emissions Forecast Methodology. We approved the offset program's first Sustainable Development Goals (SDG) report, marking the credits the first in our registry to be CORSIA-eligible. We also registered our first offset credits under the Nitrogen Management Protocol and Adipic Acid Production Protocol. And we were honored to have Eduardo Piquero, CEO of MÉXICO2, join the Reserve Board of Directors. Eduardo's 15+ years of experience in international and Mexican carbon pricing instruments and policy bring depth and breadth to the Reserve.

During the next year, we will continue to support the exponential growth and strengthening of carbon markets here in North America and throughout the world. Demand for carbon credits will continue to increase as the role of offsets in delivering GHG reductions and supporting sustainable development globally continues to expand. The Reserve looks forward to advancing additional offset projects, sectors, geographies, investments, and purchases - and ramping up efforts to ensure integrity, scale up market opportunities, and foster cooperation across the carbon landscape. We hope you will continue to join us on our journey of fostering immediate actions to reduce emissions at the scale and urgency required to address the climate crisis.



Best regards,
Craig Ebert, President

A close-up photograph of several orange slices, showing the vibrant orange color and the texture of the fruit. The slices are arranged in a way that creates a sense of depth and freshness.

About the Climate Action Reserve

The Climate Action Reserve is an environmental nonprofit organization that promotes and fosters the reduction of GHG emissions through credible market-based policies and solutions. A pioneer in carbon accounting, the Reserve serves as an approved OPR for the State of California's Cap-and-Trade Program and plays an integral role in supporting the issuance 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.

The Reserve also supports GHG reductions at the scale and urgency necessary to meet the climate challenge with its Climate Forward program, which fosters proactive investment in future GHG reduction projects as a means to address emissions that are forecasted to occur, and its Climate Impact Score program, which provides quantification and assessment of the climate impact of projects financed by investments.

Additionally, the Reserve hosts the annual North American Carbon World conference, the premier event for climate and carbon professionals to learn, discuss, and network.

MISSION

To develop, promote and support innovative, credible market-based climate change solutions that benefit economies, ecosystems, and society.

VISION

A global economy that accelerates climate actions through full and accurate accounting of their costs and benefits.

VALUES

Environmental Leadership • Integrity • Transparency • High Quality Customer Service • Multi-Stakeholder Support • Market Value



2021 Achievement Highlights

Organization activities and achievements:

- ⌘ Commemorated the 20th anniversary of the Climate Action Reserve!
- ⌘ Eduardo Piquero, CEO of MÉXICO2, joined the Reserve Board of Directors.
- ⌘ Welcomed to the team Vera Bakman, VP of Operations; Kristen Gorguinpour, VP of Programs; Chloe Ney, Analytical Associate; Rachel Mooney, Analytical Associate; Lauren Wilson, Business Development Manager; Jordan Mao, Analytical Associate; and Marissa Spence, Forest Manager.

Protocol achievements:

- ⌘ Revised the Mexico Ozone Depleting Substances (ODS) Protocol to the Mexico Halocarbon Protocol to add new eligible refrigerants.
- ⌘ Updated the Nitrogen Management Protocol to Version 2.1.
- ⌘ Issued errata & clarifications for the Mexico Forest Protocol V2.0, Forest Protocol V5.0, and Adipic Acid Production Protocol.
- ⌘ Launched process to develop the Biochar Protocol to address climate benefits from the production and use of biochar.
- ⌘ Launched update to the Mexico Forest Protocol to Version 3.0.
- ⌘ Launched update to the Soil Enrichment Protocol to Version 1.1.

Reserve offset program milestones:

- ⌘ Approved the offset program's first SDG report - for the Mexico Forest project: Captura de Carbono Forestal Ejido San Lucas, making the credits issued to the project the first in our registry to be marked as CORSIA-eligible.
- ⌘ Registered the first nitrogen management project in the Reserve. The N Fixing Microbes – Pivot Bio project involves GHG emission reductions from the reduction of synthetic fertilizer application on 160 acres of cropland near Ottawa, Illinois.
- ⌘ Issued the first credits under the Reserve's Adipic Acid Production Protocol to the Ascend Performance Materials Phlogiston Phase I project in Cantonment, FL.
- ⌘ Registered 42 forest projects and listed 22 new forest projects in Mexico, including the first urban forest project and projects in jungle and mangrove forests.

2021 Achievement Highlights

New and updated resources to support project registration:

- ⌘ Updated the Verification Program Manual.
- ⌘ Updated the Reserve Offset Program Manual.
- ⌘ Created Spanish translations of the Reserve Offset Program Manual and the Verification Program Manual.
- ⌘ Conducted a stakeholder survey to gather thoughts on the Reserve's performance in the marketplace.
- ⌘ Conducted a survey specific to our Mexico Account Holders to gather thoughts on how the Reserve can better support stakeholders in Mexico.
- ⌘ Updated the Canada GrassTool v1.0b and GrassTool v2.1c.
- ⌘ Updated the Grassland Project Parameters spreadsheet to incorporate new cropland premium values.
- ⌘ Developed guidance for the Registry's updated invoices report.
- ⌘ Revised the Notification of Verification Activity and Conflict of Interest Evaluation (NOVA/COI).





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YEAR IN REVIEW



20 YEARS IN
BUSINESS

22
PROTOCOLS

16 in USA
5 in MEXICO
1 in CANADA

CO-HOSTED DELEGATION &
FIRST PAVILION AT COP26

Pathways
to
1.5
Pavilion

6 GOVERNORS
15 STATES
25 EVENTS

416
ACTIVELY
REPORTING
PROJECTS

IN



45
U.S. STATES

AND



10
MEXICO STATES

REGISTERED THE FIRST OFFSET CREDITS FOR



ADIPIC
ACID



NITROGEN
MANAGEMENT

BROUGHT OUR CUMULATIVE
NUMBERS UP TO

169.7m
REGISTERED
OFFSET CREDITS

50.2m
RETIRED
OFFSET CREDITS



NACW
NORTH AMERICAN
CARBON WORLD



32.5 HOURS OF
CONTENT

3.5 HOURS OF
NETWORKING

34 KEYNOTES AND
SESSIONS

CLIMATE
FORWARD ▶

CUMULATIVE NUMBERS



5

METHODOLOGIES



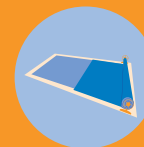
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PROJECTS



500k

REGISTERED FMUs



118k

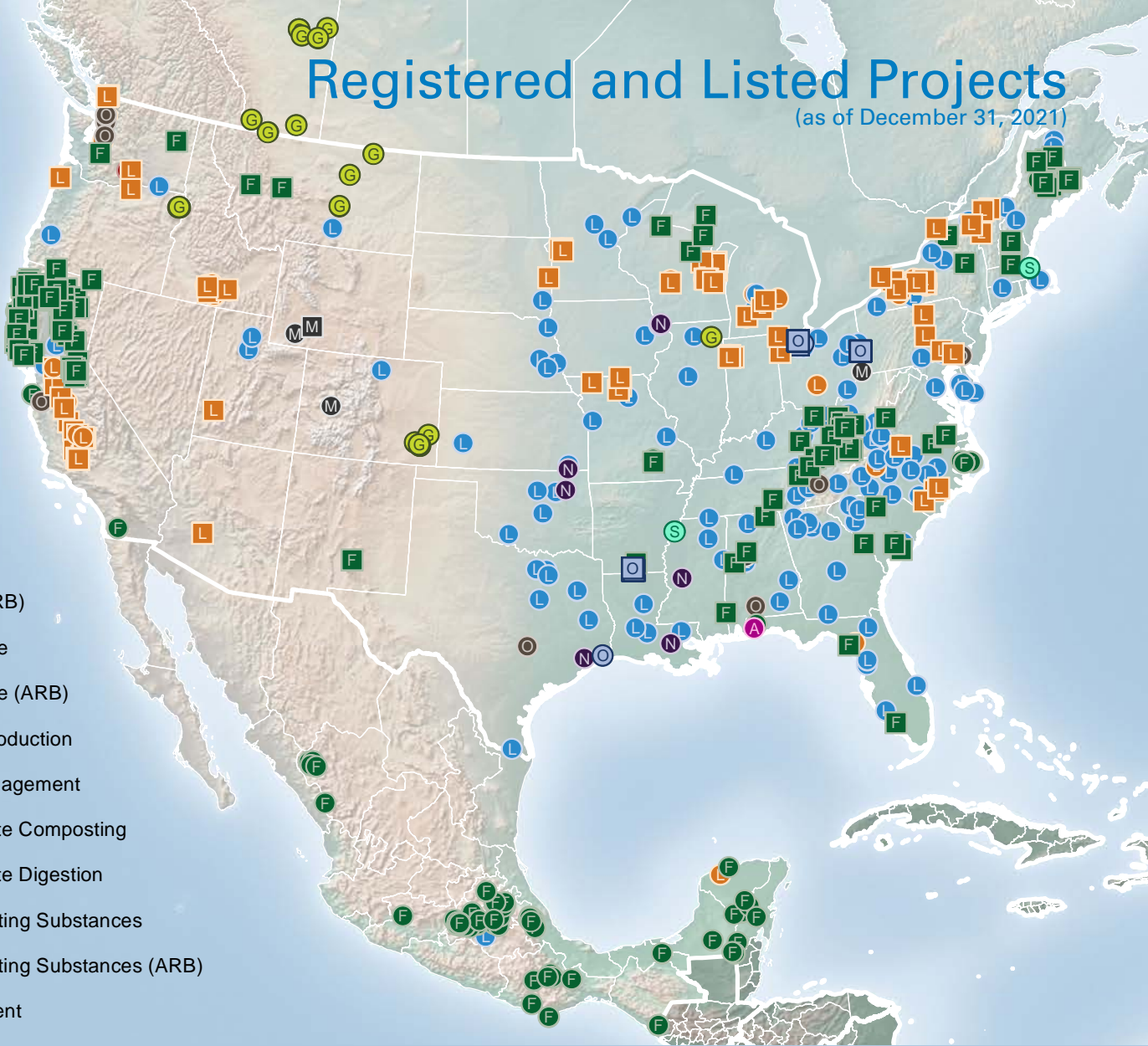
RETIRED FMUs



Registered and Listed Projects

(as of December 31, 2021)

- A Adipic Acid
- F Forest
- F Forest (ARB)
- G Grassland
- L Landfill
- L Livestock
- L Livestock (ARB)
- M Mine Methane
- M Mine Methane (ARB)
- N Nitric Acid Production
- N Nitrogen Management
- O Organic Waste Composting
- O Organic Waste Digestion
- O Ozone Depleting Substances
- O Ozone Depleting Substances (ARB)
- S Soil Enrichment



Credits issued to date

Adipic Acid	1,268,775
Forest	18,069,135
Forest (ARB)	67,147,402
Grassland	157,472
Landfill	36,175,179
Livestock	3,089,385
Livestock (ARB)	5,233,858
Mine Methane	1,209,440
Mine Methane (ARB)	1,403,618

Nitric Acid Production	16,086,150
Nitrogen Management	3
Organic Waste Composting	662,261
Organic Waste Digestion	183,746
Ozone Depleting Substances	10,475,311
ODS (ARB)	8,107,791
Mexico Forest	376,742
Mexico Landfill	34,267
Mexico Livestock	575

Events



The Reserve held its first virtual North American Carbon World (NACW) conference. The COVID-19 pandemic compelled the in-person conference to switch formats to a virtual conference that brought delegates together from around the globe, offered numerous networking and discussion opportunities, featured an engaging virtual exhibit hall showcasing sponsors and partners, and delved into exciting policies, initiatives, opportunities, and challenges for the climate sector.

Notable speakers included:

- ✦ Mandela Barnes, Lt Governor of the State of Wisconsin
- ✦ Benoit Charette, Minister of the Environment and the Fight Against Climate Change, Québec
- ✦ Wade Crowfoot, Secretary, California Natural Resources Agency
- ✦ James Grabert, Director, Mitigation Division; Acting Director, Communication and Engagement Division, United Nations Climate Change Secretariat
- ✦ Liane Randolph, Chair, California Air Resources Board
- ✦ Nat Keohane, Senior Vice President for Climate, Environmental Defense Fund



Hosted the largest bipartisan delegation of U.S. states ever at the 26th Conference of the Parties (COP26) to the United Nations Framework Convention on Climate Change (UNFCCC) in Glasgow, Scotland. The delegation included six governors — the largest number of governors ever attending COP. States with governors or other officials attending include California, Hawaii, Illinois, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Nevada, New Mexico, New York, North Carolina, Oregon, Rhode Island and Washington.

The Reserve and The Climate Registry also hosted the Pathways to 1.5 Pavilion at COP26 to convene government, business, and nonprofit leaders to discuss key climate issues and solutions. Speakers at the pavilion included: John Kerry, U.S. Special Presidential Envoy for Climate; Gina McCarthy, White House National Climate Advisor; and Tom Steyer, Co-Executive Chair of Galvanize Climate Solutions.

The Reserve also hosted an official UN side event on North American Climate Leadership and Strategies on the Road to Net Zero and a UN press conference.



Trainings & Webinars

The Reserve also hosted numerous webinars and trainings throughout the year to help inform our audience on new developments in the carbon landscape:

- ✦ Soil Enrichment Protocol Overview
- ✦ Mexico Forest Protocol V3.0 public webinar
- ✦ Soil Enrichment Verification Training
- ✦ General Verification Training
- ✦ Landfill Protocol Verification Training
- ✦ Mexico General Verification Training
- ✦ Mexico Forest Protocol Verifier Training

Launched the Scoville Warming Potential interview series for “heated” conversations on climate solutions over hot sauces.

- ✦ Robert Parkhurst, Sierra View Consulting
- ✦ Lt. Gov. Mandela Barnes, State of Wisconsin



CLIMATE FORWARD▶

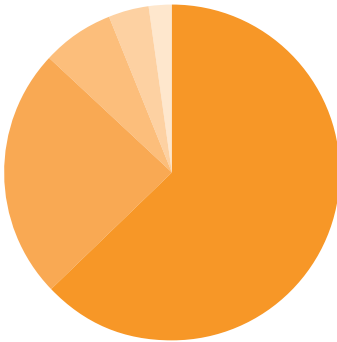
The Climate Forward program achieved several exciting milestones in 2021:

- ⌘ Revised the Climate Forward Program Manual to include the procedures for converting FMUs to offsets in select circumstances.
- ⌘ Launched process to develop an Avoided Wildfire Emissions Forecast Methodology to recognize the climate benefits associated with fuel treatment activities that lower the risk of catastrophic forest fires and the emissions associated with them, with funding support from a Forest Health Grant from CAL FIRE, Element Markets, Coalitions & Collaboratives, and Coalition for the Upper South Platte.
- ⌘ Started process to update the Reforestation Forecast Methodology.
- ⌘ Conducted a Confirmation Body training.
- ⌘ Updated Climate Forward Mature Forest Management Calculation Worksheet.
- ⌘ Listed four additional reforestation projects and the first mature forest management project.

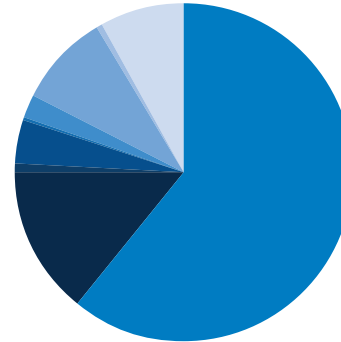
FY21 Financial Summary

CONDENSED STATEMENT OF FINANCIAL POSITION

Total Assets	\$5,980,505
Liabilities	\$2,511,417
Net Assets	\$3,506,413
Total Liabilities and Net Assets	\$6,017,829
Total Revenues, Gains and Other Support	\$3,918,080
Expenses	\$3,273,667
<u>Change in Net Assets</u>	<u>\$644,413</u>



REVENUES		
	Program Fees	63%
	Grants & Contracts	24%
	NACW Conference	7%
	COP Delegation	4%
	Other Revenues	2%



EXPENSES		
	Personnel	61%
	Reserve Registry Fees	14%
	Comms & Business Development	1%
	Consulting & Contractors	4%
	COP Delegation	<1%
	NACW Conference	2%
	Office Space & Other Occupancy	9%
	Travel, Meetings & Events	<1%
	Other Expenses	8%



Board of Directors

GOVERNING BOARD

Linda Adams, *Chair*

Former Secretary for Environmental Protection,
California Environmental Protection Agency

Peter M. Miller, *Secretary*

Director, Western Region, Climate & Clean Energy
Program, Natural Resources Defense Council

Jan Schori, *Audit Committee Chair*

Retired General Manager, Sacramento Municipal Utility
District

Steve Corneli, *Nominating Committee Chair*

Clean Energy Advisor

Teveia Barnes

Former Executive Director, California Infrastructure and
Economic Development Bank

Peter Liu

Managing Director, Clean Energy Advantage Partners

Heather O'Neill

President, Advanced Energy Economy

Eduardo Piquero

CEO, MÉXICO2

Tim Profeta

Special Counsel, US EPA, Office of Air Quality Planning
and Standards

Dr. Stephan Schwartzman

Senior Director, Tropical Forest Policy, Environmental
Defense Fund

Katie Sullivan

Managing Director, IETA

ADVISORY BOARD

Right Honorable Kim Campbell

Canada's 19th Prime Minister

Hon. Gray Davis

Former Governor, State of California;
Of Counsel, Loeb & Loeb

Hon. Fran Pavley

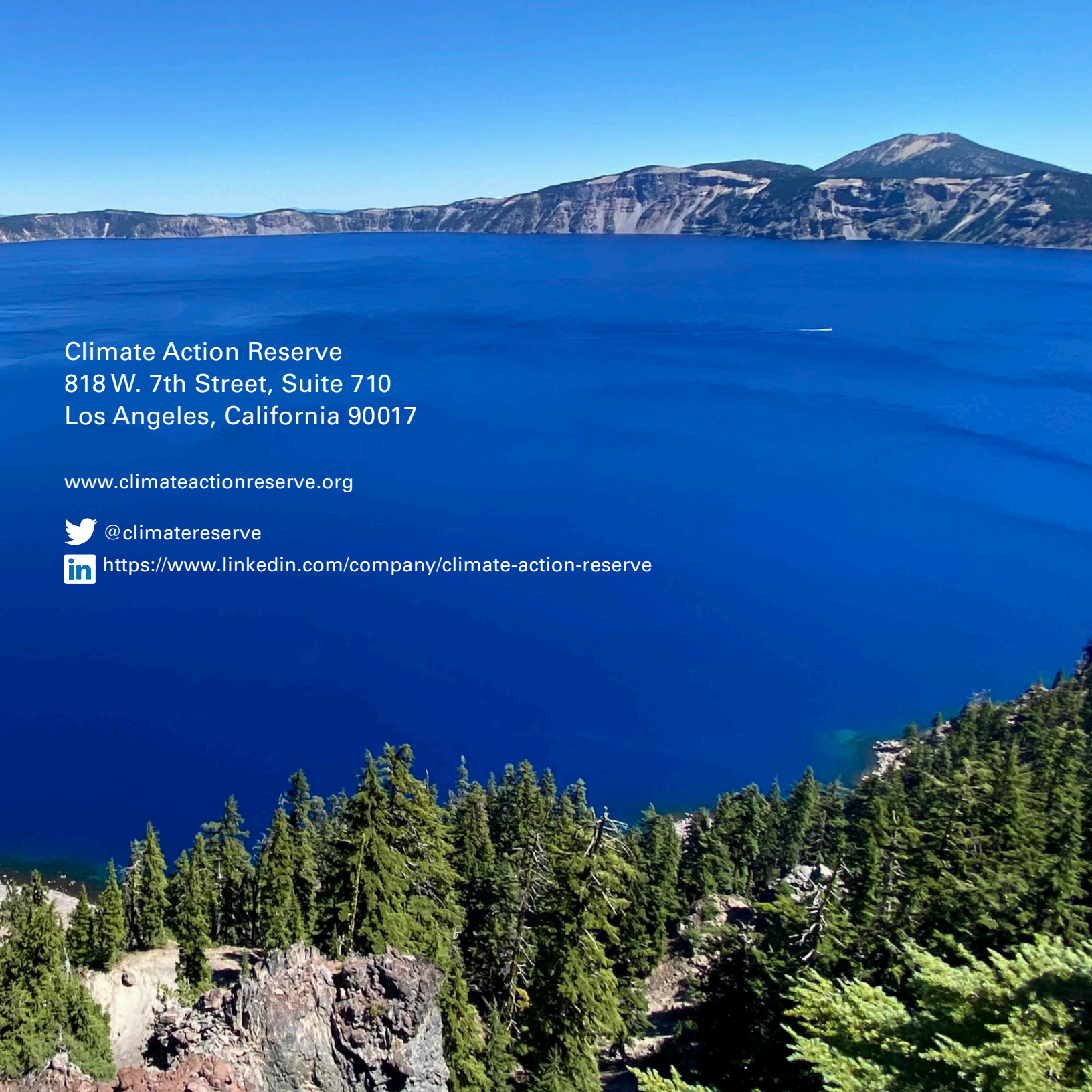
Former California State Senator

Diane Wittenberg

Founding President, California Climate Action Registry

Ed Begley, Jr.

Actor and environmental activist



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