


2023 ANNUAL REPORT





Moving into 2024 with Momentum



Carbon markets moved through rough waters in 2023, notably due to a few media stories that alleged lack of integrity in certain emission reduction project types and in the actions

of some large market players. This is not unusual in the context of markets, and after associated course corrections, the year still ended on a strong note, showing significant growth potential ahead. In 2023, ACR issued more than 37 million carbon emission reduction and removals credits – representing 30% growth over 2022 issuances – and reported record credit retirements up 75% from 2022.

ACR's positive climate impact depends on the good work of our partners: regulatory bodies, project developers and proponents, compliance and voluntary corporate credit buyers, independent verification bodies, carbon market registries, exchanges and trading platforms. We are all stronger and make more progress when we work together.

Our team of technical and policy experts is the core of ACR's ability to deliver innovative and impactful climate solutions, while also offering excellent customer service to our partners. From expanded registry functionality and linkages with market platforms, to rock-solid methodologies, to acquiring, developing, and retaining carbon market leaders on our team, ACR's first priority is to invest in our people and systems to maintain and enhance the quality and integrity of our offerings.

When ACR was founded in 1996, before the December 1997 adoption of the Kyoto Protocol, we were the first private greenhouse gas registry in the world. In our nearly 30 years of operation, we have shown what integrity means in practice. From scientific peer-reviewed methodologies to oversight of independent third-party verification and well-accepted approaches for additionality, leakage and reversal risk mitigation, ACR has helped to shape market expectations. The results of the Global Stocktake have provided us with a renewed sense of understanding of the critical role of carbon markets to help deliver Paris Agreement climate targets at least cost in this decisive decade. ACR will continue to show what best practices look like in a world that is demanding urgency and integrity, and we will engage with stakeholders across the globe to harmonize innovations that can be implemented with rigor at scale today to help achieve the goals of the Paris Agreement.

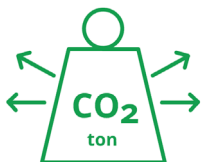
We believe in the power of carbon markets to make meaningful progress on climate action now. And we know many others do too. ACR is ramping up our investments in strategic outreach and communications to marshal the collective strength and influence of our community. To meet the goals of the Paris Agreement, we need to dramatically increase market scale. This means we need to work together, aligned around a common set of objectives. Communications is a force multiplier to make the whole greater than the sum of its parts.

We believe that carbon markets will start to stage a comeback in 2024. At ACR we look forward to collaborating with all of you as markets continue to grow to deliver on the promise of helping solve the one of the most consequential global challenges of our lifetimes.

Sincerely,
Mary Grady
Executive Director, ACR

Snapshot of ACR Impact

THROUGH THE END OF 2023



289+

Million tons of CO₂e credits issued



37+

Million tons of CO₂e credits issued in 2023



783

Emission reduction and removals projects



16.5

Million acres restored, conserved or sustainably managed



Accomplishments in 2023

NEW NAME, SAME PROMISE

American Carbon Registry became ACR

American Carbon Registry became ACR in September 2023, underscoring the organization's longstanding promise to deliver Ambitious Climate Results, and reflecting the work being done across different sectors, geographies, markets, and services. "We have a new name but our promise to partners and the market overall remains the same," said Mary Grady, ACR Executive Director. To coincide with its new name, ACR launched a new website, designed to offer users improved functionality and an enhanced user experience.

ACR POLICY LEADERSHIP

ACR approved by ICAO Council for 2024-2026 Compliance Period

In March 2023, the International Civil Aviation Organization (ICAO) Council, the U.N.'s main aviation body, approved ACR to supply carbon credits for the first phase of CORSIA, which commences in 2024. ACR is one of only two crediting programs globally to receive approval for the new phase of CORSIA, the other being the Architecture for REDD+ Transactions (ART), ACR's sister program at Winrock International. ACR was previously approved by ICAO, along with ten other independent, multilateral and/or national crediting programs, to supply credits for CORSIA's pilot phase 2021-2023.

ACR supported State of Washington's Cap-and-Invest Program

In March 2023, ACR was approved as one of the first Offset Project Registries (OPRs) for the State of Washington's Cap-and-Invest Program. As an OPR, ACR will work with Washington's Department of Ecology to oversee the listing and verification of carbon offset projects developed following the Department's approved offset protocols. ACR-issued Registry Offset Credits are then eligible to be converted to Ecology Offset Credits that may be used by capped entities to meet regulatory requirements. In December 2023, the Department of Ecology issued the first Ecology Offset Credits to two carbon projects for which ACR was the Offset Project Registry.

ACR signed MOU with the National Environment Agency of Singapore

ACR signed a Memorandum of Understanding (MoU) with the National Environment Agency (NEA) of the Government of Singapore in March 2023 as part of Singapore's efforts to operationalize Article 6 of the Paris Agreement. Companies regulated under the Carbon Pricing Act will be allowed to use high-quality international carbon credits to offset up to 5% of their taxable emissions from 2024. The MoU details terms of cooperation between ACR and NEA to facilitate Singapore-based companies in exercising this option through the purchase and retirement of eligible ACR credits.

ACR engaged with ICVCM

In October, ACR Executive Director, Mary Grady, who also serves as Executive Director for the Architecture for REDD+ Transactions (ART), was appointed to the governing board of the Integrity Council for the Voluntary Carbon Market (ICVCM). In December 2023, ACR applied to have our internationally recognized crediting program assessed for conformance with the ICVCM Core Carbon Principles (CCPs). ACR's program-level assessment was based on our approval by the International Civil Aviation Organization (ICAO) to supply

credits to the world's first global compliance offset market, CORSIA. ACR's technical qualifications also include serving for over a decade as the leading Offset Project Registry for California's flagship cap-and-trade program, for which ACR has issued 2/3 of the credits used by compliance entities towards their regulatory obligations.

ACR and partners awarded \$20 million from U.S. Department of Agriculture

ACR, Winrock International and the Wallace Center were awarded a \$20 million grant from the U.S. Department of Agriculture Partnerships for Climate Smart Commodities. The project focuses on, "growing value for producers through increased access to markets for climate-smart commodities." A five-year award, the work will support U.S. rice farmers in Arkansas and cattle ranchers on Tribal lands to increase adoption of climate-smart practices. The project is developing and piloting a fully digital registry system that will be scalable across the U.S. for all USDA climate-smart practices for the issuance and tracking of agricultural greenhouse gas certificates for use by corporates towards scope 3 emissions.

ACR INNOVATIONS AND LEADERSHIP

Development of crediting standard for Energy Transition Accelerator (ETA)

The U.S. Department of State, the Bezos Earth Fund, and The Rockefeller Foundation announced at COP27 the creation of the Energy Transition Accelerator (ETA), an innovative carbon finance platform aimed at catalyzing private capital to support ambitious just energy transition strategies in developing and emerging economies. In April 2023, the ETA Partners selected Winrock's ERT to develop the innovative sectoral carbon crediting standard for the initiative. The aim of the ETA is to employ carbon market finance to help countries deliver faster, deeper greenhouse gas reductions by accelerating the transition from fossil fuels to clean power in support of NDCs. The sector-scale crediting standard aims to reward host jurisdictions for verified emission reductions achieved on an aggregate basis across the entire electric power sector. At COP28 in Dubai, alongside the launch of the ETA and the ETA Framework, the ETA Partners published ERT's "Key Elements of a Sectoral Crediting Standard for the ETA."

ACR updated to ACR Standard v8.0

ACR announced an open public comment period in May 2023 for updates to the ACR Standard, which details ACR's requirements and specifications for the quantification, monitoring, reporting, verification, registration and issuance of project-based GHG emission reductions and removals as carbon credits. Key updates include codifying ACR's existing scope exclusion for projects that displace one type of fossil fuel to another type of fossil fuel and projects that lock-in long-term GHG emissions; detailing the specification of environmental and social risk assessment requirements; and significantly enhancing the Complaints and Appeals process. ACR Standard 8.0 went into effect July 1, 2023.

Jessica Bede became ACR's Managing Director

Jessica Bede was appointed Managing Director of ACR in May 2023. Jessica was previously ACR's Director of Registry Operations, where she was responsible for the operation and client services of our critical registry infrastructure. Jessica joined ACR in 2019, is now responsible for providing leadership and coordination for the full suite of ACR's technical and strategic work to drive climate action, ensure the integrity of carbon credits, and promote market innovation. Prior to ACR, Jessica spent seven years at the California Air Resources Board (CARB), where she first worked on compliance offset protocol development and credit issuance under the State's Cap-and-Trade program.

Innovative carbon methodology for Active Conservation of U.S. Forests

A new methodology published by ACR in November 2023 offers an innovative way to conserve and enhance forestlands in the United States, which loses nearly three million acres (1.2 million hectares) of forest to other land uses each year. The new methodology, based on ARB's Compliance Offset Protocol, uses carbon finance to conserve and sustainably manage forests that are at risk of conversion to non-forest uses by employing 40+ year legally binding easements to durably protect and sustainably manage the forest resources.

First-of-a-kind carbon crediting methodology for plugging orphaned oil and gas wells

ACR published the world's first methodology to leverage carbon market finance to plug orphaned oil and gas (OOG) wells in the U.S. and Canada in May 2023. The U.S. Environmental Protection Agency estimates there may be 3.7 million orphaned and abandoned oil and gas wells in the United States, although the exact number is unknown. Many of these wells are leaking methane, a potent greenhouse gas accounting for 12% of all U.S. emissions and approximately one-third of global warming to date. A Columbia University report estimates that the cost of plugging 500,000 wells – approximately 15% of the EPA estimate – could be as high as \$24 billion, creating an extremely large financial burden for local and federal governments. ACR's new methodology provides financial incentives for additional action that complements other private, philanthropic, state and government led initiatives.

Integrating remote sensing into carbon projects

With a myriad of new remote sensing technologies, offering the promise to transform the forest carbon space by taking measurements at scale for a fraction of the cost of traditional measurements, ACR began developing a framework for verifying remotely sensed carbon estimates through field measurements and through publicly available standardized technical requirements.

CARBON MARKET ENGAGEMENT

ACR sent delegation to COP 28

Led by Mary Grady, who represents Winrock International as an official observer to the UNFCCC, the ACR delegation participated in the 28th Conference of Parties in Dubai. From the launch of the Energy Transition Accelerator (ETA) with the U.S. Department of State, Bezos Earth Fund and Rockefeller Foundation to collaborating with other carbon crediting programs on market integrity initiatives, ACR actively engaged in the global event to represent the interests of ACR stakeholders and carbon markets overall.

ACR called for urgency and integrity at Climate Week NYC 2023

ACR participated in Climate Week NYC in 2023 motivated by a core message: Integrity is critical, and so is urgency. Integrity has always been central to ACR's work. The rigor of our science-based processes and the transparency of our systems reflect that priority. Yet, as we embark on Climate Week NYC, it is equally important to keep urgency in the picture. The big message of the Global Stocktake is that we are not moving fast enough. And when it comes to climate change, going slow is the same as failing.

ACR awarded leadership and launched new fellowship

At the annual ACR Leadership Awards in March 2023, ACR announced the creation of the Hunter Parks Conservation Fellowship, which was established jointly with Green Assets in remembrance of the organization's business colleague, founder and dear friend. ACR also honored Tradewater with the ACR Innovation Award for the co-development of the ACR International ODS Destruction methodology. ACR awarded the National Indian Carbon Coalition with the ACR Commitment to Quality Award for their work helping tribal nations and individual Native landowners access carbon market finance. Therm was awarded with the ACR Corporate Excellence Award for their work transitioning supermarkets and grocery stores to low-GWP refrigerants using ACR's Advanced Refrigeration Systems methodology



2023 ACR Financial Statement

Assets	\$2,259,595
Liabilities	\$(550,030)
Net Assets	\$1,709,565
Revenues	\$5,598,348
Expenses	\$5,068,454
Change in net assets	\$529,894

ACR Governance

ACR is governed by Environmental Resources Trust LLC (ERT), a wholly owned nonprofit subsidiary of Winrock International. The ERT Board of Managers ensures ACR maintains focus on harnessing the power of markets to improve the environment.

William Bumpers

Board Member, Winrock International

John Nees

Founding Partner, Getty Land Company

Michaela Edwards

Partner, Capricorn Investment Group

Stacy Swann

CEO and Founding Partner, Climate Finance Advisors

ACRSM

AT WINROCK INTERNATIONAL

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