

Foundation myclimate – The Climate Protection Partnership, Zurich
Report of the Statutory Auditor to the Foundation Board
on the Qualified Audit
Consolidated Financial Statements 2012

KPMG AG
Zurich, 16 April 2013

BALANCE SHEET

		Foundation myclimate Switzerland consolidated	Foundation myclimate Switzerland consolidated
	Notes	31.12.2012	31.12.2011
		CHF	CHF
ASSETS			
Current assets			
Liquid assets	2.2	13,051,320	11,821,786
Trade receivables from third parties	2.3	4,426,057	3,008,050
Other receivables	2.3	14,412	26,705
Prepaid expenses	2.4	227,890	609,437
Total current assets		17,719,679	15,465,978
Fixed assets			
IT and tangible assets		166,082	195,814
Software and licences		139,612	130,696
Participation in myclimate Turkey	4.3	7,571	7,571
Participation in myclimate Japan	4.3	26,858	28,645
Profit share from myclimate Japan	4.3	115,403	0
climatop loan		28,522	35,912
Financial assets	2.2	30,702	1,263,689
Total fixed assets		514,750	1,662,327
TOTAL ASSETS		18,234,429	17,128,305
EQUITY AND LIABILITIES			
Short-term borrowings			
Trade payables	2.7	564,768	1,120,792
Other liabilities		65,050	85,027
Deferred income	2.5	1,674,500	274,175
Long-term borrowings			
Provisions	2.6	0	70,000
Total borrowings		2,304,319	1,549,994
Earmarked funds		14,505,190	14,420,207
Organisation capital			
Foundation capital		250,000	250,000
Consolidated reserves		-13,410	-12,515
Acquired free capital		1,188,330	920,619
Total organisation capital		1,424,920	1,158,104
TOTAL EQUITY AND LIABILITIES		18,234,429	17,128,305

PROFIT AND LOSS ACCOUNT

	Notes	Foundation myclimate Switzerland consolidated	Foundation myclimate Switzerland consolidated
		2012	2011
		CHF	CHF
INCOME	3.1		
Income from offsetting		10,962,531	10,713,761
Income from services - climate education		1,130,155	905,437
Income from services - CMS		1,144,582	1,075,053
Other income		254,766	272,224
Total income		13,492,034	12,966,475
EXPENSES for services			
Carbon offset projects			
- Direct expenses		-9,014,171	-6,009,142
- Reseller commission		-100,434	-149,245
- Credit card payments commission		-10,007	-8,887
Climate education expenses		-908,014	-746,445
CMS expenses		-1,014,657	-924,971
Other expenses		-104,826	-156,014
Total expenses for services		-11,152,109	-7,994,704
Administrative EXPENSES	3.3		
Personnel expenses		-3,525,811	-3,003,174
Netting personnel expenses against carbon offset projects, climate education, CMS and COP services		1,274,002	1,297,312
Travel and representation expenses		-78,122	-81,084
Premises, energy and maintenance, other operating expenses		-205,187	-202,539
Advertising, marketing		-292,326	-254,755
Other administrative expenses and IT		-250,628	-305,182
Depreciation of tangible assets		-218,098	-152,347
Netting administrative expenses against carbon offset projects, climate education, CMS and COP services		1,182,529	1,070,336
Total administrative expenses		-2,113,641	-1,631,432
Result of operations		226,284	3,340,338
Financial income		66,545	70,478
Income from participation in myclimate Japan		115,403	0
Foreign currency income	3.4	-125,538	-62,544
Financial result		56,410	7,934

Extraordinary income		70,000	60,686
Extraordinary expenses	2.6	0	-123,800
Other results		<u>70,000</u>	<u>-63,114</u>
Result before change in earmarked funds		352,694	3,285,159
Disposal of earmarked funds		10,020,495	6,850,990
Allocation to earmarked funds		-10,105,478	-9,625,971
Result for earmarked funds		-84,983	-2,774,981
Result before change in organisation capital		267,711	510,178
Allocation to acquired free capital		-267,711	-510,178
Result for organisation capital		-267,711	-510,178
Amount remaining after allocations		0	0

CASH FLOW STATEMENT ACCOUNT

	Foundation myclimate Switzerland consolidated 2012	Foundation myclimate Switzerland consolidated 2011
	CHF	CHF
Cash flow from operating activities		
Result before change in earmarked funds	352,694	3,285,159
Depreciation of tangible assets	218,098	152,347
Changes in accounts receivable and other receivables (net)	-1,405,714	971,992
Changes in prepaid expenses (net)	381,547	-478,805
Changes in liabilities and other liabilities	-576,000	1,044,008
Changes in deferred income	1,400,325	-2,318,309
Changes in provisions	-70,000	4,965
Subtotal	300,950	2,661,357
Cash flow from investment activities		
Investment in tangible assets	-197,282	-156,913
Investment in participations in myclimate Turkey and Japan	0	-36,216
Investment in financial assets	1,232,987	-1,233,151
Subtotal	1,035,706	-1,426,280
Cash flow from financing activities		
Participation in myclimate Japan	1,788	0
Profit share from myclimate Japan	-115,403	0
climatop loan	7,390	63,782
Conversion effects/conversion differences	-896	3,907
Subtotal	-107,122	67,689
Total cash flow	1,229,534	1,302,765
Opening balance for liquid assets 01.01.	11,821,786	10,519,021
Closing balance for liquid assets 31.12.	13,051,320	11,821,786
Change in liquid assets	1,229,534	1,302,765

Account for the CHANGES in CAPITAL

2012 / CHF	Opening balance 01.01.2012	Allocation	Disposal	Closing balance 31.12.2012
Organisation capital				
Foundation capital	250,000			250,000
Acquired free capital	920,619	267,711		1,188,330
Capital reserves	-12,515	-895		-13,410
Total organisation capital	1,158,104	266,816		1,424,920
Fund capital				
Carbon offset project fund	14,258,539	8,886,731	-9,133,942	14,011,328
Climate Education Institute fund	161,668	1,218,747	-886,553	493,861
Total earmarked funds	14,420,207	10,105,478	-10,020,495	14,505,190

2011 / CHF	Opening balance 01.01.2011	Allocation	Disposal	Closing balance 31.12.2011
Organisation capital				
Foundation capital	250,000			250,000
Acquired free capital	435,990	484,629		920,619
Capital reserves	-41,970	29,455		-12,515
Total organisation capital	644,020	514,084		1,158,104
Fund capital				
Carbon offset project fund	11,645,226	8,744,196	-6,130,883	14,258,539
Climate Education Institute fund	-	881,775	-720,107	161,668
Total earmarked funds	11,645,226	9,625,971	-6,850,990	14,420,207

Fund capital

In line with the policy of the Foundation Board, the carbon offset projects fund must be increased by at least 80.0% (82.2% in the year under review, previous year 82.5%) of the current climate protection and offsetting income. The expenditure incurred in the respective financial year for ongoing carbon offset projects is withdrawn from this amount.

In 2012, customers made carbon offset contributions to myclimate for emission reductions amounting to 512,640 tons of CO₂e. In the period under review, 510,784 tons of CO₂ reductions were generated in myclimate carbon offset projects or, including upfront payments made in the context of futures, 658,433 tons of CO₂ reductions. As of the end of 2012, myclimate had a total of 69 carbon offset projects under contract, in which emission reductions totalling 6.8 million tons of CO₂e are realised. A further 23 carbon offset projects were at the preliminary research stage.

myclimate makes a commitment to its customers to invest the received CO₂ offset payments in carbon offset projects within two years as a rule and to retire, within three years, the certificates for the verified CO₂ emission reduction that is achieved as a result.

The Climate Education Institute fund receives all contributions and donations earmarked for the foundation's climate education and serves to finance all climate education projects.

Organisation capital

The original **foundation capital** of CHF 80,000 was increased by CHF 170,000 to the new level of CHF 250,000 following a resolution adopted by the Foundation Board and charged to the net income for 2008.

The **acquired free capital** is made up of the balance carried forward plus the result before changes in organisation capital in 2012.

NOTES to the Consolidated Financial Statements

1.) General Accounting and Valuation Principles

1.1.) Accounting Principles

Accounts are prepared in compliance with the Accounting and Reporting Recommendations (Swiss GAAP FER), published by the Foundation for Accounting and Reporting Recommendations. They conform to the core FER standards, in particular FER 21, as well as the Swiss Code of Obligations and the provisions of myclimate's charter.

The consolidated financial statements provide a true and fair view of the financial position, results of operations and cash flows, recognised at going concern values and taking into consideration the materiality principle.

The profit and loss account is presented on the basis of the total expenditure format, with expenditure and income recognised on an accruals basis according to the period. The structure of the previous years' figures was in part adjusted in order to facilitate a comparison.

1.2.) Consolidation principles

General

The consolidated financial statements are based on the single-entity statements of all group companies in which the Foundation myclimate directly or indirectly holds more than 50% of the voting rights or which it controls in any other way, prepared as of 31 December in accordance with standard principles. The companies included in the scope of consolidation are indicated in section 4.3. The capital consolidation is implemented in accordance with the Anglo-Saxon purchase method. This involves offsetting the equity capital of the group companies at the time of acquisition or establishment against the carrying amount of the participation in the holding company. The assets and liabilities of the group company are measured at their current values to that date, using principles that are standardised throughout the group. Based on the full consolidation method, assets and liabilities as well as expenditure and income of the consolidated companies are recognised in full. Intra-group assets and liabilities as well as expenditure and income from intra-group transactions are eliminated.

Foreign currency conversion

The annual financial statements in foreign currency are converted to the currency of the consolidated financial statements. This conversion is carried out using the key date method for the exchange rate. The following are converted:

- assets and liabilities at the exchange rate on the balance sheet date;
- equity capital at historic rates;
- the profit and loss account and cash flow statement at the average rate for the year;
- the movements in the statement of changes in fixed assets and provisions at the average rate for the year.

The differences resulting from application of the above conversion rates are credited to or debited from group reserves without affecting net income. The corresponding amounts are shown in the change in consolidated equity capital.

1.3.) Accounting and valuation principles

General

The balance-sheet items as of the balance-sheet date are generally valued at acquisition/production cost, less any necessary write-downs and depreciation. The accounts are prepared in Swiss francs (CHF); business transactions in foreign currencies are recorded at exchange rates that are adjusted on a monthly basis.

Liquid assets

These are recognised at nominal value, less any necessary write-downs. Foreign currency positions are valued at the exchange rate applicable on the balance-sheet date.

Accounts receivable and liabilities

These are recognised at nominal value, less any necessary write-downs. Foreign currency positions are valued at the exchange rate applicable on the balance-sheet date.

Prepaid expenses and deferred income

These comprise the time and functional-based accruals and deferrals of the individual expenditure and income items, measured at nominal value, less necessary write-downs.

Tangible assets

These include investments in rented premises, furniture and IT equipment. The assets are measured at acquisition cost, less necessary depreciation, based on a useful life of 3-4 years. Software and licences are amortised on the basis of a useful life of 3 years.

Financial assets

Long-term financial receivables from associated organisations and financial investments made in third parties are measured at acquisition cost, less any impairments. Shares in associated organisations are recorded and measured using the equity method.

Carbon offset project fund

For relevant information, please refer to page 6 in these annual financial statements, "Statement on changes in capital".

Organisation capital

The organisation capital is used for future general fulfilment (not fund-bound) of the aims of the Foundation, and covers any additional administrative expenditure that may occur.

Income

This includes all donations for voluntary CO2 offsetting and revenues for compliance offsetting. Climate education and Carbon Management Services (CMS) are individual services within the scope of the Foundation's purpose. myclimate provides these services to individual customers or they are made possible by donors. Income is reported on the basis of payments received.

Direct expenses

These include the expenses incurred directly for active offsetting and service projects in the year under review.

2.) Explanatory Notes on the Consolidated Financial Statements

Information on selected balance-sheet items:

2.1.) Changes to the scope of consolidation

The following company has been consolidated since 2012:

– myclimate Japan, Tokyo, Japan

(established on 11 November 2011, not consolidated in 2011 for reasons of immateriality), see further explanations in section 4.3.

2.2.) Liquid assets

Cash on hand, postal cheque accounts and bank balances. The foreign currency exposure of liquid assets in EUR, USD and GDP amounts to 39% (previous year 40%). The previous year's long-term fixed term deposit of EUR 1 m was converted into liquid assets in 2012.

2.3.) Accounts receivable

In CHF	31.12.2012	31.12.2011
Total trade receivables	4,426,057	3,008,049
Total other receivables	14,412	26,705

The foreign currency element of the total of all accounts receivable is 44% (previous year 19%).

2.4.) Prepaid expenses

In CHF	31.12.2012	31.12.2011
Prepaid expenses for carbon offset projects	141,179	529,537
Prepaid expenses for Carbon Management Services	8,000	24,720
Prepaid expenses for operating expenses (rent, VAT, etc.)	78,711	55,180
Total prepaid expenses	227,890	609,437

2.5.) Deferred income

In CHF	31.12.2012	31.12.2011
Deferred income from offset commitments	1,386,583	4,901
Deferred income from services	9,250	14,398
Deferred income from operating expenses (overtime, bonuses, audit, annual report, etc.)	278,667	254,877
Total deferred income	1,674,500	274,175

2.6.) Provisions/extraordinary expenses

The uncertainty over the VAT bill in the amount of CHF 70,000 has been clarified and the provision released.

2.7.) Trade payables

Trade payables have fallen in comparison with the previous year. A commitment of CHF 1,384,000 is reported under deferred income, since the relevant supplier invoice was not yet available at the time of preparing the annual report.

3.) Details of the profit and loss account

Below you can find some information about selected items in the profit and loss account:

3.1.) Income

Total income was up 4.05% year-on-year; income from offsetting rose by 2.32%, service income by 12.27%.

3.2.) Direct expenses

Productive personnel expenses (ratio 44%, previous year 42%) in line with hours/wage costs actually incurred were offset against direct project expenses, together with *pro rata* social security contributions and administration costs. The income reductions chiefly consist of commission for representatives.

3.3.) Administrative expenses

The myclimate team had grown by the end of 2012 to 50 employees (including four people performing civilian service in lieu of military service, two apprentices and three trainees) with a total of 39.2 full-time equivalent positions. During the year, 17 people performing civilian service in lieu of military service worked for myclimate and five trainees were employed. Twelve new hires compared to six employees leaving. All employees worked hours that corresponded to 38.6 full-time equivalent positions in 2012. In 2011, the myclimate team consisted of 41 employees (including four people performing civilian service in lieu of military service and one apprentice) with a total of 34.35 full-time equivalent positions, who worked hours corresponding to 33.2 fulltime equivalent positions.

Administration, marketing, rental and IT costs were stable compared to the previous year. Advertising and marketing comprise general expenses for raising awareness of the myclimate brand and pursuing the Foundation's aims through information events, stand events, presence at trade fairs, touring exhibitions, etc. in the context of raising awareness of climate and environmental issues. The amount of CHF 29,000 was spent on fundraising. myclimate received free services from the media and advertising agencies in the amount of approx. CHF 1,114,000 (pro bono graphic design work and translations, free advertising and on-screen advertising). Over 7,800 children, young people and adults took part in myclimate climate education projects.

Compensation for the executive bodies

A total of CHF 9,850 was paid to the Foundation Board (Chairman, Vice-Chairman, Foundation Board members) to compensate for expenses in 2012 (previous year CHF 18,300). The compensation paid to the management members is determined by the Foundation Board Committee and is in line with market-based conditions.

For more information on allocated personnel and administration expenses, see the explanations in section 3.2.

3.4.) Currency adjustments

Over the course of the year, currency write-offs were applied to only a limited extent, due to the fixing of the CHF rate against the EUR by the Swiss National Bank (SNB).

4.) Additional information

4.1.) Pension plan obligations

myclimate employees are insured with the Abendrot Foundation, Basel, in an occupational pension plan. As at the end of 2012, all current premium payments had been made (as in the previous year).

4.2.) Risk assessment

In September 2012 the management and the Foundation Board revised the comprehensive annual risk assessment that was conducted in 2009 for the first time and have taken any resulting measures to ensure that the risk of material misstatement in the financial statements is small.

4.3.) Participations

	Share	Share capital (nominal)
myclimate Deutschland gGmbH	100%	EUR 25,000

This participation is recognised in the balance sheet together with the establishment expenses that were incurred. myclimate Deutschland was established in November 2009. The accounts of myclimate Deutschland have been fully consolidated into these annual financial statements since 2010.

	Share	Share capital (nominal)
myclimate Turkey	15%	TRY 100,000

In the spring of 2011, myclimate Turkey was established as a joint venture of the Foundation myclimate and ERIH in Istanbul. The Foundation myclimate has a minority shareholding of 15%, ERIH 85%. myclimate Turkey represents the Foundation in Turkey under a franchise agreement and offers all myclimate services there. The Foundation holds one of the three seats on the Board of Directors of myclimate Turkey at present. René Estermann is the current delegate.

	Share	Share capital (nominal)
myclimate Japan	25%	JPY 10,000,000

In the autumn of 2011, myclimate Japan was established as a joint venture of the Foundation myclimate and Econos in Tokyo. The Foundation myclimate has a minority shareholding of 25%, Econos 75%. myclimate Japan represents the Foundation in Japan under a franchise agreement and offers all myclimate services there. The Foundation holds two of the five seats on the Board of Directors of myclimate Japan at present. René Estermann and Yuri Okubo are the current delegates. The participation was measured using the key date method for the exchange rate. The participation is consolidated using the equity method.

4.4.) Transactions with affiliated organisations

Climatop Association

At the start of 2008, the Ökozentrum Langenbruck Foundation in conjunction with myclimate launched the carbon footprint product label "climatop" in the course of a working group. In the autumn of 2008 the two sponsoring organisations subsequently established the Climatop Association. It rents office space on the myclimate premises with the goal of assessing products and services that are particularly climate-friendly and conferring awards on them. The management of myclimate sits on the climatop Board. myclimate charged the Association the amount of CHF 34,000 (previous year CHF 22,000) for licence fees and office rent in 2012.

4.5.) Fire insurance values

Business insurance with Basler for fire/natural hazards, sum insured CHF 480,000 (previous year CHF 560,000).

4.6.) Contingent liabilities and events after the balance sheet date

None.

BASIC INFORMATION PURSUANT TO FER 21/43

Establishment, charter and regulations

The original foundation CliPP (Climate Protection Partnership) was established in August 2002 by the Federal Office of Civil Aviation (FOCA), BHP – Bruggler und Partner AG, Caritas Schweiz, the Swiss Federal Institute of Aquatic Science and Technology (EAWAG), Econcept AG, canton of Glarus, Seecon GmbH and Dr Rolf Jeker with capital of CHF 80,000 and joined forces with the ETH spin-off association myclimate in June 2006 to create the Foundation myclimate - The Climate Protection Partnership. The Foundation's charter is dated 8 August 2002, rev. 5 April 2006 and rev. 27 November 2009, the regulations are also dated 5 April 2006 and rev. 27 November 2009. The Foundation is subject to regulation by the Federal Supervisory Board for Foundations.

Purpose of the Foundation

The Foundation finances and promotes carbon offset projects in Switzerland and abroad in cooperation with suitable partners. In doing so, it observes principles of sustainable development.

It pursues its objective in particular by:

- promoting energy efficiency;
- promoting renewable energy sources;
- promoting political, economic and financial structures and processes which support the implementation of carbon offset projects.

The Foundation is a not-for-profit organisation and pursues no commercial or self-help objectives. It is neutral with regard to party politics and religion.

Foundation Board

The following persons sat on the Foundation Board in 2012:

- Dr Giatgen-Peder Fontana, Chairman*, Committee, elected until end of 2015
- Dr Sabine Perch-Nielsen, Vice-Chairman*, Committee, elected until end of 2015
- PD Dr Sabine Kilgus RA, Committee, elected until end of 2015
- Hans Wiesner, elected until end of 2015
- Marcel Zuckschwerdt, elected until end of 2015
- Dr Urs Egger, elected until end of 2015
- Prof. Dr Volker Hoffmann, resigned with effect from 31 December 2012

* These members of the Foundation Board have joint signatory authority.

Management

- René Estermann, CEO *

* With joint signatory authority.

Management Committee

The following heads of department are members of the Management Committee with collective power-of-attorney (joint signatory authority together with the CEO):

- Kathrin Dellantonio, Sales, Marketing & Communication
- Julia Hofstetter-Steger, Climate Education
- Daniel Kammerer, Carbon Management Services
- Franziska Heidenreich, Carbon Offset Projects
- Lars Büniger, Administration
- Jeroen Loosli, IT and Performance Quality

Tax exemption

By order of the cantonal tax office in Zurich of 5 July 2011, the Foundation myclimate was again granted tax exemption.

Auditor

KPMG AG, Zürich

Affiliated organisations

See explanatory notes in sections 4.3) and 4.4) on pages 12 to 13, Notes to the Consolidated Financial Statements.

The Foundation's activities

Please refer to the detailed description of services in the 2012 annual report, which is published separately – see also www.myclimate.org.