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The Arbor Day Foundation's Approach to Additionality

This document seeks to define the Arbor Day Foundation's stance on additionality as it relates to our unique philanthropic and market-driven businesses. The Arbor Day Foundation considers all trees we plant with funds raised explicitly for carbon projects to be additional.

The Arbor Day Foundation's mission is to inspire people to plant, nurture, and celebrate trees. Perhaps nothing in the history of conservation has given our mission more scalability than the carbon credit.

Arbor Day Carbon, a wholly owned subsidiary of the Arbor Day Foundation, is responsible for accelerating the role trees and forests play in the carbon markets. Arbor Day Carbon transacts carbon credits, funds carbon projects, and develops reforestation projects, leveraging the Foundation's trusted brand, networks, and expertise. All profits generated by Arbor Day Carbon are used to amplify the Arbor Day Foundation's ability to inspire people to plant, nurture, and celebrate trees.

Additionality at the Project Level

At a project level, additionality means that emissions reductions or removals are in addition to a "business as usual" scenario. Additionality is verified by independent carbon standards and means the project activities would not have happened without the market for carbon credits.

Additionality at the Arbor Day Foundation

Despite the clarity of additionality offered by carbon standards at the project level, a unique grey area exists for the Arbor Day Foundation because of how we fund our work. The Arbor Day Foundation raises money from partners, members, and donors to finance the planting of trees. In contrast, projects in which Arbor Day Carbon plants trees rely on carbon finance to incentivize land-use change and therefore would not be planted as part of the Foundation's "business as usual" scenario.

The Arbor Day Foundation places a premium on providing visibility for our partners, members, and donors around where their financial support for tree plantings go. Therefore, the Foundation uses a carbon finance transparency test to communicate the additionality of trees planted in carbon projects.

Carbon Finance Transparency

When the Arbor Day Foundation gets paid to plant trees destined for carbon projects, our partners, members, and donors will know three things:

- 1) Their trees will be planted in a carbon project.
- 2) Carbon projects have different management requirements than non-carbon tree planting projects.



- 3) Should the project be successful, the Arbor Day Foundation will earn a return on investment by selling the carbon credits generated by the project. This return will go directly back to advance the shared vision of the Foundation and Arbor Day Carbon.

Ensuring a Net Gain in Trees Planted

Arbor Day Carbon accelerates the Arbor Day Foundation's mission by leveraging carbon financing. If individual donations are used to fund carbon projects, Arbor Day Carbon will use the profit from carbon credit sales to fund our overall mission to inspire people to plant, nurture, and celebrate trees. This process will ensure a net gain of trees planted by the Foundation and Arbor Day Carbon.

A 50-Year Legacy at Work

Though the carbon markets are relatively new and rapidly changing, the Arbor Day Foundation is building on a 50-year legacy of conservation work. We are committed to providing the clarity and confidence our partners and stakeholders deserve when making their investment decisions. We believe our stance on additionality demonstrates our commitment to doing things the right way for our people, partnerships, and planet.