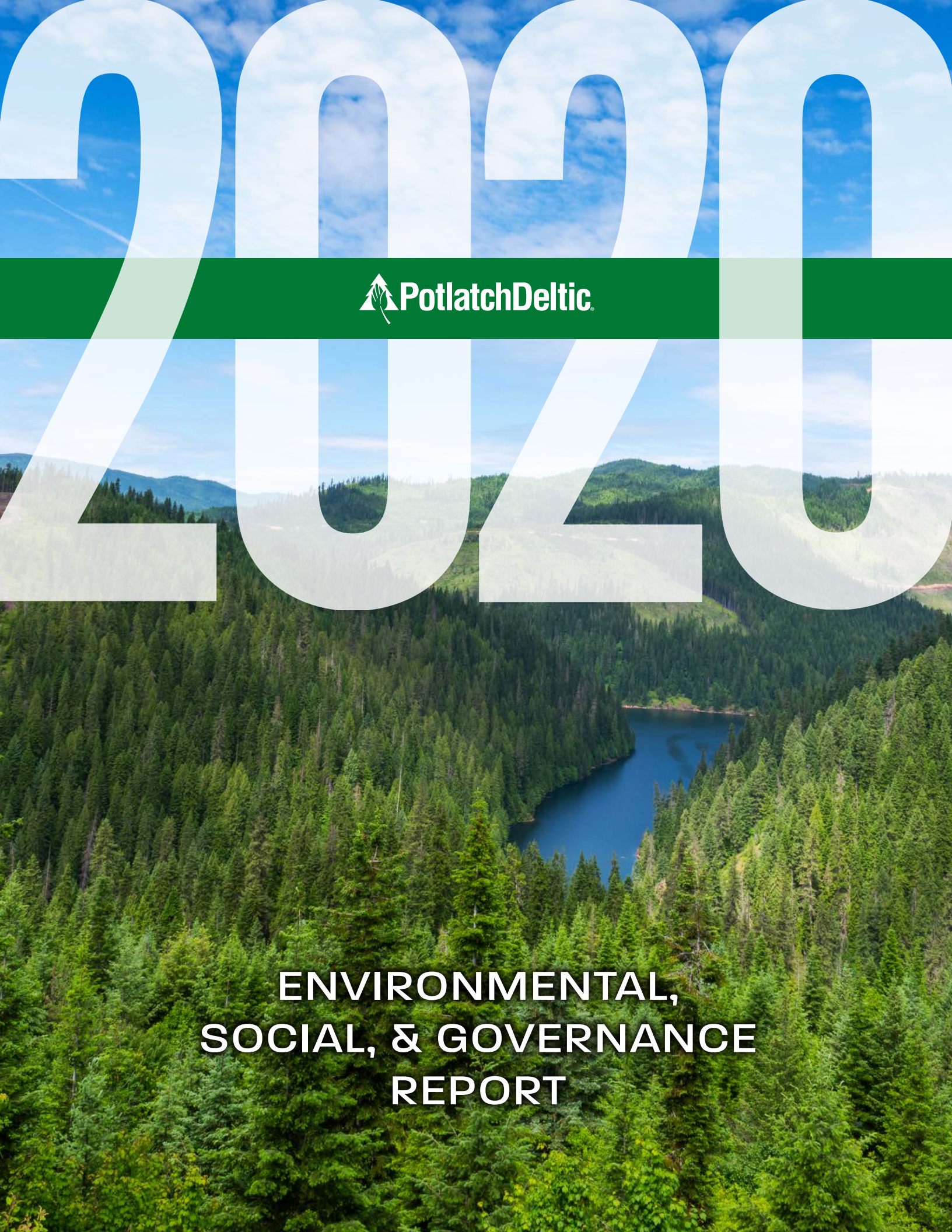
2020
PotlatchDeltic
ENVIRONMENTAL,
SOCIAL, & GOVERNANCE
REPORT

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## ENVIRONMENTAL

22 MILLION
SEEDLINGS PLANTED

LONG-TERM SUSTAINABLE FOREST MANAGEMENT PLANS INCORPORATE BEST MANAGEMENT PRACTICES

HARVESTED 3.2%
OF TIMBERLANDS, INCLUDING THINNING

FORESTRY PRACTICES
100%
THIRD PARTY CERTIFIED

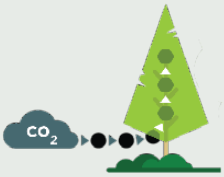
PROTECTED 2,300
MILES OF RIVERS AND STREAMS

PROTECTED ENDANGERED SPECIES AND PROMOTED BIOLOGICAL DIVERSITY

NEARLY 100%
OF LOGS UTILIZED

SCOPE 1&2 GHG EMISSIONS
91,347
METRIC TONS OF $CO_2e$

RENEWABLE ENERGY =
43%
OF TOTAL USED AT FACILITIES




7.5 MILLION
METRIC TONS OF $CO_2e$ SEQUESTERED

## SOCIAL

FOCUSED ON DIVERSITY AND INCLUSION

VPP STATUS AT

4 OF 7 FACILITIES

WOMEN CONSTITUTE

32%

OF OUR SALARIED ROLES

OUR WOOD PRODUCTS TCIR IS

1.6

OUR SAFETY ASPIRATION IS

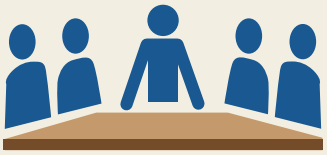
ZERO INCIDENTS

CONNECTED TO OUR COMMUNITIES

NEARLY ALL OF TIMBERLANDS AVAILABLE FOR PUBLIC ACCESS AND RECREATION

WORKFORCE DEVELOPMENT

## GOVERNANCE



INDEPENDENT BOARD OF DIRECTORS

22%

WOMEN DIRECTORS

PUBLIC ADVOCACY AND PARTICIPATION IN OVER

30

RESEARCH ORGANIZATIONS AND COALITIONS

ESG GOVERNANCE INCORPORATES CROSS-FUNCTIONAL TEAMS AND BOARD OVERSIGHT

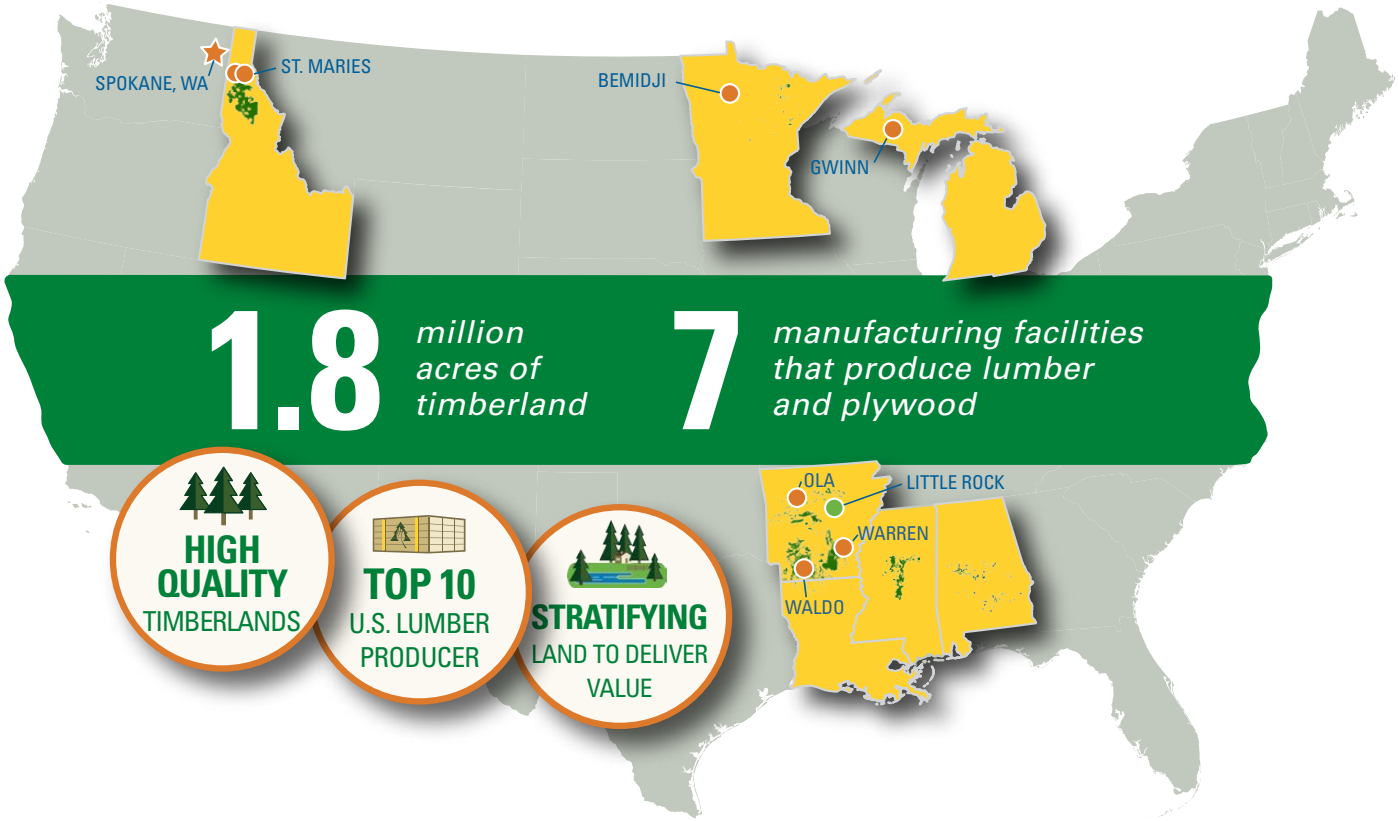
ONGOING STAKEHOLDER ENGAGEMENT

ENTERPRISE RISK MANAGEMENT FRAMEWORK, INCLUDING CLIMATE RISKS

COMPREHENSIVE POLICIES REFLECT OUR HIGH STANDARDS AND ETHICS

## *UNLOCKING*
## THE VALUE OF OUR LAND

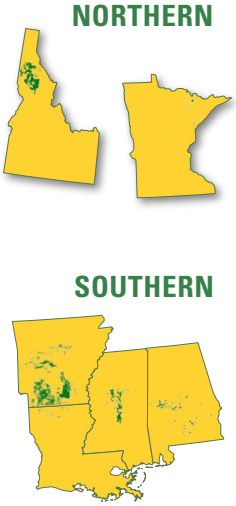
PotlatchDeltic (NASDAQ: PCH) is a $4 billion[1] timber Real Estate Investment Trust (REIT) headquartered in Spokane, Washington. We operate in three business segments: Timberlands, Wood Products, and Real Estate. PotlatchDeltic was founded in 1903 and has a long legacy of excellence in timberland management. Our high-quality timberlands are managed on a sustainable basis and our forestry practices are 100% third party certified. We are a leading lumber producer in the U.S. and our facilities focus on responsible manufacturing and on resource efficiency . We unlock the value of our lands that have a higher and better use than timberland management and continue to grow our timber base. We provide economic benefit to the communities in which we operate and solid returns to our shareholders.



## Timberlands

Our northern timberlands consist of approximately 627,000 acres in northern Idaho and 20,000 acres in Minnesota. Our Idaho timberlands are the most productive Pacific Northwest timberlands east of the Cascades. High value sawlogs represent 90% of our Idaho harvest volume and we index about 75% of our sawlogs to the price of lumber. Our southern timberlands consist of over 1.1 million acres located across four states - Arkansas, Mississippi, Alabama and Louisiana. Our integrated operating model provides a natural hedge against sawlog prices that remain below long-term trend levels. PotlatchDeltic benefits from a strong customer base near our timberlands and proximity to major housing markets.

| REGION | STATE | ACRES[2] |
|---|---|---|
| NORTHERN | | |
| | IDAHO | 627 |
| | MINNESOTA | 20 |
| | Total Northern Region | 647 |
| SOUTHERN | | |
| | ARKANSAS | 923 |
| | MISSISSIPPI | 98 |
| | ALABAMA | 91 |
| | LOUISIANA | 6 |
| | Total Southern Region | 1,118 |
| | TOTAL | 1,765 |



## Wood Products

PotlatchDeltic is a top 10 lumber producer in the United States, utilizing timber sourced from our sustainably managed forests to meet about half of our fiber needs. Our sawmills are well capitalized through ongoing investment to increase productivity and efficiency. For builders and distributors alike, we produce a wide array of lumber products at our mills in Arkansas, Idaho, Michigan, and Minnesota with a focus on product reliability and a dedication to customer service. We also produce industrial grade plywood at our St. Maries, Idaho complex.

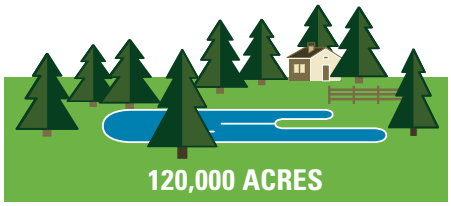
| | ANNUAL CAPACITY[3] |
|---|---|
| **SAWMILLS:** | |
| Bemidji, Minnesota | 140 MMBF |
| Gwinn, Michigan | 185 MMBF |
| Ola, Arkansas | 150 MMBF |
| St Maries, Idaho | 185 MMBF |
| Waldo, Arkansas | 190 MMBF |
| Warren, Arkansas | 220 MMBF |
| **PLYWOOD MILL:** | |
| St Maries, Idaho | 150 MMSF |

## Real Estate

**RURAL –** Some of our holdings have a higher or better use than timberland or are no longer strategic. We have identified 120,000 rural acres that we intend to sell over time at a premium to timberland value.

**DEVELOPMENT –** We own two exceptional real estate development projects located in Arkansas – Chenal Valley located in West Little Rock and Red Oak Ridge in Hot Springs. Residential lots are sold to private and regional builders. Commercial acres are sold for office, multifamily , senior living, churches, or retail end uses.

**RURAL[4]**




Large proportion of sales have CONSERVATION OUTCOMES

**DEVELOPMENT** *(Chenal Valley located in West Little Rock)*

~57% Commercial Sold


350 ACRES $250,000/ACRE

~65% Residential Sold

1,775 LOTS $77,500/LOT

*"Each of us has to step up to make the world a better place every day. We are committed to responsible stewardship of the environment, our people, our communities, and towards creating sustainable value."*

The past year presented us with an extraordinary mix of challenges, including the impacts of the COVID-19 pandemic and the turmoil surrounding social unrest. These events remind all of us to ask what we can do differently, and how we can do it better, to make the world a better place. They also reinforced that our environmental, social and governance commitments and initiatives are a critical piece of a much broader global effort towards responsibility and sustainability.

Early in the COVID pandemic, the paper and forest products supply chain was designated as critical infrastructure, recognizing our important role and our responsibility to adapt to the dynamic environment in which we operate. We stayed informed, communicated with our employees, customers, and other stakeholders, and took prompt measures to reduce infection risks in the workplace. These efforts permitted us to maintain continued employment for our workforce and to provide increased financial support for those impacted in our communities.

Global climate change and the shift to a net-zero economy are also challenges that will require us to adapt and innovate. They will create both risks and opportunities, along with complex interdependencies. Overall, I believe our climate change scenario analysis will show that PotlatchDeltic is well positioned to face these challenges, with climate change favorably impacting the growth rate of our timber. In addition, we expect to benefit from policy and market opportunities associated with the benefits arising from the role forests play in carbon sequestration and carbon capture in wood products.

We continue to advance our ESG efforts in our analysis, reporting and initiatives with broad corporate involvement and oversight by our Board of Directors. In addition, we actively collaborate towards climate policy through our work in coalitions and industry associations. We recently signed the CEO Principles[5], an alignment between environmental, conservation and forest business leaders to establish a common vision on the role that privately-owned working forests can play in mitigating the effects of climate change. Our work ahead includes identifying new approaches to attract and promote talented, diverse employees, and to achieve even better engagement with our workforce. It also includes the challenge of further integrating ESG throughout our business, evaluating our ability to align with net-zero goals, and developing science-based CO2e reduction targets. We have made enormous progress over the past two years on our ESG journey, and I look forward to continued progress on our ESG efforts in the years ahead.

Eric J. Cremers
President and Chief Executive Officer

## 2020 ESG REPORT

We have made significant progress on our ESG journey since our inaugural 2019 ESG Report. Late last year, we conducted a materiality assessment to help align our ESG reporting with the issues our stakeholders view as most important. In addition, we incorporated the United Nations Sustainable Development Goals (SDGs) into our ESG reporting through mapping the goals and targets that best align with our business strategies. The core and aligned UN SDGs and targets we prioritized intersect with our material topics, including our accomplishments and future goals and initiatives.

We enhanced our approach to governance by adopting new policies including a Diversity, Equity, and Inclusion Policy, a Human Rights Policy and a Supplier Code of Conduct. We expanded our enterprise-wide risk management to incorporate ESG risks, including climate change, and will continue to integrate climate risks and opportunities into our governance.

Our reporting on climate change metrics continued to increase with greater details on our carbon sequestration and storage and on our Scope 1 and Scope 2 greenhouse gas emissions. Our 2020 ESG Report also laid the foundation for our climate scenario analysis by identifying potential physical and transition risks and opportunities in our business. We are committed to completing scenario analysis for our business, aligned with guidance from the Task Force on Climate-related Financial Disclosures (TCFD).

We engaged in initiatives surrounding climate change and worked with a broad range of stakeholders to generate ideas about how we can address this challenge. As proposed policies and regulations surrounding climate change broaden and intensify, PotlatchDeltic is well positioned to be a part of the solution for climate change.

**"We take an active role with scientific research organizations, industry associations, and coalitions towards collaborative engagement regarding forests as part of the solution to climate change."**

**Anna Torma** - Vice President Public Affairs, PotlatchDeltic

## ENVIRONMENTAL RESPONSIBILITY

- *Sustainable Forest Management*
- *Biodiversity and Conservation*
- *Air, Water, Energy and Waste*
- *Climate Change*

## SOCIAL RESPONSIBILITY

- *Employees*
- *Workforce Development*
- *Health and Safety*
- *Communities*

## RESPONSIBLE GOVERNANCE

- *Ethics and Legal Compliance*
- *Stakeholder Engagement*
- *Risk Management*
- *Public Advocacy*

*Sustainably manage our assets, value our employees and the communities where we operate, and be a good corporate citizen*

Our environmental commitment, the relationships we have with employees, the independence and oversight of our Board of Directors, the positive impact we have in our communities, and our public advocacy can have a profound impact on our success in maximizing a range of values for our stakeholders. We recognize that these environmental, social and governance factors are the foundation for our long-term success.

The purpose of PotlatchDeltic's 2020 ESG Report is to provide our stakeholders with an understanding of our priority ESG topics. It reflects our commitment to provide transparency and accountability of our ESG practices, performance, and goals. Our report outlines our approaches, policies, practices, results, and goals and highlights some of our 2020 ESG accomplishments through case studies. We report on ESG annually and update you on our progress, on ESG related changes in our business and operating environment, and on our ESG initiatives.

Our ESG approach reflects our commitment to continue to focus on areas where we could enhance our disclosures, procedures, or key performance metrics. Our analysis and benchmarking also help us to identify issues where we could improve and position us to develop harmonized action plans that are linked to our strategic objectives. These measures can range from initiatives related to diversity, training, suppliers, and employee engagement or can involve plans to further reduce our environmental impacts. The approach is embedded within a strong governance framework with Board oversight, broad management involvement, and cross-functional working groups.

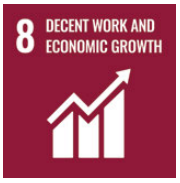
We report our ESG performance using best practices established in frameworks such as the Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), and Global Reporting Initiative (GRI). We have incorporated our support of the UN SDGs into our report, highlighting some key areas of alignment. In addition, this year we will issue our first report under the Carbon Disclosure Project (CDP) disclosures for forests. Our 2020 ESG Report has been prepared in alignment with SASB, which utilizes industry-specific standards to identify, manage and communicate relevant sustainability information to investors.

We have utilized sustainability disclosure topics and accounting metrics established under the Forestry Management and the Building Products & Furnishings industry standards. We have also expanded our alignment with the TCFD Framework to reflect our increased work on carbon and climate change. The GRI Standards have also influenced our ESG report and we continue to prepare for alignment with this framework in future reporting. We will continue to evaluate how we can enhance our reporting.

This report outlines our calendar year 2020 metrics unless otherwise specified. We utilize a 2018 baseline for data comparisons. We completed a merger with Deltic Timber Corporation in February of 2018, which significantly changed our asset footprint. The descriptions of ESG governance approaches and policies are as of the date of publication. This report should be read in conjunction with our 2020 Annual Report on Form 10-K, 2021 Proxy Statement, and other information available on our website and investor materials. We did not seek external assurance from third parties with respect to the information in this report. Cautions regarding forward-looking statements are in the Appendix to this report.

## United Nations Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) were established in 2015 with an aspiration to end poverty, protect the planet and improve the lives and prospects of people everywhere by 2030. The plan established 17 goals and 169 underlying targets as an agenda for governments and other stakeholders. The private sector has been asked to partner towards the successful achievement of the UN SDGs by identifying opportunities to incorporate them into their business strategies. While PotlatchDeltic supports all the UN SDGs, we focus in this report on five core UN SDGs where we believe we have the greatest impact. We also include an additional five goals that closely align with our policies and initiatives. Throughout our ESG report we highlight where these UN SDG goals reflect the work we are doing.




**SDG 8: Decent Work and Economic Growth**

***Key Targets:***

**SDG Target 8.2.** Achieve higher economic productivity through diversification, technological upgrading and innovation

**SDG Target 8.5.** Achieve full and productive employment

**SDG Target 8.6.** Reduce youth not in employment, education, or training

**SDG target 8.8.** Protect labor rights and promote safe and secure working environments

PotlatchDeltic strives to maximize shareholder value through investments in technological improvement at our wood products facilities to increase productivity and resource efficiency of our operations. We provide a workplace of excellence through our inclusive culture, fair compensation, and opportunities for development. The health and safety of our employees is a core priority and we are focused on preventing occupational illness and injuries without compromise.

**2020 Highlights**

- Made capital investments at our facilities to improve productivity and efficiency
- Implemented COVID-19 response measures throughout the workforce to reduce infection risks and maintain continued employment for our workforce
- Installed Land Resource Manager (LRM) system to improve productivity in forest management activities through the full raw-materials cycle
- Implemented online contractor management system for wood products
- Maintained wood products and timberlands safety incident and severity rates below industry averages
- Maintained apprenticeship programs in our wood products facilities
- Developed Supplier Code of Conduct and training requirements

**Goals and Initiatives**

- Establish partnerships and expand apprenticeships in training framework
- Recruit interns at timberland district offices by leveraging stronger university partnerships
- Expand online contractor approval and training system for wood products facilities
- Work towards VPP safety status at Arkansas wood products facilities


**SDG 12: Responsible Consumption and Production**

***Key Targets:***

**SDG Target 12.2.** Sustainable management and efficient use of natural resources
**SDG Target 12.4.** Reduce release of emissions to air, water and soil
**SDG Target 12.5.** Reduce waste generation through prevention, reduction, recycling and reuse
**SDG Target 12.6.** Adopt sustainable practices and integrate sustainability information in reporting cycle

Our wood products manufacturing facilities focus on responsible manufacturing and on resource efficiency. These facilities minimize air emissions, monitor water discharge and protect streams and rivers. An experienced professional team actively manages our environmental compliance at our manufacturing facilities and in our timberlands, and we have implemented compliance programs that include environmental education and training for our employees. We report on sustainability in our annual ESG report, aligning with key reporting frameworks.

**2020 Highlights**

- Completed site improvements, water handling and sediment pond projects at our Ola, Arkansas facility
- Partnered with Idaho Department of Environmental Quality (DEQ) and the Coeur d'Alene Tribe under the PM Advance Program to purchase and install woodstoves in community homes in St. Maries, Idaho to improve air quality in the St. Maries airshed
- Completed materials recovery projects at Waldo and Warren wood products facilities in Arkansas, including land application of wood ash
- Initiated ESG reporting and augmented ESG in our enterprise risk assessment process

**Goals and Initiatives**

- Complete various capital investment projects at our wood products facilities designed to improve efficiency and resource recovery including: 1) two new direct-fired burners at our Ola, Arkansas facility, which will enable greater use of wood residuals for energy and reduced chemical usage; 2) upgrades at our plywood patch line in St. Maries, Idaho to reduce chemical usage; and 3) scanning and automated log turning at St. Maries sawmill log infeed that will improve resource recovery
- Improved collection and treatment of stormwater at St. Maries resulting in reduced pollutant discharges
- Continue to reduce PM 2.5[6] in the St. Maries airshed through woodstove conversion


**SDG 13: Climate Action**

***Key Targets:***

**SDG Target 13.1.** Strengthen climate change resilience and adaptive capacity
**SDG Target 13.2.** Integrate climate change measures into policies, strategies, and planning
**SDG Target 13.3.** Improve education and awareness-raising on climate change

Timberlands play a powerful positive role in combating climate change through carbon sequestration. In addition, harvested trees made into wood products continue to store carbon they have sequestered and can substitute for fossil-fuel emissions-intensive building materials. As a result, new market opportunities for wood products, such as mass timber, continue to expand.

**2020 Highlights**

- Sequestered 7.5 million metric tons CO2 equivalents in our timberlands
- Stored 2.0 million metric tons CO2 equivalents in wood products
- Led regional tree improvement cooperative with other landowners, state agencies, and the Coeur d' Alene Tribe to develop high performing, locally adapted, seed sources for native species
- Participated directly and supported educational outreach about the role forests and wood products can play in climate change through field trips and teacher education, policy frameworks, and social media

**Goals and Initiatives**

- Conduct climate change scenario analysis across our assets to expand our expertise in managing climate risks and opportunities and as part of our commitment to disclosure in TCFD
- Continue to assess nature-based solutions to climate change as carbon markets develop


**SDG 15: Life on Land**

***Key Targets:***

**SDG Target 15.1.** Conservation and sustainable use of freshwater ecosystems
**SDG Target 15.2.** Sustainable management of forests and reforestation
**SDG Target 15.5.** Biodiversity and protection of threatened species
**SDG Target 15.8.** Reduce impact of invasive alien species

We are a leader in forest stewardship and sustainability with rigorous third-party auditing and certification of our practices. Foresters manage timberlands with prescribed best management practices that protect water quality and biodiversity. We also recognize that some areas need to be conserved and species at risk need to be protected on the lands we manage.

**2020 Highlights**

- Re-certified 100% of our timberlands under SFI and 70% of our Arkansas timberlands under FSC
- Planted nearly 22 million seedlings across over 45,800 acres
- Translocated six demographically isolated Red-cockaded woodpeckers to the Moro Big Pine Conservation Area to augment its population of 61 adults with 26 breeding groups
- Sold 84,316 acres of rural real estate with conservation outcomes, including 82,148 acres to The Conservation Fund in four separate transactions in Minnesota

**Goals and Initiatives**

- Maintain active involvement in Wildlife Conservation Initiative to conserve terrestrial and aquatic species
- Support improvement of Idaho Forest Practice Act stream protection rules
- Maintain 100% certification of our timberlands and pursue continuous improvement within our Timberlands Environmental Management System and best management practices
- Continue to pursue conservation land sales


**SDG 17: Partnerships for the Goals**

***Key Targets:***

**SDG Target 17.6.** Cooperation on and access to science, technology and knowledge-sharing
**SDG Target 17.14.** Enhance policy coherence for sustainable development
**SDG Target 17.16.** Enhance partnerships to support the sustainable development goals

PotlatchDeltic combines scientific data with our decades of experience sustainably managing forest lands to advocate for policies and regulations that recognize conservation values and reward landowners for the contributions that our managed forests provide. We work with research organizations, coalitions and industry associations towards these initiatives, including several which are UN SDGs.

**2020 Highlights**

- Worked with the National Council for Air and Stream Improvement (NCASI) and other research organizations towards natural climate solutions and environmental improvement
- Participated in Forest Climate Working Group coalition to develop policy platform
- Partnered on Idaho Shared Stewardship Advisory Group

- Partnered to work on Conservation Without Conflict wildlife initiatives
- Worked with industry associations to develop policy positions for forests and climate change

**2021 Goals and Targets**

- Continue ongoing work towards GHG Scope 3 emissions reporting
- Work with associations and coalitions to develop policy platforms related to carbon markets and the ability of working forests to be part of the solution to climate change
- Develop policy initiatives towards increased wood procurement in infrastructure and incentives to utilize carbon friendly materials, like wood products, in buildings

*We also support the following SDGs through our policies and initiatives.*


**SDG 3. Good Health and Well-being**

We offer a wide range of health and financial benefits to support the diverse needs of our employees and their families. Our benefits help our employees and their families to stay healthy through comprehensive physical and mental health, dental, and vision programs. We have comprehensive health and safety programs, including COVID-19 safety protocols.


**SDG 4. Quality Education**

We develop our workforce through employee improvement and professional growth to maximize employee engagement and retention, and we help grow their careers through a range of educational programs. We offer internships for undergraduate and graduate students. Expanding knowledge about sustainable forestry is a core part of our community initiatives.


**SDG 5. Gender Equality**

PotlatchDeltic is an equal opportunity employer. We offer a wide range of health and financial benefits for our employees and their families, including work flexibility and parental leave. We create opportunities for employee improvement and professional growth.


**SDG 10. Reduced Inequalities**

We value an ethical, diverse, equitable, and inclusive culture, where employees are encouraged to be engaged every day and are respected for their unique perspectives and skills.


**SDG 16. Effective, Accountable and Inclusive Institutions**

Our corporate governance policies and procedures, combined with our culture, guide us to an approach of ethical management. Respect for our stakeholders, a commitment to corporate responsibility, excellence in financial management, and transparency are the foundation of all that we do.

## MATERIALITY ASSESSMENT

PotlatchDeltic undertook a materiality assessment in 2020 to engage with a broad group of our stakeholders and to identify the ESG topics that are most important in our ESG strategy and reporting.

We followed a multi-step process to conduct the materiality assessment. The ESG Working Group utilized external frameworks like Global Reporting Initiative (GRI), Sustainability Accounting Standards (SASB), and UN SDGs to identify a wide range of potential issues. These issues were streamlined into topics through a series of interviews with selected internal stakeholders. Then, we created an electronic survey for stakeholders to rate the importance of the topic from 1 (somewhat important) to 6 (very important). Stakeholders were also provided the opportunity to suggest a topic and rank its importance.

We asked a broad range of 100 internal and external stakeholders to complete the electronic survey. Stakeholders included investors, analysts, our Board, senior management, consultants, customers, contractors, community leaders, environmental non-governmental organizations (ENGO's), industry associations, and employees at various levels across our business units. The overall response rate for the survey was 87% with a 96% response rate for internal stakeholders and 78% response rate for external stakeholders.

Responses from both internal and external stakeholders were weighted based on the expertise or knowledge of the topic to determine the overall rating of each topic for its importance to stakeholders. Interviews were held with members of the management team to discuss the importance of each topic to PotlatchDeltic's business success. The results were plotted on an ESG Materiality Assessment matrix. The matrix was then reviewed and approved by the ESG Working Group and ESG Management Group.

We will use the results of our ESG Materiality Assessment to focus attention and transparency on the most important ESG topics and to assist with our ongoing alignment with UN SDGs, GRI, and other reporting frameworks.


Internal and external stakeholders largely agreed on the priority topics and results identified all of the survey topics as being important. One additional suggested topic by stakeholders was water security. We will include analysis of this in our climate risks and opportunities analysis. A second additional topic suggested was greater visibility of values and goals. We will include this in our initiatives surrounding employee engagement.
Several topics were identified as "priority", both in importance to stakeholders and in importance to our business success. These priorities align with our core UN SDGs. The topics Best Forest Management Practices and Sustainable Forest Management directly support our work towards UN SDG 15 – Life on Land, which is further supported by our efforts in Biodiversity and Conservation.

Safety and Wellness, Economic Performance, and Economic Contribution align with our initiatives supporting UN SDG 8 – Decent Work and Economic Growth. Direct Environmental Impacts are a key component of our work toward UN SDG 12 – Responsible Consumption and Production. Several other topics deemed "significant" also run parallel with our core or supported UN SDGs. Climate Change and Natural Climate Solution Strategies reflect the work we are doing in support of UN SDG 13 – Climate Action. Government Relations and Public Advocacy, combined with the support of our Associations, is key to our work in UN SDG 17 – Partnerships for the Goals. The additional UN SDGs we support are reflected in many of the other topics that are important to both stakeholders and to our business success.

## DEFINITION OF MATRIX TOPICS

**Sustainable Forest Management**
Ensuring proper forest planning for sustainable forest management, including inventory modeling, sustainable long-term harvest levels, replanting and forest certification. SDG 15

**Best Forest Management Practices**
Maintaining legal adherence to local, state and federal environmental regulations. Following forest management rules and regulations and best management practices across our landscape, including logging methods, roads construction, stream protection and herbicide use. SDG 15

**Biodiversity**
Promoting a variety of landscapes to support balanced ecosystems and minimizing direct and indirect impacts on areas exhibiting high biodiversity value. SDG 15

**Conservation Initiatives**
Recognizing and seeking permanent solutions to protect areas that have high conservation values through conservation easements or land sales to conservation organizations. Protecting species listed by the International Union for Conservation of Nature (IUCN) Red List and national conservation lists that have habitat in our operating areas. SDG 15

**Direct Environmental Impacts**
Minimizing our environmental impact across our operations and mills. Complying with local, state and federal environmental regulations. Reducing energy use, air emissions, waste going to landfill and hazardous waste. Minimizing water use and water quality impact. SDG 12

**Climate Change**
Minimizing our greenhouse gas intensity and evaluating technologies to provide energy or climate-related benefits. Establishing reduction or net zero targets. SDG 13

**Natural Climate Solutions Strategies**
Assessing the potential risks and opportunities related to climate change on our assets and businesses. Considering new market opportunities such as carbon markets and the potential impact of innovations and advances in technology for new products like mass timber. SDG 13

**Diversity and Inclusion**
Fostering a diverse and inclusive workplace. Accepting all employees without regard to their race, ethnicity, gender, age, education, ability/disability, sexual orientation, religious affiliation and veteran and disabled veteran status. SDG 8, SDG 5, SDG 10

**Recruitment and Retention**
Attracting, retaining and developing talent through employee policies and practices related to employees, including industry education, internship opportunities, recruitment and compensation. Utilizing practices to support employee advancement through regular performance assessments, apprenticeships and support of training and education. Targeting recruitment and retention challenges in rural communities where we operate. SDG 8, SDG 4

**Safety and Wellness**
Promoting the health and well-being of our employees through safe working conditions, flexible work options, work/life balance and wellness initiatives. Ensuring compliance with health and safety regulations and maintaining a robust health and safety management system. SDG 8, SDG 3

**Community Impact**
Benefiting our communities through engagement, charitable donations, encouraging volunteering, and enabling recreational access to our timberlands. Recognizing the integral role we play in the communities where we live, work, and play. SDG 1, SDG 2

**Customer Impacts**
Striving for product quality, reliability and excellence in customer service. SDG 8

**Supply Chain Responsibility**
Establishing clear standards and practices for contractors, suppliers and consultants to follow sound environmental practices, not violate human rights, abide by legal and regulatory requirements, promote fair employment conditions and focus on health and safety. SDG 3, SDG 8, SDG 12, SDG 15

**Employee Engagement**
Encouraging employee engagement and building a high-performing corporate culture. SDG 8, SDG 11

**Economic Performance**
Managing risks through economic cycles given the Company's leverage to lumber and generating returns that exceed the weighted average cost of capital. SDG 8

**Economic Contribution**
Providing economic benefits to stakeholders, including returning cash to shareholders and paying competitive wages. SDG 8

**Governance and Accountability**
Implementing policies and practices to ensure stakeholder expectations are met, including the expectations of transparency and reporting. Ensuring Board effectiveness. SDG 16

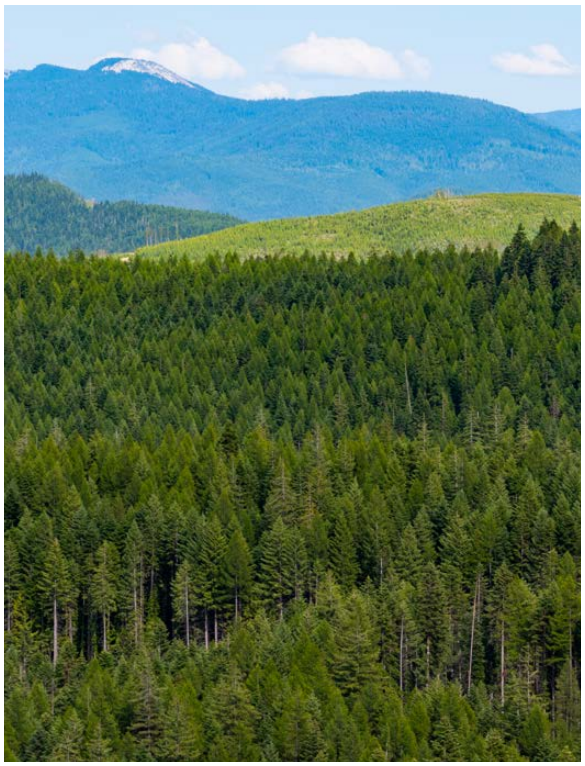
**Cybersecurity and Data Privacy**
Protecting the confidentiality, integrity, and availability of electronic employee and third-party data through resources to secure against internal and external threats. SDG 16

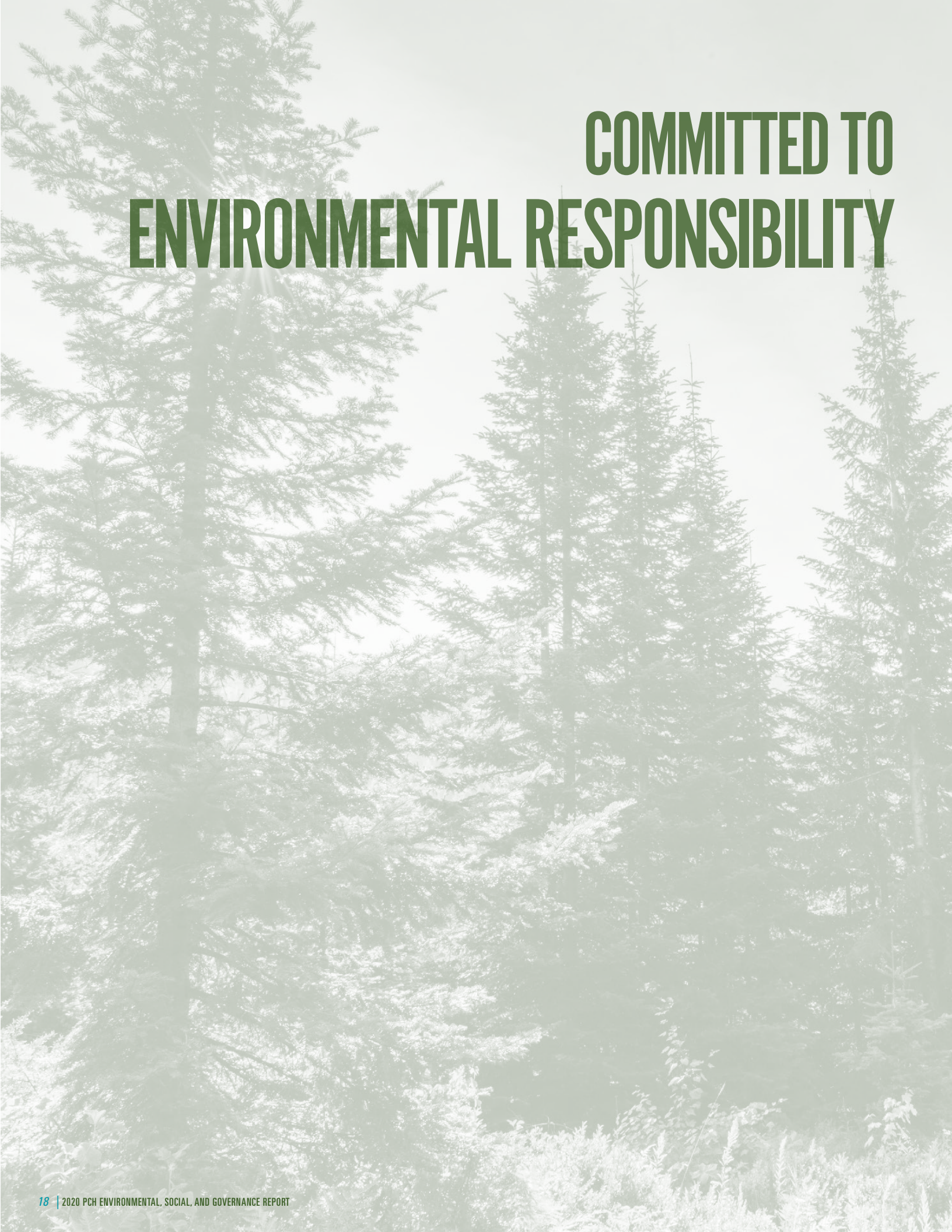
**Ethics and Compliance**
Ensuring training and policies are in place to promote ethical behavior, including a robust Corporate Conduct and Ethics Code, Human Rights Policy, and a Whistleblower Hotline. Creating a culture that has ethics as a core value. SDG 16

**Public Advocacy and Government Relations**
Communicating regularly with local, state and federal elected officials and their staff regarding material issues. Influencing or supporting proposed policy, legislation, regulations or rules through education, media and lobbying. SDG 17

**Associations and NGOs**
Encouraging involvement and partnerships with other organizations, including research organizations, industry associations and universities. Promoting engagement and collaboration with NGOs. SDG 17

**Risk Management**
Systematically evaluating and managing potential risks and inclusion of risk factors and opportunities (particularly related to sustainability topics) in business decisions. Taking steps to mitigate risks and capitalize on opportunities to protect the business and assets. SDG 16





# COMMITTED TO ENVIRONMENTAL RESPONSIBILITY

*COMMITTED TO*
## ENVIRONMENTAL RESPONSIBILITY

## OUR APPROACH

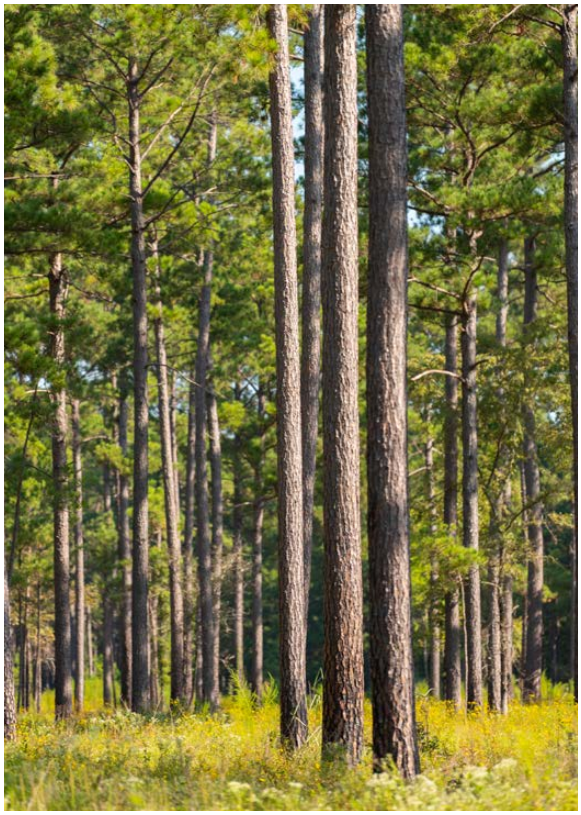
*We have a long legacy of excellence in timberland management and wood products manufacturing and we are committed to being a responsible corporate citizen.*

PotlatchDeltic is committed to the sustainable management of our lands and responsible environmental operations in our wood products facilities. This commitment includes practicing sustainable forest management, ensuring our compliance with environmental laws, effectively utilizing resources, and minimizing our environmental impact. This approach is reinforced through our Environmental, Health, and Safety Policy and Forest Stewardship Policy.

We are a leader in forest stewardship and sustainability with rigorous third-party auditing and certification of our practices. Foresters manage timberlands with best management practices that protect water quality and biodiversity. We use a comprehensive timberland environmental management system that focuses on continual improvement. We also recognize that some areas need to be conserved and species at risk need to be protected on the lands we manage.

Our wood products manufacturing facilities focus on responsible manufacturing and on resource efficiency. Facilities minimize air emissions, monitor water discharge and protect streams and rivers. An experienced professional team actively manages our environmental compliance at our manufacturing facilities, and we have implemented compliance programs that include environmental education and training for our employees.

PotlatchDeltic recognizes the role forests play in combating climate change and the powerful positive impact our timberlands provide through carbon sequestration. By leveraging decades of management experience and working closely with scientific research organizations, we manage our assets while considering how climate change could create potential risks and opportunities.



Core United Nations SDGs


Supported United Nations SDGs

## TIMBERLANDS

### *FOREST MANAGEMENT CYCLE*

The forest management cycle combines decades of biological knowledge with technical advances in forest management. Forest growth modeling for long-term strategic harvest scheduling starts with the detailed inventory of our timberlands. The forest planning and inventory team oversees independent and audited annual timber cruising of tracts on a sample basis to measure timber growth, which is used to update standing timber inventory volumes. Standing inventory measurements are completed, on average, over a 5-year cycle in the U.S. South and a 10-year cycle in Idaho.

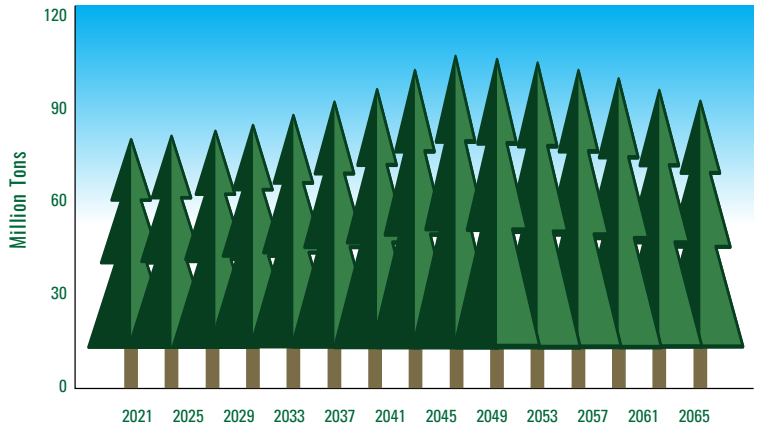
The estimated total volume of standing merchantable timber inventory is updated annually. Standing merchantable inventory means that the tree being measured has met the size, quality, and other characteristics of the regional market. The annual update reflects additions of young timber that has met minimum diameter requirements, growth rates for existing merchantable timber inventory, decreases of timber due to harvests, wildfire, or insects and disease and the impact of acquisitions and divestitures. Our estimated standing merchantable timber inventory at the end of 2020 was 83.3 million tons, with approximately 64% located in the U.S. South.

Timberlands are managed using 50-year strategic management plans based on harvest schedule models. Timber inventory data are utilized in growth-and-yield models, which optimize long-term harvesting and forest management operations and project sustainable harvest volumes over the 50-year time horizon. The harvest schedule is performed every two years, alternating between the southern region and Idaho each year.

Within the strategic harvest schedule model, timberlands are organized into stands by common characteristics such as age and forest management prescriptions. Each stand carries a specific soil productivity designation called site index, which is based on the height of the dominant trees at a specific age. The higher the height of the dominant trees, the higher the soil productivity (site index) on that stand. Site index also enables the inventory model to capture the impact of silvicultural improvements such as advanced genetics or fertilization.

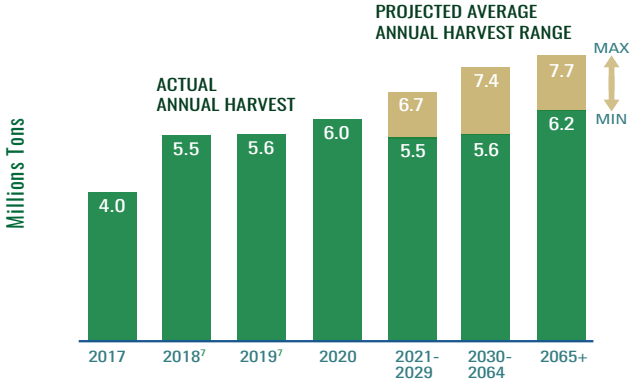
The long-term strategic harvest schedule uses the starting forest inventory of each timber stand and then incorporates forest management activities such as site preparation, planting, thinning, fertilization, and harvest. Areas that have harvest restrictions are identified, such as streamside management zones, so that the model does not include them for harvest actions. Using all of this information and a yield table – a table of tree heights, diameters, and volumes for each stand over the next 50 years – the model creates an optimization matrix that "grows" and "harvests" each stand of timber over time.

**PROJECTED LONG-TERM STANDING INVENTORY**




At the end of 2020, our estimated standing merchantable timber inventory was approximately 83.3 million tons, including approximately 29.8 million tons in the North and approximately 53.5 million tons in the South.

**HISTORICAL AND PROJECTED SUSTAINABLE HARVEST[8]**



The strategic harvest schedule model builds an optimization matrix that contains all the possible choices for each stand over 50 years according to defined management constraints, including not harvesting restricted areas and replanting or regenerating every acre harvested. The harvest model checks every possible stand activity or combination over the planning horizon and produces a detailed stand-by-stand harvest schedule that is the highest possible Net Present Value[9] solution given starting stand structure, yields, product prices, management choices and harvest constraints. Foresters prepare five-year tactical plans of tracts for silviculture work and harvest based on the results of the harvest schedule. Foresters select the timing of treatments and harvest based on timber type and growth stage, markets, road access, weather conditions and operability of the site. Tracts are then moved into annual operating plans and site-specific prescriptions are developed for each forest management operation. On average, we harvest 2% of our timberlands each year in Idaho[10] and 3% of our timberlands each year in the U.S. South.[11]

Harvest operations are conducted in accordance with regulatory and certification requirements that protect water quality, wildlife habitat, and worker safety. Logging contractors must be on an approved contractor list and receive annual training. Foresters monitor logging activity to ensure environmental protections are implemented and specific prescriptions for the tract being harvested are followed. Following harvest, the remaining residuals, or slash, are treated as appropriate for the geographic region. In Idaho, slash is reduced to minimize fire risk through either mechanical piling or prescribed burning. Southern harvesting operations result in less slash at final harvest due to stand thinning techniques to promote timber yield, allowing slash to be mechanically spread back into the tract and returning nutrients to the soil. Following slash management, sites are often treated with herbicides to control competing vegetation and promote growth of our seedlings. During planting season in late fall or spring, contractors plant seedlings on tracts that were harvested 12 - 18 months earlier. A release herbicide treatment is typically applied to enable seedlings to grow above competing species. In 2020, over 21.9 million seedlings were planted – 15.7 million in the U.S. South on 28,900 acres and 6.2 million in Idaho on 16,900 acres. Third-party nurseries grow Idaho seedlings with 70% of the seeds being sourced from our Cherrylane seed orchard. The species that is best suited to the specific tracts and elevation is selected for replanting. In the U.S. South, seedlings are purchased from third-party nurseries and benefit from generations of selective breeding to promote favorable growth and yield characteristics as well as resistance to disease and insects. Foresters monitor the growth of the timber stands by conducting physical stand exams, as well as using modern tools such as drones, satellite imagery and GIS technology. Southern timber grows 6 - 9% per year, while Idaho timber growth rates are typically 3 - 6% a year. New inventory data are synthesized along with information about operational activities into the long-term harvest scheduling model. Commercial thinning is typically required on stands in the South and on occasion in Idaho to reduce stocking density to improve stand growth and development. Pre-commercial thinning is utilized when the number of stems is high enough that diameter growth will be reduced to a level where it is financially advantageous to bear the cost to reduce the density of trees, increase diameter growth and reduce the risk of insect or disease entering an over-stocked stand. In the South, commercial thinning of stands first occurs around 13 - 15 years of age and some stands are thinned again around 18 - 23 years of age to improve stand health and increase diameter growth to produce high-quality sawtimber. In the South stands are ready for final harvest at around 25 - 28 years of age, while in Idaho stands are harvested at about 45 - 65 years of age. After harvest, the forest management growth cycle begins anew. Our foresters pride themselves on the tracts they grow over their careers.

**IDAHO**

**6.2 million seedlings planted on 16,900 acres**

**U.S. SOUTH**

**15.7 million seedlings planted on 28,900 acres**

**GOAL**

- EXPAND USE OF REMOTELY SENSED DATA TO SUPPORT FOREST INVENTORY AND APPLIED FOREST MANAGEMENT

## Selecting the Best Trees

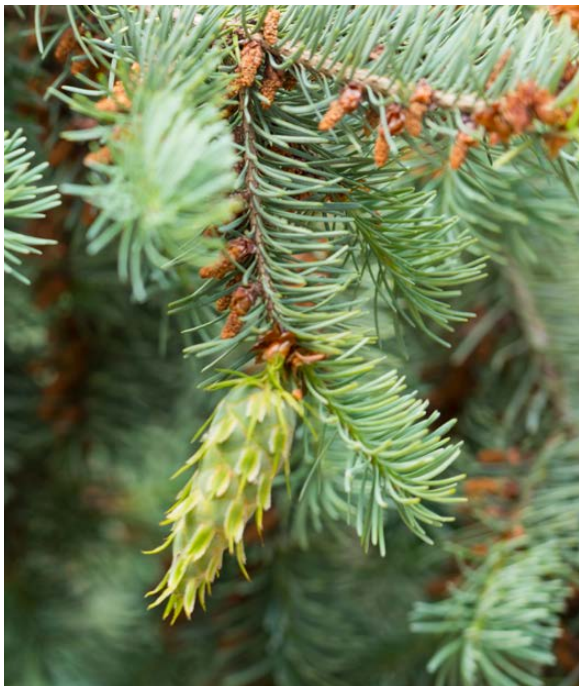
The 40-acre Cherrylane seed orchard located near Lewiston, Idaho, was established over forty years ago to produce improved, locally adapted seed. It was a pioneering approach to environmental stewardship and a substantial commitment to ensuring a reliable and consistent supply of improved seed for the commercially important native tree species of the northern Rockies. The seed orchard is managed by tree improvement and silviculture experts and produces seed for 70% of the seedlings planted on our Idaho timberlands. The seed orchard is used as the tree breeding orchard for the Inland Empire Tree Improvement Cooperative and to increase seed production of the highest performing trees for planting on our Idaho timberlands. These superior trees are developed by breeding and selection of the best trees. Seeds produced are not genetically modified and we are committed to exclude genetically modified seedlings or wood fiber throughout our operations.

The best trees, called plus trees, are identified by foresters. The plus trees have superior characteristics to the surrounding trees in the stand including faster growth, good form and resistance to insects and disease. Seed is collected from plus trees and planted in test sites, and cuttings from superior growing offspring are grafted onto seedling root stock, which has been grown for two years. The grafted seedling is genetically identical to the offspring of the original plus tree. The grafted seedling is grown in a greenhouse for about six months until the graft is healed, and the trees can be planted in the seed orchard.

The seed orchard contains several selected offspring, called families, of tree species native to north Idaho including Douglas-fir, western larch and western red cedar. The trees grown in the orchard have tags that identify their parent tree or family. Cones from each tree are collected and stored by family. This attention to detail enables seed to be custom blended, based on elevation zones, and seed needs for sowing of future seedlings. The benefit of using seed from improved trees is significant. Studies have shown this first-generation orchard improves growth approximately 10%-20% over seed collected from wild stands for Douglas-fir. Planting by elevation zone ensures trees are adapted to climatic conditions for each stand.

Cherrylane seed orchard trees will produce cones in 10 years, much earlier than the typical 40 years in forest conditions. In order to increase seed production, trees are stressed using a combination of partial girdling and gibberellic acid inhibitors. Gibberellic acid, a hormone found in plants and trees, is important for cone production. Applying this hormone sends a signal to the tree, which causes it to produce cones. Partial girdling and gibberellic acid applications are done every three years, allowing the tree to rest for two years between each cone crop. Female flowers are open pollinated naturally from surrounding selected trees within the orchard. Even though the seed orchard is managed intensively for seed production, trees are cultured with fertilizer, watered regularly and managed to maintain good health.

Cones are collected manually each August when seed is mature, but cones are not yet open. Collected cones are picked and stored separately by family. Cones are air dried for about a month



at the orchard and then sent to a seed processor for seed extraction. Seed extraction uses heat to flare the cones, allowing seed to fall out. Screens are used to separate seed from cone residue. The extracted seed is cleaned, surface dried, and freezer stored until used for sowing.

Each year, blended seed from a combination of families is sent to third-party nurseries for growing seedlings for the next planting season. In order to maximize seed usage and produce a viable seedling for planting in Idaho, seeds are sown into containers for growing. Seedlings are typically grown in greenhouses which provide optimal growing conditions including light, temperature and water. Fertilizer is custom blended and applied as required by growing seedlings. Typically, the mix will include nitrogen, potassium and phosphorous, along with trace elements to maintain good health. Within nine months, seedlings have reached ideal height and caliper, have a good bud set and root system and are ready for freezer storage. By freezing the seedlings, nurseries mimic the natural cycle of winter to achieve and maintain dormancy during storage and shipping, and to prevent disease. Each March, just prior to planting, seedlings are removed from freezer storage, thawed and prepared for delivery to one of three Idaho cold storage facilities. Seedlings are thawed and shipped for just-in-time delivery, so they are planted within a very short time period. Planting in Idaho typically begins mid-April and lasts for six weeks.

PotlatchDeltic's long term commitment to tree improvement and steady supply of improved seed ensures quality trees for the future.

### SEED ORCHARD DOUGLAS-FIR PRODUCTION

| Year | Cones (Bushels) | Seed (Pounds) | Seedlings |
|---|---|---|---|
| 2018 | 806 | 249 | 3,361,500 |
| 2019[12] | 171 | 23 | 307,530 |
| 2020 | 1,420 | 600 | 8,100,000 |

## *ENVIRONMENTAL MANAGEMENT*

Forest management practices across our timberlands are influenced by a wide range of federal, state and local legislation and regulations. At the federal level, the 1972 Clean Water Act (CWA) and the Endangered Species Act of 1973 (ESA) are the primary laws surrounding environmental protection for private working forests. Federal measures are combined with state water quality best management practices (BMPs). Alabama, Arkansas, Louisiana, and Mississippi are among the states that have voluntary BMPs. In Idaho, a regulatory approach is taken, with BMPs legislated under the Idaho Forest Practices Act (FPA). Regardless of how the program is established, compliance monitoring in these states has shown high BMP implementation rates.

**Best Management Practices**

PotlatchDeltic has developed internal BMPs to promote sustainable timberland management through a set of standards. They are a set of measures that are used as a proactive approach to maintain the health of forest soil, protect water quality and aquatic habitat, and promote biodiversity. Our foresters implement BMPs as part of our environmental management system, and we require that all contractors implement applicable BMPs during forest management activities on our lands and in our mill supply chains. The BMPs are evaluated in formal studies, field tested, revised and adapted over time to continuously improve their effectiveness. Standards and criteria under third-party forest certification programs such as the Sustainable Forestry Initiative (SFI) or Forest Stewardship Council (FSC) include measures beyond the federal and state requirements to ensure the conservation and proper management of forests. Utilizing our 117 years of forest management expertise, we developed our internal BMPs to expand on regulatory and certification frameworks and provide a consistent, tested, means of implementing environmental protection.

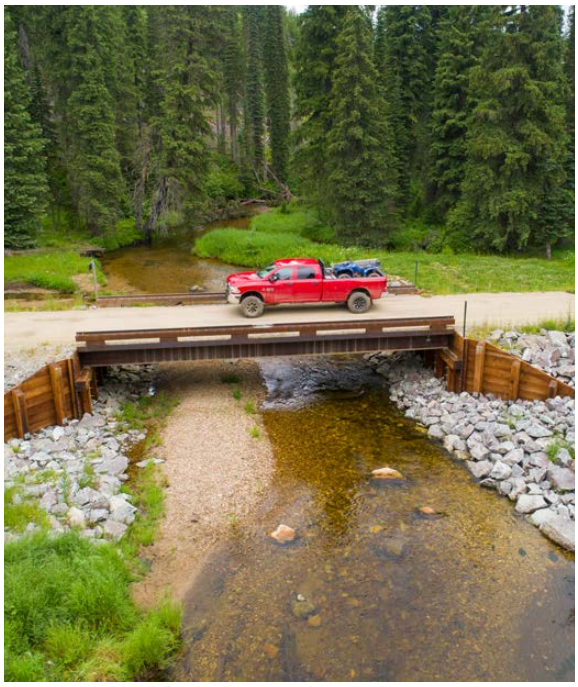
The effectiveness of water quality BMPs implemented during harvesting, road building and site preparation has been the focus of numerous scientific studies. The results repeatedly show that they protect water quality and provide for healthy aquatic habitats supporting fish, aquatic insects, and mussels and clean water for human use and consumption. Thirty years ago, we established the Mica Creek Experimental Watershed — an area southeast of Coeur d'Alene, Idaho, comprising the 6,672-acre catchments of Mica Creek, a tributary of the St. Joe River. We created this "living laboratory" for one main reason: to conduct a multi-decade study of the effects of modern water quality BMPs on stream quality. Conclusions to date show that forest management that adheres to contemporary BMPs has little to no adverse effect on streams or aquatic life.

**"In addition to our lands being certified by third-party forest certification programs such as FSC and SFI, PotlatchDeltic utilizes its own in-house environmental management system which results in superior environmental performance that far exceeds federal standards and state best management practices."**

**Darin Ball** - Vice President Timberlands, PotlatchDeltic

**Road Construction and Maintenance**

Correctly planning and constructing forest roads is an essential component of our environmental management programs. Roads are designed considering the traffic load and minimizing environmental impact. We plan road construction using topographic maps, aerial photographs and soils data to minimize disturbance to forest productivity, water quality, fish, and wildlife habitat. Roads are designed to avoid or minimize stream crossings and to cross streams at right angles. Permanent stream crossings use bridges or culverts and are designed to protect the approaches to crossings from erosion. Roads are located along



the contour and the crest of ridges and below maximum grade requirements. Proper road drainage is ensured using dips, bridges, and culverts, with an objective to disperse water away from the road and promote filtration into the soil. Road maintenance includes regular inspections, keeping roads free of obstructions and grading surfaces to ensure continued proper drainage.

**Timber Harvesting**

The harvest operations are designed to minimize the area of disturbed ground. Suitable logging methods and equipment appropriate to the slope, landscape and soil properties must be used. This is important to minimize soil erosion, maintain site productivity and protect water quality and aquatic habitat. Harvesting operations also consider wildlife habitats and protect against negative impacts. Sediment is minimized for harvesting operations through BMPs that are designed to disconnect surface flow in areas where equipment may have exposed soil. Disconnecting is accomplished by building small earthen diversions or placing treetops or "slash" where water may flow, moving it off exposed soils, slowing the runoff and causing the water to filter into the forest floor which traps sediment.

Log landings are open areas for processing and stacking logs to prepare for loading onto trucks for transport to customers. Key BMP objectives for log landings include preventing water from flowing directly into a stream, keeping debris away from drainage zones and preventing mud from being carried onto adjacent roadways. To reduce soil erosion and sediment loss, landings are kept as flat as possible, occupy as small a footprint as is feasible, are located on dry sites, and are integrated with the road system.

**Chemical Management**
Chemicals used in our forest management include herbicides to manage weeds or competing vegetation to allow seedlings to survive and grow and return the treated area to forest as rapidly as possible. Herbicides are also used in forestry to control invasive plant species. Occasionally, pesticides are utilized for insects and disease. Fertilizers can be applied to promote growth when conditions warrant. We apply all chemicals in a way that does not endanger aquatic and terrestrial habitats and we safeguard streams and streamside vegetation through buffers and other preventative measures.

**Site Preparation and Reforestation**
Site preparation is utilized to prepare harvested sites for reforestation through methods like disking, chopping, or bedding. The boundaries of streamside management zones (SMZs) are clearly delineated before site preparation begins with no site preparation inside SMZs. As part of our BMPs and commitment to sustainability, we reforest areas that are harvested through planting seedlings or natural regeneration and measure and control forest stocking levels, so they reach optimal levels. In Idaho, the terrain typically requires hand planting operations. In the South, machine planting is used more frequently. Planting is conducted along the contour of the land to minimize erosion.

**Fire Management**
Fire is an important tool in forest management to remove post-logging woody debris know as slash and to help prepare sites for replanting. In Idaho, we are required under the Forest Practices Act to remove slash after harvest to reduce fire, insect and disease risks and optimize regeneration conditions. This is often accomplished by moving slash into piles and burning in a controlled manner during times of the year when fire risk is low. Approvals for burning are obtained through the Montana / Idaho Airshed Group which evaluates atmospheric conditions and other burning activity underway to minimize airshed impacts.[13] Prescribed fire is another forest management technique used in the South to achieve specific biodiversity objectives for species that require fire-maintained habitat. In the South, warm and wet conditions enable us to typically leave slash to return nutrients to the soil.

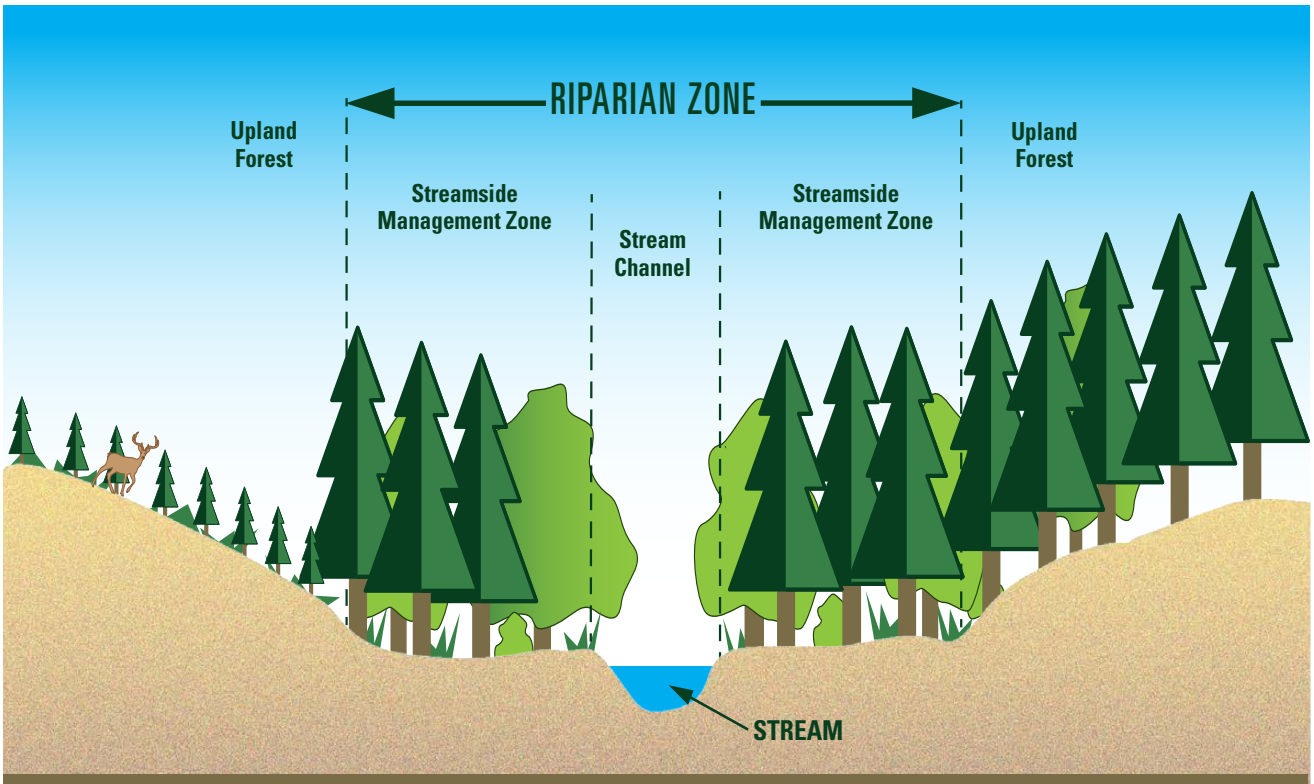
**Streamside Management Zones**

Over 50 percent of the nation's drinking water originates from forests and timberland owners play an important role in protecting water quality. The key role of water quality BMPs is to conserve and protect water quality by minimizing sediment through the filtering ability of natural vegetation and erosion control measures adjacent to water bodies. BMPs include practices such as leaving SMZs during harvest. SMZs are unharvested or lightly harvested buffers that run along the length of streams and are designed to capture runoff and sediment. The SMZs provide significant other benefits, including stabilizing the banks of streams and acting as a source of food for aquatic organisms. SMZs with retained trees along streams also shade them from direct sunlight to the water's surface and significantly reduce radiative heating, keeping streams cool and clear, a particularly important objective in northern regions where cold-water fisheries are present. Riparian areas are important habitat for wildlife species and SMZs provide wildlife with favorable habitat and travel corridors.

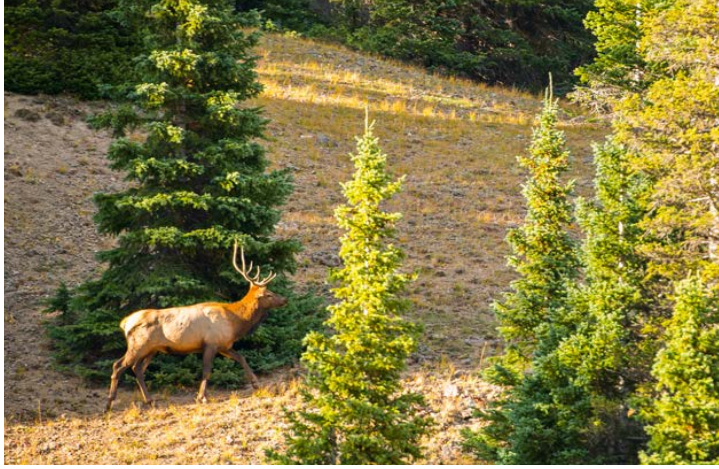
POTLATCHDELTIC PROTECTED **2,300** MILES OF RIVERS AND STREAMS

**Environmental Management System**

PotlatchDeltic utilizes a comprehensive timberland environmental management system (EMS) which focuses on continual improvement in achieving our sustainable forest management objectives, and complying with laws, regulations and standards. This includes training foresters and contractors, and prescribing, monitoring and inspecting forest management practices on all our operations. We conduct internal inspections of implementation and have implementation rates averaging 95% or greater. The EMS includes monthly regional reporting and annual reviews of environmental performance indicators.




Streamside Management Zones are relatively undisturbed areas along streams that act as filter strips. Vegetation and leaflitter on the forest floor slow runoff and allow suspended soil (sediment) to settle out before it reaches the stream, protecting water quality and aquatic life.



## *BIODIVERSITY*

Forests are diverse ecological systems with habitats for plants, animals and organisms. Active forest management is a valuable tool for creating and maintaining a wide range of biodiversity benefits, enabling forests to stay healthy and productive. Across a landscape, a mosaic of forest ages from recently harvested to old growth can be maintained – these forests in turn support long term viability of wildlife species, plants and biodiversity. At a broader scale, managed forests can provide habitat connectivity and help maintain and enlarge intact forested area. Markets for forest products provide an incentive to conserve forests as forests compared to alternative land uses that are not as beneficial to water quality, wildlife habitat, carbon sequestration and recreation. Healthy and vigorously managed forests are also less susceptible to catastrophic loss from insect, disease and wildfire.

Our commitment to conserving biodiversity on our forest lands is based on this recognition that well managed working forest lands provide a broad range of habitats for aquatic, avian and terrestrial biodiversity. Four main components comprise our approach to maintaining and enhancing biodiversity: (1) landscape level management; (2) stand level diversity; (3) protection of ecologically unique sites or species; and (4) research.

We provide habitat diversity at the landscape level by utilizing stand size and age class adjacency restrictions for final harvest, streamside management zones, maintaining a diversity of cover types, and replanting native species. The managed landscape provides a mixture of forest structure, age classes, and cover types, intermingled with less intensively managed riparian areas and imbedded conservation of unique sites. Diverse working landscapes provide abundant habitat for large ungulates such as deer, elk and moose and a wide diversity of birds such as red-bellied woodpeckers, prairie warblers and wild turkey.

We achieve stand level diversity that enhances habitat for a variety of wildlife species through site-specific forest management including planning, implementation and evaluation. Stand level diversity techniques include retaining leave areas, retention of den trees or snags, retention of slash piles, utilizing irregularly shaped openings and protection of non-forested areas such as glades, meadows and non-forested wetlands. We identify sites with species or communities that are unique, rare, or listed as federally threatened or endangered through exchange of data with state natural heritage programs, NatureServe, state wildlife agencies and by internal discovery. Site locations are then mapped and included in our Land Resource Manager system. Foresters use this proprietary, real time information when preparing detailed harvest plans to ensure these unique features are incorporated into our management plans. The case study on the facing page of rare species conservation on our Ola, Arkansas timberland district is an example of our successful track record conserving rare wildlife.

PotlatchDeltic has a long and continuing commitment to investing in and utilizing research to improve biodiversity conservation and environmental protection. We actively participate in and fund research with the National Council for Air and Stream Improvement (NCASI),[14] universities and fish and wildlife organizations to understand habitat and biodiversity response to forest management and then integrate research findings into our management.

In addition, we actively advocate for laws and regulations that protect fish and wildlife and promote practical approaches that recognize the benefits of working forests. The National Alliance of Forest Owners (NAFO) Wildlife Conservation Initiative[15] is a collaboration with the U.S. Fish and Wildlife Service to conserve at-risk species and is a key example of our commitment to biodiversity conservation and advocacy.

## A Closer Look at Conserving Rare Species

How does PotlatchDeltic conserve biodiversity across a 1.8 million acre land base that ranges from rugged mountains in northern Idaho to southern forests with dense, thorny vines and brambles? We do our homework! We work with partners, apply advanced mapping tools, conduct training, and make field inspections to locate and conserve rare species. In last year's ESG Report we looked at how our forest management in the northern Rocky Mountains provides abundant habitat for elk. This year we shift 1,800 miles to the southeast to how we conserve rare species in the Ouachita and Boston Mountain ranges on our Ola, Arkansas timberlands.

We have a long history of partnering with the Arkansas Natural Heritage Commission (ANHC) to acquire location data on rare species occurrences. After we receive the location data, we investigate the life history of the species that overlap our lands so that we can determine the measures we need to integrate into our forest management plans to conserve the species. We then place map-based notifications within our Land Resource Manager system to alert foresters to the locations where the species occur and the requirements for species conservation.

In the northeastern part of our Ola district, several rare aquatic species occupy the stream reaches that run through our working lands. The rabbitsfoot and speckled pocketbook mussels and yellowcheek darter (all federally protected species) are found in Archey Creek, Beech Fork, and the Middle Fork of the Little Red River. These are small to medium rivers with moderate to swift currents, and smaller stream tributaries that have gravel or cobble bottoms and sand bars with riffles and intermittent pools. These species have declined in many portions of their range but still occupy these streams and rivers because of the water quality coming from their mostly forested watersheds. When our foresters plan and implement harvests, they make every effort to eliminate as many stream crossings as possible. When they must cross a stream, they design, build, and maintain crossings to prevent sedimentation and not impede stream flow. The U.S. Fish and Wildlife Service has maintained that these considerations and the implementation of Arkansas's water quality BMPs for forestry protect these species. Move 50 miles west within our Ola district to Dry Fork Creek and you will find our conservation efforts for a federally endangered plant called harperella. Harperella is a perennial herb and a member of the carrot family that smells a little like dill. It is also known as Bishop's weed. The ANHC periodically surveys the site and provides information we use in our mapping system. The foresters use the map data to incorporate measures into prescriptions to conserve the population, such as ensuring we apply herbicide in a way that doesn't contact the plant. The reason harperella occupies this site is likely the result of the conditions that gave Dry Creek its name. The creek experiences natural short-duration spring floods and when they subside, harperella seeds germinate and complete their life cycle with their root systems in puddled areas or saturated soils left behind.

Our foresters also protect glades, which simply means "open space in forest." The glades are found in the rougher, northern portions of the Ola district located in the Boston Mountains and are openings occurring within our timberlands, on rocky outcrops on south and west facing slopes. The combination of shallow soil and direction of slope produces a hot, dry environment with thin, rocky soil which will not support the rapid growth of trees. The glades are surrounded by productive forests and when we harvest adjacent to the glades by thinning or clearcutting, we expand the open habitat and amount of herbaceous vegetation and this benefits northern species such as the collared lizard, Bachman's sparrow, blue-winged warbler, eastern towhee, hooded warbler, red-headed woodpecker and the prairie warbler. These are all species that have been identified in the Arkansas State Wildlife Action Plan as being of greatest conservation need. The thin soils on the glades are a harsh natural environment for plants and only those that are uniquely adapted to the conditions are found such as birdsfoot violet, indian paintbrush, Missouri evening primrose, lanceleaf tickseed and pale purple coneflower. The plains scorpion and tarantula spider may also be found in the warm, dry conditions of the glades.

## *ENDANGERED SPECIES*

As a custodian of its timberlands, PotlatchDeltic recognizes that some of its lands need to be conserved as forestland in perpetuity. We realize this goal through land partnerships, conservation land sales, and conservation easements. We work with a wide range of stakeholders for conservation, including states, cities, counties, water authorities, and environmental/conservation organizations including The Conservation Fund, The Nature Conservancy, and the Trust for Public Land. In addition, we commit to the protection of species at-risk and have entered into habitat conservation agreements to protect endangered species.

**"We manage streams and lakes on our working forests to conserve aquatic species including many at risk, threatened, and endangered fish and mussels by applying water quality BMPs during all forest management activities."**

**Kit Hart** - Director of Forest Planning, Inventory and Environment, PotlatchDeltic

Through our conservation land sales, public agencies have increased forest ownership and connected parcels previously blocked from public access, while securing working forests for the future. Wildlife management areas have been expanded and availability for public recreation and hunting has been increased. Water management authorities have increased watershed protection and areas have been protected from future development. Cities and towns have increased land for infrastructure and public recreation and use.

PotlatchDeltic occasionally enters into formal agreements through conservation easements that limit timber harvesting or development on our timberland. We offer this commitment to conservation to support wildlife habitat and biodiversity or to preserve places and landscapes that have exceptional natural, social, or cultural value.

Across our timberlands, species ranging from the Canada lynx to the northern long-eared bat have been identified as endangered or threatened and are protected under the Endangered Species Act (ESA). For the endangered red-cockaded woodpecker that occurs on our lands in southern Arkansas, we participate in a habitat conservation plan (HCP) with the U.S. Fish and Wildlife Service to implement a variety of conservation measures for its unique habitat requirements.

Whenever species or communities that are unique, rare or listed as federally threatened or endangered are present on our timberlands, we integrate habitat management for their conservation into our forestry management practices. Our experience working to conserve these species has shown that voluntary partnerships and agreements, such as those we advocate for in the Wildlife Conservation Initiative, are most effective at conservation delivery.

Overall, we own 70,723 acres of timberland that have protected conservation status. Of this, 15,961 acres are within a conservation easement in Arkansas. This conservation easement is also covered by our red-cockaded woodpecker HCP.

# Red-cockaded Woodpecker Translocation

One of PotlatchDeltic's environmental goals for 2020 was to conserve demographically isolated red-cockaded woodpeckers (RCW) that were located on the timberland added to the Company's holdings in the 2018 merger with Deltic Timber Corporation. After the merger, we went to work determining the location and status of RCW on the newly acquired lands. We visited all sites with recorded observations of RCW to determine if they were active, the number of RCW present, and their proximity to other RCW. We also surveyed areas with potential for RCW cavity trees to determine if there were previously unknown locations with RCW.

Our assessment revealed seven sites with RCW present or with signs of RCW use within the last few years. We contracted with Wiregrass Ecological Associates (WEA) to conduct detailed monitoring of the sites to determine whether and how many RCW were present. We also mapped the locations of active sites to determine if there were other RCW close enough to interact with them. We determined that all the RCW on the new lands were demographically isolated, meaning that there were no other RCW close enough to their nesting locations to fill breeding vacancies created by the loss of a mate or to allow offspring to find other RCW and become breeders. RCW are not able to shift their nesting locations closer to other RCW because they utilize nest cavities in living pine trees that take years to excavate. None of the RCW would be viable in their current locations and their ability to persist was low.

We then initiated permit applications with the U.S. Fish and Wildlife Service to allow translocation of the isolated RCW to our Moro Big Pine Conservation Area in southcentral Arkansas. Moro Big Pine is a 15,961-acre conservation area on Company lands that is home to a growing population of RCW. A description of the conservation area and its management for RCW, profiled in our 2019 ESG report, is available on our website.

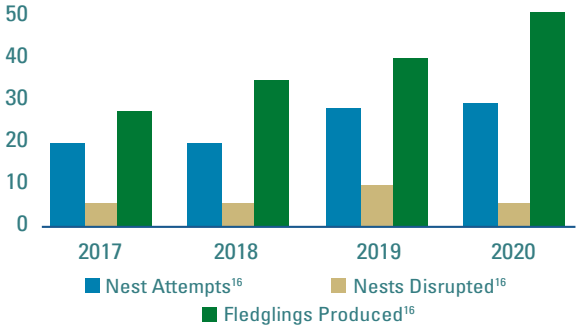
With permits secured, the field work of capturing and translocating RCW was initiated by WEA in early April of 2020. Capturing RCW is conducted using well developed protocols to ensure successful relocation and requires many hours of early morning and evening observations of cavities to determine roost locations. Nets with long poles that allow for capture of RCW from their roost cavities located 30-70 feet above the ground are used. All the RCW on the new lands - a total of six, consisting of two pairs and two singles from four different sites, were translocated. The RCW were moved to high quality habitat on Moro Big Pine where artificial cavities had been installed. WEA biologists banded them for future identification and gently placed the translocated birds into the cavities, which were then covered by lightly tacking a screen over the cavity entrance. This allowed the birds to settle into their new cavities. At dawn the next day the screens were removed by pulling a string, allowing the release of the RCW.

The successful translocation allowed the demographically isolated RCW to become part of a viable population so that their reproductive potential and genetic resources contribute to the continued survival of the species. Habitat management and translocation of isolated RCW since 2003 have resulted in improved population viability in the population on Moro Big Pine, growing from 24 birds with nine potential breeding groups to 61 adults with 26 potential breeding groups.

"PotlatchDeltic has done a tremendous job of habitat restoration and management at Moro Big Pine Natural Area Wildlife Management Area, as reflected in the growth of the RCW population there, and the translocated birds will benefit from those efforts."

*- **Bill Holimon**, Agency Director*
Arkansas Natural Heritage Commission

**RCW NESTING ACTIVITY OF POTLATCHDELTIC POPULATION**



## *FOREST CERTIFICATION*

Third-party forest certification plays a vital role in fostering an understanding of the value of properly managed working forests, which helps guarantee both tangible forest products and numerous quality-of-life benefits sustainably into the future. PotlatchDeltic first became third-party certified to standards developed by the Sustainable Forestry Initiative® (SFI®) in 2002 and by the Forest Stewardship Council® (FSC®) in 2004. As a leader in sustainable forestry, we were also the first publicly traded company in the United States to become FSC certified. Since that time, we have endeavored to continually improve our forest management practices as new scientific discoveries have been made and forest certification systems have evolved. Independent third-party certification provides credible assurance and transparency that our forest management and our wood fiber procurement practices meet clearly defined standards, which have been developed and regularly reviewed by a range of stakeholders interested in the values forests provide.

FSC
www.fsc.org
FSC® C102909

The mark of responsible forestry

SFI is an independent non-profit sustainability organization that collaborates on forest initiatives with the forest sector, conservation groups, academia, local communities, indigenous peoples and educators. SFI recognizes that forestland owners have a responsibility for stewardship through reforestation and the management, growing, nurturing, and harvesting of trees. However, SFI also requires a much broader involvement in areas such as research, community outreach, education and in the near future, climate change. SFI oversees the standards for certification of more than 360 million acres of timberland in North America and 63 million acres in the United States. SFI forest certification is based on 15 objectives, 37 performance measures, and 101 indicators that are centered around promoting sustainable forest management practices. These include forest management planning, prompt reforestation, protection of water quality, wildlife habitat management, recreational opportunities, protection of species at risk, forest research, forest education, and community outreach.

SUSTAINABLE FORESTRY INITIATIVE
SFI-01 563

Certification is a very broad effort and encompasses much more than just replanting trees that are harvested. For example, the SFI standard includes a multi-faceted approach for education that includes not only ensuring participant staff and logging contractors are appropriately trained as professionals, but also reaching out to students and families to experience the outdoors and to help others understand the importance of sustainable forestry. PotlatchDeltic is certified to the SFI Forest Management Standards on 100% of its timberlands. To meet certification standards, our forest management practices are reviewed through an annual surveillance audit and full recertification audits every five years. In 2020, SFI Forest Management surveillance audits occurred in Arkansas and Idaho and resulted in successful recertification. We resolved two minor non-conformances from 2019 and we had no major non-con-

### SFI 2020 AUDIT RESULTS

**SELECT GOOD PRACTICES NOTED**

**Reforestation**

*Planting site selection using previous stumps and large logs as micro-site planting locations in difficult to regenerate areas is an innovative method working with natural site conditions.*

**NON-CONFORMANCES**

*We received no non-conformances in 2020.*

### FSC 2020 AUDIT RESULTS

**NON-CONFORMANCES**

*We received no non-conformances in 2020.*

formances and no minor non-conformances in 2020. We also had one notable practice on micro-site reforestation efforts in young stands in Idaho that was highlighted by our auditors.

PotlatchDeltic is also certified on 70% of timberlands in Arkansas to FSC Forest Management standards. FSC sets standards for responsible forest management on more than 550 million acres in 78 countries worldwide. Over 35 million acres are FSC certified in the United States. FSC's mission is to promote environmentally sound, socially beneficial and economically prosperous management of the world's forests. FSC certification is based on 10 principles, 57 criteria, and 200 indicators that include compliance with laws, Indigenous rights, conservation of biological diversity and high conservation value forests, water quality protection, community relations, and workers' rights.

Our decision to dual certify some of our timberlands through FSC reflects the specifications of some of our customers who produce paper and packaging that are sold to international consumers who prefer FSC product certification. FSC surveillance audits are conducted annually with a full re-certification every five years. Our 2020 FSC audit in Arkansas resulted in no minor non-conformances, while we resolved one minor non-conformance from 2019 regarding contractor safety communication.

Our third-party forest certifications reflect the rigor of our environmental management system, which is based on an ongoing continual improvement process. As new information is discovered, practices are adjusted and improved, whether that be in threatened and endangered species management, forest productivity, water quality or climate change. Forest certification standards challenge us to think long term, and to invest with research organizations to study and improve the industry's technical knowledge. In addition, they encourage us to engage with the communities and stakeholders who are connected to us through our timberlands and all they have to offer.

**"SFI and FSC third-party forest certification standards are based on continual improvement which challenges us to implement innovative sustainable forest management principles in our business."**

**Mike Houser** - Manager, Environment and Sustainability, PotlatchDeltic

## GOAL

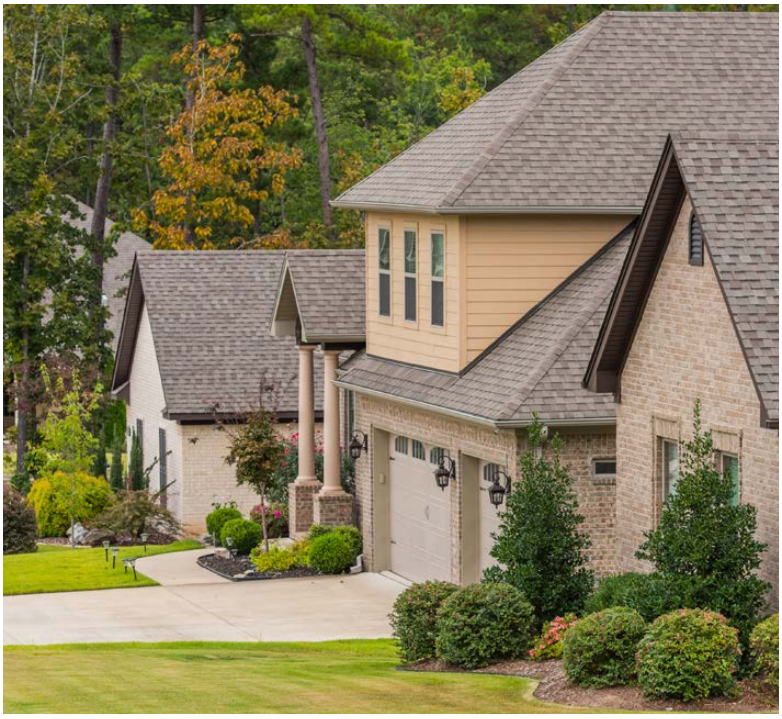
- MAINTAIN 100% THIRD-PARTY CERTIFICATION ON ALL TIMBERLANDS

## REAL ESTATE

### *DEVELOPMENT*

PotlatchDeltic's real estate development business currently consists of two communities that were part of the merger in 2018 with Deltic Timber Corporation: Chenal Valley and Red Oak Ridge.

Our Chenal Valley master-planned community in west Little Rock is one of the premier real estate developments in Arkansas. We develop and sell both residential and commercial property, while incorporating several environmentally conscious practices into the development process. The Chenal area consists of 6,700 acres, of which 60% is designated as residential. Approximately 20% of each neighborhood is set aside as greenspace. In addition, large areas of greenspace, about 15% of the total acreage, are preserved throughout the development and between neighborhoods. The master plan is generally designed around the existing topography with more dense development in flat areas and less dense development and greenspace in the areas with steeper slopes. Walking paths have been constructed to connect the different areas of Chenal, along with bike paths and playgrounds, to promote a healthy lifestyle for residents.



The Chenal Valley community includes the Chenal Golf and Country Club in Little Rock, which consists of two 18-hole professional golf courses woven throughout the development. Both courses use the latest technology to manage and conserve water usage as well as to offer quality habitat for wildlife. This technology includes the use of highly efficient irrigation equipment and monitoring equipment including rainfall sensors. These courses provide stormwater detention for the entire Chenal Valley development within the Rock Creek watershed and maintain peak discharges to predevelopment levels. Water management for each course was designed and engineered based upon the distinct geographic and environmental conditions found on each site. Both golf courses are certified as Audubon Cooperative Sanctuaries.[17] This designation exemplifies the Club's long-term commitment to the protection of the natural environment.

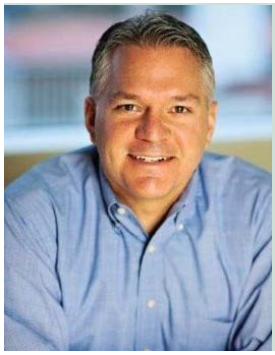
Our Red Oak Ridge development in Hot Springs, Arkansas, incorporates many of the same environmentally conscious practices. Large areas within and around the neighborhoods are set aside as greenspace. Walking paths connect the neighborhoods and pass through adjacent forestland. In addition, Red Oak includes two man-made lakes that provide stormwater retention for the development. The area surrounding the lakes retains its natural vegetative cover to limit erosion and sedimentation. We have developed a fish management program to enhance fishing and we prohibit motorized boats to maintain water quality and a peaceful environment.

## *RURAL*

Our rural land sales efforts have focused on lands that we have identified as non-strategic or that have a higher and better use than timberland management. These higher uses can be the result of conservation objectives or demand for rural recreational real estate. In Minnesota, rural lands have been in high demand for both conservation and recreational purposes, and we have nearly completed a strategic initiative to sell these lands over the last 15 years. In Arkansas, rural land sales tend to focus more on recreation and adjacent landowner interest. The merger with Deltic Timber provided additional lands that were analyzed through our land stratification process resulting in the identification of 57,000 acres with potential higher uses other than timberland.

We are proud to have a significant amount of conservation outcomes from our rural land sales, totaling in excess of 250,000 acres since 2004. And since 2018, approximately 77% of our rural land sales acreage has been for conservation outcomes with the remaining 23% for recreational purposes. These conservation outcomes have been particularly prevalent in Minnesota where our lands were scattered in areas with unique recreational values and wildlife habitats. In Idaho, early conservation transactions included a conservation easement on over 50,000 acres as part of Idaho's Forest Legacy Program along the scenic St. Joe River. The St. Joe River is a blue-ribbon West-slope cutthroat trout fishery and the easement permanently secured public access and protected wildlife habitat and sustainable forest management in perpetuity. In Arkansas, the Central Arkansas Water District had established a 4,500-acre land purchase program to acquire properties with the objective of safeguarding one of the largest sources of drinking water in the region –Lake Maumelle and the Maumelle River. The Lake Maumelle watershed supplies drinking water for most of Little Rock and the surrounding counties. The planned purchases will enable specific restoration initiatives in the watershed by focusing on minimizing erosion and silting in the lake and preventing development. PotlatchDeltic has contributed to this effort through two recent land sales totaling 741 acres.

Rural recreational land transactions provide an opportunity for neighboring landowners to increase their ownership, and also for both in-state and out-of-state buyers to find a place where they can get away to a rural home, or go hunting, fishing, hiking, and enjoy the outdoors. Recreational land buyers often have a management plan for wildlife habitat on the property and can obtain a related income stream from active timber management. These transactions can provide the owner a legacy of land ownership and can introduce future generations to the benefits of the outdoors, timberlands, and wildlife.



**"Our rural sales have seen significant conservation outcomes, and our Chenal properties have and will continue integrating environmental considerations into our development strategy. We strive to belong to, and build, vibrant communities in which to live, work and play."**

**Bill DeReu** - Vice President Real Estate, PotlatchDeltic

## Driving Conservation Outcomes in Minnesota

A significant portion of the timberland we once owned in north-central and north-eastern Minnesota was uniquely situated in its ability to participate in conservation outcomes. Over the last 15 years, we have implemented a strategy to work with numerous private and public partners to sell over 143,000 acres for conservation and other public values. When our final planned conservation sales in Minnesota are completed, the total could exceed 157,000 acres for these purposes. The conservation transactions have accomplished several goals among a wide range of stakeholders including opening landlocked parcels, keeping working forests as forests, protecting wildlife habitat, wetland mitigation restoration banks, tribal lands, recreational trails, and preserving unique locations.

Sometimes complex transactions can accomplish a set of very different goals among a range of stakeholders. Such was the case with the "Plan B" transaction, which involved the Boundary Waters Canoe Area Wilderness (BWCAW), a renowned recreational paradise in the northern third of Superior National Forest. Minnesota School Trust Lands held 82,400 acres of lands granted at statehood to support public education that were embedded within BWCAC, and that had not been accessible in order to generate revenue for the schools. The U.S. Forest Service (USFS) wanted to incorporate the lands into the BWCAW for recreational access. The solution was a creative three-way land swap with The Conservation Fund (TCF) purchasing 40,000 acres of neighboring PotlatchDeltic land over five phases, which would then be exchanged in phases for equally valued School Trust Lands inside the wilderness area. TCF would then sell those lands within the wilderness to the USFS for incorporation into the BWCAW. The last two phases of this transaction for PotlatchDeltic consist of just under 15,000 acres and are expected to be completed by 2022. Once completed, the transactions will ensure that the new Minnesota School Trust lands serve as long-term revenue sources for the schools, keep working forests as working forests, support jobs and local communities, and enable the lakefront lands placed within the BWCAW to be preserved for recreational access.

Protection of wildlife habitat was a conservation outcome of several of our transactions in Minnesota. A transaction with The Trust for Public Land (TPL), with a subsequent sale to Crow Wing County, resulted in wildlife habitat conservation on nearly 2,000 acres along the Mississippi River. The area is known as the Mississippi River Northwoods and was the largest remaining stretch of the Mississippi River unprotected from development in north central Minnesota. The land connected with other properties to provide a nine-mile stretch of waterfront that protects eagle and

> **"More than a decade of forest conservation projects between PotlatchDeltic and The Conservation Fund have achieved both environmental and economic goals for Minnesota. Notably, this partnership is protecting more than 200,000 acres of working forests in the state, reducing forest parcelization that breaks up the landscape and hinders the benefits of forests for wildlife, recreational users and the fight against climate change."**
>
> Kim M. Berns-Melhus
> Minnesota State Director, The Conservation Fund

red-shouldered hawk nests and provides critical habitat along the Mississippi River Flyway, used by 60% of North America's migratory birds. In addition, the lands provided perpetual public recreation benefits for hunting, fishing, wildlife viewing, hiking and canoeing.

In another landmark multiparty conservation exchange, over 9,400 acres of PotlatchDeltic land was part of a series of exchanges with TCF that enabled Ecosystem Investment Partners (EIP) to acquire about 22,000 acres in the Sax-Zim Bog area and establish what was, at the time, the largest wetland mitigation bank in the country. The transaction resulted in further land swaps with St. Louis County and the Minnesota School Trust Lands. Ditches for farming had drained the original wetland and through ecological restoration, habitat was re-created for northern peat bog native plants and animals. The restored wetlands also benefited wildlife like moose, Connecticut warblers, great gray owls, boreal owl, and northern hawk owl. The wetland mitigation bank is adjacent to Minnesota's Sax, Fermoy and Zim Wildlife Management complex which is protected and managed for sharp-tail grouse and sandhill crane.

Conservation transactions have also included tribal governments in an effort to consolidate tribal ownership within reservation boundaries. Established relationships with tribal leadership created an open exchange of ideas and strategies that produced desired land ownership exchanges. Direct sales to tribal governments from the Fond du Lac, Bois Forte, Leech Lake and White Earth bands enabled consolidation of tribal ownership within reservation boundaries to achieve objectives such

as enhanced tribal hunting and gathering, wild rice lake management and other tribal social and conservation goals.

Conservation strategies can also include keeping forests from being converted to non-forest uses, which can be a significant risk in Minnesota. Conservation outcomes ensure that ecosystems stay intact, protect clean air and water, and maintain habitat for wildlife and provide recreational opportunities, while also providing sustained economic benefits including local jobs. In 2020, we completed the sale of 72,440 acres of forestland in 14 counties in northern and central Minnesota to TCF[18] through its Working Forest Fund®. Called Minnesota's Heritage Forest, the transaction is one of the largest land conservation projects in recent state history. The land sold includes approximately 31,600 acres located within the reservation boundaries of two bands of the Minnesota Ojibwe Tribe – the Bois Forte Band and Leech Lake Band. TCF will continue to manage these lands as sustainable working forests under SFI certification and continuing traditional recreational uses. TCF's purchase will provide time for the development and implementation of permanent conservation strategies and sustainable management outcomes with the goal of transferring ownership to public and tribal entities over the next decade.

These projects are just a few of many we have completed in our efforts to get the right lands in the right hands as we finish our land sales initiative in the state. Reflecting on our land ownership that spanned decades in Minnesota, we can see the tangible results of our relationships with many conservation partners that will leave a legacy in Minnesota.

## WOOD PRODUCTS FACILITIES

### *CHAIN OF CUSTODY*

PotlatchDeltic is committed to producing wood products that meet both customer demand for quality as well as responsible sourcing of the raw materials. These raw materials include logs from our own company lands, from other private industrial and family landowners, and public agencies. No matter where these logs originate, we commit that they are sourced in a manner that protects the many other values the forests provide.

Some of the logs we use come from land that is certified to either SFI or FSC standards. This includes our own ownership, other industrial landowners that have chosen to be certified, and some state and county agency lands. However, because approximately 90% of the world's forests are not certified, both SFI and FSC have systems in place to ensure responsible procurement occurs when purchasing fiber from non-certified lands. We use both SFI Fiber Sourcing and FSC Chain of Custody (CoC) programs to assure our customers and stakeholders that the wood we purchase to make our products originates from responsible sources.

All seven of our wood products facilities are certified to the SFI Fiber Sourcing standard, which provides structure to how we, as an SFI Program participant, purchase fiber from both certified and non-certified forestland. This standard is designed to extend the positive reach of sustainable forestry information to landowners on such practices as forestry best management practices for water quality, wildlife and biodiversity, use of professional logging contractors and avoiding controversial sources such as illegal logging.

Specifically, the SFI Fiber Sourcing Standard has 14 Principles, 13 Objectives, 21 Performance Measures and 55 Indicators, all designed to promote responsible procurement. In addition to sharing sustainable forestry information with landowners, we also must demonstrate adherence to all federal, state and local forestry laws, invest in forestry research, science and technology, and develop verifiable monitoring systems to evaluate the use of best management practices across the geographic area where we procure wood. Our 2020 audits were conducted in Bemidji, Minnesota, and Gwinn, Michigan, and resulted in one minor non-conformance relating to two truck drivers from one company not wearing proper safety equipment while loading a truck on a landing.

Our Gwinn, Michigan, and Warren and Waldo, Arkansas, mills are also FSC CoC certified, which means we track the path of our products from the forest through the supply chain, ensuring that FSC-certified material is identified from non-certified material throughout that chain. In addition, FSC certification requires that wood that is procured from land not FSC-certified falls under the FSC Controlled Wood standard. The Controlled Wood standard in turn requires that the non-certified wood we purchase does not come from undesirable sources. FSC considers all of the following undesirable sources: illegally harvested forests; forests that were harvested in violation of traditional and civil rights; forests where High Conservation Values are threatened by manage-

ment activities; natural forests that were converted to non-forest uses; and forests with genetically modified trees.[19] Our 2020 FSC CoC audits were completed at our Gwinn and Warren wood products facilities and we had no major or minor non-conformances.

PotlatchDeltic understands the importance of good forest stewardship not only on our own lands, but also with the other landowners with whom we work. It plays a key role in our commitment to sustainability for our shareholders, customers, communities in which we operate and numerous other stakeholders.

**GOAL**

- MAINTAIN 100% THIRD-PARTY CERTIFICATION FOR ALL WOOD PROCUREMENT PROGRAMS

## SFI FIBER SOURCING 2020 AUDIT RESULTS

**MINOR NON-CONFORMANCES**

**Contractor Safety**

*Two contracted truck drivers were not wearing a hard hat while loading trucks on a landing at one site.*

## FSC CHAIN OF CUSTODY 2020 AUDIT RESULTS

**NON-CONFORMANCES**

*We received no non-conformances in 2020.*

## *AIR, WATER, ENERGY, AND WASTE*

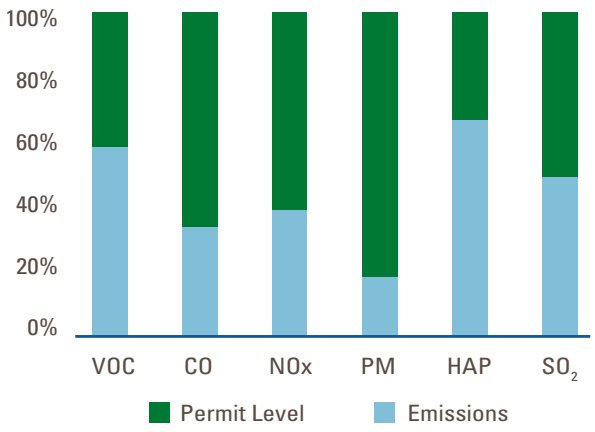
PotlatchDeltic operates six lumber mills and an industrial plywood facility. Each mill operates under stringent limits and legal requirements delineated under various environmental permits and regulations that are in place to protect air and water quality. Under the Clean Air Act and our site specific Renewable Operating Permits, our mills closely monitor operating parameters and air emissions, including hazardous air pollutants (HAPs) to ensure those emissions are minimized. Under the Clean Water Act, we protect water quality by meeting strict discharge limits and other provisions established at each site for process water and stormwater discharges under the EPA National Pollutant Discharge Elimination System (NPDES) program. Resource efficiency is a critical component of our operations and we are continually working to reduce our materials usage.

**Air**

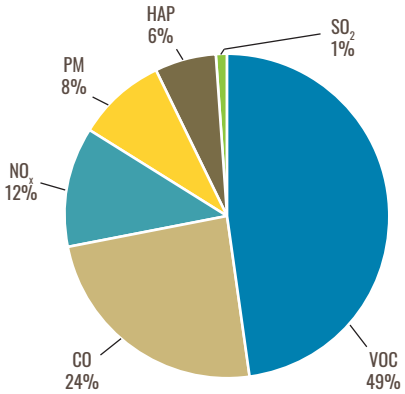
We measure and report emissions of air contaminants at each of our facilities and monitor compliance with emission limits for each source and emission type established in our Renewable Operating Permits. Air emissions from our wood products facilities are generated primarily from the combustion of fuels to generate energy. Combustion of residual wood in boilers that produce steam energy for use in the kilns to dry lumber produces combustion-typical gases such as carbon monoxide (CO), nitrogen oxides ($NO_x$), and particulate matter (PM). When drying lumber in a kiln, wood extractives in the form of volatile organic compounds (VOCs) and PM (formed from the condensation of VOCs) are released.

We constantly evaluate the operation and maintenance of all our emission sources and their associated control devices. Proper design, operation, and maintenance of the production equipment minimizes emissions and is an important part of our air quality commitments. Facilities also utilize cyclones and baghouses to control particulate emissions. In addition, our St. Maries, Idaho plywood facility operates special pollution control equipment to satisfy requirements under the National Emissions Standards for Hazardous Air Pollutants (NESHAP) regulations, known as Maximum Achievable Control Technology (MACT). Exhaust from the heated zones of the plywood veneer dryers are collected and routed to a regenerative catalytic oxidizer (RCO) where more than 90% of the hazardous air pollutants in the exhaust are oxidized into water vapor and carbon dioxide.[20]

### AIR EMISSIONS vs. PERMIT LEVELS[21]




### AIR EMISSIONS BY TYPE




### AIR EMISSIONS[22]

| | Kilograms (000) | | | Kilograms Per Thousand Board Feet Produced | | |
|---|---|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2018 | 2019 | 2020 |
| Volatile Organic Compounds | 1,314 | 1,322 | 1,339 | 1.12 | 1.10 | 1.10 |
| Carbon Monoxide | 801 | 755 | 665 | 0.68 | 0.63 | 0.54 |
| Nitrogen Oxide ($NO_x$) | 393 | 379 | 331 | 0.34 | 0.32 | 0.27 |
| Particulate Matter | 186 | 194 | 225 | 0.16 | 0.16 | 0.18 |
| HAP | 144 | 149 | 154 | 0.12 | 0.12 | 0.13 |
| Sulfur Dioxide ($SO_2$) | 45 | 43 | 40 | 0.04 | 0.04 | 0.03 |
| Total | 2,883 | 2,842 | 2,754 | 2.46 | 2.37 | 2.25 |

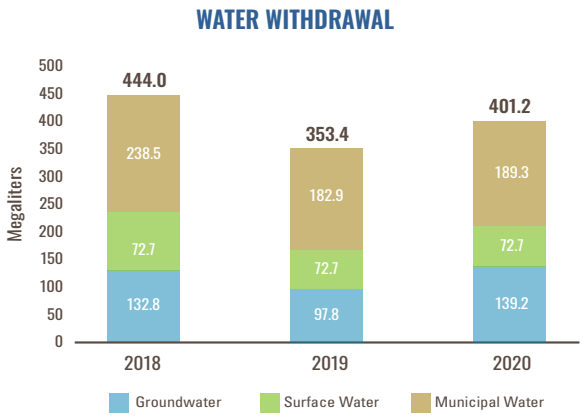
**Water**

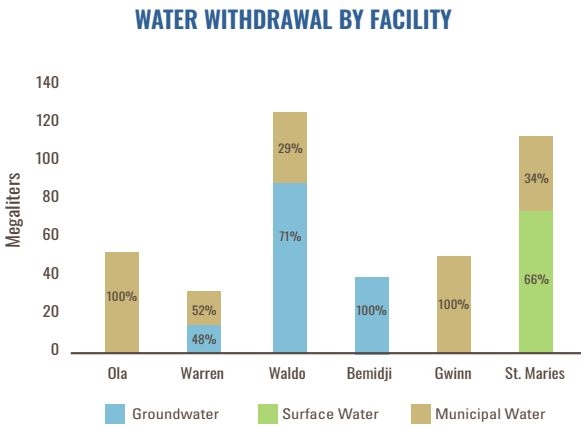
Our wood products facilities use little process water in manufacturing operations. Water usage principally includes watering log decks,[23] cooling at saw operations in the sawmill, make-up water at the boilers for steam production, and fire protection. Water withdrawals are minimized through extensive reuse and recycling, especially at the log deck. The small amount of discharged water is first sent to settling ponds for solids removal prior to being released. Water loss across the facilities is mostly due to evaporation from log watering activities. Municipal water or groundwater from wells is also used in restroom and breakroom areas. The NPDES and general stormwater permits for each of the mills include contaminant benchmarks for several pollutants such as zinc, biological oxygen demand (BOD) and total suspended solids (TSS).[24]

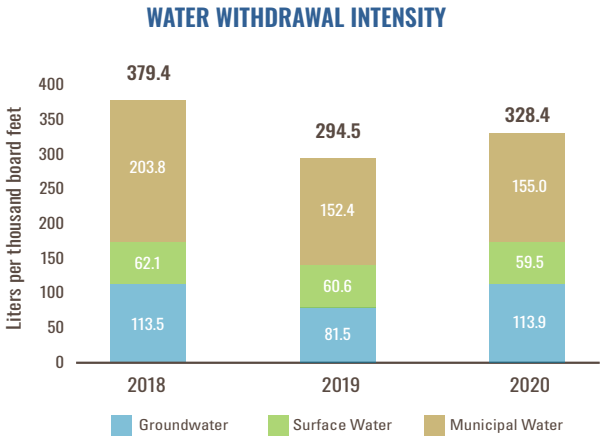
In 2020, total water withdrawn from all sources was 401.2 megaliters[25] with 47% of water usage from municipal sources, 18% from surface water sources, and 35% from groundwater sources. Water usage by type varied significantly by location, depending on available water sources. Our facilities in Warren, Waldo and Bemidji had some reliance on groundwater, with Bemidji water withdrawal entirely from groundwater. The St. Maries facility was the only facility that sourced water from surface water, utilizing the St. Joe River.

Water is relatively abundant at all our locations. However, two of our Arkansas facilities, Warren and Waldo, are located in critical groundwater areas due to reliance on the Sparta Aquifer.[26] Total water sourced at Warren was 48% from groundwater and 52% from municipal water (sourced from the Sparta Aquifer). Total water sourced at Waldo was 71% from groundwater and 29% from municipal water (partially sourced from the Sparta Aquifer).

PotlatchDeltic considers water stewardship to be an important commitment and makes meaningful efforts to reduce, reuse, and recycle water at all locations to reduce consumption.



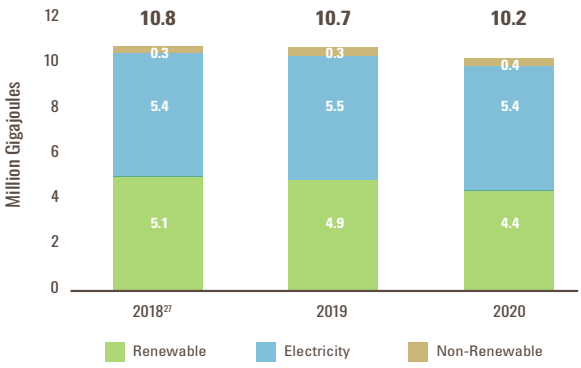
## Energy

Energy needs at our wood products facilities are principally supplied by residual wood fired boilers, purchased electricity, and some fossil fuels. The boilers utilize residual wood from lumber production, such as bark and chips, to produce steam energy. The steam energy is used to dry wood in the kilns and to provide comfort heating. Purchased electricity is used to run process equipment and for heating and cooling. Other fossil fuels (mostly diesel) are predominantly used in mobile equipment with one facility also having a supplemental natural gas fired boiler and direct fired kiln.

In 2020, our wood products facilities' internal energy consumption was 10.2 petajoule (PJ).[27] Total energy consumed consisted of 53% electricity, 43% renewable sources, and 4% non-renewable fossil fuels. Energy consumption in gigajoules (GJ) per thousand board feet was 8.4.[27]

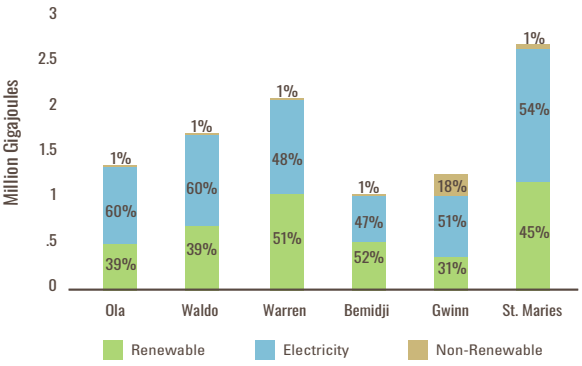
The sources of energy consumed at each mill vary depending on equipment configuration. The goal is to optimize the use of renewable fuels such as our wood residuals within the physical equipment constraints while minimizing other environmental impacts. Most sites rely entirely on wood residuals to provide heat to their kilns, and our Warren and Bemidji wood products facilities obtain over half of their energy requirements from wood residuals. The Gwinn facility utilizes natural gas to meet 18% of its total energy needs. The gas fired boiler and kiln minimize pollutant emissions such as particulate matter, carbon monoxide and oxides of nitrogen with the current equipment configuration. The regenerative catalytic oxidizer used to meet the NESHAP Rules at St. Maries Plywood also uses natural gas to destroy the hazardous air pollutants from the veneer dryers.[28]

### ENERGY CONSUMPTION

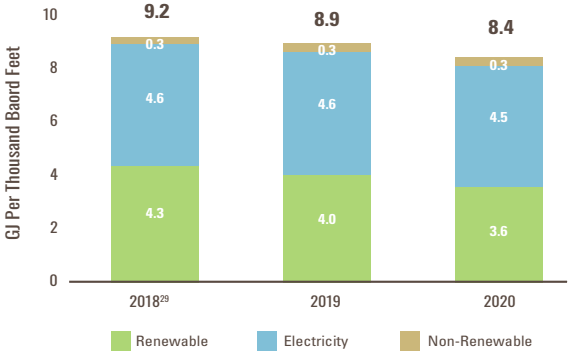




### ENERGY CONSUMPTION BY FACILITY




### ENERGY INTENSITY



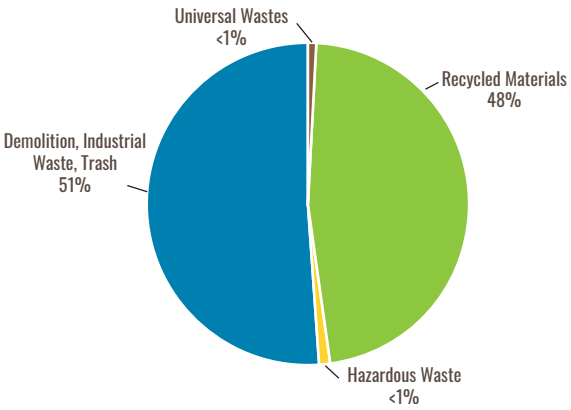
**Waste**

The primary waste streams generated by our wood products facilities include industrial wastes, trash, scrap metal, cardboard and packaging materials, universal wastes, and hazardous wastes. Materials such as cardboard and scrap metal accounted for 48% of the waste streams in 2020 and were diverted from the landfill through recycling. Industrial wastes accounted for 51% of wastes and include general facility trash such as canteen waste, packaging, plastics and other materials that cannot be recycled and are landfilled. Our waste to landfill intensity in 2020 was 3.4 Kilograms per thousand board feet,[30] with the marked increase in the last two years due to cleanup initiatives at our Waldo and Warren facilities. Each facility has recycling and waste reduction programs in place. Increased emphasis over the past two years has resulted in an over 300% increase overall in recycled materials. In 2020, we generated 667 kilograms of hazardous waste, consisting almost entirely of spent aerosol liquids. This waste is generated when residual liquids are drained from spent aerosol cans. Disposal of hazardous waste occurs at licensed facilities and involves refining the waste liquid to recover usable solvents prior to burning for energy recovery. Hazardous wastes are stored, recycled, and transported in compliance with all applicable laws. We are committed to minimizing hazardous waste.

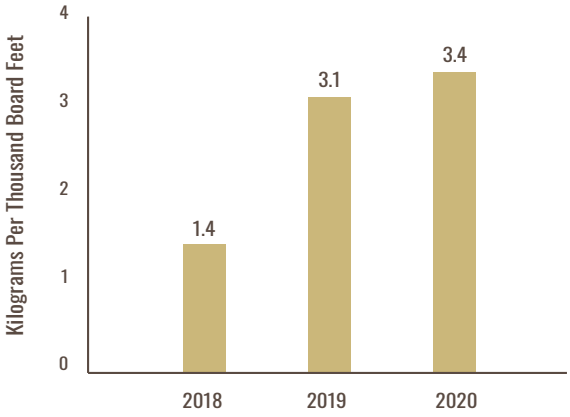
Universal waste represents less than 1% of our facility waste streams and include common hazardous wastes such as fluorescent and HID lamps, mercury-containing equipment such as thermostats, and certain types of batteries. These wastes are sent to licensed universal waste handling facilities for recycling.

In addition to these waste streams, wood products facilities generate ash from burning wood residuals for fuel in the boilers. The wood ash is used as soil liming substitute in agricultural and silvicultural applications, providing a natural means of increasing alkalinity while supplying certain micronutrients that help plants thrive. In 2020, removal of wood ash that had been stored on site at two of our Arkansas facilities resulted in a material increase in wood ash that was land applied for soil amendment.

### WASTE BY TYPE




### WASTE TO LANDFILL INTENSITY[30]




### RESIDUALS AND WASTE

| | Kilograms (000) | | |
|---|---|---|---|
| | 2018 | 2019 | 2020 |
| **Residuals and Wood Ash** | | | |
| Land Applied for Soil Amendment | 3,309 | 4,838 | 36,401 |
| Residuals Used Internally for Energy | 388,368 | 361,168 | 349,478 |
| Residuals sold for other products | 1,567,035 | 1,703,667 | 1,675,975 |
| **Recycled Materials** | 891 | 1,236 | 3,860 |
| **Waste (By Disposal)** | | | |
| Landfilled | 1,639 | 3,685 | 4,091 |
| Hazardous Waste | 0.4 | 0.9 | 0.7 |

## *ENVIRONMENTAL MANAGEMENT*

PotlatchDeltic wood products facilities have procedures and programs in place to reliably comply with all applicable environmental laws and regulations. An environmental compliance management system (CMS) establishes best practices, programs and procedures to drive continual compliance with federal, state and local regulations governing air emissions, water discharges, and waste disposal.

**"We carefully review our environmental permits and state and federal regulations to clearly understand our responsibilities, and establish reliable processes to consistently meet those requirements as we strive for 100% compliance."**

**Tom Mosher** - Wood Products Environmental Manager, PotlatchDeltic

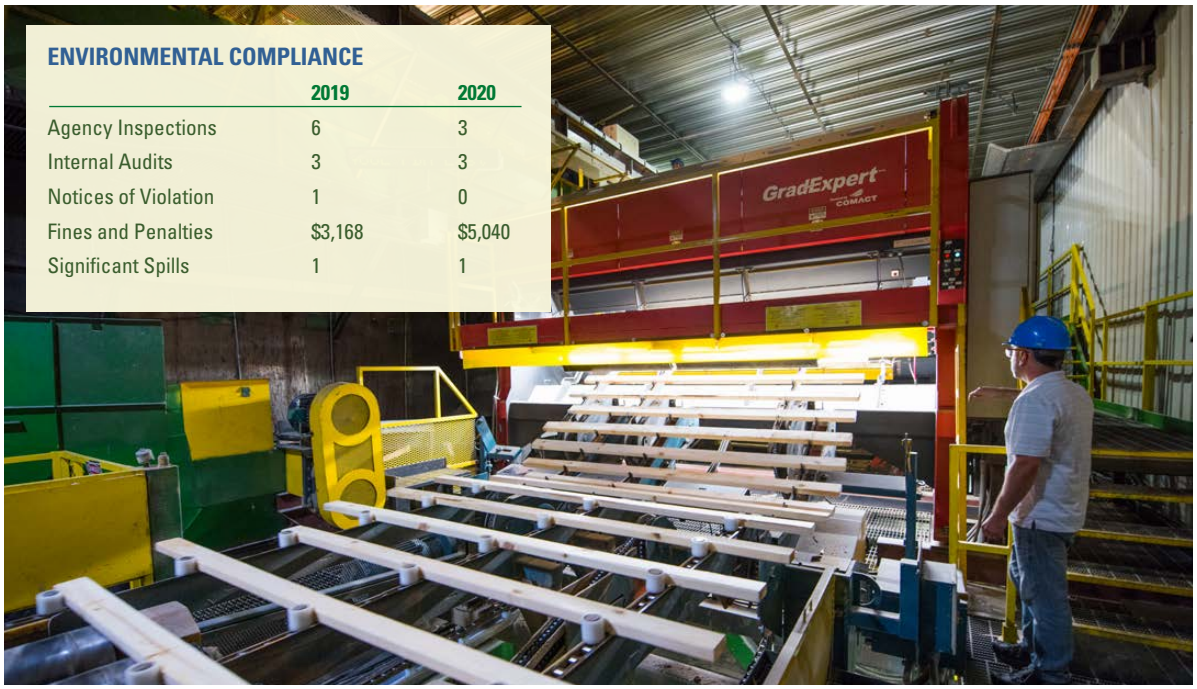
The CMS provides a standard framework for reliable environmental compliance in alignment with our Environmental, Health, and Safety Policy. The CMS also includes processes for the establishment and execution of annual Wood Products Division and facility-specific objectives and targets intended to drive continual improvement in environmental performance and regulatory compliance reliability.

The CMS includes a "Roadmap Process" used to identify all applicable environmental compliance requirements for air, water and waste. The Roadmap Process links the identified actionable items with standard operating procedures to meet those specific requirements. Supporting management system elements integrated into the road mapping process include monitoring and measurement, operational control, document control and recordkeeping.

We pursue continual improvement in our compliance programs through plans, training, monitoring and performance evaluation and through regular internal compliance audit and corrective action processes.[31] Key findings and best practices identified to focus improvement efforts are shared across facilities to drive proactive improvements elsewhere.[32] We establish objectives, targets and programs to improve compliance reliability and enhance overall environmental performance. Management reviews are held at the facility and business unit level at least semiannually to discuss progress against these targets as well as potential needs for resource realignment.

**ENVIRONMENTAL COMPLIANCE**

| | 2019 | 2020 |
|---|---|---|
| Agency Inspections | 6 | 3 |
| Internal Audits | 3 | 3 |
| Notices of Violation | 1 | 0 |
| Fines and Penalties | $3,168 | $5,040 |
| Significant Spills | 1 | 1 |



## Managing for Zero Wood Waste

In the 1940's, less than 40% of a log was processed into lumber with the remainder typically wasted. In 1971, research was conducted at the U.S. Forest Service – Forest Products Laboratory under the Best Opening Face program which demonstrated that placement of the first cut in a log had a significant impact on lumber yield. It laid the groundwork for computer-controlled processing and precision positioning equipment which became widely utilized in sawmills by the mid-1990's. Today it is estimated that less than 1.5% of a harvested log ends up as a waste product. Mills are significantly more efficient, and residuals are either used internally towards energy self-sufficiency or sold for other end uses. This dramatic shift in wood utilization is driven by focused research, technological development and investment.

When a log is prepared to be sawn at our mills, 3-D scanners and optimizers maximize the value of each log and minimize residuals. The full profile of the front and back of the log is scanned which creates a computerized image of each log. The optimizer then selects the cuts of the log and how the log should be oriented to maximize value. It determines the number of boards to be cut and maximizes the yield by following the curvature of the log. This process increases productivity and quality at the mill. Overall, about 50% of each log is processed into lumber, with the remaining wood residuals consisting of sawdust, chips, shavings and bark. These by-products can be used internally or sold for other end-markets.

For example, at our Gwinn, Michigan wood products facility, about 71% of the wood residuals in 2020 consisted of chips, which were purchased by two area pulp mills. About 10% of residuals consisted of bark with 50% of that burned in two boilers to produce steam. The other 50% of the bark was sold to pulp and paper mills or to the landscape market. Sawdust accounted for about 13% of the residuals and was sold to a medium-density fiberboard (MDF) plant. The remaining 6% was shavings which were sold for processing into animal bedding. We used every piece of a log and had nearly zero wood waste at our Gwinn sawmill.

On average, our wood products facilities utilize about 17% of wood residuals for internal energy which provides about 43% of their energy needs. The greenhouse gas emissions from the boilers burning these residuals produces biogenic emissions.[33] Even though they emit CO2 at burning, the carbon emitted is part of the biogenic cycle rather than an increase in total carbon in the atmosphere from burning fossil fuels. Using residuals from sustainably managed forests for energy reduces wood waste and the associated carbon emissions and has the additional benefit of offsetting emissions from fossil fuels. The success of zero waste is dependent on utilizing residuals internally for energy, having existing end-use markets for remaining residuals or the development of new markets for residuals such as pellet plants.

## Ola Stormwater

The Ola wood products facility is located in North Central Arkansas. Logs are transported to the facility and are stacked to await processing into lumber. A key objective in these temporary storage areas is to minimize log deterioration. When harvested logs are stored above freezing temperatures for longer periods, woodboring insects, fungi and bacteria can cause defects in the logs and drying can result in shrinkage. One of the common ways of protecting stored logs is through utilizing a wet deck storage system which keeps logs wet through a sprinkler system. The moisture reduces the concerns from insects, disease and shrinkage.

At Ola, our wet deck storage system is designed to utilize a series of two ponds that collect and store sprinkler water for recirculation back to the log storage area, to be used again in the sprinkler system. In addition to the sprinkler system water, run-off from lumber kiln condensate (lumber kilns dry processed lumber and condensate is the water removed during the process), cooling water, and boiler blowdown (water removed from boilers used for heating purposes in the mill) is also routed to the wet deck pond system. The system consists of two ponds, connected via culvert. The design incorporates a horizontal grate/weir overflow discharge structure to enable water to flow out of the system into a neighboring waterway during heavy rainfall events if water volume exceeds pond capacity.

A state permit is required for systems that discharge effluent water to public waterways. Our permit is granted by the Arkansas Department of Environmental Quality through an individual National Pollutant Discharge Elimination System (NPDES) permit. The permit outlines requirements for discharged water quality parameters, including pH, biological oxygen demand (BOD5), total suspended solids (TSS) and dissolved oxygen (DO). These parameters are tested on a monthly basis when discharging to ensure effluent meets permit levels. If any parameter exceeds permit limits, corrective actions are undertaken immediately to lower the values to within permit levels.

In 2018, we initiated a study to analyze water flow within the system to help determine potential improved management practices. We conducted both a dye study on the pond system to evaluate directional flow and retention time and an engineering review of the pond system to identify potential opportunities to improve discharge water quality through physical or operational modifications.

The study results provided recommendations to reduce the number of discharges from the wet deck pond system and improve discharge water quality. In 2019, we began to implement these recommendations and we completed the project in September 2020. The updated environmental management practices included:

- Dredging of the pond system to remove accumulated solids to increase water volume capacity
- Installation of a baffle system in the ponds which would allow more time for solids in the water to settle versus flow quickly through the system
- Removal of accumulated bark from drainage system ditches leading to the pond system
- Installation of a check dam to decrease the volume of solids entering the pond system by slowing water flow and allowing solids to settle
- Installation of new storm drains and culverts intended to prevent bark from entering ditches leading to ponds
- Installation of barriers in drainage ditches to slow water down to further allow solids to settle out of the water

The project has significantly improved the discharge water quality when system overflows do occur, keeping monitored parameters well below permit limits. We will continue to monitor the effectiveness of these engineering and maintenance improvements and will use on-going observations to continuously improve our performance.

Stormwater system improvements have been implemented at our Waldo and Warren facilities. At the St Maries facility, a multi-year project is underway which involves numerous stakeholders and includes significant system upgrades to improve discharge water quality. Water discharges at our Gwinn and Bemidji facilities are unlikely due to local topography and soil conditions and do not require system upgrades at present.

## OUR VALUE CHAIN

The cornerstone of our value chain is a commitment to sustainability and responsibility. We manage our timberlands with practices that support healthy growing forests while providing diverse habitat for wildlife and protecting aquatic life and water quality. We reforest areas promptly, with approximately two seedlings planted in Idaho per tree harvested and three seedlings planted in the U.S. South per tree harvested.[34] Our management practices in our timberlands are third-party certified.

We harvest approximately 2% of our Idaho and 3% of our U.S. South timberlands each year, excluding thinning. Forest management practices in the South often necessitate the opening of stands through pre-commercial, first or second thinning. The final harvest consists of mature trees, harvested based on our strategic harvest schedule model and forest harvesting plans. The majority of the final harvest is sawlogs, which are mostly sent to wood products facilities for the manufacture of lumber and plywood. The fiber from our thinning activity, or from the smaller diameter trees or tops in the final harvest in the South, or logs with defects at final harvest in Idaho, is sold to pulp, paper, packaging, and composite panel producers. Overall, sawlogs accounted for 63% of our tons harvested in 2020. Approximately 47% of our sawlog harvest in Idaho and 69% in Arkansas were used internally at our lumber and plywood facilities, with the remainder sold to other area manufacturers.

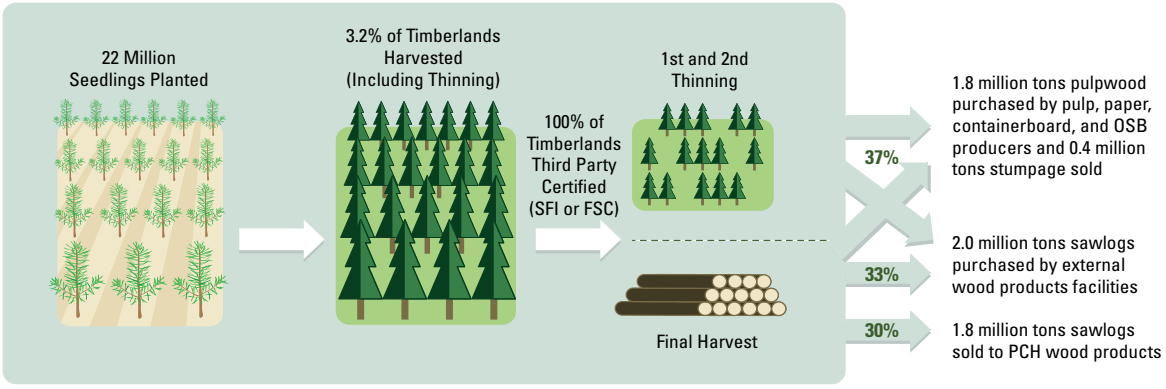
Our procurement foresters purchase wood fiber for our wood products facilities from our timberlands or from private, state and federal sources. Responsible mill procurement is assured through SFI Fiber Sourcing and/or FSC Chain of Custody / Controlled Wood certification. In 2020, 40% of the fiber used at our wood products facilities was sourced from our timberlands, with the remainder from external sources.

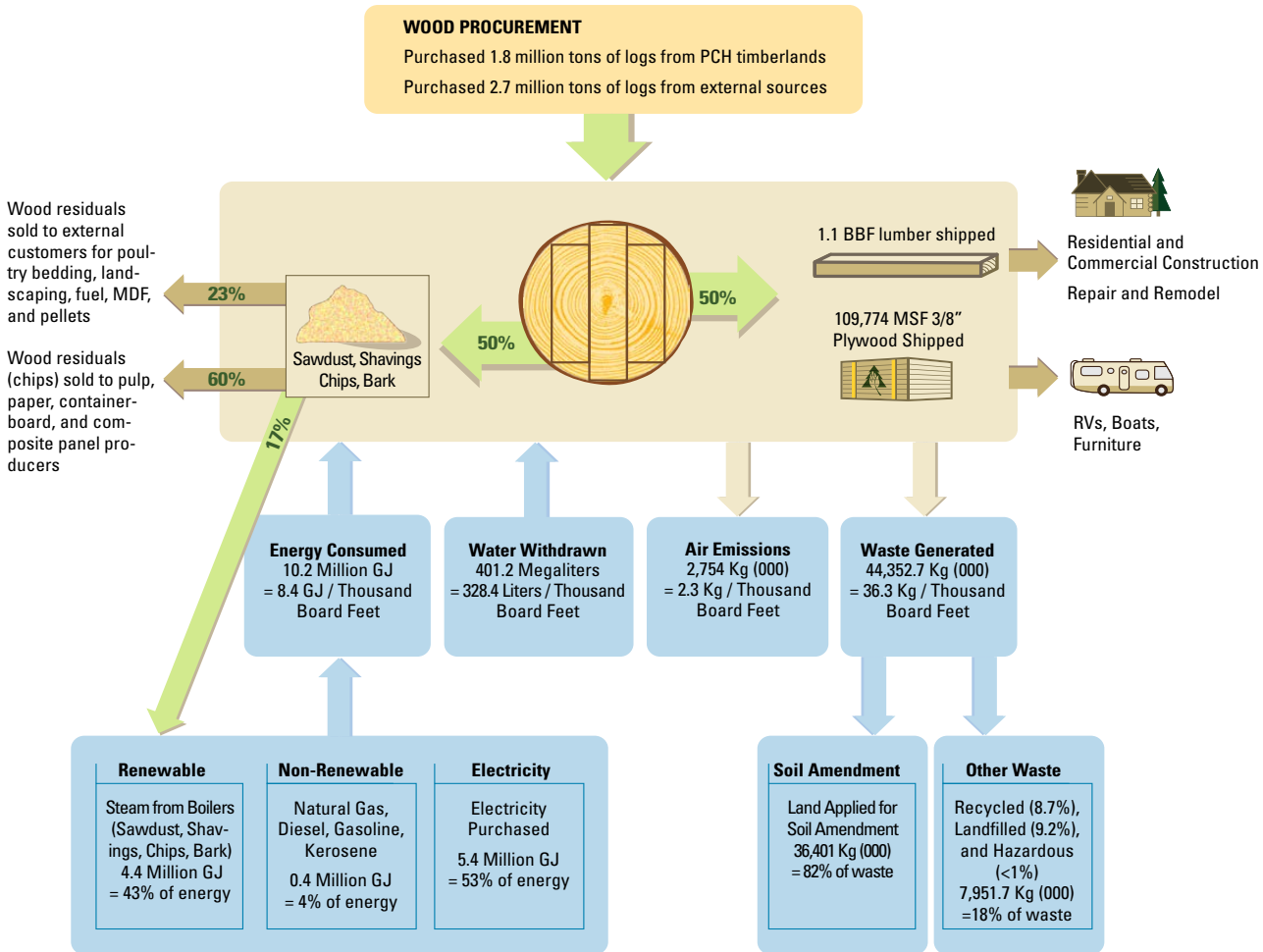
Wood products manufacturing uses sophisticated computerization that maximizes log utilization. During the manufacturing process, wood residuals are generated, including sawdust, shavings, chips and bark. In 2020, we used about 17% of these wood residuals internally in our boilers for steam energy, with the remainder sold for a wide range of uses. As a result, we utilized nearly 100% of our logs. Our boilers use 97% wood chips for their energy needs on average. The overall energy for the mills was sourced 43% from our internal boilers, with 53% from purchased electricity, and 4% from non-renewables like natural gas and propane. Our wood products facilities used only 328.4 liters of water per thousand board feet of production with water withdrawals minimized through extensive reuse and recycling. Air emissions were 2.25 kilograms per thousand board feet of production.

We ship the lumber and plywood produced by rail and truck for end uses that typically have long-life applications prior to recycling or disposal, such as in new home construction or repair and remodel activities.

# OUR VALUE CHAIN

**PotlatchDeltic sustainably manages timberland in Arkansas, Idaho, Mississippi, Alabama, Louisiana and Minnesota. Six sawmills and one industrial plywood facility are managed for air, water, energy, and waste.**



## CLIMATE CHANGE

### *GREENHOUSE GAS EMISSIONS*

We continually evaluate opportunities to reduce Greenhouse Gas (GHG) emissions through increasing the efficiency of our manufacturing process and improving energy efficiency. GHG emitted by our operations largely consists of carbon dioxide from our wood products facilities which use energy sourced from a combination of purchased electricity and on-site boilers. The boilers utilize residual wood as a fuel source, with each facility using residual wood to varying degrees. The emissions from residual wood are considered biogenic and not included in our GHG emissions.

Our consolidated 2020 direct (scope 1) emissions were approximately 27,247 metric tons of $CO_2e$.[35] Scope 1 emissions are from sources that we directly own or control, including the wood-fired boilers and kilns at our wood products facilities, mobile sources, and company-owned vehicles across our businesses. These emissions were calculated using the Greenhouse Gas Protocol Corporate Standard.[36] The largest source of our consolidated direct (scope 1) GHG emissions is from combustion of natural gas and propane in boilers, kilns, and pollution control equipment. These accounted for 42% of our scope 1 GHG emissions. Emissions of methane and nitrous oxide from the combustions of wood residuals account for 24% of the scope 1 emissions. The remaining 34% is from mobile sources and Company-owned vehicles. Emissions included in the calculation of $CO_2e$ are carbon dioxide ($CO_2$), methane ($CH_4$), and nitrous oxide ($N_2O$).

Our consolidated indirect (scope 2) GHG emissions were approximately 64,100 metric tons of $CO_2e$. Scope 2 emissions are indirect emissions from electricity we purchase and use. Emissions are created from the production of this energy. These emissions were calculated on both a location-based and market-based method as required in GHG Protocol Scope 2 Guidance. Our Scope 2 emissions under both methodologies are identical because we do not have any contractual agreements with electrical suppliers, such as Purchased Power Agreements or Renewable Energy Credits / Certificates.

In 2020, our total GHG intensity per thousand board feet of lumber produced was 0.075 metric tons of $CO_2e$.[37]

#### GREENHOUSE GAS EMISSIONS

| | Baseline 2018 | 2019 | 2020 |
|---|---|---|---|
| Scope 1 Direct Emissions (metric tons $CO_2e$) | 25,661 | 27,163 | 27,247 |
| Scope 2 Market-based indirect Emissions (metric tons $CO_2e$) | 62,866 | 64,742 | 64,100 |
| Scope 2 Location-based indirect Emissions (metric tons $CO_2e$) | 62,866 | 64,742 | 64,100 |
| Total Scope 1 & 2 Emissions (metric tons $CO_2e$) | 88,527 | 91,905 | 91,347 |
| Scope 1 GHG intensity total (metric tons of $CO_2e$ / thousand board feet) | 0.022 | 0.023 | 0.022 |
| Scope 2 GHG intensity total (metric tons of $CO_2e$ / thousand board feet) | 0.054 | 0.054 | 0.053 |
| Total Scope 1 & 2 GHG intensity total (metric tons of $CO_2e$ / thousand board feet) | 0.076 | 0.077 | 0.075 |
| Wood Residual Derived Biogenic Emissions (metric tons $CO_2e$) | 509,995 | 495,659 | 465,294 |

Emissions generated from biogenic carbon include energy fueled by residual wood sourced from sustainably managed forests that are processed at our wood products facilities. These emissions in 2020 were 465,294 metric tons of $CO_2e$ and are not included in our GHG Direct Scope 1 emissions in accordance with the Greenhouse Gas Protocol guidance. These biogenic $CO_2$ emissions can be considered carbon neutral given that residual wood used for energy has a net sequestration benefit as areas harvested are replanted and the $CO_2$ absorption cycle is renewed as the forests grow. These biogenic emissions are also not additive to the carbon released into the atmosphere because they are considered part of the natural carbon cycle and, as a result, they are preferable to the alternative use of fossil fuels.

We have not completed a full Scope 3 emission[38] analysis but did derive an estimate of two of the most important Scope 3 emission sources for our business. Using 2019 data, we estimated the approximate Scope 3 emissions from harvesting operations and log hauling operations associated with the 4.5 million tons of sawlogs purchased

from all sources for our wood products facilities. Harvesting operations included the harvesting, skidding, bunching and processing of logs, and log hauling operations included hauling logs from harvest sites to our seven wood products facilities. The preliminary Scope 3 harvesting emissions were approximately 50,089 $CO_2e$ and the log hauling emissions were approximately 37,388 $CO_2e$.[39] We are currently working on calculating our Scope 3 GHG emissions and will continue to

**GOAL**

- DETERMINE CONSOLIDATED SCOPE 3 GREENHOUSE GAS EMISSIONS

## *CARBON SEQUESTRATION AND STORAGE*

**Carbon in Forests and Wood Products**

Sustainably managed forests combat climate change through carbon sequestration. Trees absorb atmospheric carbon dioxide and store it in growth in the branches, trunk, needles and roots, and respire oxygen. At a landscape scale, managed forests are considered carbon sinks, meaning they reduce the net amount of carbon dioxide in the atmosphere as they grow.

Active forest management enhances carbon uptake because the rate of carbon uptake slows as forests mature, and natural tree mortality increases. Unmanaged forests increase the chance of massive carbon losses from disturbances such as fire, insects or disease infestations. Working forests are managed to maintain optimum tree density and spacing and maintain a vigorously growing forest that minimizes the risk of catastrophic losses.[40] Forest management concentrates growth on harvestable crop trees for use in solid wood products, which maximizes the amount of forest carbon that is captured and stored in long-lived wood products. Harvesting mature trees and replanting increases the rate of carbon uptake, as well as generating lumber for wood products. Overall, forests, harvested wood products, and urban trees in the U.S. offset more than 11% of total GHG emissions annually.[41]

**Carbon Sequestration and Storage**

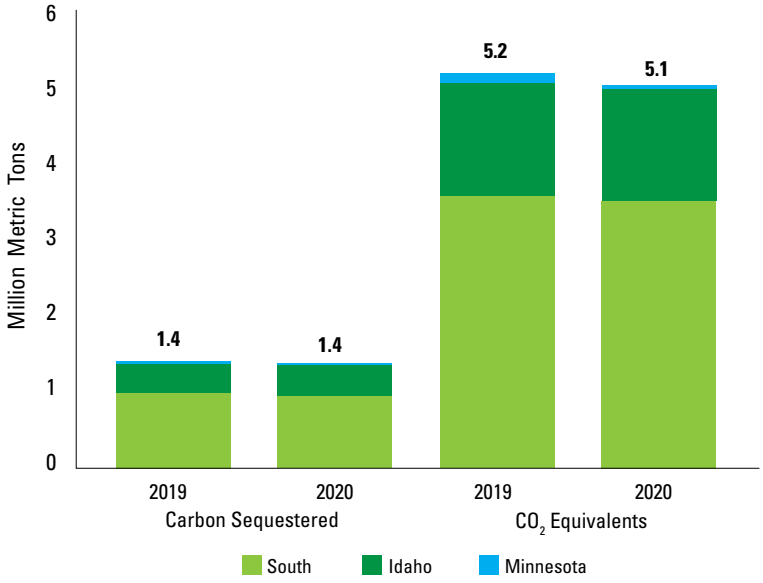
We account for carbon stored in different components of our managed timberlands just like we account for our standing timber inventory and the types of products they contain – such as sawtimber or pulpwood. We have divided our forest carbon stocks into four pools that allow us to track our carbon inventory and to follow and account for stored carbon when timber is harvested. The four pools are: 1) whole sub-merchantable trees, 2) merchantable portions of merchantable trees, 3) non-merchantable portions of merchantable trees that are above ground such as limbs and branches, and 4) below ground portions of merchantable trees or roots.

At the end of 2020, our forests were storing a total of 145 million metric tons of $CO_2e$ in all four pools including 98 million metric tons $CO_2e$ in merchantable above-ground portions. In 2020, tree growth sequestered an additional 7.5 million metric tons of $CO_2e$ to our standing inventory. In 2020, merchantable tree growth accounted for 5.1 million metric tons of $CO_2e$ of the 7.5 million.

**Harvest**

Harvest initiates the forest products manufacturing process and long-term storage of forest

**MERCHANTABLE CARBON SEQUESTRATION**



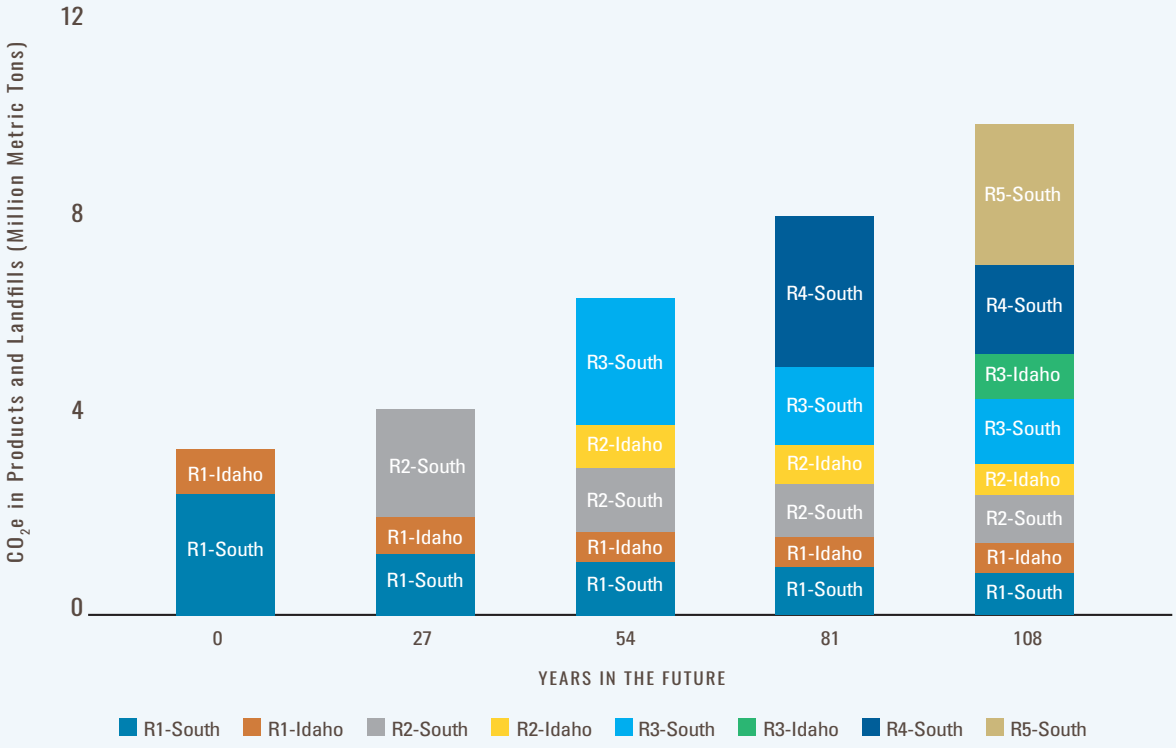
carbon in wood products. Reforestation after harvest simultaneously restarts the process of sequestration and storage in the next tree growing cycle. At the time of harvest, 68% of the carbon in a typical sawtimber tree is transported to the mill and 32% remains on site and enters the mineral cycling process - a biogeochemical cycle where elements including carbon move through the soil, living organisms, air and water. [42]

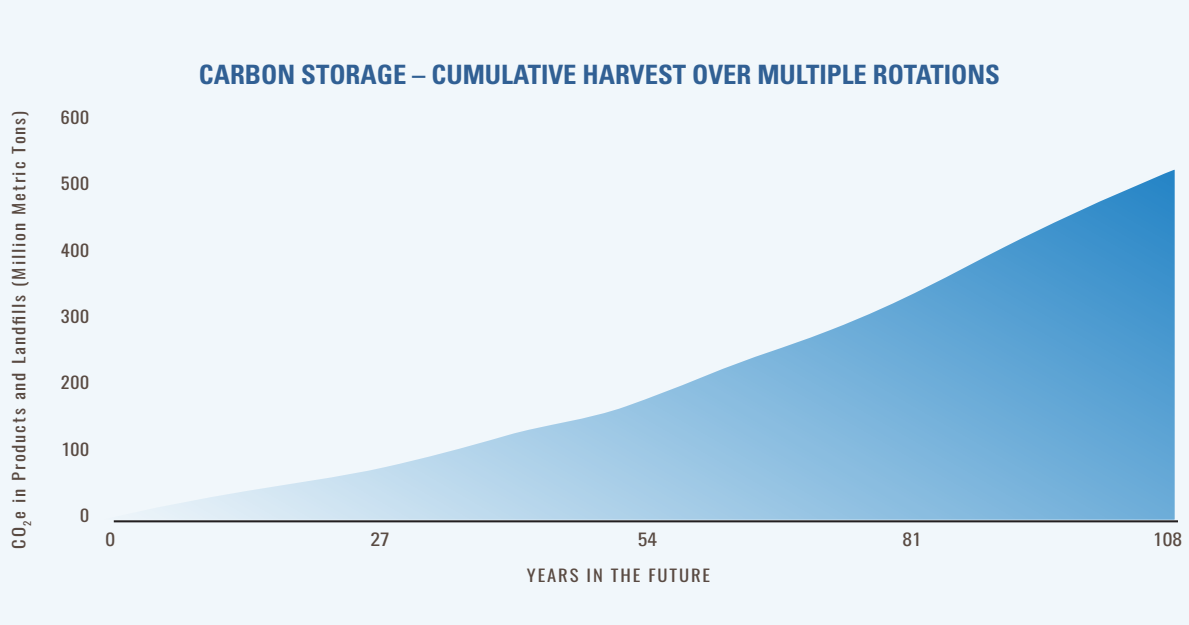
The decomposition of treetops and roots and movement of tree carbon into the mineral cycle where it moves into the soil and atmosphere is a slow process. Deadwood is a large carbon reservoir that holds carbon for decades after harvest. Decomposition of dead wood and leaching moves dissolved organic carbon into long-term storage in the soil.[43] Our approximation of 72 million $CO_2e$ in soil carbon increases total carbon storage by 50%.

**Replanting, Forest Growth and Wood Products**
Newly planted trees grow and capture additional carbon. Once they grow to the end of a rotation, harvest occurs and conversion of the harvested logs to wood products begins long-term carbon storage and replanting starts the sequestration process anew. When multiple cycles of tree growing and harvest, or rotations, overlap carbon storage in wood products, the result is cumulative carbon storage that accumulates and increases over time.

**Wood Products Manufacturing**
Wood products manufacturing converts the logs into long-lived wood products storing about 50% of the carbon in the wood and acting like a "carbon vault."[44] The residuals or byproducts produced during the lumber and wood panel manufacturing process are utilized to manufacture additional forest products or to produce biogenic energy. The cumulative impact of carbon storage in wood and paper products, including landfills, from one year of harvest from our timberlands repeated over a period of 108 years (two rotations in Idaho and four rotations in the U.S. South) is shown below.

**CARBON STORAGE - ONE YEAR HARVEST OVER MULTIPLE ROTATIONS[45]**






Carbon from harvested wood remains in wood and paper products until the end of their use. The rate of decrease in storage is dependent on the mix of products. Approximately 68% of total tree carbon in a sawlog sized tree is transported to a sawmill and 50% of that amount is captured in solid wood products such as lumber and plywood as a long-lived carbon vault. The total tree carbon that is used for pulp and paper products has a shorter life span. Pulp and paper products have a rate of decay or release that is high initially as products are used, recycled or disposed of and the rate slows substantially after initial use because of the portion that is stored in landfills for a very long time.[46]

**Wood Products Substitution**

When wood-based products are used in place of fossil fuel-intensive products like steel, concrete, or plastic there is a permanent benefit to our atmosphere. For example, the carbon footprint of steel framed homes is 26 percent higher and concrete framed homes is 31 percent higher than homes framed in wood.[47]

By building with wood we are storing additional carbon in everyday products and buildings. If a wood house stands for 108 years, it will store carbon until it decays or is replaced. In that time, the forest will have regrown two to four cycles resulting in compounding carbon storage.[48]

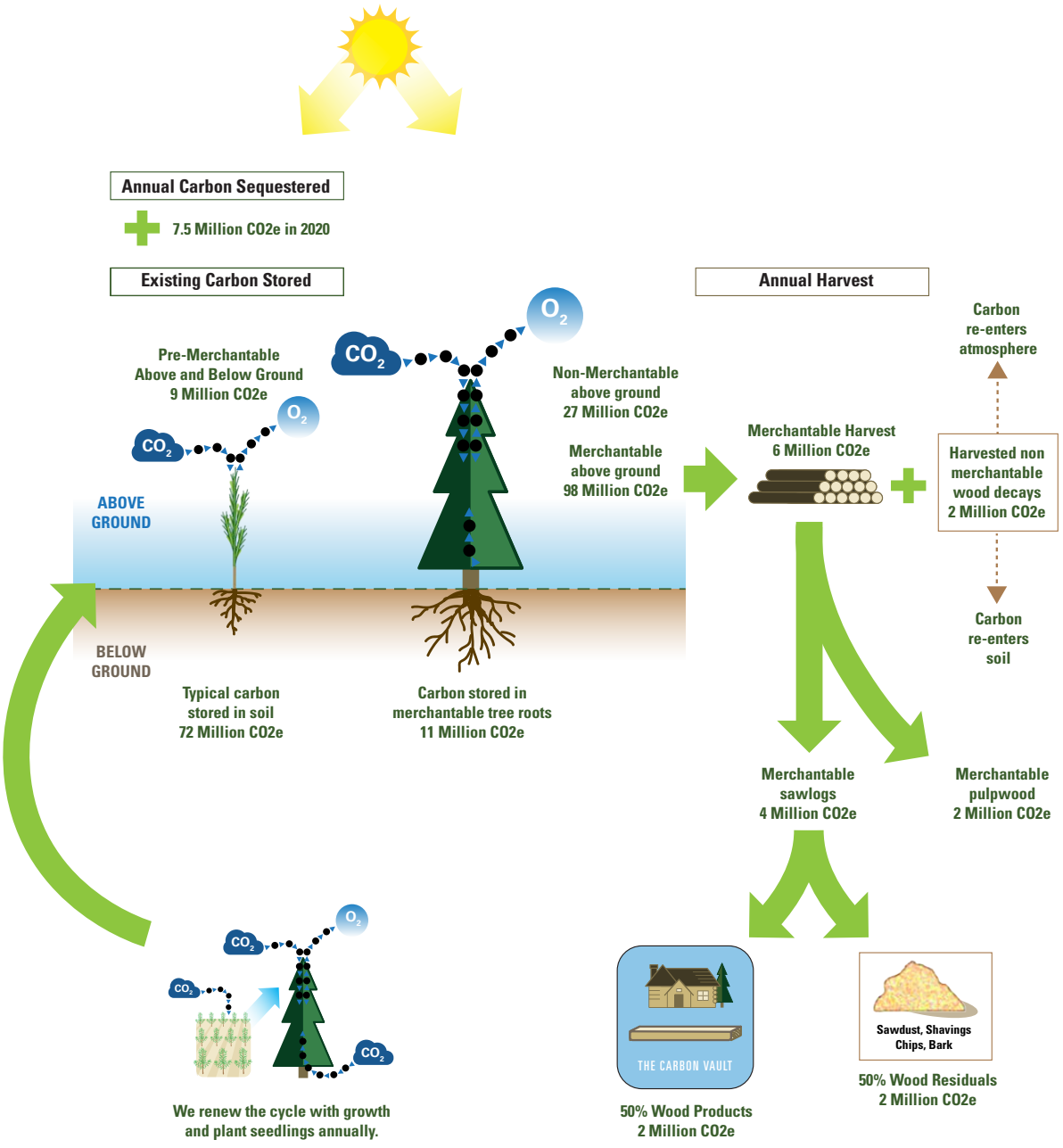
When trees are sustainably harvested, wood continues to store carbon in the thousands of products we use every day, from paper products to lumber to energy generation. Trees then regrow, repeating the cycle.

**Summary**

The continuing cycle of active forest management, including planting, growing and harvesting, optimizes a forest's ability to sequester and store carbon and improves resiliency, maintaining the ability to sequester carbon in the future. The life cycle of managed forests and the production of long-lasting wood products have a significant climate benefit, with relatively low emissions associated with the production of lumber. Over multiple cycles of wood products production and forest renewal, net carbon storage grows. In addition, wood carbon transferred to wood products can substitute for fossil-fuel emissions-intensive building materials, such as steel and concrete, lowering the carbon footprint.

## POTLATCHDELTIC CARBON SEQUESTRATION

*SUSTAINABLY MANAGED FORESTS ARE PART OF THE SOLUTION TO CLIMATE CHANGE*



## *CLIMATE RISKS AND OPPORTUNITIES*

Climate change presents both risks and opportunities for PotlatchDeltic. The Board and the management team continue to expand their consideration of these risks and opportunities on Company strategy, operational decisions, risk management oversight, and performance. Stakeholders seek greater analysis of the potential impacts of climate change to our assets, markets, and economic performance, including the impact of possible policy changes under divergent temperature forecast assumptions ranging from 1.5º to 4.0ºC. We are committed to completing scenario analysis for our business, aligned with TCFD guidance, in regional and asset class phases, beginning with our U.S. South timberlands in 2021.

Climate-related risks and opportunities include those arising from potential changes to our timberlands caused by rising mean temperatures, changing weather patterns and extreme weather events. In addition, transition risks and opportunities include changes in policy or regulatory requirements, technology-related requirements, and market changes. The risks identified are incorporated into our Enterprise Risk Management process and we continue to enhance our mitigation measures. Opportunities are considered in our strategic and operating plans and in our advocacy and policy initiatives. These factors can impact our business, strategy, and financial planning and will be evaluated in greater detail as we conduct our detailed scenario analysis in the years to come.

**Physical Risks and Opportunities**

There are several models that help us to understand the potential physical impacts of climate change in our timberland regions, and methods to evaluate the consistency and likelihood of trends. The key variables to consider when evaluating the potential physical impacts of 1.5º to 4.0ºC warming to our timberlands include: 1) the growth response from higher $CO_2$; 2) changes in precipitation patterns including volume, type (snow vs rain), and timing; 3) changes in soil moisture conditions; 4) changes in flooding or severe weather; 5)

changes in risks from insects and disease; and 6) wildfire risk. Most of the physical risks and opportunities for our timberlands are expected to unfold over the medium and longer term. While overall trends exist on a global or national scale, regional variances could be meaningful and are often the source of model outcome variability.

Generally, increases in $CO_2$ and temperature result in increased growth rate or productivity of trees. Furthermore, increased growth rates of hardwoods and early succession species, including many softwoods, are predicted to be more significant than late succession species.[49] Global temperature increases can result in significant regional differences in weather patterns that affect tree growth and patterns of disturbance, including wildfire, insects, and disease. Models overall suggest limited productivity impacts in Idaho and improved productivity growth in Arkansas, Mississippi and Alabama. Improved productivity could contribute directly to additional carbon offset sales or shorten rotations and support increased capacity in wood products manufacturing.

**Transition Risks and Opportunities**

Policies could emerge supporting markets for biomass or liquid fuels from wood residuals sourced from sustainably managed forests. These policies could expand market demand for residual wood fiber remaining from wood product manufacturing, a portion of which otherwise could go to waste. Policies could also promote biochar markets for use as a soil ameliorant and carbon sequestration. The use of these residual materials for energy or liquid fuels would substitute biogenic emissions for emissions from fossil fuels.

Incentives for research and efforts to increase automation in wood products production will continue to increase productivity and resource efficiency at facilities. The use of lasers, sensors, and computers seeks to optimize each log for greater recovery and log utilization. Future opportunities could arise from further advances in technology that could reduce costs through ongoing capital investment.

The emerging momentum for mass timber in tall buildings exemplifies how innovation in wood


products can provide significant opportunities. Developers and architects are attracted to the ability to incorporate sustainability and the carbon capture benefits of mass timber, its advantages, and its aesthetic appeal in non-residential and multifamily buildings. The recent changes to the International Building Codes allow mass timber to be used to construct buildings that are eight to eighteen stories and provide potential for significant growth of mass timber use. Other new technologies for products using cellulose or wood fiber also continue to be developed and could increase with incentives that promote their development.

Policies and incentives that encourage greater use of wood-based products in buildings or in building materials are also expected to increase, including emphasis on green building certification programs such as LEED. Buildings are responsible for 39% of global energy related carbon emissions, of which 28% are from operational emissions and 11% are from materials and construction (embodied carbon)[50]. Incentives, such as a transferable tax credit, could be established for use of higher performing products in construction or in overall buildings to lower the embodied carbon or $CO_2$ equivalent emissions associated with a cradle-to-grave footprint. Federal procurement policies could also prioritize carbon beneficial building materials. Wood products are well positioned to benefit from such policies given that they store carbon and have lower embodied carbon emissions, when sourced from sustainably managed forests, relative to other substitute materials.

Carbon taxes could be introduced to set a price that emitters pay per ton of GHG emissions to encourage companies to reduce their emissions. Taxes could be based on emissions or be applied to specific GHG intensive products such as gasoline. Our GHG emissions are relatively low and are mostly from natural gas and electricity used at our wood products facilities and from mobile sources harvesting timber and hauling logs. A tax could increase costs associated with these operations or result in additional capital expenditures to shift to other technologies.

Another market that could expand to reduce GHG emissions is the continued development of emissions trading systems (cap-and-trade) through emissions caps across specific industries. This mechanism currently exists in California as a statewide multi-sector initiative. We currently participate in the California Air Resources Board Cap-and-Trade system, which limits the amount of greenhouse gases (GHG) industries can emit. Through the California Compliance Offset Program for forest projects, we sell carbon sequestered on our Moro Big Pine conservation easement in Arkansas to companies requiring offsets.[51] We have generated and sold almost 125,000 offsets through the end of the 2018 carbon year and we continue to generate, verify and bring offsets to market.[52] The sale of these credits requires a long-term commitment to the forest management and land use practices identified in the conservation easement. Our qualification for and participation in this market recognizes the role working forests play as a climate change solution and Potlatch-Deltic's leadership in bringing to market co-benefits of working forest lands.

Market-based policy mechanisms that reward carbon benefits at scale have the potential to support a significant market opportunity for sustainably managed working forests. These could develop as a transferable landowner tax credit for carbon sequestration as well as through carbon offset programs. For example, frameworks could utilize a practice-based option where the tax credit or offset is determined by forest owner implementation of USDA practices based on science-based sequestration estimates. In addition, frameworks could also provide a performance-based option that would enable a tax credit or offset to be determined by carbon sequestration above a baseline using a credible carbon accounting framework that is rigorous and streamlined.

Voluntary offset markets for carbon emissions are likely to continue to grow rapidly as companies rely on offsetting projects to achieve national or corporate GHG reduction targets by mitigating some of their emissions. As demand for carbon credits grows, voluntary markets that are large, transparent, and verifiable will likely emerge. As industry and public policy develop to overcome the challenges to establishing a robust carbon credit market, additional opportunities may become available for forest landowners to provide natural climate solutions.

As consumers shift their lifestyles towards products that are sustainable and contribute to reductions in atmospheric carbon, acceptance of sustainably managed working forests as a natural climate solution could provide reputational benefits for companies. Working forest owners continue to focus on increasing education about the benefits of sustainable forest management and the best management practices they utilize.

**GOAL**

- INITIATE CLIMATE SCENARIO RISK / OPPORTUNITY ANALYSIS FOR ARKANSAS TIMBERLANDS

# CLIMATE RISKS AND OPPORTUNITIES

**PHYSICAL RISKS AND OPPORTUNITIES**

| Type | Risk / Opportunity | Category | Impact | Detail |
|---|---|---|---|---|
| Growth (Chronic) | Increased productivity and yield in tree growth | Opportunity | Revenues; Timberland Values | Shorter rotations and opportunities for increased manufacturing capacity in areas benefiting from higher growth |
| Disturbances (Acute) | Increased severity of extreme weather including heavy precipitation, tornados and flooding | Risk Medium-term | Revenues; Costs | Potential damage to timberlands, roads, or facilities. Risk of difficult access to timberlands post wet weather and log availability disruptions to mills |
| Disturbances (Acute) | Increased risk from wildfire in Idaho | Risk Medium-term | Revenues | Increased costs for fire fighting preparedness and fire risk reductions |

**TRANSITION AND REGULATORY RISKS AND OPPORTUNITIES**

| Type | Risk / Opportunity | Category | Impact | Detail |
|---|---|---|---|---|
| Regulatory | Policy for biogenic energy from wood residuals sourced from sustainably managed forests | Opportunity Medium-term | Lower costs; Revenues | Increased internal use of residuals and higher residual demand from pellet markets. Growth of biochar markets. |
| Regulatory / Market | Development of carbon offset markets recognizing forests as natural climate solution | Opportunity Medium-term | Revenues | Potential new revenue streams from sale of carbon credits |
| Market | Increase in demand for products that have a lower GHG footprint | Opportunity Medium-term | Revenues | Standards and consumer preferences for buildings that promote the use of carbon embedded materials support increased use of wood |
| Market | Acceptance of sustainable working forests as a natural climate solution | Opportunity Long-term | Revenues | Reputational benefits for companies. Acceptance of third-party forest certification |
| Technology / Market | Development of new products and substitutes | Opportunity Long-term | Revenues | Increased demand for mass timber |
| Technology | Resource efficiency gains (recovery and productivity) | Opportunity Long-term | Lower costs | Advances in technology could reduce wood residuals and improve productivity of sawmills |
| Operational | Change in energy costs for facilities. Higher diesel costs for equipment and transportation | Risk or Opportunity Long-term | Lower Costs; Capital investment | Ban on fracking on federal lands could impact natural gas. Increased renewable use in electricty could raise prices. Energy efficiency or substitution provides opportunities |
| Regulatory | Changes in regulations regarding air quality or water effluent. Risk of expanded list of HAPs regulated. Potential for more stringent limitations in non-attainment areas. | Risk | Costs; Capital investment | Increased air monitoring / pollution control equipment in priority area designations. Increased water monitoring or effluent quality requirements in Arkansas due to Sparta aquifer |
| Regulatory | Increased pricing of GHG emissions or carbon tax | Risk Medium-term | Costs; Capital investment | Increased costs for operations or capital costs to shift to new technologies |

# COMMITTED TO SOCIAL RESPONSIBILITY

*COMMITTED TO*
## SOCIAL RESPONSIBILITY

### OUR APPROACH

*The people we are connected with – our employees and the communities where we do business – are critical to our success.*

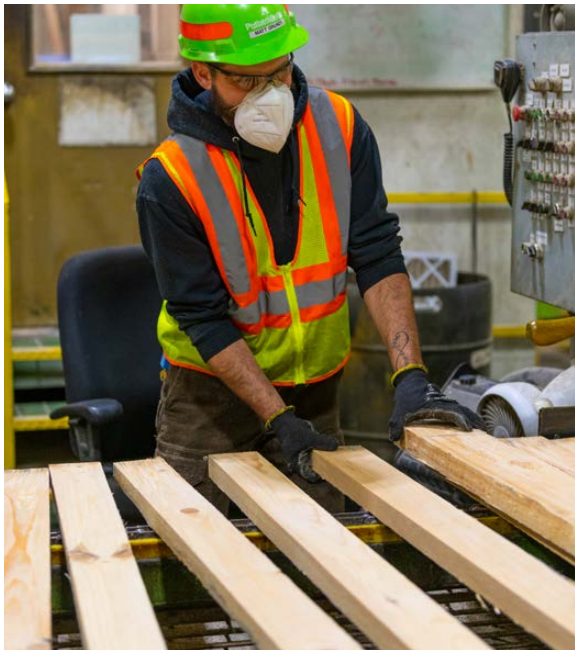
We strive to make PotlatchDeltic a workplace of excellence through our Company culture, fair compensation and comprehensive benefit options. We value an environment of ethical, diverse and inclusive teamwork and look to attract talent with diverse backgrounds and experience. Our wide range of employee benefits helps our employees and their families to stay healthy and considers employees' need for flexibility. We promote equal opportunities for employee development and professional growth and maximize employee engagement through a strategy of continuous performance improvement.

Our commitment to our employees starts with a strong culture that prioritizes health and safety as a core value. We seek to provide and constantly maintain a safe work environment with comprehensive health and safety programs that identify and mitigate risks, train employees properly, and focus on continuous improvement.

We view the relationships we have with our contractors and suppliers as essential to our success and expect them to follow best practices, focus on health and safety, be ethical and respect and promote human rights.

PotlatchDeltic understands that we are connected to the communities where we live and work. Our employees and their families are members of rural communities where our facilities operate, and our actions can often have a substantial impact on those communities. Active community engagement in these areas and in our larger communities through community involvement, charitable giving, and volunteering is a core part of our Company culture.

In addition, as stewards of our working forests, we are proud of the work we do and believe people can best learn about forests by experiencing them. We make most of our timberlands available to the public for a wide range of recreational uses.



Core United Nations SDGs


Supported United Nations SDGs

## HUMAN CAPITAL MANAGEMENT

At the end of 2020, PotlatchDeltic employed 1,316 personnel across our businesses. The hourly employees in our wood products facilities accounted for 68% of that total, which include skilled trades, operators, and laborers. Salaried professionals and executives within our Company include senior operations managers, accounting, finance, legal, IT, communications, and human resources professionals as well as our foresters and wood products salesforce. Overall, 16% of our workforce were temporary employees.

**"It is critical that we continue to recruit and retain individuals who have a variety of personal and professional experiences that we can leverage to address future challenges. It is this diversity of experience that will further enrich our culture and result in better operational and financial outcomes for the Company."**

**Robert Schwartz** - Vice President Human Resources, PotlatchDeltic

### *DIVERSITY AND INCLUSION*

PotlatchDeltic recognizes that employing a highly skilled and diverse workforce is a competitive advantage, and we are committed to advancing, supporting, and preserving a culture of diversity, equity, and inclusion where every employee feels like their ideas and unique perspectives are heard and valued. We also provide an environment that promotes equal opportunities for training and career advancement. These values help us attract and retain talent and lead to collaboration, motivation and a professional work environment that supports our success.

Diversity and inclusion are a fundamental part of our values and are actively incorporated daily into our culture across our businesses. PotlatchDeltic's diversity philosophy applies to our practices and policies governing recruitment, promotion and selection, as well as to decisions on compensation, benefits, transfers, layoffs, return from layoff, company-sponsored training, continuing education, tuition assistance, or social and recreation programs. The principles underlying our commitment to diversity and inclusion are also reflected through our policies, including our Diversity, Equity, and Inclusion Policy, Corporate Conduct and Ethics Code, Equal Employment Opportunity Policy and Americans with Disabilities Act Policy. The Human Resources department tracks and monitors diversity metrics to measure the Company's progress, reviews the data annually, and provides information and guidance to management and employees on diversity and inclusion issues. The CEO and the Board of Directors establish annual company diversity goals, for which senior leaders are responsible. Diversity and inclusion metrics are part of our annual performance planning process. We also maintain a robust reporting process that includes an ethics hotline, which provides an anonymous means by which employees can express their concerns regarding a variety of workplace issues.

We are in the midst of a generational shift in our operations and are focused on transferring years of knowledge to the next generation of workers. This generational shift has created new opportunities for training and career advancement and sustains the economic benefits both the Company and our employees contribute to the communities where we operate. Overall, nearly 35% of

### DIVERSITY - AGE[53]

| Northern Locations[54] | Total | Managers | Salaried | Hourly |
|---|---|---|---|---|
| Under 30 | 130 | 0 | 18 | 112 |
| 30-50 | 339 | 27 | 76 | 236 |
| Over 50 | 250 | 25 | 44 | 181 |
| Total | 719 | 52 | 138 | 529 |
| **Southern Locations[54]** | **Total** | **Managers** | **Salaried** | **Hourly** |
| Under 30 | 123 | 0 | 9 | 114 |
| 30-50 | 271 | 16 | 48 | 207 |
| Over 50 | 203 | 10 | 45 | 148 |
| Total | 597 | 26 | 102 | 469 |
| **Total** | **Total** | **Managers** | **Salaried** | **Hourly** |
| Under 30 | 253 | 0 | 27 | 226 |
| 30-50 | 610 | 43 | 124 | 443 |
| Over 50 | 453 | 35 | 89 | 329 |
| Total | 1,316 | 78 | 240 | 998 |

our workforce is over age 50, 46% is between 30 and 50 and 19% is under 30.

Women make up approximately 50% of the populations in which we operate, and we continue to explore how we might more effectively attract women to our industry and retain them in order to build a pipeline of talent from which to promote for future leadership roles. Women represent 17% of our total workforce and 25% of our executive management team. Women represent 21% of management roles, including accounting, human resources, IT, audit and legal. Overall, 32% of our salaried and 13% of our hourly workforce are women.

## DIVERSITY- GENDER

| Northern Locations[54] | Total | Managers | Salaried | Hourly |
|---|---|---|---|---|
| Female | 158 | 12 | 45 | 101 |
| Male | 561 | 40 | 93 | 428 |
| **Southern Locations[54]** | **Total** | **Managers** | **Salaried** | **Hourly** |
| Female | 64 | 4 | 32 | 28 |
| Male | 533 | 22 | 70 | 441 |
| **Total** | **Total** | **Managers** | **Salaried** | **Hourly** |
| Female | 222 | 16 | 77 | 129 |
| Male | 1,094 | 62 | 163 | 869 |

We evaluate gender pay equity[55] on an on-going basis and adjust salaries as appropriate. Pay equity for women overall is 98%, with 100% pay equity among all hourly employees and on average 98% across all salaried roles. Salaried female employees had 96% pay equity in our northern locations and 101% in our southern locations. Our diversity strategies and statistics are discussed with our Board of Directors at least annually.

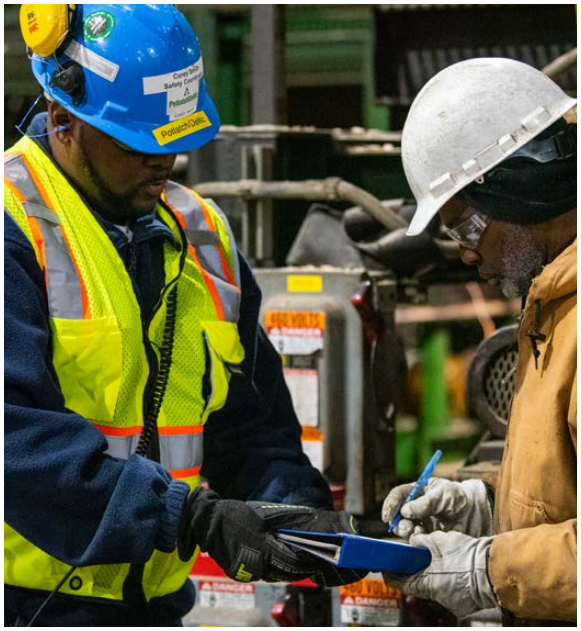
Many of our operations are in rural communities where the economy is driven by the timber industry and our workforce demographics reflect the uniqueness of those local cultures. Our employees work and live close to our operations, providing an economic benefit to the local area. We continue to place an emphasis on sourcing talent from these local communities so that our workplace demographics will represent the communities in which we operate. Overall, our racial diversity is 20% employees of color with 6% racial diversity in our northern locations and 37% racial diversity in our southern locations.

## DIVERSITY- RACE

| Northern Locations[56] | Total | Managers | Salaried | Hourly |
|---|---|---|---|---|
| White | 676 | 51 | 132 | 493 |
| Of Color | 43 | 1 | 6 | 36 |
| **Southern Locations[56]** | **Total** | **Managers** | **Salaried** | **Hourly** |
| White | 378 | 24 | 93 | 261 |
| Of Color | 219 | 2 | 9 | 208 |
| **Total** | **Total** | **Managers** | **Salaried** | **Hourly** |
| White | 1,054 | 75 | 225 | 754 |
| Of Color | 262 | 3 | 15 | 244 |

## DIVERSITY (RACE) BY FACILITY

| | White | Of Color |
|---|---|---|
| Bemidji, Minnesota | 95% | 5% |
| Gwinn, Michigan | 94% | 6% |
| Ola, Arkansas | 88% | 12% |
| St. Maries, Idaho | 94% | 6% |
| Waldo, Arkansas | 40% | 60% |
| Warren, Arkansas | 60% | 40% |



### GOAL

- IMPROVE DIVERSITY THROUGH EMPHASIZING UNDERREPRESENTED GROUPS IN HIRING

## *RECRUITING AND TURNOVER*

PotlatchDeltic works to attract and develop talent for our existing and future workforce. Recruiting can be challenging due to a limited supply of qualified and experienced talent at some of our locations. This is especially true for very specific roles and skilled labor positions where it can take up to a year to find suitable candidates. We recruit using job fairs, college career days, employee referrals, search firms and social media. We offer paid internships for some positions to help build awareness and skills in potential future employees. Summer intern positions support the students of colleges and universities and provide meaningful summer projects that aid in students' academic development and job readiness.

Recruiting continues to focus on hiring individuals with diverse backgrounds and experience. We strive to ensure that 100% of all applicant pools contain a diverse slate of qualified candidates and that 90% of all final candidate pools for salaried new hires or promotions contain at least one diversity candidate. Gender diversity has improved over time, particularly in recruiting and promoting women into corporate roles.

We had 149 new employee hires in 2020, with 93% of those hires occurring in our wood products facilities. We worked with local staffing agencies to recruit and develop skilled candidates. We incorporated new strategies, including increased social media efforts, to staff hard to fill positions and broaden our search to include more diverse candidates. Partnerships with local high schools and technical colleges are critical for securing the skilled workforce needed at wood products facilities. Nearly 15% of new hires at our southern wood products facilities filled skilled maintenance-related openings such as millwrights, mechanics, and electricians. These types of positions remain among the most challenging to fill.

### NEW EMPLOYEE HIRES

| Northern Locations[56] | Female | Male | Total |
|---|---|---|---|
| Under 30: | 10 | 24 | 34 |
| 30 - 50: | 8 | 19 | 27 |
| Over 50: | 3 | 5 | 8 |
| Total | 21 | 48 | 69 |
| **Southern Locations[56]** | **Female** | **Male** | **Total** |
| Under 30: | 1 | 36 | 37 |
| 30 - 50: | 2 | 30 | 32 |
| Over 50: | 1 | 10 | 11 |
| Total | 4 | 76 | 80 |

The overall employee turnover rate in 2020 was 13%; of that 58% left voluntarily (excluding retirees). Voluntary turnover was often due to a desire for further advancement opportunities, better schedules, and shorter commutes. Employee turnover, excluding retirees, is most prevalent in our wood products facilities which accounted for 95% of turnover in 2020. A significant amount of turnover at our southern wood products facilities was due to employees being discharged for violation of company policies such as safety procedures or attendance.

### EMPLOYEE TURNOVER[57]

| Northern Locations[58] | Female | Male | Total |
|---|---|---|---|
| Under 30: | 14 | 22 | 36 |
| 30 - 50: | 5 | 22 | 27 |
| Over 50: | 0 | 4 | 4 |
| Total | 19 | 48 | 67 |
| **Southern Locations[58]** | **Female** | **Male** | **Total** |
| Under 30: | 1 | 30 | 31 |
| 30 - 50: | 1 | 39 | 40 |
| Over 50: | 0 | 10 | 10 |
| Total | 2 | 79 | 81 |

### GOALS

- RECRUIT INTERNS AT EACH TIMBERLAND DISTRICT OFFICE BY LEVERAGING UNIVERSITY PARTNERSHIPS
- ESTABLISH PARTNERSHIPS AND EXPAND APPRENTICESHIPS IN TRAINING FRAMEWORK

## Summer Interns

Our summer internship program provides a unique opportunity for undergraduate and graduate students to gain on-the-job experience in our businesses and learn about PotlatchDeltic. Interns are provided with meaningful projects and collaborate with other students, as well as with employees and managers. Internships not only develop a pipeline of potential future talent, but also provide our employees an opportunity to be mentors and build their leadership skills. Meet a few of our 2020 interns.

*"My intern project was going out to different class 1 streams each day and marking a no cut boundary to protect fish in these streams. As an avid fisherman, I enjoy protecting these streams because without no cut boundaries, the water could be uninhabitable for fish. This project expanded my knowledge of forestry by showing me that foresters manage more than just trees. Protecting fish and wildlife is also a significant part of their job. Getting the hands-on experience has helped grow my knowledge of forestry and I'm thankful for this amazing opportunity!"*

**Nick –** *Clearwater Timberlands District*

*"My internship with the St. Maries Complex consisted of implementing a quality assurance and quality control procedure for stormwater sampling on the complex as well as other tasks related to environmental management. I collected enhanced stormwater samples and compared them to previous data sets, created standard operating procedures, and implemented new controls to ensure accurate testing. This opportunity gave me industry perspective on environmental challenges. PotlatchDeltic strives to preserve and improve the environmental quality associated with their operations. I enjoyed working for PotlatchDeltic and appreciate all the opportunities they have provided me with."*

**Toni –** *St. Maries Complex*

*"As a 2nd year forest roads intern, I built knowledge on my previous experiences of new road design and layout. I completed reconstruction layouts, used Cengea Planner to create maps, created road logs for the roads I laid out, and helped write a contract for road building and Right of Way logging. I enjoyed learning about the process of a logging job from start to finish and learning more about road layout and construction. Two years of this internship has expanded my knowledge of the timber industry and given me a wider understanding and skill set that I could not gain from school alone. My array of knowledge was much improved during this internship, and I hope I can soon put it to use in my future career."*

**Kyle –** *Palouse / St. Joe Timberland Districts*

## Why Did You Become a Forester?

When five of our female foresters answered this question, their answers usually started with loving to spend time in the outdoors and in nature. "Bringing your dog to the woods with you," was a close second. That love for the outdoors started from growing up camping, fighting wildfires in summer, or having a family member or a friend in the industry. Some of them always knew that this was what they wanted to do, and some first learned about forester jobs while taking related classes in high school or in college. Some knew the very first day in class that this was where they wanted to be. The forest products industry is often described as a close group that you know throughout your career and even beyond – people that share a passion for the outdoors, forests, wildlife and clean water.

**Holly** - *Senior Timberlands Forester*

***Job Perks:*** "Each day in the woods can be an adventure, especially when you see wildlife – though maybe not so much when it involves a mother bear and her cubs!"

***Job Lessons:*** "Flexibility is key! Plans are always changing so you need to adjust to meet key targets."

***ESG:*** "Following Idaho's FPA rules, SFI, and PotlatchDeltic's internal BMP's for streams is important to me to allow us to achieve our objectives to sustainably manage our forests while protecting the land, native plants, and animal species."

***Advice:*** "Get your foot in the door - it may not be the job you desire now, but experience allows you to shift to greater opportunities. I started cruising timber for PotlatchDeltic and have moved up to a Senior Timberlands Forester. "

**Renee** - *Timberlands Forester*

***Job Perks:*** "I get to enjoy working where I recreate, the area we live in is beautiful. The people I work with are great, we all get along and have similar interests. When I moved to this area, I didn't know anyone, my co workers made the transition easy, they were all so welcoming. I also like that I have the flexibility of working alone or with others."

***Job Lessons:*** "Safety is crucial, you have to pay attention to your surroundings when out in the woods or on harvest jobs, because anything can happen if you aren't conscious of your surroundings. Getting along with my co-workers is important because it makes for a better work experience."

***ESG:*** "Good communication between us and the contractors is crucial to make sure that we are all on the same page. Our engagement with the contractors is important because we need to monitor their work. We want our contractors to enjoy working with us and continue to work with us. This means having a respectable relationship with them."

***Advice:*** "Get out of your comfort zone, as this will help you advance in your career and gain more knowledge of the job. Don't be afraid to ask questions, because you don't want to pretend to know something and mess up."

**Cecilia** – *Timberlands Forester*

***Job Perks:*** "The best part of the job is being outside almost every day, being able to explore new areas, and interact with great people."

***Job Lessons:*** "Some days are harder than others. There are days that I don't want to hike down to the bottom of that very steep mountain through thick brush, but it's so rewarding at the end of the day knowing what you accomplished and how good it makes you feel. Every day I am able to get out in the field is a good day."

***ESG:*** "My job is to manage our forests in a way that will ultimately make forests healthier and sustainable for future generations to enjoy. We want to allow others to access our lands to enjoy the outdoors and see the beauty at all stages of the cycle."

***Advice:*** "Get as much experience as you can with summer internships. Federal, state and private forestry are all different and one will spark your interest more than the other."

Abbie - *Silviculturist*

***Job Perks:*** "My favorite part of my career is the puzzle of putting the pieces together to have a successful seed orchard crop to grow a quality seedling and to develop the art and science of doing that. To be able to walk into a greenhouse now 30 years later and use my senses to diagnose whether trees are healthy or not."

***Job Lessons:*** "Accurate counting is important when planning for seedlings with lots of moving pieces that need to be coordinated for just-in-time deliveries. You get one chance at the number of seeds and the number of seedlings to be delivered each year."

***ESG:*** "My first crop of trees that I had helped to grow are now 30 years old and 50-60 feet tall and are a forest. I had a hand in making this sustainable."

***Advice:*** "Don't pigeonhole what role you want to be in when you start. Be open to all of the different opportunities being a forester presents."

**Kristy** – *Senior Silviculture Forester*

***Job Perks:*** "It takes teamwork to harvest, reforest, and manage the forest so that the next generation of foresters has a place to wander around in and hopefully find some foresters' gold! Foresters' gold are the unexpected treasures like a great patch of huckleberries, a shed or set of shed antlers, or a honey hole of morels that you happen to stumble on. It's always nice to come back to the office toting a nice set of sheds to add to the pile! I don't know many foresters that don't have a least one shed antler in their office!"

***Job Lessons:*** "It is important to keep up with new technology. For example, using drones and mapping software enables a photo to be transferred to aerial imagery of forest stands, allowing you to rapidly do your own analysis."

***ESG:*** "To have a legacy that spans generations takes practicing sound silviculture and Potlatch-Deltic supports their foresters in making sound silviculture decisions."

***Advice:*** "Be willing to work hard, know your limits, be open to new challenges, know that things will change and don't let change overwhelm you."

## *EMPLOYEE BENEFITS*

We offer a comprehensive benefits program to help protect and sustain the diverse health and financial needs of our employees and their families. We offer two medical plans to our active employees, one plan with a health reimbursement account, or an alternative plan that includes an employer funded health savings account. Enrollment in our medical plans includes access to The Centers of Excellence (COE) program. The COE program identifies specialist care at locations across the U.S. with doctors that have expertise for conditions such as cancer care, cardiac care, knee and hip replacement, spine surgery or transplants. The benefit does not have additional costs beyond the deductible and includes prepaid travel benefits and logistical support. Both medical plans are administered by the Blue Advantage Network and are paired with a prescription drug benefit administered by Express Scripts.

Employees and families enrolled in our medical plans are extended multiple telehealth medical benefits and mental / emotional telehealth support. An employee assistance program provides professional counseling and referrals to address a wide array of personal and work-related concerns, including stress and anxiety, depression, marriage and relationship challenges, substance abuse, and more.

We offer competitive dental benefits and 100% employer paid vision benefits. In addition to the health reimbursement and health savings accounts offered with our medical plans, we also offer healthcare flexible spending and dependent care flexible spending accounts, all administered by a single provider, to make it easy for our employees to initiate reimbursements and track available balances.

Despite the increased utilization of remote and flexible working, our employees continue to enjoy lucrative vacation, sick leave, holiday leave, funeral leave, jury duty leave, maternity, and parental leave benefits. Through the Family and Medical Leave Act (FMLA), parents can receive up to 12 weeks of unpaid, job-protected leave. This leave applies to employees who became parents through birth, adoption, or foster care. Employees

return to an equivalent position with equivalent pay and benefits. In addition, birth moms can receive six to eight weeks of total paid time off for recovery under the Short-Term Disability plan. We offer employer paid basic life, business travel accident, and accidental death and dismemberment insurance. To further protect our employees' income, we offer long term disability insurance, critical illness insurance (pays lump sum awards for critical illness diagnosis), hospital indemnity coverage (pays for inpatient admissions including pregnancy), and accident coverage (pays cash benefits if injured in an accident).

| PARENTAL LEAVE | Female | Male |
|---|---|---|
| Employees who were entitled to parental leave | 222 | 1,094 |
| Employees who took maternity/ parental leave | 14 | 11 |
| Employees who returned to work | 13 | 11 |
| Retention rate | 93% | 100% |

We promote the health and wellness of our employees through several programs. For example, employees and their families can utilize a comprehensive solution called Livongo for the effective management of the full spectrum of diabetes, pre-diabetes, weight management and hypertension. Livongo is offered to employees and their families at no cost and is a program that helps members achieve positive outcomes with their chronic conditions and reach their wellness goals. It provides online programs, connected smart

devices, and personalized coaching. We also offer a 12-month "Quit for Life" tobacco cessation program, 100% employer funded to help our employees quit nicotine addiction.

Our wood products facilities also offer various wellness initiatives throughout the year. For example, our St. Maries wood products complex has a year-long wellness points contest. Participating employees earn points for a wide range of identified individual activities or wellness functions. In addition, organized events and challenges are held throughout the year to collect additional points including a 50K walk / jog / run over the last two weeks of August, a team weight loss contest, and December Reindeer Games.

We meet with our employees annually to introduce and describe changes to our benefit offerings. The annual meetings include one on one engagement with representatives from our health and welfare administrators. This is a valuable way for our employees to ask questions and get assistance about their enrollment elections.

Saving for the future is a responsibility Potlatch-Deltic shares with our employees. Our retirement plans are designed to work together with Social Security and other personal savings to provide our employees with reliable income in retirement. With features like automatic enrollment, auto escalation and competitive match to assist employees with meeting their retirement needs, we have 95% participation and an average savings rate of over 7% across our 401(k) plans. Administered by Empower Retirement, our 401K plans offer pre-tax savings, after-tax savings, Roth savings, retirement planning, advisory services and drawdown services.

## *TRAINING AND DEVELOPMENT*

We recognize that employing a highly skilled and diverse workforce is a competitive advantage and leads to better employee engagement. We are committed to the development of all employees in support of their career aspirations. To maximize employee engagement and retention, we have formal and informal programs to develop our workforce through employee improvement and professional growth.

**Continuous Performance Improvement**

Our continuous performance improvement strategy is grounded in managers engaging with employees and advocating for the growth and development of their direct reports. We see this development as a partnership that begins with setting meaningful annual goals. Salaried employees set annual goals in performance, developmental, and personal categories. Employees also track progress towards six key competency areas which reinforce our belief that it's not enough to just accomplish your goals, but it's how you accomplish those goals that matters. Managers provide formal feedback at least once a year to employees regarding their performance and progress towards their goals. Employee performance is further calibrated across operating divisions and is finally reviewed by the executive team to ensure that performance measures were evaluated equitably across the organization. This annualized process provides a framework from which managers and employees can collaborate to ensure that employees remain on a meaningful growth trajectory aligned with the needs of the organization.

**Training and Employee Development**

We offer a wide array of training opportunities for employees to become more proficient in their current roles and grow their careers in preparation for larger roles throughout the Company. Training is offered through a variety of methods including classroom, in-house, or on-line and formal and informal on-the-job programs, including paid apprenticeships and cross training, to support individual employee development. Employees participate in a variety of cross-functional learning opportunities including safety audits, environmental audits or capital installation projects. We also provide financial assistance to employees whose career development path may require more formal continuing education through our tuition reimbursement program.

We conduct an annual leadership training program to build bench strength at the supervisor and management level. The leadership training brings together employees who have been newly hired or promoted and who are individuals essential to developing future leaders. The multiday training modules include workshops on a wide range of issues and build a greater understanding of all the businesses within the Company. Employee engagement following the training has been very positive with employees feeling that interaction with executive leaders and peers strengthened their leadership network and that the skills they developed are directly applicable to the workplace challenges they face every day.

**Succession Planning**

Succession planning is critical to ensuring that we have the right people in the right position at the right time. We conduct annual succession planning meetings across the organization starting with our local operations and rolling up to our division and corporate levels including our executive team. This robust calibration process ensures that we review all employees and their potential to move through the organization. Individuals who have demonstrated a desire and ability to move to new leadership roles collaborate with their managers to document meaningful development plans designed to ensure that their development remains on track.

**GOAL**

- DEVELOP CONSOLIDATED TRAINING MODULES AND TRACKING TO BUILD A TRAINING LIBRARY

## St. Maries Complex Electrician Apprenticeship

PotlatchDeltic's electrician apprenticeship program consists of a combination of online/classroom coursework and practical experience. Electrician apprentices must accrue 8,000 hours of on the job work experience and are required to be enrolled in an accredited electrician apprenticeship school for their classroom training. For our program, apprentices can partner with either North Idaho College or the College of Southern Idaho. During COVID-19, all coursework was online.

Candidates take an average of four years to complete the eight levels of the electrician apprenticeship. Each of those four years requires 144 hours of instruction, for a total of 576 hours. The schooling focuses on electrical code, wiring, finish work, trouble shooting, motor installation and controls. We also enroll our apprentices in Programmable Logic Controller classes.

Electricians at PotlatchDeltic perform integral tasks in our mill operations. Properly working electrical tools, wiring, fuses, receptacles, circuits, and motors, to list only a few items, are a vital part of a mill running efficiently. First and foremost, they are responsible for complying with all OSHA safety protocols and to work in accordance with the rules and regulations of the National Fire Protection Association and special local regulations. For example, lock out/tag out systems are a primary mill safety system that electricians must install, maintain and repair and are critical for all workers. Everyday tasks can also include everything from rough-in wiring for switches, receptacles, circuits, motors and fuses; preparing sketches or following blueprints to determine the location of wiring or equipment and to ensure conformance to building and safety codes; diagnosing, trouble-shooting and repairing all types of malfunctioning electrical systems and providing input to management for capital planning on longevity of electrical systems.

We currently have nine electrician apprentices at various stages of training at our St. Maries, Idaho lumber and plywood facility. The program offers employees a way to acquire skills and certification in a trade that is in high demand in our industry today. Many of the employees who have participated in apprenticeships have now successfully completed the program and are currently working as fully qualified electricians at our facilities. Further, once an apprenticeship is completed the apprentice can take the journeyperson state test[59] to get their journeyperson card. We have had seven apprentices move on to journeyperson status after their program was completed over the last five years.

**Heidi** – Electrician Apprentice at St. Maries Complex, Idaho

"Follow your passions. If you like doing something, then do it and don't stop unless you truly know it's not the right thing for you. Make yourself into what YOU want, not what other people expect of you."

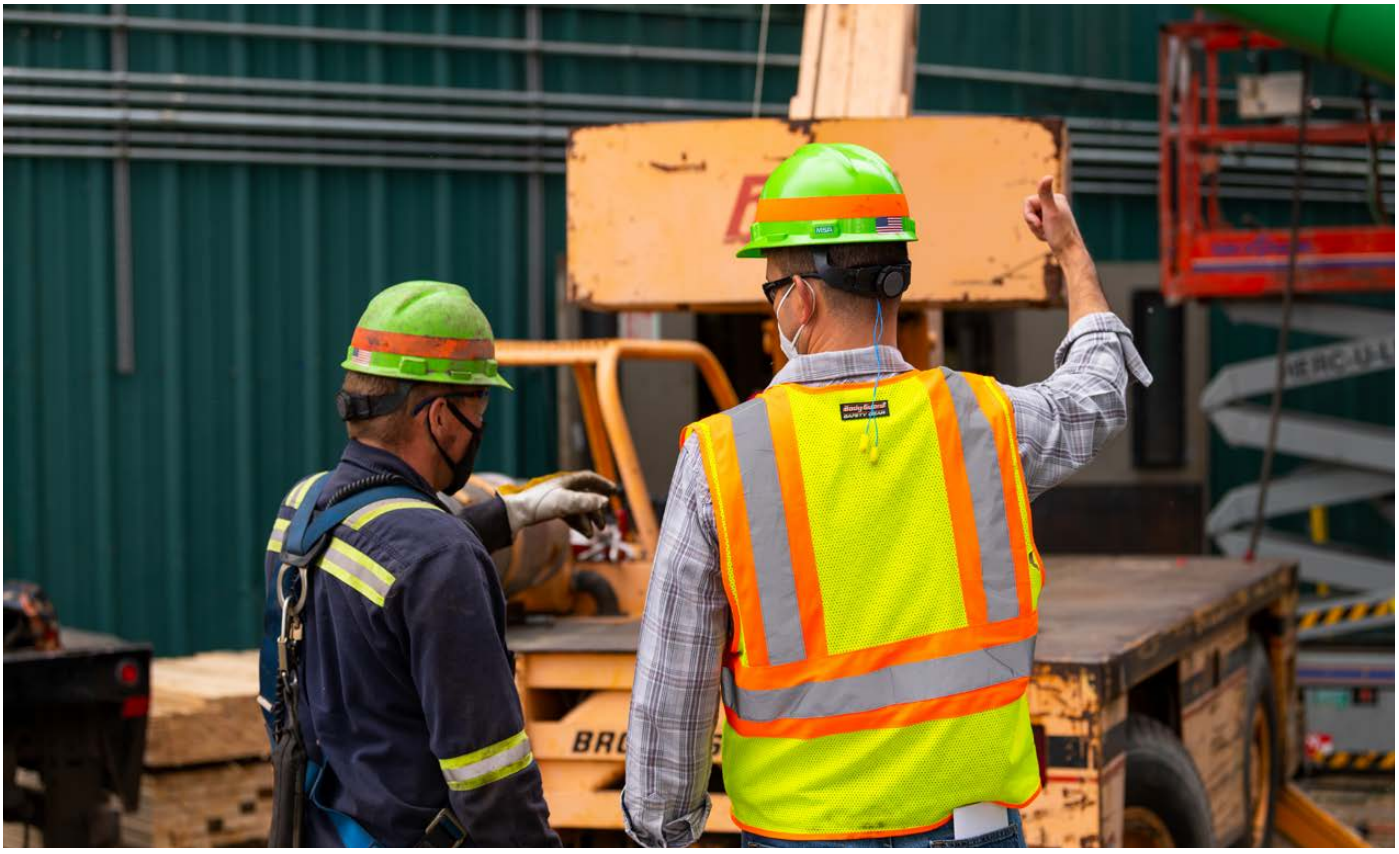
Heidi has worked at the St. Maries complex for over two years. She worked as a temporary employee in production after graduation and then was hired full time. She has worked as a dryer grader, dry end cleanup, dryer feeding, green end cleanup, dryer wash, fire watch and press pit clean up. She has also been part of the St. Maries Fire Protection District since she was 16 and upon becoming an employee, completed training to be part of the PotlatchDeltic fire brigade. About six months after being hired full time, Heidi saw a posted bid for an electrician apprenticeship, and according to Heidi, "I signed up right away because it was something I had been wanting to try for a while." Heidi's career goals are to finish the apprentice program and then to obtain her journeyperson's card.

## HEALTH AND SAFETY

Safety is a core value at PotlatchDeltic. Our employees are our greatest asset and we focus on their health and safety without compromise. We strive for zero safety incidents and our measurement is zero OSHA recordable injuries[60] at all operations. All employees have the responsibility to commit to making safe choices in every situation and PotlatchDeltic is committed to providing both a safe work environment and consistent, meaningful safety behavior and safety rule training. This common focus by our employees and Company on zero safety related losses is reflected in our health and safety policy. In addition, any employee or contractor concerned that safety protocols and practices are not being followed can report that concern anonymously through our website or telephone hotline.

The wood products business has a divisional safety manager who oversees the Health and Safety program, guides safety messaging, and works with each mill safety coordinator and safety committee. Mill managers and supervisors implement and maintain safe work practices at each facility, and employees help identify, eliminate, or mitigate hazards and risk, and follow required safety guidelines.

All wood products facilities have comprehensive safety programs managed by mill safety coordinators that include safety audits, training, contractor safety requirements, and annual health and safety budgets to ensure resources are available for necessary capital planning. A safety audit team conducts inspections and audits monthly and annually. The team shares any issues identified with mill leadership, schedules action plans, and develops appropriate corrective actions. Additionally, safety training is administered through online programs and through mandatory monthly crew meetings. To keep safety at the forefront, safety topics and issues are a standard agenda item at regularly held safety meetings, pre-shift meetings, and department meetings.



An online contractor / supplier management system was introduced in 2020 that tracks contractor insurance, certification, and health and safety records and training. Contractors are scored on Health and Safety program status, Total Case Incident Rate (TCIR)[61], safety citations, number of fatalities, insurance, job evaluations and written safety programs. This system enables efficient monitoring of contractor compliance, performance, and training. Only approved contractors that meet established training and performance requirements are permitted to work on site. Further, all contractors must sign in and out every time they arrive on site and depart. Contractors receive annual training, which includes site specific emergency response plans.

Our 2020 wood products business TCIR[61] was 1.6 and well below the latest national industry average of 6.1 for wood products. This included two mills that had zero recordable injuries. Our 2020 wood products business days away, restricted or transferred (DART)[61] rate was 1.0 incidents, also well below the latest national industry average of 3.5 incidents. We did not have any work-related fatalities in 2020 and no contractors had fatalities at our wood products facilities.

Timberlands and real estate operations incorporate safety through regional safety teams and the use of an online tracking system to record safety incident and near misses. Regional managers highlight safety priorities and review near misses at monthly and weekly meetings and district managers conduct weekly operations meetings and do the same, all with an intent to continually improve safety related performance. Safety training is completed via an online training system that matches appropriate safety courses to job positions and the unique responsibilities of those positions (e.g., blood born pathogens for all job positions and chain-saw safety for foresters only). The online training program allows easy tracking to ensure we meet our annual safety training goals. Each office has emergency response plans for fire, weather, and other emergencies and has annual drills to prepare for these emergencies. Annual internal audits look at safety near misses and adherence to safety policies.

## GOALS

- EXPAND ONLINE CONTRACTOR APPROVAL AND TRAINING SYSTEM FOR WOOD PRODUCTS FACILITIES
- INTEGRATE KAIZEN SAFETY EVENTS TO DRIVE SAFETY CULTURE WITH EMPLOYEE INVOLVEMENT
- EXPAND VPP STATUS TO ARKANSAS WOOD PRODUCTS FACILITIES

| Metric | 2018 | 2019 | 2020 | Industry Average |
|---|---|---|---|---|
| Wood Products TCIR[61] | 2.4 | 2.4 | 1.6 | 6.1 |
| Wood Products DART | 1.6 | 1.5 | 1.0 | 3.5 |
| Timberlands / RE TCIR | 0.0 | 1.3 | 2.6 | 2.8 |
| Timberlands / RE DART | 0.0 | 1.3 | 0.0 | 2.4 |

Contractor safety is also a focal point of our timberland safety program. Timber harvesting, road building and trucking contractors must meet stringent state and federal OSHA safety regulations and undergo annual industry specific and PotlatchDeltic safety training. This training is tracked to ensure our contractors are sufficiently prepared for safety issues and emergencies. We monitor contractor safety performance through activity inspections in the field and as part of annual internal forest management audits.

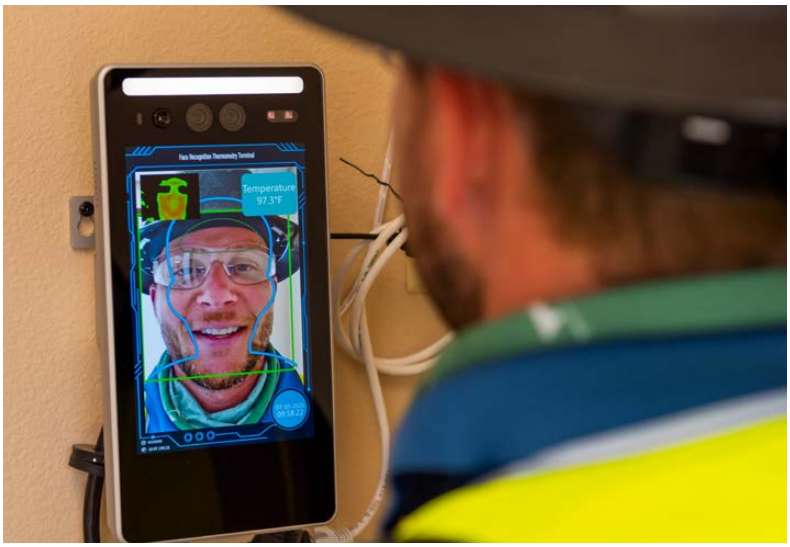
Timberlands and real estate had two recordable injuries in 2020 (one more than in 2019) and a TCIR[61] of 2.6, which was slightly lower than the latest national forestry and logging industry average of 2.8. The injuries did not result in any lost time and the DART[61] rate of 0.0 remained below the national average of 2.4 for the forestry and logging industry and was lower than 2019. No employee fatalities occurred; however, two contract log truck driver fatalities occurred in collisions on public highways.

## COVID-19 RESPONSE

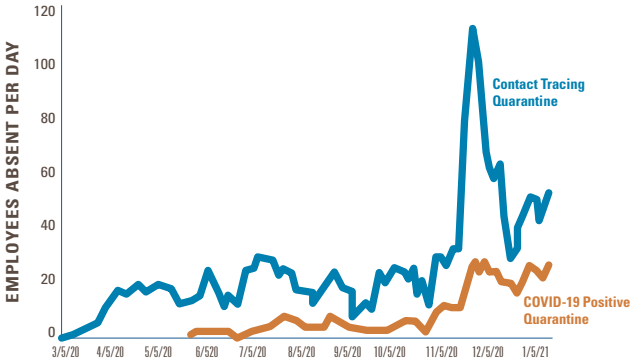
When the COVID-19 pandemic began, our employees stepped up to the challenge. Our business plays an important role in the forest products supply chain, providing raw material for packaging and paper products as well as wood products for housing. Designated as an essential industry by the Department of Homeland Security, Cybersecurity & Infrastructure Security Agency (CISA), it was important for us to keep our employees safe and facilities operating.

Each location activated its emergency response plans, supplemented by procedures to respond to the unique challenges from COVID-19 including travel policies, handwashing and disinfecting, and actions to limit the spread of infection. Coordinated communications kept employees informed of rapidly changing state and federal government orders and guidelines. Additional benefits including enhanced leave benefits were implemented to provide employees with the flexibility to care for themselves or family members who had been impacted by the virus. Employees were also provided with enhanced telehealth options and encouraged to utilize the mental health benefits available to them through our employee assistance program.

Employees in our Corporate office who were able to work remotely office shifted to work from home and were provided with any necessary office equipment a few weeks before the Washington stay-home order was issued. Once the order became partially lifted in the summer, we re-opened the office for any volunteers who preferred to work onsite with a maximum office capacity of 25%. A self-check online platform was added to clear employees each time they came into the office and in-office work was scheduled and tracked.




**Wood Products Facilities COVID-19 Impact in 2020**




Safety measures and employee diligence limited the impact of COVID-19 in our wood products facilities. However, as cases increased in the broader community, positive cases also increased at our facilities with a significant quarantine impact due to contact tracing. Contact tracing helped to reduce further infection.

At our wood products facilities and in our timberlands and real estate locations, PotlatchDeltic implemented health and safety measures to minimize the risk of the virus spreading through the workplace. All employees and visitors are screened through a series of CDC recommended symptomatic and exposure-related questions and checked with handheld thermometers. Entry screening into the facilities also includes touchless temperature face scanners at key entry points to identify anyone with a fever and deny their ability to enter. Enhanced cleaning protocols have been put into effect throughout the facilities. Most of our mill employees can practice physical distancing in their jobs, however face masks are required when moving about the mill or in proximity to another worker to promote a safe work environment. Signage around the facility reminds

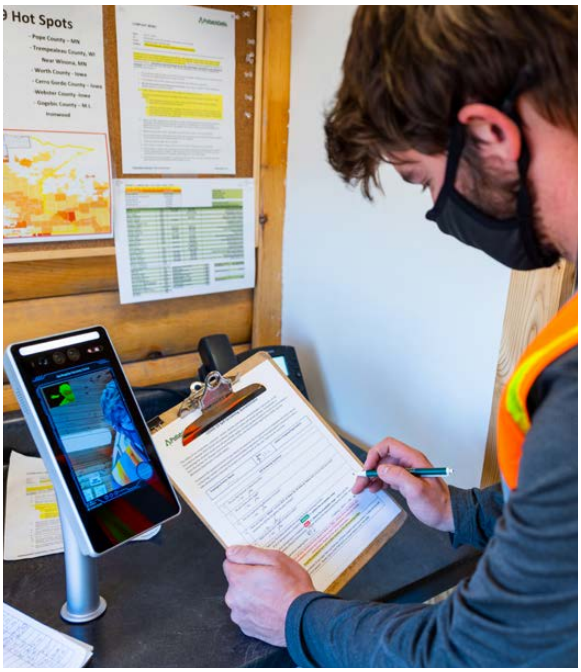
employees of COVID-related health and safety practices. Safety coordinators and mill site human resources employees were certified in COVID-19 contact tracing through John Hopkins University. Each facility utilized a detailed tracker of all positive and potential exposures. Any employee identified as exposed by contact tracing is notified and required to leave the site immediately for quarantine.

The preventative measures and contact tracing along with the diligence of our employees have shown significant success in our efforts to minimize the impact of COVID-19. Overall nearly 160 employee positive cases occurred in 2020, with the majority in our wood products facilities.

COVID-19 had a devastating impact on many businesses and families in our communities and each of our locations found ways to help through community support. At the beginning of the pandemic, when protective equipment was in short supply, facilities that had personal protective equipment such as N-95 masks, gloves, or hand sanitizer donated supplies to their local hospitals. Several locations provided assistance to local fundraisers that faced the challenge of going virtual. For example, our St. Maries complex supported the 4-H Fair, where attendance was expected to be very low due to COVID-19 concerns. We also donated to local charitable organizations across our footprint, committing funds above our 2020 charitable budgets. These included the following organizations:

**"The speedy implementation of COVID-19 procedures by the management team and the cooperation from our employees at all sites help keep the workplace safe from becoming Covid-19 hot spots. The safety protocols and procedures allow employees to continue to work safely during this pandemic."**

**Stanza Donald** - Wood Products Divisional Safety Manager, PotlatchDeltic




## COVID-19 RELIEF GIVING

| Location | Organization |
|---|---|
| **Alabama** | Montgomery Area Food Bank |
| **Arkansas** | Arkansas Food Bank<br>Arkansas Community Foundation<br>United Way Union County COVID-19 Relief Fund |
| **Idaho** | Lifeline Food Pantry<br>Idaho Food Bank<br>Second Harvest / Community Action Partnership |
| **Michigan** | Marquette Community Foundation COVID Response |
| **Minnesota** | Bemidji Community Food Shelf<br>Second Harvest Northern Lakes |
| **Mississippi** | Stewpot Community Service |
| **Washington** | Second Harvest<br>Women and Children's Free Restaurant & Community Kitchen |

## Bemidji MNSTAR

The Bemidji, Minnesota wood products facility has been a leader in proactive safety management for many years and has been in the MNSTAR program since 2002. MNSTAR falls under the federal Occupational Safety and Health Administration (OSHA) administered Voluntary Protection Program (VPP) and in Minnesota, is a part of the Minnesota Occupational Safety and Health Administration (MNOSHA). The MNSTAR designation recognizes companies where management and employees work together to develop safety and health management systems that provide protections beyond what is required by OSHA standards. We are one of only 35 facilities in Minnesota with MNSTAR status, and our goal has always been not to just meet the standard but to exceed it.

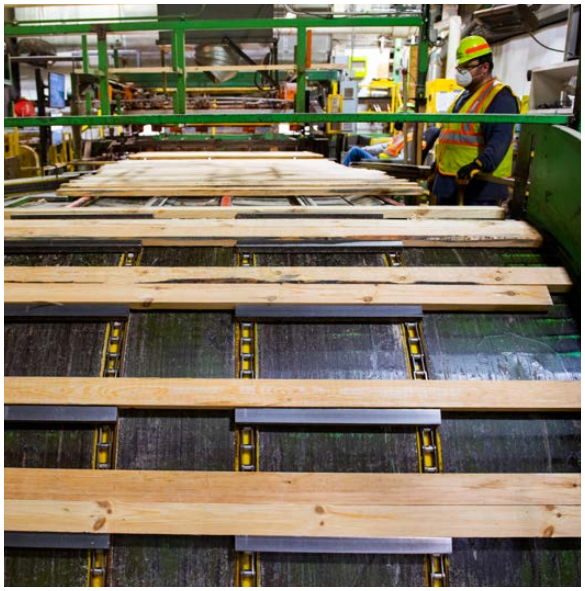

The Bemidji MNSTAR program is made up of four necessary elements: 1) management leadership and employee involvement, 2) resources to address safety issues, 3) control systems that identify and mitigate workplace hazards, and 4) a safety training plan. Achieving Star status is a collective employee effort. Employees maintain a rigorous focus on health and safety and participate through a mill wide safety committee.

Each year, Bemidji submits a self-evaluation of its safety and health management system to OSHA's regional office for review to ensure it meets the MNSTAR expectations. This evaluation is not a compliance audit, but rather a critical review to assess the effectiveness of the four VPP/MNSTAR elements and their corresponding requirements, as well as to take a critical look at employee and contractor injury and illness trends and data. Consequently, this evaluation goes beyond simply reviewing written procedures; it also includes a walk-through of the mill and interviews with mill employees.

The efforts have clearly paid dividends in safety results with Bemidji having zero recordable incidents in 2020. In addition, Bemidji's three-year average for Total Case Incident Rate (TCIR)[43] and Days Away from Work, Restricted Work Activity, and/or Job Transfer Rate (DART)[43] is significantly below the national averages for their NAICS code: 321113 – Sawmills.

| | Bemidji 3-year AVG | National AVG |
|---|---|---|
| TCIR | 3.4 | 5.6 |
| DART | 1.2 | 2.9 |

The last re-evaluation audit was in 2020 with several best practices highlighted including the Safety Road Map program and goals, Making Safety Visible program, tailgate and fireside chats with top management, Safety Superstar program, Job Safety and Environmental Analysis program, the STRIDE program, and the SAFER program. One best practice noted was our onsite physical therapy and athletic training program, which now



has a full three years of data to demonstrate its effectiveness. A Choice Therapy physical therapist, an athletic trainer and a massage therapist visit the Bemidji site on a regular basis as a proactive approach to prevent soft tissue injuries and to prevent minor injuries from becoming serious injuries. Soft tissue injuries are "strain or tear," "sprain or tear," and "inflammation." Employees are encouraged to utilize the services for injuries regardless of whether they occurred at work or at home to promote recovery and to prevent deterioration resulting from work requirements. After three full years of implementation, Bemidji soft tissue injuries have decreased from 54 in 2018, to 20 in 2019 and to 12 in 2020.

Bemidji's safety efforts earned the Minnesota Safety Council's 2020 Governor's Meritorious Achievement Award in Occupational Safety, an award that recognizes companies that have incidence rates better than the industry average for at least three years and that have progressed in implementing a comprehensive safety program. Since 1934, the annual Governor's Safety Awards program has honored Minnesota employers with exceptional safety performance.

**"Minnesota OSHA Workplace Safety Consultation (WSC) is pleased at the commitment Potlatch-Deltic has shown to go beyond OSHA requirements and make safety and health a part of their company's culture. PotlatchDeltic embodies the principles of MNSTAR program, which includes voluntarism, cooperation, a systems approach to safety and health management and continual improvement. We hope to continue this working partnership for years to come."**

**Marnie L. Prochniak**
WSC MNSTAR coordinator
Minnesota Department of Labor and Industry


### *GWINN, MICHIGAN*

The Gwinn, Michigan facility has a similar program in place, modeled after VPP, called MVPP STAR. Our Gwinn facility first received MVPP Rising Star status in 2010 and achieved MVPP STAR status by early 2013. The last re-evaluation was in 2019. Site audits noted several best practices including the implementation of a lockout campaign. The project was implemented at all mills company-wide to address incidents of improper use of the lockout/tagout system. Although Gwinn actively promotes and enforces proper lockout/tagout and has not incurred any injuries due to improper use of the lockout/tagout system, this campaign was chosen as a refresher for an already top performing facility. It included trainings, demonstrations, testimonials, and the distribution of safety apparel.

### *ST. MARIES, IDAHO*

Our St. Maries, Idaho complex has VPP Star status under OSHA at both the lumber and plywood facilities. The complex has had VPP and VPP Star ratings since 2000, without interruption. The last reevaluation was in 2019 during which the auditors highlighted as an exemplary practice our redesigned lockout / tagout procedures. The new procedures implemented color coding of all motors, so the color of a label matches the disconnect it locked out and added photos on the area lockout procedures. The complex introduced a self-audit lockout checklist for use each time an employee locks out a piece of equipment and conducted a plant-wide lockout refresher training class.

## Waldo – Safety in Focus

Safety is a core value at PotlatchDeltic, and our Waldo, Arkansas sawmill's 2020 accomplishment of zero recordable safety incidents is a testament to that belief. This level of performance took concerted work by the management and employees at Waldo, however, as they had a challenging safety record in 2019. In 2019, the Waldo sawmill had nine recordable safety incidents, which was an increase from the six recordable incidents in 2018. This resulted in a Total Case Incident Rate (TCIR)[43] of 3.6 in 2019, up from 2.6 from 2018. Although lower than the sawmill industry TCIR average of 6.1, this safety performance was unacceptable to the leadership and employees at the Waldo mill.

The 2019 TCIR caused the Waldo mill to take a hard and honest look at its safety performance. Together, the Vice President of Wood Products, the Waldo mill manager and the leadership team at the mill all considered alternatives to transform the safety culture and improve the safety incident trend.

Team meetings were set up with every department, asking for feedback on improvement opportunities, and to communicate that every employee was important and necessary to the process. Signs and banners were installed around the mill in each department to be a constant reminder of the target for which they were striving. They wanted more than to just improve - they wanted to set a goal of being the safest mill possible.

Although not new in 2020, the plant-wide safety team had a renewed sense of purpose. Made up of a team member from each department, the safety team had always met once a month, but they also started to walk around the mill as a team each month looking for safety concerns. Not only did this identify situations to be addressed, it also showed employees on the floor that the Company was taking the safety initiative seriously. One example of the several projects that were implemented in Waldo was one to clean, sort, and organize. Tools and equipment were given a structured placement in the mill, thereby helping to reduce trip hazards.

**"There is no job that we do that can't be done safely. When the employees and the Company share safety as a core value, everyone wins as a team."**

**Tom Temple** - Vice President Wood Products, PotlatchDeltic

Another step was the introduction of the Stop Look Assess Manage, or SLAM, program. This program encouraged employees to consciously take time to stop and look at the situations they were in, assess and consider potential safety hazards and manage the consequences to minimize, and hopefully prevent, injuries before they happen. SLAM cards were provided for employees to fill out for any new situation that might have a safety issue.

Starting in April 2020, with guidance from the newly hired divisional safety manager, Waldo was given specific safety metrics with both leading and lagging indicators to measure the effectiveness of the safety systems and procedures at the site. A monthly goal to submit online Hazard Recognition forms was set. These Hazard Recognitions were to be employee driven to foster meaningful safety conversations with the department lead and the reporting employee. Through this implementation, Waldo began to see sudden changes in employee engagement, as reported Hazards increased from 17 to 357 in one year.

Another strong pivot was the production of "Safety Moments" by the Waldo safety coordinator. These Safety Moments were created at least three times a week and addressed safety concerns identified by employee-submitted Hazard Recognitions, providing real-time safety concerns

to be addressed immediately by the department leads.

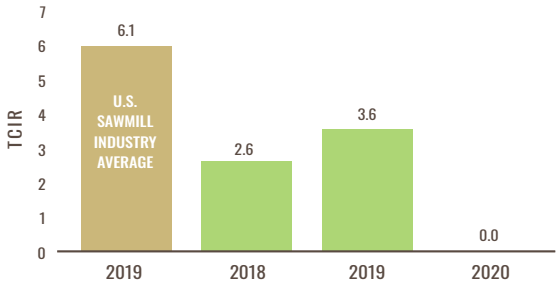
This also allowed for safety synergy, as the site was aligned on specific safety concerns. Safety Moments were also used as an awareness training tool while Covid-19 prevented the team from gathering and using communal computers for training.

Due to COVID-19, the mill was also not able to conduct its annual third-party safety audit, but this actually allowed the safety committee to help conduct an internal safety audit, which further drove ownership on safety performance. Teams were constructed using mill leadership, the safety committee, and the divisional safety manager. The audit was conducted over three days and enabled the teams to assess safety programs and procedures along with visual observations in a way they had not done before. Several remediations and recommendations resulted.

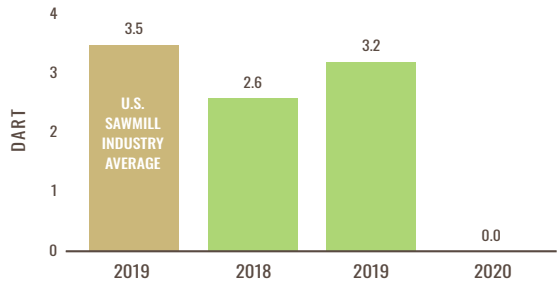
These programs proved to be very effective. Between the SLAM program, hazard recognition program, Safety Moments, and corrective actions and discussion from the internal audit, every month of 2020 had zero recordable incidents. This performance did not go unnoticed. The Safety Recognition Program was also developed and is a behavior-based safety program that focuses on the safety systems, procedures, and protocols of the site. This program emphasized employee safety engagement and resulted in 48 employees being recognized, growing our site safety program towards an employee-owned safety culture. Employees saw they were the engines of change.

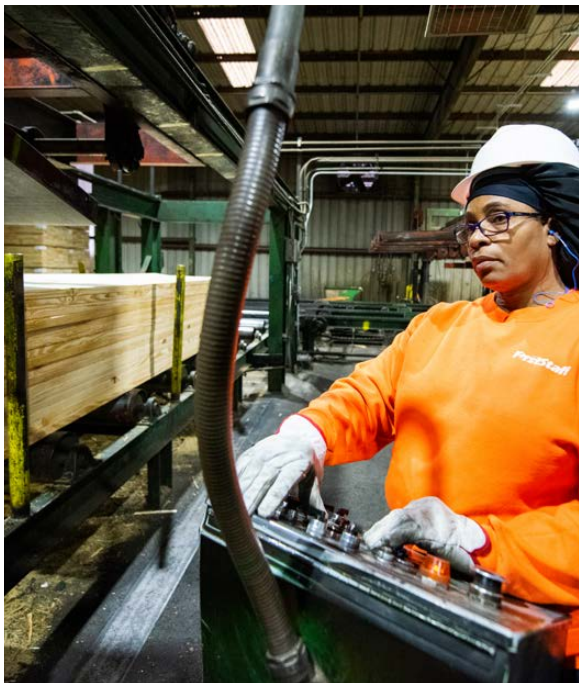
Looking towards the future, Ola set a goal of becoming a Voluntary Protection Program (VPP) mill. In hindsight, the mill recognizes that a safety focus needs to start with leadership, but with consistent commitment, it can indeed be driven throughout the organization to make lasting changes for the benefit of all employees.

**WALDO SAWMILL TCIR**




**WALDO SAWMILL DART**



## WORKING WITH SUPPLIERS AND CONTRACTORS

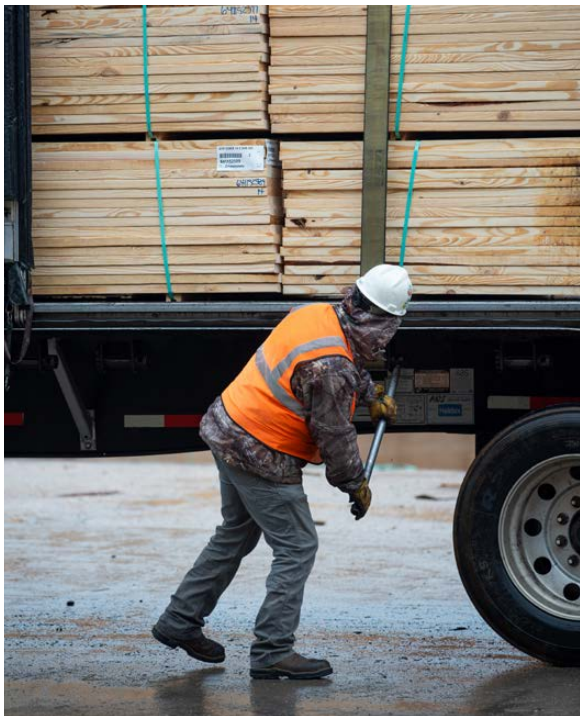
The relationships we have with the companies and individuals we work with across our entire value and supply chain are important and viewed as an essential part of our success. Our Supplier Code of Conduct outlines the expectations we have of our suppliers and contractors.[62]

Healthy sustainable timberlands play a vital role in our business and in the quality of life for the communities in which we operate. We expect those who work with us to follow and implement all forestry regulations and best management practices including protecting water quality, wildlife, and biodiversity. At our mills, suppliers and contractors must follow all laws and support our dedication to reduce air emissions, water use, energy use, and waste.

We expect those we work with to respect and promote human rights and to be ethical in their relationships with their workers, including migrant workers. Workers must be treated with respect, and with practices that promote equity, inclusion and diversity. Harassment of all kinds is prohibited, and laws regarding working hours and wages must be adhered to. We consider safety to be a core value and our suppliers and contractors must also demonstrate a clear commitment to safety and follow PotlatchDeltic's safety policies and procedures. We also encourage those we work with to be supportive of their local communities and to actively dialogue with stakeholders.

PotlatchDeltic takes our governance principles seriously to ensure that we run our business in an ethical and transparent manner, and we expect the same from our suppliers and contractors.

Company assets and information as well as other confidential information accessed must be protected. Suppliers and contractors must not impair nor appear to impair business integrity and, therefore, they must not offer bribes, kickbacks or other improper payments to secure or retain business or favored business treatment. PotlatchDeltic expects all those we work with to comply with all applicable anti-corruption and antitrust laws.



The logging companies that work in our timberlands are often run by individuals with decades of experience working in forests, with significant investment in equipment to handle different types of terrain, weather and differing log sizes. These crews have expertise in understanding harvest prescriptions and best management practices, including protecting streamside management zones and water crossings, and minimizing soil disturbance. Harvest operators also need to be skilled in merchandising, which requires separating logs for different markets based on species, quality, and size.

Suppliers or contractors are also retained for growing or providing seedlings from a nursery, reforestation, silviculture work after the harvest, and managing insects and disease. Planting crews are a critical part of our supply chain, keeping the crucial cycle of harvesting, regeneration, and forest planning cycles intact. Much of this work is done by migrant workers, employed by silviculture contractors under H-2B visa programs who return year after year to plant seedlings either by hand or by machine, depending on soil type and terrain.

Suppliers and contractors in our timberlands are pre-approved and our foresters track their environmental and safety performance. They are trained annually on a wide range of measures including forestry best management practices, threatened and endangered species, and safety policies. To continue working with us, timberland contractors and suppliers must demonstrate good safety records, have current employee training, and maintain all required insurance.

At our wood products facilities, suppliers and contractors perform a wide range of work including hauling logs from the woods to the mills, environmental testing, electrical work, providing supplies, and transporting wood residuals to other end-users. In addition, the range of high technology equipment in a sawmill that maximizes efficiency, productivity and resources often requires expert maintenance.

The contractors and suppliers working at our wood products facilities are pre-cleared through an online compliance management system. Contractor and supplier information and requirements are tracked online based on specific criteria we have established. Documents such as insurance or health and safety records are submitted and reviewed against regulatory requirements. The results for contractors and suppliers are scored using a configuration we establish to meet our criteria and monitor performance. All suppliers and contractors working at our facilities receive training before being cleared to work at our sites. This includes health and safety training and training on emergency procedures.

The contractors and suppliers we work with typically live in nearby communities, often where they along with PotlatchDeltic are a key economic contributor. They also often participate in these communities through charitable work and volunteering. Being a good corporate citizen is made up of the choices we make every day and we want to work with others who operate the same way.

## GOAL

- IMPLEMENT SUPPLIER CODE OF CONDUCT AND TRAIN SUPPLIERS AND CONTRACTORS

## COMMUNITY INVOLVEMENT

Perhaps it is because so much of our work is centered in smaller towns and cities. Or maybe it's because after decades of forest management, we appreciate that everything, one way or another, is connected. The sense of community and the opportunity to be part of what's important to our employees and our communities are integral to the work we do at PotlatchDeltic.

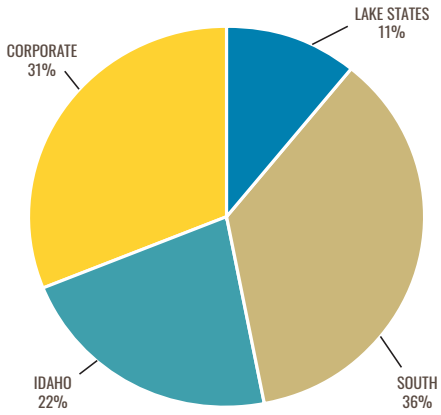
### *CHARITABLE GIVING*

PotlatchDeltic has a long tradition of philanthropic giving through charitable contributions and through our support of employee giving. Our giving program focuses on the communities where we live and do business, and is concentrated in four areas: community programs, conservation of natural resources, education and major gifts.

**Community Programs**

We give to a wide range of community programs, seeking to support as many aspects of our diverse communities as we can. We contribute to arts organizations, youth sports programs, clubs and more. Our community charitable efforts are driven by the locations where we operate, with each location allocating a charitable budget to programs that will best impact their community. Programs supported have included schools, community sports, fire departments, community cultural events, county fairs, food banks, and a wide range of charitable organizations. We contribute to Log A Load[63] events across our footprint, a forest

**2020 CHARITABLE CONTRIBUTIONS**




products community initiative to raise funds to improve children's health through treatment, education and research at Children's Miracle Network (CMN) Hospitals and other local children's hospitals. We also match our employees' gifts to United Way at a rate of 50 cents on the dollar.

**Conservation of Natural Resources:**

We support both local and national programs dedicated to the conservation of natural resources. At the local level, our gifts support conservation education, programs at various conservation organizations, and project work. We support organizations such as The Nature Conservancy, the Trust for Public Land, The Theodore Roosevelt Conservation Partnership, The Conservation Fund, the National Wild Turkey Federation, and the Ruffed Grouse Society.

**Education:**
PotlatchDeltic also maintains a keen awareness for opportunities to support education at all levels. We match our employees' gifts to qualifying educational institutions up to a total of $1,500 per employee. We are also a major sponsor of the Idaho Governor's Cup Scholarship Fund. Although the 2020 Idaho Governor's Cup event was cancelled due to COVID-19, PotlatchDeltic maintained its sponsorship along with several other donors. As a result, the Idaho Governor's Cup was still able to provide scholarships to 37 students who plan to further their education at an Idaho college, university or trade school and who demonstrate a strong commitment to public service.

**Major Gifts:**
Periodically we make major gifts to capital campaigns and programs that are central to the quality of life in our communities. In 2020, we contributed to the El Dorado, Arkansas Murphy Arts District to support an interactive educational art exhibit, the fire department in Warren, Arkansas towards a fire truck, Bite2Go/Second Harvest in Spokane towards a program to feed needy students at Brown Elementary, and to the Benewah County 4H Fair in Idaho. In addition, we established a special COVID-19 relief fund with donations to food banks in the communities where we operate.

## *Warren Fire Truck*

The fire department in Warren, Arkansas needed to purchase a replacement automatic ladder truck and some associated equipment like hoses, nozzles, and air packs. Our Warren facility decided to contribute a significant portion of the cost of the truck. The Warren sawmill does not have an internal fire brigade and relies on the city fire department for fire protection. The automatic ladder truck would not only make the fire department better equipped to serve large industries but would also improve fire protection to the entire city.


## *El Dorado AstroZone*

The Murphy Arts District in El Dorado, Arkansas hosted an exhibit in January called AstroZone and PotlatchDeltic was a principal sponsor of the event. AstroZone is an interactive art experience by Claire Helen Ashley to encourage a sense of imagination and curiosity. The immersive installation consists of large painted inflatable sculptures based on the artist's vision of alien landscapes and extra-terrestrial life forms and is complemented by audio and lighting.

The exhibit provided an opportunity for schoolchildren from across the region to explore a unique blend of sculpture and contemporary art. School tours were expected to allow over 6,000 students to see the exhibit.

## Spokane United Way Week

PotlatchDeltic has partnered with United Way for over a decade to raise money for local non-profits. At our corporate offices in Spokane, Washington, we hold a United Way Week every year. Spokane employee United Way contributions had a 100% participation rate in 2020 and were augmented through a corporate fifty percent match per dollar contributed.

United Way Week includes a range of activities to promote awareness about United Way's initiatives and raise additional funds for charities. The United Way Week team came up with creative ways to hold virtual events in 2020 and the week was a great success. Events included our annual raffle for donated baskets, as well as virtual trivia contests and a murder mystery event.


Each year, during United Way Week, our Spokane employees also give back to the community with a day of service. In 2020, COVID-19 restrictions limited our ability to do this. Instead, employees watched zoom presentations from six local charitable organizations, learning more about their mission and how they could get involved. The organizations were further supported through charitable donations from PotlatchDeltic and any directed contributions from employees.

United Way
Spokane County United Way

One of the presentations was from Bite2Go - Second Harvest,[64] a food program where contributions help feed elementary, middle, and high school students. Teachers and staff identify those students who would benefit from receiving food for the weekends and Second Harvest provides a package of food. Employees voted to support this organization by donating funds from the forgone holiday party and adopting a Spokane-area school.

BITE 2 GO
2nd HARVEST AT THE CORE

2nd HARVEST

## Benewah County 4-H Fair

In Benewah County, Idaho, where our St. Maries Complex is located, a highlight of the County Fair held each August is the Junior Livestock Show & Sale. The event enables local 4-H youth aged 5-18 to exhibit and sell animals they have learned to feed and care for under the 4-H youth program. This year, the fair events were limited due to the pandemic, but organizers wanted to make sure the Junior Livestock Show & Sale wasn't cancelled.


Youth in 4-H in the area participate in the program to learn about agriculture, poultry and livestock production but also to learn life skills. They own and work with the animals and are responsible for looking after the animals and keeping them healthy while they grow and then exhibiting them in the competitive show and sale. Often raising and selling these animals is a big part of a student's savings for college.

The Junior Livestock Show & Sale is an important culmination of that work and the sale of the animals is critical to enable the youth to pay for and look after another animal the following year. The impact of COVID-19 raised significant concerns about attendance at the show and whether challenging financial times would limit the number of bidders.

Our St. Maries Complex stepped in to support their community by purchasing five swine, two sheep and one cow featured at the event. In addition, St. Maries created a multiplier effect through how it donated the animals to charities in the community including the local food bank which had been depleted of meat as a result of the pandemic. Other charities in the community had raffles for the donated animals and raised money for their needs.

Our participation reflects our commitment to be an integral part of our communities by helping in times of need. Many of the towns where we operate are small and more isolated but are wonderful places to work and live. We recognize that we can have a tremendous impact on the quality of life in these towns.

"The Community greatly appreciated us supporting not only the kids, but especially how we used the purchased animals in supporting food banks, and how the animals we purchased added value to many organizations within our community that were unable to hold their traditional fundraising activities due to the pandemic. This was truly a win-win for the entire community."

**Steve Henson** - Regional Manager, Northern Mills, PotlatchDeltic

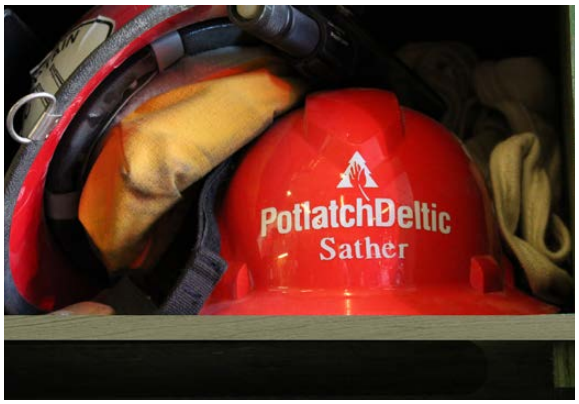
## *VOLUNTEERING*

Being a part of the community where they work and live is important to our employees and many are actively involved in volunteering through a wide range of activities. We encourage our employees to explore their passions, build relationships with their communities and make meaningful contributions.

Employees volunteer to help with large festivals, raise money for veterans through fishing days, or raise donations towards supporting children's summer camps. Teams of coworkers participate in fundraising bowling tournaments, relays, runs and walks to support national causes as well as local fundraisers such as the purchase of equipment for fire departments. Our employees volunteer many hours to help food banks, coach youth sports, volunteer with Log A Load, instruct on hunter safety, serve as wildlife leaders, help at-risk youth centers, and support local arts and culture.

In the communities surrounding our wood products facilities, mill employees often volunteer with fire departments. At our St. Maries Complex in Idaho, 8 of the 21 PotlatchDeltic fire department employees also volunteer at fire stations within the St. Maries Fire Protection District. Most of our other facility locations also have employees who volunteer at fire stations. These volunteers provide critical support to the community for fire and emergency response. We are proud of our employees who donate their time to support the community as first responders.

One of the special ways our mill management and foresters make a difference is through educational outreach. Our mill management will often visit local high schools and colleges to describe how lumber is made, the technology that exists in today's sawmills, and the types of jobs that exist in a sawmill. They also conduct facility tours. Foresters promote forest education about the sustainability of working forests and the environmental benefits that they provide through classroom outreach, conducting field tours, and by hosting conservation workshops for teachers. Students are given hands on instruction in forest ecology, hydrology, forest regeneration and tree physiology.





Due to COVID-19, most of the 2020 tours and classroom visits were done virtually and using video tours.

Employees also work on several non-profit boards and committees. Several of our Spokane employees volunteer in some capacity, many with board level commitment, at organizations including Junior Achievement, Boys and Girls Clubs, YMCA, YWCA, Ronald McDonald House, Spokane Symphony, and March of Dimes. They work tirelessly to help coordinate and encourage participation in fundraising galas and other organization events.

PotlatchDeltic supports many of the organizations that our employees serve through our corporate charitable giving contributions. The Company's financial contributions reflect our commitment to both corporate responsibility and to the devotion we share with our employees towards the communities where we live.

## Focus on Education

Forest education is a fundamental cornerstone of sustainable forest management. Our foresters take pride in showing the great work they do sustainably managing timberlands, promoting biodiversity, protecting water quality, and encouraging others to become involved in forestry. We support forest education in a number of ways, and just like growing trees, we know the investment today will yield benefits in the future.

As an SFI participant, PotlatchDeltic supports a significant SFI educational initiative called Project Learning Tree (PLT).[65] PLT's goal is to is to advance environmental literacy, stewardship and career pathways using trees and forests as windows on the world. In practice, PLT develops and provides programs for teachers to provide tools, training, and resources to educate K-12 students on environmental topics and connect kids to nature. Training for educators includes a wide range of workshops, online resources, and summer sessions. PLT also creates activities for families to use with children at or near home to experience nature and learn about forests. We support PLT initiatives through our involvement in the SFI State Implementation Committees (SIC) in the states in which we operate - Alabama, Arkansas, Idaho, Michigan, Minnesota and Mississippi – and the SICs also partner with our industry associations in each state.

Connecting directly with teachers and students is core to our efforts. Each year in Idaho, we join our peers and industry associations in hosting sustainable forestry tours for teachers and counsellors. The multi-day sessions provide field education about tree identification, sustainable forest management, nurseries, and sawmills. In addition, foresters host field trip classes for sixth grade St. Maries, Idaho, students every year showing them harvesting operations, planting, and management practices like streamside management zones. St. Maries high school students are provided forestry and wood products manufacturing classroom sessions and field trips to teach them about PotlatchDeltic and our importance in the community, and to give them a better idea

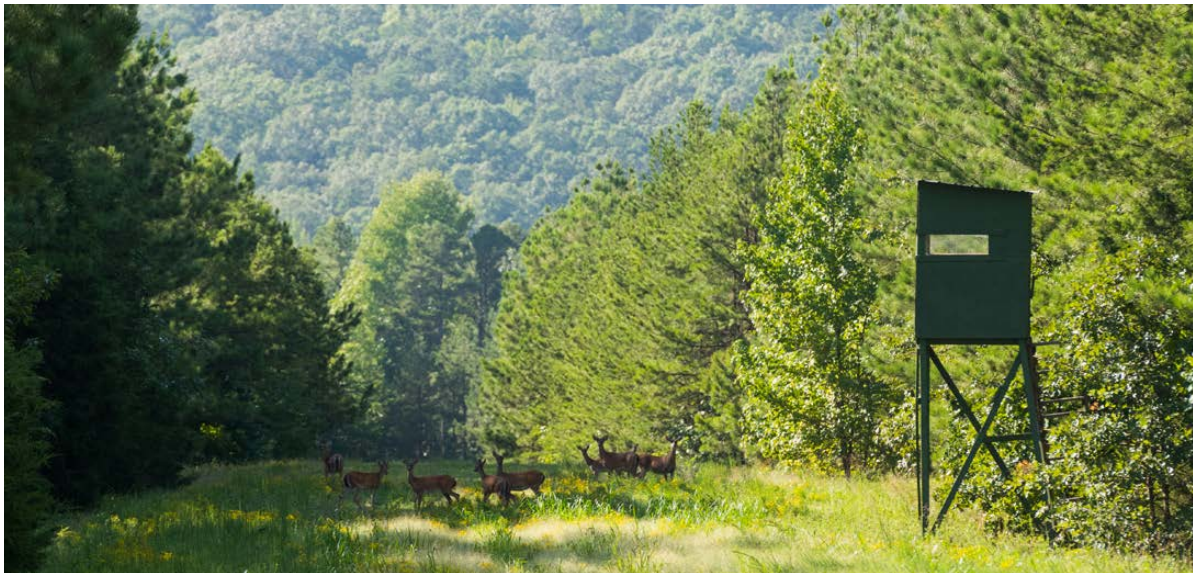
of potential jobs in their backyard. One of these high school students requested a field day with a PotlatchDeltic forester and ultimately enrolled in the University of Idaho forestry program. Foresters will also routinely host University of Idaho classes on forest operations and silviculture.

We support similar programs and initiatives wherever we operate. In Arkansas, the Arkansas Forestry Association Education Foundation coordinates a Teachers Conservation Tour workshop series each year. We sponsor the event financially and host field trips and mill tours when workshops are held in our operating areas. In Minnesota, we have partnered for many years with the Lake Superior Chapter of the Society of American Foresters on a fifth grade Forestry Field Day, in which approximately 1,100 students each year are able to connect with nature while being taught about sustainable use of forests, water, and wildlife resources.

Having leaders who recognize the importance of sustainably managed forests and natural resources is critical to our future. We continue to support educational outreach so that others can learn about the good work we do.

## *OPPORTUNITIES FOR RECREATION*

Our foresters work every day to manage our timberlands on a sustainable basis and protect water quality, wildlife, and biodiversity. Potlatch-Deltic is proud of our timberlands and the legacy we are protecting for future generations. Because we are so connected to the communities where we operate and because we believe that one way people come to appreciate the value of a forest is through recreation, most of our lands are available to the public for a wide variety of public uses. We believe that managing our lands and allowing others to enjoy them are not mutually exclusive.



In Idaho, our timberlands offer a majestic landscape and spectacular recreational opportunities for outdoor enthusiasts. Our timberlands are perfectly situated and are a favorite retreat for hunting, fly fishing, camping, and exploring the outdoors. We recently leased day use recreational access on over 567,000 acres of Idaho timberland to the Idaho Department of Fish and Game.[66]

The agreement secures and preserves access to the public for recreational activities. Through the agreement, the public is free to recreate on PotlatchDeltic Idaho lands, except for a few parcels associated with log yards, mill sites or certain acres listed for sale. In addition, we offer exclusive campsite leases in some exceptional areas in North Idaho.

Our timberlands in the southern states are ideal for connecting with the outdoors for fishing, hunting, and camping. We offer exclusive leases for recreation and hunting access across nearly all our southern timberlands. Groups and individuals purchase the annual leases and often return to their lease sites for many years as their place to "get away from it all."

As our population continues to grow and land use patterns change, we believe the ability to connect with forests becomes increasingly important. Visitors to our lands engage in a wide range of activities including camping, fishing, hiking, riding ATV's, hunting or wildlife watching. Our timberlands provide opportunities for solitude, experiences for friends, or memories with family. Our communities can explore the lands we manage as stewards of our forests for the generations to follow.

# COMMITTED TO RESPONSIBLE GOVERNANCE

*COMMITTED TO*
## RESPONSIBLE GOVERNANCE

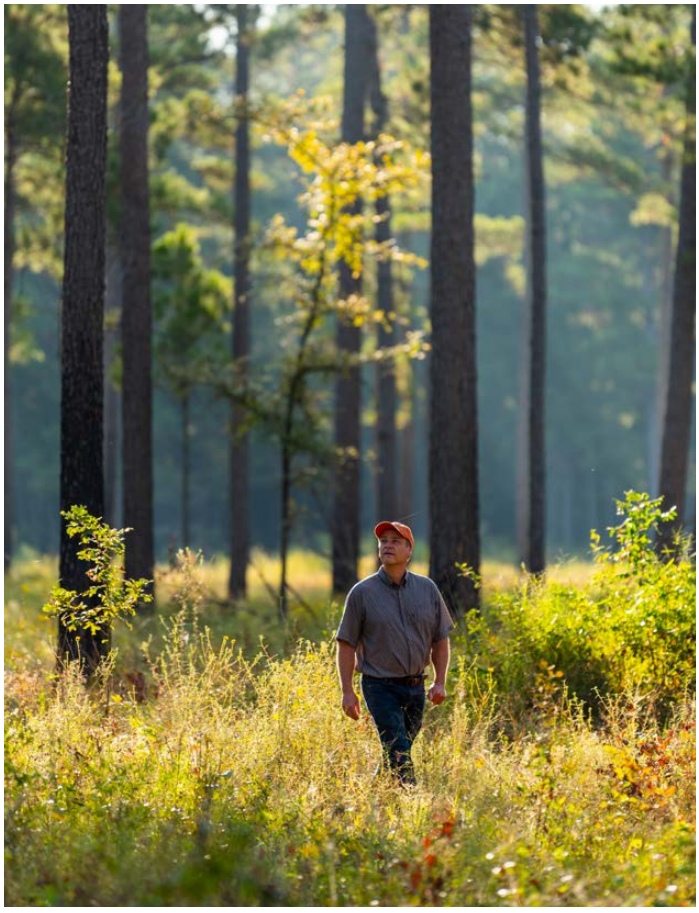
### OUR APPROACH

*The Board of Directors sets high standards for the Company's employees, officers and directors. Implicit in this philosophy is the importance of sound corporate governance.*

PotlatchDeltic maintains high standards of integrity and ethics and requires compliance with the law and our Corporate Conduct and Ethics Code. Our corporate governance policies and procedures, combined with our culture, guide us to an approach of ethical management that promotes respect for the community, a commitment to corporate responsibility and sound financial management.

We approach governance with a view to enhancing long-term shareholder value by executing our strategy through sustainable forest management, environmental responsibility, a diverse, equitable, inclusive, and engaged workforce, health and safety programs, and community impact. Robust governance practices including a culture of ethics and integrity, respect for human rights, and a commitment to transparency are the foundation of all we do. They influence the decisions we make across the Company every day. We have an established ESG governance system in place that develops our ESG strategy and goals, with oversight by the Board of Directors. An enterprise wide risk management and control framework identifies, assesses and mitigates material risks facing the Company, including ESG related risks.

We have a responsibility to advocate for laws and regulations that help support a policy environment that aligns with the interests of our business and stakeholders. This can include public advocacy on a wide range of topics such as trade, taxation, and climate change. We also work with several associations and coalitions and recognize that the best policy outcomes require collaboration and education.



Core United Nations SDGs


Supported United Nations SDGs

## BOARD OF DIRECTORS

PotlatchDeltic's Board of Directors sets high standards for the Company's employees, officers and directors. Implicit in the Board's philosophy is the importance of sound corporate governance for shareholders, employees, management and public trust.

The Board of Directors oversees and provides policy guidance on corporate performance, the integrity of financial controls and the effectiveness of legal compliance programs. The Board oversees the strategic and business planning process, which includes environmental, social and governance matters, enterprise risk assessment and management, and the management and succession plans for key executives. The Corporate Governance Guidelines, combined with the current Certificate of Incorporation, Bylaws and Board Committee Charters establish our principal framework for governance and can be found on the investor relations section of our website at www.PotlatchDeltic.com.

As of May 1, 2021, the PotlatchDeltic Board has nine directors. Our Director Independence Policy requires that the Board be comprised of a majority of independent directors. Currently, seven of the directors are independent, including a strong lead independent director. The lead director contributes to the independence of the Board and has responsibilities that include consulting with the Chairperson in the development of meeting agendas, chairing meetings of the Board in the absence of the Chairperson, facilitating communication between the independent directors and shareholders, and conducting the annual self-evaluation of the Board. During 2020, the Board of Directors held seven meetings, with all directors attending 100 percent of all meetings of the Board and the Committees on which the director served.

The strength and effectiveness of the Board is reflected in its composition of individuals who are highly qualified and dedicated with diverse backgrounds, skills, professional experience, perspectives, age, and gender. Our Director Nomination Policy requires that Board members be selected for their character, judgment, diversity of experience, business acumen, and their ability to act on behalf of all stockholders. Directors must be committed to enhancing shareholder value, have sufficient time to effectively carry out duties and be able to provide insights and practical wisdom based on their experience and expertise. Two of the seven independent directors are women. The Board is committed to actively seeking out diverse candidates, including women and individuals from minority groups.

The Board has three committees: Audit Committee, Executive Compensation and Personnel Policies Committee, and the Nominating and Corporate Governance Committee, to include in the pool from which new director nominees are selected.

### TENURE [67]

**8.9**
AVERAGE TENURE

0-4 YEARS
5-9 YEARS
10-14 YEARS
15-20 YEARS

### AGE [67]

**61.8**
AVERAGE DIRECTOR AGE

<60 YEARS
60-65 YEARS
66-70 YEARS
71-72 YEARS

### DIVERSITY [67]

**22.2%**
WOMEN DIRECTORS

WOMEN
MEN

**Audit Committee:** The role of the Committee is to provide oversight of our accounting, financial reporting, internal controls, auditing, legal and regulatory compliance activities, including monitoring our compliance with the tax and other rules pertaining to REITs, and other matters as the Board deems appropriate. Each year, the Audit Committee receives a report on risk management, including management's assessment of risk exposures (including risks related to liquidity, credit, operations, cybersecurity matters and regulatory compliance, among others), and the processes in place to monitor and control such exposures. The Audit Committee is independent and consists of four directors, including one financial expert. The Audit Committee meets at least quarterly with the Internal Audit Director and other members of management. The Committee held eight meetings in 2020.

**Executive Compensation and Personnel Policies Committee:** The role of the Committee is to oversee our executive compensation and benefits programs and general personnel policies and practices for our executives, including the risks associated with our executive compensation program and the risks related to the Company's succession planning process. In addition, the Committee assists the Board in its oversight of our policies and strategies relating to human capital management, including diversity and inclusion. The Committee is independent, consists of three directors, and held six meetings in 2020.

**Nominating and Corporate Governance Committee:** The role of the Committee is to identify, evaluate, recruit and recommend to the Board nominees for election as directors and to develop and recommend corporate governance principles and related policies. The Committee is independent, consists of three directors, and held six meetings in 2020.

**"Our Board and management team regularly review governance developments and trends with a focus on ESG matters. In 2020, we have increased transparency of the Company's ESG practices by updating or adopting written policies and taking other actions in response to the views and expectations of our stakeholders."**

**Michele Tyler** - Vice President, General Counsel and Corporate Secretary, PotlatchDeltic

## Our Board of Directors

| | |
|---|---|
| Size of Board | 9 |
| Number of Independent Directors | 7 |
| Separate Chair and CEO | Yes |
| Strong Lead Independent Director | Yes |
| Annual Director Elections | Yes: 1/3 |
| Number of Board Meetings held in 2020 | 7 |
| Annual Board and Committee Evaluation | Yes |
| Mandatory Retirement Age for Directors | 72 |

| | AUDIT COMMITTEE | EXECUTIVE COMPENSATION AND PERSONNEL POLICIES COMMITTEE | NOMINATING AND CORPORATE GOVERNANCE COMMITTEE |
|---|---|---|---|
| Linda M. Breard | Chairperson | Member | |
| Michael J. Covey | | | |
| Eric J. Cremers | | | |
| William L. Driscoll | | | Chairperson |
| Charles P. Grenier ★ | Member | | |
| D. Mark Leland | Member | Member | |
| Lawrence S. Peiros | | Chairperson | Member |
| R Hunter Pierson Jr. | | | Member |
| Lenore M. Sullivan | Member | | |

Chairperson Member ★ Lead Director

## ETHICS AND LEGAL COMPLIANCE

We have a long-standing commitment to comply with laws and regulations wherever we operate and to go beyond those legal structures by practicing a high standard of business and personal ethics. Company policies, procedures and guidelines reflect this commitment, are important components of our overall compliance and ethics program and have been adopted by the Board to guide PotlatchDeltic's activities. We have highlighted some of the key policies and guidelines below, with additional policies available on the investor relations section of our website.

### Corporate Conduct and Ethics Code

Our Corporate Conduct and Ethics Code summarizes PotlatchDeltic's policies on specific issues related to business conduct. Further, it reaffirms our continuing commitment to integrity as our way of doing business. We work to instill the concepts in our Corporate Conduct and Ethics Code in every employee.

### Diversity, Equity, and Inclusion Policy

PotlatchDeltic is committed to advancing, supporting, and preserving a culture of diversity, equity, and inclusion where every employee feels like their ideas and unique perspectives are heard and valued. We believe in treating all employees fairly, with respect, and with dignity, and we strive to create a workplace where our employees are valued for their contributions, are provided equal opportunities for development and advancement, and reflect the diversity of the communities in which we operate.

### Human Rights Policy

Our Human Rights Policy reinforces that respect for human rights is a fundamental value of PotlatchDeltic. We strive to respect and promote human rights in our relationships with our employees, suppliers, the communities where we operate and other stakeholders. We require that our suppliers, contractors and customers observe the same respect for human rights in their actions and relationships with PotlatchDeltic, which we have outlined in our Supplier Code of Conduct.

### Freedom of Association and Collective Bargaining

Our Human Rights Policy also recognizes and respects the legal right of employees to form, join, or not to join a trade union and to bargain collectively without fear of reprisal, intimidation or harassment. In 2020, an estimated 14% of our total workforce was covered under a collective bargaining agreement which expires in 2023.

### Ethics Hotline

We provide an ethics hotline as an avenue for employees, on an anonymous or attributional basis, to raise concerns relating to financial reporting, unethical or illegal conduct, environmental, health and safety matters and other issues. The hotline provides reassurance that reporters will be protected from discrimination or retaliation.

### Whistleblower Procedures

Whistleblower procedures have been established for the receipt, investigation, and reporting to the Audit Committee of any complaints regarding audit, accounting, or internal controls over financial reporting.

### Securities Law Compliance and Insider Trading Policy

Directors, officers and employees, including related persons, are expected to adhere to strict requirements surrounding insider trading. Transactions based on material non-public information are prohibited. From time-to-time, trading blackouts are imposed on insiders with specific information. Directors, officers and certain employees in a position to have access to material non-public information are required to obtain preclearance of trades from the General Counsel and may only trade in Company stock during open trading windows.

### Related Persons Transactions

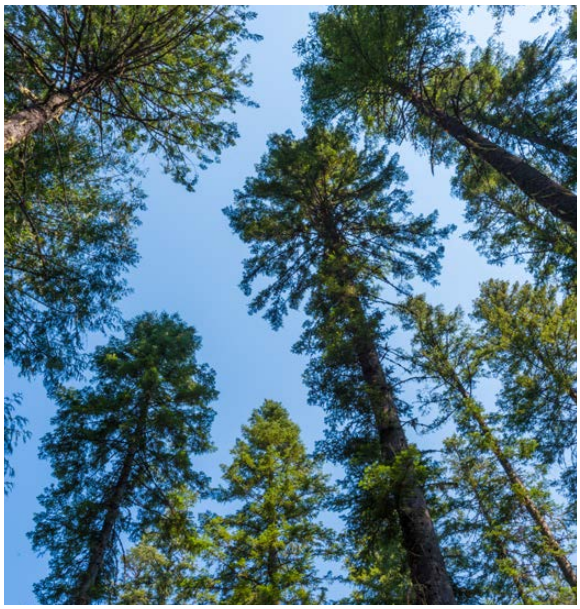
PotlatchDeltic recognizes that transactions must be in the best interest of the Company and its shareholders. Any transaction in which a related person has a direct or material interest in a Company transaction above $120,000 must be reviewed by the Audit Committee for approval or ratification, if appropriate. The Board of Directors and the Audit Committee review, and if appropriate, approve and ratify any such transaction.

## ESG GOVERNANCE

The Vice President, Public Affairs provides senior leadership on PotlatchDeltic's ESG reporting and initiatives. Updates are provided to the Board of Directors at least twice a year regarding ESG strategies, goals and progress, including climate risks and opportunities. The Board oversees PotlatchDeltic's environmental management, social responsibility, health and safety, and corporate governance policies and practices. The Vice President, Public Affairs regularly provides information to and leads discussion with the Chief Executive Officer, Chief Financial Officer, and management regarding the continuous improvement of our ESG strategic development.

An ESG Management Committee consisting of management across business units and corporate functions meets twice a year. The committee deliberates medium and long-term ESG strategies, addresses concerns and opportunities, evaluates disclosures and fosters continuous improvement. An ESG Working Group meets at least quarterly and drives the ESG strategies, data collection, analysis, systems, and goals. Experts from the ESG Working Group lead the greenhouse gas and carbon sequestration evaluation, the climate risks and opportunities analysis and the materiality assessment process. The ESG Working Group includes a wide breadth of in-house experts including the Director of Forest Planning, Inventory and Environment, the Environment and Sustainability Manager, the Wood Products Divisional Environmental Compliance Manager, a Human Resources Manager, the Wood Products Divisional Health and Safety Manager, the Associate General Counsel and Assistant Corporate Secretary, and the Vice President, Public Affairs.

The ESG Working Group works closely with employees across organization functions and geographies to support the development of ESG programs and initiatives. Day-to-day ownership and implementation of our environmental, social and governance resides at the business operation and function level with oversight by environmental, safety, human resources and public policy managers. ESG programs are integrated into existing environmental management and safety



systems, supported though annual internal and external audits, regional and divisional management reviews, safety team processes, setting of annual objectives, annual training, and capital budgeting plans. Audit findings, stakeholder feedback, site inspection results, and hazard reporting are all reviewed for trends as part of continual improvement that also helps refine our ESG strategy.

Environmental management and ESG risks and opportunities, including climate-related issues, are coordinated within our annual Enterprise Risk Management framework. ESG programs are also integrated into existing environmental management and safety systems across divisions, supported by annual audits, regional and divisional management reviews, safety team processes, and annual training and budgeting plans. Change management procedures are in place to ensure that proposed changes and capital projects are evaluated for their potential ESG impacts as part of the approval process. Once identified, these impacts are mitigated or managed to ensure alignment with our ESG strategies. Employees participate in annual ESG training and reviews across business units. We utilize the expertise of external research organizations like the National Council for Air and Stream Improvement (NCASI) for support of ESG initiatives.

## RISK MANAGEMENT

PotlatchDeltic utilizes an Enterprise Risk Management (ERM) framework to identify, assess and mitigate significant risks facing the Company, including risks related to a range of environmental, social and governance topics. The Audit Committee of the Board of Directors and senior management have primary responsibility for the oversight of risks facing the Company. The material risks identified by the ERM process are reported in our risk factors section of our annual report on Form 10-K.

The Internal Audit Director facilitates the formal enterprise-wide risk assessment process Business unit and function leaders are interviewed annually to update, identify and evaluate key environmental, financial, and business risks. An 11-member Risk Management Committee comprised of members of senior leadership and chaired by the Chief Financial Officer is responsible for the enterprise risk assessment process and meets periodically to evaluate the Company's risk assessment results. The risk assessment process includes evaluating the risk universe, emerging risks, and the risk attributes of likelihood, impact, velocity, and mitigation control strength. Risks are mapped into a matrix which identifies the significant risk areas for internal focus.

| 2020 TOP RISKS | MITIGATION ACTIVITIES |
|---|---|
| Market Cyclicality | • Modify harvest plans and mill production levels<br>• Promote diverse customer base<br>• Vertical integration of timberlands and Company mills<br>• Maintain conservative financial policy, including maintaining a strong balance sheet and robust liquidity |
| Pandemic | • Maintain comprehensive operational business continuity plan<br>• Engage safety protocols - employee screening, education, social distancing programs and encourage vaccinations<br>• Facilitate remote working capabilities and safe return-to-work practices |
| Catastrophic Fire – Wood Products | • Continue robust safety and compliance programs<br>• Maintain significant hazard coverage through fire suppression and sprinkler systems at mills (mills over 90% sprinklered)<br>• Maintain adequate level of liability and property insurance<br>• All contractors required to maintain general liability insurance |
| Geographic Concentration - Timberlands | • Strategically diversifying geographic footprint over time<br>• Target inventory acquisitions that diversify age of standing timber when possible |
| Climate Change 2°C Timberlands | • Continue focus on sustainable forest management practices and efficient wood products manufacturing<br>• Strategically diversify geographic footprint over time<br>• Maintain SFI and FSC certifications<br>• Evaluate the sale of carbon credits and transact when appropriate |
| Climate Policy, Environmental Regulation and Compliance | • Active Company and industry lobbying efforts<br>• Maintain robust environmental compliance programs<br>• Conduct regular environmental audits<br>• Leverage Environmental Management System to focus continuous improvement of our sustainable forest management objectives |
| Excess Pulpwood / Decline in Residual Markets | • Continue to engage in longer term residual and pulpwood contracts<br>• Develop alternate markets through product diversification<br>• Expand rail lines for more cost-effective delivery and to grow markets<br>• Utilize onsite as renewable energy<br>• Continue to leverage FSC certification for FSC credits |
| Weather / Natural Disaster / Fire – Timberlands | • Continue membership in Idaho firefighting cooperative<br>• Maintain fire suppression assets at timber harvest locations<br>• Maintain noncontiguous geographic ownership<br>• Maintain general liability insurance where available<br>• Require contractor training and general liability insurance |

The Risk Committee Chair meets with the Audit Committee to discuss key inherent risks the ERM process has identified, current mitigation measures, and the resulting residual risks. This meeting also provides the Audit Committee members an opportunity to share key risk areas of concern to them. Results are shared with the full Board. As business leads prepare their strategic plans for the year, risks and mitigation measures are incorporated into their plans, as appropriate.

Specific risks related to environmental issues and climate change are identified, assessed, and mitigated where feasible as part of our ERM process. In addition, our Environmental Management System (EMS) and ESG review conducted annually at the business unit level evaluates business ESG risks and opportunities, including those that are climate related. The ESG Management Committee identifies and reviews climate related risks across our business units. Risks are prioritized based on environmental and financial impact. PotlatchDeltic will continue to enhance its ERM framework for our businesses to identify and seek to mitigate emerging or shifting risks and opportunities. We are working to expand our climate risk management framework including the use of scenario analysis in line with TCFD recommendations.

## GOALS

- ENHANCE ERM MITIGATION ANALYSIS AND MONITORING PROCEDURES
- EXPAND ERM FRAMEWORK TO INCLUDE OPPORTUNITIES IN ADDITION TO RISKS

## CYBERSECURITY

Cybersecurity concerns continue to be a top priority for PotlatchDeltic. Our strategy is designed to securely enable business initiatives while maintaining a strong focus on protecting the Company, our customers, partners, and vendors. We devote significant resources to protecting and improving the security of our systems, and we partner with leading security firms to periodically review our program to help adjust priorities to the fast-evolving threat landscape. Management has instituted strong governance, controls, policies and practices, led by the Information Security Manager and Information Technology Director who periodically report security posture and emerging risks to the Audit Committee of the Board of Directors.

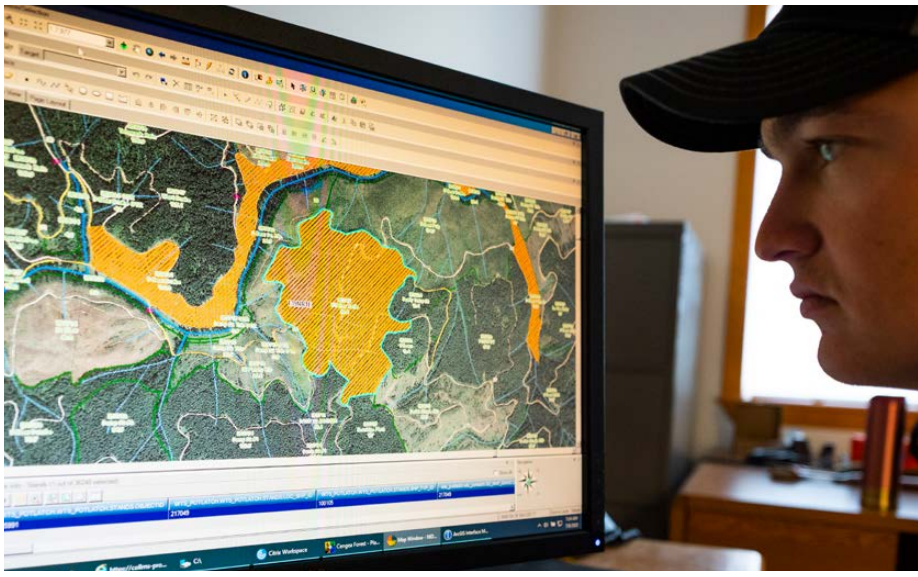

Our Information Security Program is aligned with the National Institute of Standards and Technology's (NIST) Framework for Improving Critical Infrastructure Cybersecurity and uses a robust process to identify, detect, evaluate, and mitigate cyber risk. We continually evaluate threat levels for the most prevalent attack types and strengthen our controls to reduce the likelihood and impact of advanced malware, data leakage, and denial of service attacks. We continue to enhance our cybersecurity capabilities, including threat detection, access controls, vulnerability management and back-up and recovery structures.

Another key component of our defense strategy is ensuring employees are aware of cybersecurity threats and can better recognize and report issues. As part of this ongoing effort, all employees are required to complete annual cybersecurity training to learn how to spot and report potential threats. In addition, PotlatchDeltic uses continuous internal phishing campaigns to test employees' cyber knowledge and provide supplemental training when necessary. These efforts are paying dividends as we continue to see internal phishing incidents decrease as employees recognize and report more phishing emails.

One focus area for PotlatchDeltic in 2020 was reducing risk and the potential impact of a cyber attack to our manufacturing plants. PotlatchDeltic uses logical separation to isolate our manufacturing environments from potential malware delivery vehicles such as email and VPN access. We continually evaluate vulnerabilities that impact the software and hardware used to run our manufacturing equipment, and appropriately mitigate those risks. We ensure that adequate back up and disaster recovery structures are in place to facilitate recovery from a cyber event.

| | | | |
|---|---|---|---|
| IDENTIFY | Risk Assessment | Asset Management | Program Review |
| PROTECT | Protective Technology | Awareness Training | Data Security |
| DETECT | Security Professionals | Detection Processes | Incident Monitoring |
| RESPOND | Response Planning | Mitigation Infrastructure | Communication Team |
| RECOVER | Continuity Planning | Recovery Testing | Lessons Learned |

## Land Resource Manager System



The data our business depends on must be trusted, reliable and up to date, without risk of being lost or inadvertently altered. An important component of data integrity is keeping our information systems current. In 2020, these efforts included the replacement of an older forest information management system with the new Land Resource Manager (LRM) platform. A cross functional team made up of business, IT, security and executive representation executed an exhaustive requirement gathering and software selection process culminating in the selection and implementation of the LRM application. This eighteen-month project followed our robust software development life cycle (SDLC) procedures put in place to ensure that information system selections have strong executive oversight, effective risk management controls, and meet the defined needs of the business.

Prior to the upgrade, the legacy application had outdated software functionality and struggled to meet our integrated planning needs. Information was siloed, making it challenging to manage across departments. During the project, business processes were examined with an eye toward improving efficiencies, reducing risk and eliminating waste. The new application enabled new ways of managing our operations, and the team was challenged to harness these capabilities.

The implementation of LRM has positively impacted our operations in many ways. Our foresters and real estate staff can now more efficiently manage land records, including ownership, land rights and encumbrances. LRM provides streamlined workflows for managing the cycle of timberlands planning and silviculture activities, including prescribed burning, planting, chemical herbicide applications, growing, and harvesting, as well as documenting assessments of each job during and after completion. It supports environmental management tasks such as outlining detailed prescriptions for each site used to communicate with contractors, and enhanced mapping functionality to check for known threatened and endangered species, cultural and archeological sites and other features important to consider prior to working on a site. The updated system also enables a more seamless integration between our existing Geographic Information System (GIS)[68] environment and leading industry standard platforms and includes quarterly software updates to ensure we remain current on new features, functionality and security enhancements.

A strong SDLC process, active executive oversight and a robust risk management effort enabled the successful implementation of LRM. The organization is now positioned to build upon this success and look for new ways to harness this investment to add value.

## STAKEHOLDER ENGAGEMENT

We recognize the diverse interests of our stakeholders and believe that our relationships both within and outside of PotlatchDeltic are an important part of our value-creation and success. We regularly engage with a broad range of stakeholders including communities, customers, employees, government representatives, Indigenous Peoples, industry associations, investors and analysts, non-governmental organizations, research organizations, and suppliers. This helps us to understand, prioritize, and manage our impacts as an organization and our opportunities towards systemic change. Meaningful stakeholder engagement is also a critical part of our ESG strategy, promoting increased knowledge and awareness of ESG issues, creating feedback on insights and trends, and nurturing trust and collaboration.

**"Managing our business sustainably, with a disciplined focus on long-term implications and stakeholder needs, is increasing the value of PotlatchDeltic. Our core values and entrepreneurial spirit balance our conservative nature with the courage to make the correct, difficult decisions. For example, our strong balance sheet provided the opportunity to repurchase our shares at a steep discount and lock in historically low interest rates when the COVID pandemic panicked financial markets in March 2020."**

**Jerry Richards** - Vice President and Chief Financial Officer, PotlatchDeltic

Our engagement typically has three principal objectives: 1) to share information; 2) to promote meaningful dialogue; and 3) to build and maintain sustainable relationships. Providing information surrounding our strategies, accomplishments, and goals allows internal and external stakeholders to make informed decisions. The core commitment we have surrounding information we share is transparency and accountability. We also seek meaningful dialogue with stakeholders, listening to their concerns and opinions, and continuously improving our business and our communications. Collaboration is a cornerstone of our values and we view this as an essential component in finding solutions to the challenges we face both every day and in the longer term. We believe that building sustainable relationships and considering valued perspectives results in better outcomes.

We communicate with our stakeholders through direct conversations, meetings, workshops or conferences, and through the public release of information. The table on the facing page highlights our key stakeholders and our types of engagement.

### *AERIAL HERBICIDE STAKEHOLDER OUTREACH*

An important project we conducted in 2020 was a review of our aerial herbicide application program. We initiated the review in response to increasing interest in our aerial herbicide applications used for forest management. We engaged our stakeholders by requesting feedback from aerial application contractors, forestry service providers and an aviation insurer. In addition, we benchmarked our practices with industry peers. We found our practices to be protective of public health and considerate of our neighboring landowners and to include a high-level of environmental safeguards. Recognizing that interest from adjoining landowners has been increasing over time, we concluded that we could enhance our notifications to our neighbors when conducting aerial applications on our adjacent lands. We developed a brochure for communities and landowners that provides information about the herbicides used, methods of application, and environmental, health and safety information, and provides easy access to additional information. We also updated procedures and training on interacting with the public and responding to inquiries.

### GOAL

- INCREASE EMPLOYEE ENGAGEMENT THROUGH IMPROVED COMMUNICATIONS

# OVERVIEW OF OUR STAKEHOLDER ENGAGEMENT

| | AREAS OF INTEREST | OUR ENGAGEMENT APPROACH |
|---|---|---|
| **Communities** | Recreation<br>Sustainability<br>Environmental management<br>Employment<br>Community impact<br>Education | • Active involvement through supporting local initiatives, local government or state advisory boards, and charitable contributions<br>• Our employees volunteer in a wide range of organizations ranging from non-profit boards to volunteer firefighting<br>• Proactive communication to build our awareness of local issues and perspectives<br>• Access to our timberlands for recreational uses<br>• Educational outreach to schools and colleges |
| **Customers** | Product quality<br>Customer service<br>Conservation | • Regular meetings and conversations with our customers<br>• Vendor managed inventory and on time delivery<br>• Real estate transactions with a conservation impact |
| **Employees** | Safety<br>Health and wellness<br>Benefits<br>Diversity and inclusion<br>Training and development<br>Ethics and legal compliance<br>Human rights | • Safety training<br>• Communication and protocols on COVID-19<br>• Day-to-day interactions, shift meetings and open-door policies<br>• Retirement counseling and personalized advisory services<br>• Education on long-term incentives program<br>• In-person benefit fairs and webinars during open enrollment<br>• Town hall meetings and management visits with opportunities for employees to ask questions<br>• Use of social media to educate employees and share information<br>• Professional development / training<br>• Performance evaluations and personal goals<br>• Ethics hotline |
| **Non-governmental Organizations (NGOs)** | Climate change<br>Conservation<br>Endangered species<br>Biodiversity<br>Education<br>Sustainable forestry | • Collaboration in broad coalitions on policy issues including climate change<br>• Participate in projects and initiatives such as water quality protection, wildlife conservation and management for game animals<br>• Fund and participate in educational forestry events<br>• Participate in activities with charitable organizations |
| **Government** | Employment<br>Environmental management<br>Climate change<br>Sustainable forestry<br>Safety<br>Taxes | • Meet with representatives to provide information about policy, regulations and rules that support our initiatives, provide jobs and benefit local economies<br>• Participate in state advisory groups and boards<br>• Work with local chambers of commerce |
| **Indigenous Peoples** | Environmental management<br>Conservation<br>Water | • Maintain strong working relationships with tribal representatives to discuss issues and opportunities. We own 160 acres on Indigenous land associated with our St. Maries, Idaho lumber and plywood complex, where the facility site is largely located on land within tribal reservation boundaries of the Coeur d'Alene Tribe |
| **Industry Associations** | Climate change<br>Sustainable forestry<br>Forest certification<br>Building codes<br>Biodiversity<br>Employment<br>Human rights<br>Tax<br>Communications | • Active involvement in national and state associations at board and committee levels. With our peers we address issues relevant to our industry and seek solutions<br>• Advocate and support the advocacy of our associations in educating legislators on forestry-related issues<br>• Certify our timberlands and wood products raw material sourcing through third-party audits under SFI and/or FSC forest certification<br>• Grading / product quality certification for wood products |
| **Investors / Analysts** | Board<br>Governance<br>Risk management<br>ESG transparency<br>Climate change<br>Human capital management<br>Diversity and inclusion<br>Business strategy<br>Economic performance<br>Capital allocation | • Communicate regularly with investors and analysts in 1-1 or group meetings, calls, conferences, and the annual shareholder meeting<br>• Publish ESG report utilizing SASB and TCFD frameworks<br>• Conduct ESG materiality assessment<br>• Publish quarterly reports, Annual Report on Form 10-K, and regularly update corporate and investor relations website<br>• During 2020, members of executive management met with shareholders owning approximately 59 percent of outstanding active institutional ownership<br>• Annual shareholder meeting<br>• Proxy statement |
| **Research Organizations and Partnerships** | Sustainable forestry<br>Biodiversity<br>Climate Change | • Conduct tree improvement research<br>• Support long-term environmental research and monitoring projects and initiatives on our lands<br>• Work with scientific research organizations and universities for ongoing advances in knowledge and best practices |
| **Suppliers / Contractors** | Training<br>Safety<br>Human rights / Ethics<br>Environmental management | • Train suppliers / contractors on environmental best practices, human rights, ethics requirements, hotline and health and safety<br>• Hotline for human rights, environmental, and health and safety concerns<br>• Explain expectations in Supplier Code of Conduct<br>• Engage directly with contractors on-site |

## PUBLIC POLICY AND ADVOCACY

PotlatchDeltic engages in the political process through public policy and legislative advocacy on issues that have the potential to impact us. We interact with national, state and local elected officials through meetings and participating in coalitions. Our involvement can range from writing letters in support of or opposition to legislation, meeting with legislators and their staff on an issue, or rulemaking regarding proposed regulatory changes.

### *POLITICAL CONTRIBUTIONS*

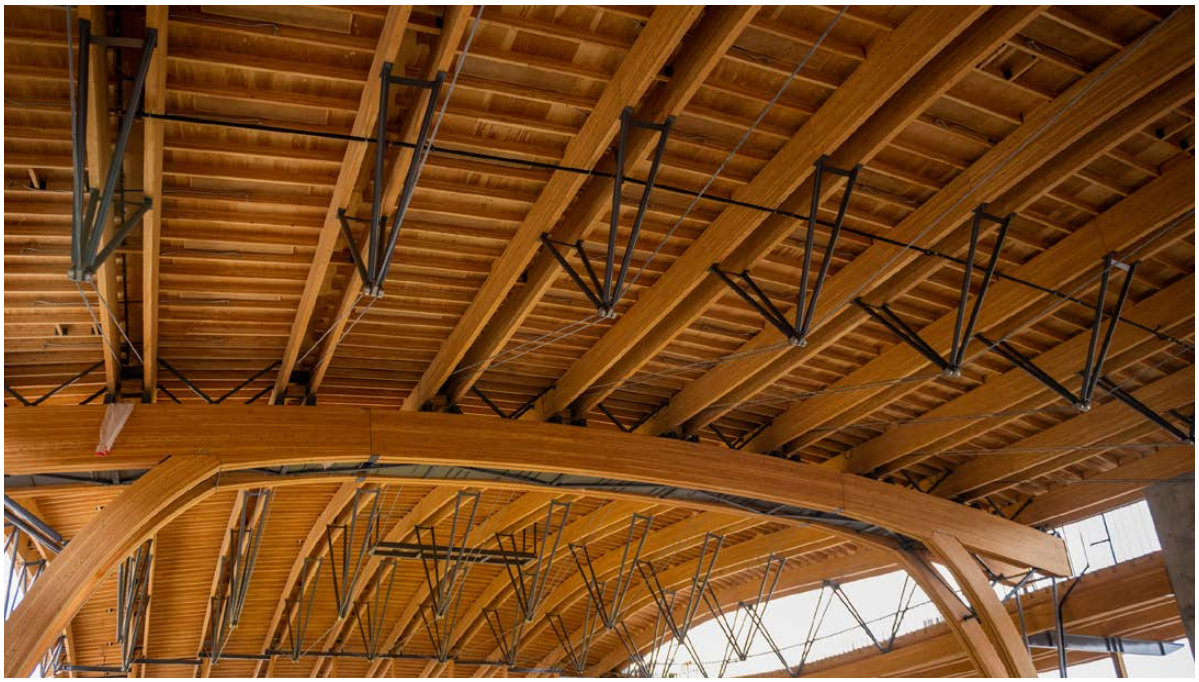
Political contributions are one of the important ways we engage in the political process and we take steps to comply with all laws and regulations regarding contributions. Federal contributions are managed through the PotlatchDeltic political action committee (PAC), which is compliant with all applicable laws and is regulated by the Federal Election Commission (FEC).[69] Contributions from the PAC were publicly disclosed as required by law, in the FEC Campaign Finance database. During the 2019-2020 cycle, PotlatchDeltic PAC contributed $92,830 to 23 U.S. House and U.S. Senate representatives and candidates of both major political parties.

### *ADVOCACY PRIORITIES*

**Canada / US Softwood Lumber Dispute:**
PotlatchDeltic is a member of the U.S. Lumber Coalition,[70] an alliance of large and small softwood lumber producers from around the country. We continued our work through the coalition to address proceedings surrounding Canada's unfair softwood lumber trade practices.

**Essential Industry:**
Successfully advocated to the Department of Homeland Security and each of the states where we operate to classify the forest products industry workforce as an essential critical infrastructure workforce during the COVID-19 emergency response.

**H-2B Workers:**
Worked with the National Alliance of Forest Owners (NAFO)[71] and other partners to secure a "National Interest Exception" to the Presidential Proclamations on immigration and coordinated support to ensure the timely availability of H-2B workers for the 2020-2021 tree planting season.



**Mass Timber:**
Through the American Wood Council (AWC),[72] we supported building code changes in support of tall mass timber, the development of design tools and code changes for wood construction, communications with Fire Service on wood construction safety, and environmental recognition of wood.

**Working Forests – A Natural Climate Solution:**
Through NAFO we adopted a set of CEO Principles, also signed by the CEOs of The Nature Conservancy (TNC), Environmental Defense Fund (EDF), American Forests, American Forest Foundation and 42 peer CEOs. The principles identify the important role sustainably managed forests and forest products can play in mitigating climate change. Through NAFO, we leveraged the CEO Principles to secure climate change priorities within the policy platforms of the Food and Agriculture Climate Alliance (FACA), comprised of the CEOs of leading national agriculture organizations, TNC, EDF and NAFO, and the Forest Climate Working Group (FCWG).

**Forest Climate Working Group:**
We worked as part of the FCWG,[73] which represents a wide diversity of stakeholders, on developing a shared forest climate policy platform.

**GOAL**

- ADVANCE THE ROLE OF PRIVATE WORKING FORESTS AS A CLIMATE CHANGE SOLUTION

**Wildfire:**
Through NAFO, we adopted a forestry sector statement on the causes and policy solutions to severe wildfire.

**Wildlife Conservation Initiative:**
Working through NAFO and alongside our peers, we continued to build a partnership with the U.S. Fish and Wildlife Service (USFWS) under the Wildlife Conservation Initiative (WCI)[74] to create a trusted, durable relationship to implement science-based conservation for at-risk species. Through implementing on-the-ground practices and use of third-party forest certification, the USFWS was provided assurances about conserving at-risk and listed species. This included involvement in the rulemaking for reclassification of red-cockaded woodpecker with a special rule promoting conservation and management.

## ASSOCIATION MEMBERSHIPS

PotlatchDeltic works within several national or state industry associations to direct lobbying outreach and participates in several coalitions and advisory boards. The topics we have been engaged in vary from state issues to broader national matters. Some issues are resolved in a short timeframe while others can evolve over many years. Some of these associations may have interactions with federal or state government officials. Federal trade associations establish the percentage of dues attributable to lobbying activity. In 2020, the total amount for PotlatchDeltic was $254,215.

| ORGANIZATION | DESCRIPTION |
|---|---|
| Alabama Forestry Association (AFA) | State advocacy organization that supports sustainable forestry practices, programs, and policies for landowners and forest business owners. We are members. |
| American Wood Council (AWC) | National advocacy organization that supports the development of wood products policies, codes, and regulations. We serve on the board and various committees. |
| Arkansas Forestry Association (AFA) | State advocacy organization that supports the sustainable use and stewardship of Arkansas's forests. We serve on the board and various committees. |
| Arkansas Forest & Paper Council (AF&PC) | State advocacy organization with a mission to promote and improve the forest industry in Arkansas. We serve on the board and committees. |
| Engineered Wood Association (APA) | Leader in creating engineered wood product growth for North American member companies. |
| Forest Stewardship Council (FSC) | International forest certification organization that promotes sound management of the world's forests. We serve on the FSC U.S. Board, representing the Economic Chamber. |
| Idaho Association of Commerce & Industry (IACI) | State advocacy organization that supports public policies to achieve economic growth and progress in Idaho. We serve on the board and various committees. |
| Idaho Forest Products Commission (IFPC) | State advocacy organization working to maintain working forests in Idaho through responsible management and through an informed public. We serve on the board and various committees. |
| Louisiana Forestry Association (LFA) | State advocacy organization whose mission is to promote the health and productivity of Louisiana's forests through the practice of sustainable forestry. We are members. |
| Michigan Forest Products Council (MFPC) | State advocacy organization committed to educate and inform citizens about the benefits of sustainable management of Michigan's forests. We serve on the board and various committees. |
| Minnesota Forest Industries Association (MFI) | State advocacy organization to inform and educate the public about forest industry practices in Minnesota. We serve on the board and various committees. |
| Mississippi Forestry Association (MFA) | State advocacy organization dedicated to sustaining Mississippi's forests through conservation, development, and wise use of forestland and resources. We are members. |
| National Alliance of Forest Owners (NAFO) | National advocacy organization committed to advancing federal policies that ensure our working forests provide clean air, clean water, wildlife habitat and jobs through sustainable practices and strong markets. We serve on the board and committees. |
| National Association of Real Estate Investment Trusts (Nareit) | National advocacy organization serves as the voice for REITs and real estate companies with an interest in U.S. real estate. We are members. |
| National Council for Air & Stream Improvement (NCASI) | North American research organization that provides forest industry scientific research and technical information. We serve on the board and committees/task groups. |
| Sustainable Forestry Initiative (SFI) | A North American forest certification organization whose mission is to advance sustainability. We serve on various ad hoc committees. |
| Softwood Lumber Board (SLB) | National advocacy organization that promotes the benefits and uses of softwood lumber products. We serve on the board. |
| U.S. Lumber Coalition | National alliance of softwood lumber producers working to address Canada's unfair lumber trade practices. We serve on the board and committees. |

## Idaho Shared Stewardship

In 2018, Presidential Executive Order 13855 was issued to promote active management of America's forests, rangelands and federal lands to improve conditions and reduce wildfire risk. It established a policy for shared management by federal land managers with states, tribes, and other landowners to manage fire risk through a set of shared priorities. In addition, it called for coordination among federal, state, tribal and local assets for wildfire prevention, suppression and post-wildfire restoration, and for action to be taken to remove hazardous fuels and increase active management.

Over 6 million acres of Idaho's forestlands have been designated as high risk for insect and disease outbreaks or catastrophic wildfire. Idaho has approximately 17.3 million acres of federal forests, accounting for nearly 80% of total forestland in the State – the highest in the nation. A mosaic of mixed ownership patterns, particularly in northern Idaho, creates additional management challenges and risks to forests adjacent to federal lands. State lands account for 6% of forestlands in Idaho and are sustainably managed. These lands are important for a wide range of recreation activities, and timber sales provide a substantial portion of funds for an annual endowment distribution, with public schools one of the largest beneficiaries. Privately owned working forests typically have significant investment in forest management and support area mills that have a substantial impact on Idaho's economy.

Idaho Shared Stewardship[75] is the resulting agreement between the state of Idaho and the USDA Forest Service to partner on prioritizing federal and state resources on forest management needs. State and federal officials work with a diverse range of stakeholders to prioritize areas for forest treatment and coordinate with interested private landowners to implement cross-boundary projects. Shared Stewardship seeks to double the number of acres treated on National Forest System lands in Idaho by 2025 and bring a holistic approach to making meaningful improvements in the health of lands and water.

In 2020, the Idaho Department of Lands (IDL) published an updated Forest Action Plan in which it conducted a resource assessment and strategy analysis to prioritize strategies for addressing threats and maximizing benefits. A statewide Shared Stewardship Coordinator was hired along with new dual-agency staff and foresters and both IDL and the USDA Forest Service are dedicating annual funding to the initiative. Activities planned over the next five years include commercial and non-commercial harvesting and fuels reduction to reduce risks from wildfire and insect and disease. We are proud to participate in the Idaho Shared Stewardship initiative, including our role in the Shared Stewardship Advisory Group.

# Forests As A Natural Climate Solutions

The Forest-Climate Working Group (FCWG) is a coalition across the U.S. forest sector that works to advance consensus-driven climate change solutions and provide policymakers with innovative science-based ways to leverage forests and forest products as a natural climate solution. The coalition consists of a diverse range of stakeholders including private working timberland owners, industry associations, forest certification organizations, carbon finance and conservation and wildlife non-profits including Environmental Defense Fund, The Trust for Public Land, National Wildlife Federation, The Nature Conservancy, Theodore Roosevelt Conservation Project, and The Conservation Fund. PotlatchDeltic is proud to be part of the FCWG.

FOREST-CLIMATE WORKING GROUP

The FCWG focuses on federal policy initiatives on forest-climate solutions through education. In addition, FCWG works with U.S. Climate Alliance states to implement forest-climate solutions through learning labs and technical assistance. The coalition also works to advance voluntary carbon markets and is a forum for knowledge sharing.

In 2020, the FCWG coalition developed a policy platform for Congress. Recommendations fell into four categories: maintain and expand forest cover; improve forest practices for carbon, adaptation and resilience; advance markets for forest carbon, forest products and skilled labor; and enhance climate data and applied science.

***Goal 1:***

***Maintain and Expand Forest Cover***

More forests equate to more carbon being sequestered. That is why the foundation for forest carbon mitigation is to maintain existing forest cover and expand forests where they have been lost to events like wildfire and clearing for agriculture. This includes expanding urban forests. Policy options for this goal include the conservation of private forests through enhancing funding and policies that support retaining private forests and promoting tax policies to retain working forests. In addition, private reforestation could be enhanced through several measures including maintaining the Conservation Reserve Program, which supports reforestation on marginal or abandoned agricultural land. On public lands, increased reforestation could be achieved through lifting or eliminating the cap on the Reforestation Trust Fund, granting the U.S. Forest Service (USFS) authority to implement post-fire reforestation and establishing a federal matching grant program for states, local governments, tribes and NGOs to implement climate-informed reforestation. Urban forests could benefit from increased funding for the USFS Urban and Community Forestry Program and a matching grant program, prioritized for underserved cities and neighborhoods through the Urban and Community Forestry Program.

> "Forests are an essential component of the U.S. climate solution, currently offsetting roughly 15% of U.S. annual emissions from fossil fuels and with studies pointing to a nearly doubling of this with the right tools and policies in place. Having landowners like PotlatchDeltic engaged in the discussions through the Forest Climate Working Group to shape these tools and policies is critical so we get it right, as our planet can't wait,"
>
> Rita Hite - Co-chair, Forest Climate Working Group and Executive Vice President, The American Forest Foundation

***Goal 2:***

***Improve Forest Practices for Carbon, Adaptation, and Resilience***

Forests offer cost-effective and expandable carbon sequestration and storage. To realize this potential, forests must be healthy and resilient in the face of rapidly expanding climate change impacts like intensified threat from drought, pests, disease, and wildfire. Private landowners and public land managers need to identify and implement forest practices that support strong carbon sequestration, including storage in forest products, while also addressing forest health issues from climate change.

Policy initiatives for private forests include increased funding for federal forest conservation programs that improve practices for forest carbon, adaptation and resilience such as the Environmental Quality Incentives Program, Conservation Stewardship Program, USFS Landscape Scale Restoration Program or Forest Stewardship Program. Policies targeting public forests could include increased funding and expanded authorities for USFS management and restoration activities such as watershed management and fuels reduction on federal lands as well as for adjacent ownerships through Good Neighbor Authority / Shared Stewardship. Incentives for active forest management for resilience and reduced wildfire risk in public forests include federal grants to update state natural hazard mitigation plans to prioritize active management on federal forest lands identified in state plans as being at high risk for wildfire and to give precedence to restoration practices with carbon mitigation and resilience benefits.

***Goal 3:***

***Advance Markets for Forest Carbon, Forest Products, and Skilled Labor***

Robust markets for forest products can slow the conversion of forests to non-forest uses and help drive improved forest practices for carbon, adaptation, and resilience.

Forest carbon markets can be supported through tax incentives that provide credits or deductions for measurable carbon benefits or through the development of a policy mechanism that establishes tradeable credits for forest activities that measurably increase the forest carbon sequestration and storage. Forest products markets can be advanced through initiatives to encourage wood building materials in federal and state procurement and through investment in forest products research to expand existing and new markets for forest products and to increase wood utilization. Policy initiatives to advance job growth, workforce development, and career pathways in the forest sector include investing in workforce development and training programs.

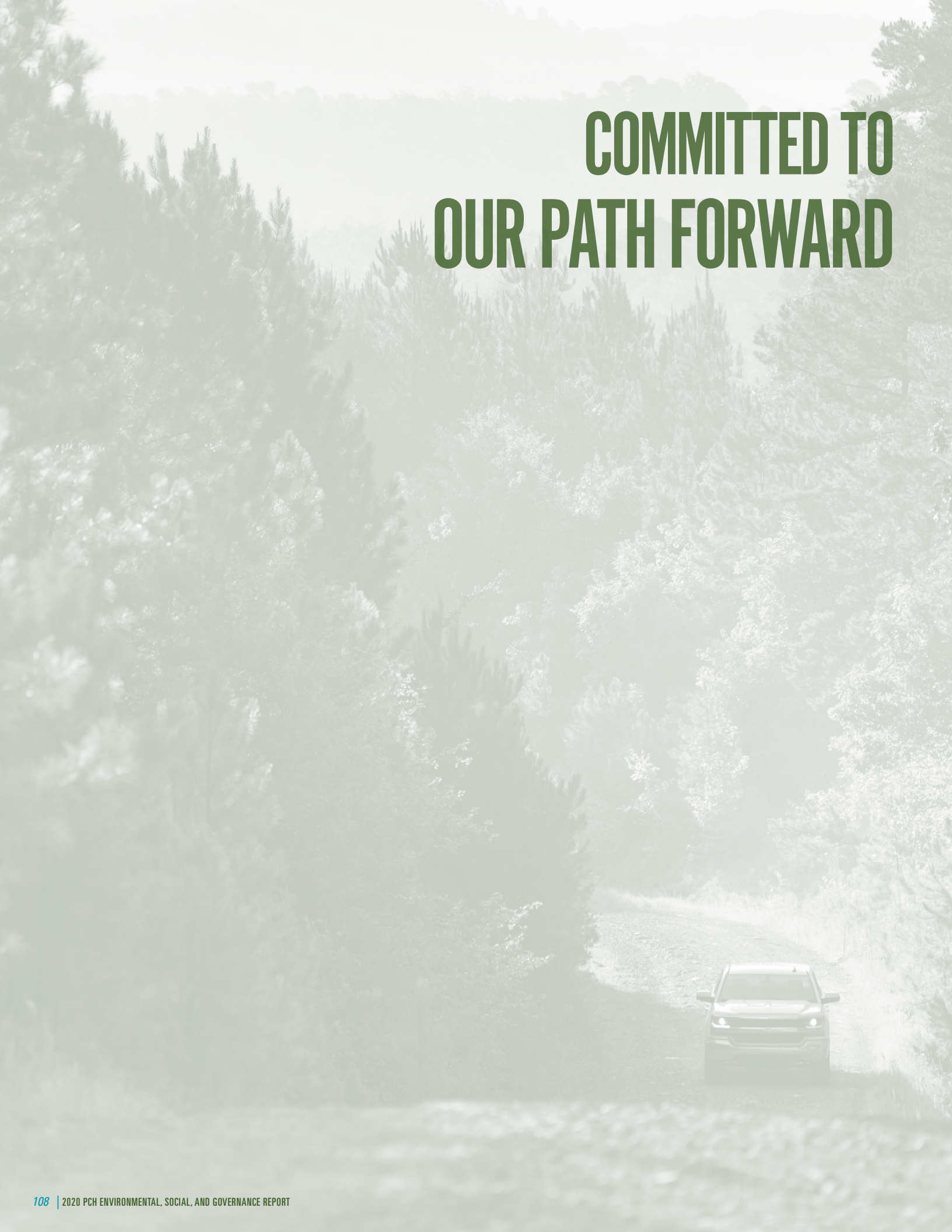
***Goal 4:***

***Enhance Climate Data and Applied Science***

Good scientific information delivered to the right users and decision makers is a critical underpinning of FCWG policy goals.

Opportunities to support this goal include greater funding of the USFS Inventory Analysis Program to provide stronger forest carbon stocks data. In addition, there needs to be increased funding for education about the embodied carbon benefits of wood use and for the support of research, planning, and monitoring of public lands.

# COMMITTED TO OUR PATH FORWARD



*COMMITTED TO*
## OUR PATH FORWARD

### OUR APPROACH

*Implement effective ESG measures, report on ESG with transparency, strive for effective priority ESG disclosures, and identify and manage investment risks and opportunities.*

Our 2019 inaugural ESG Report established several goals for 2020 which were achieved and are highlighted in our 2020 ESG Report. We completed the translocation of legacy Deltic RCW to Moro Big Pine, enhanced our contractor standards through a Supplier Code of Conduct, augmented our TCIR and DART safety analysis for timberlands and real estate, and reported our consolidated Scope 2 greenhouse gas emissions. We also conducted our materiality assessment and made advances in advocating about private working forests and climate change. This year, we have added new ESG goals in addition to identifying broader initiatives that are aligned with our core and supported UN SDGs. We plan to continue to work on further enhancing our ESG disclosures and transparency, particularly related to greenhouse gas emissions, and climate scenario risk and opportunity analysis. In addition, we will continue to advance our reporting to better align with the recommended standards and disclosures within SASB and TCFD.

| TOPIC | GOAL | TIMING |
|---|---|---|
| **ENVIRONMENTAL** | | |
| Forest Management | Expand use of remotely sensed data in forest management decision making | Ongoing |
| Forest Certification | Maintain 100% third-party certification on all timberlands | Ongoing |
| Forest Certification | Maintain 100% third-party certification on all wood procurement programs | Ongoing |
| Air Emissions | Woodstove conversion initiative in St. Maries, Idaho | 2021-25 |
| Greenhouse Gas Emissions | Determine consolidated Scope 3 greenhouse gas emissions | ~2023 |
| Climate Risks and Opportunities | Initiate climate scenario risk / opportunity analysis for Arkansas timberlands | 2021+ |
| **SOCIAL** | | |
| Diversity and Inclusion | Improve diversity through emphasizing underrepresented groups in hiring | Ongoing |
| Employee Development | Recruit interns at each timberland district office by leveraging university partnerships | 2021 |
| Employee Development | Establish partnerships and expand apprenticeships in training framework | 2022 |
| Employee Development | Develop consolidated training modules to build a training library | 2022 |
| Health and Safety | Expand online contractor approval and training system for wood products facilities | 2022 |
| Health and Safety | Integrate Kaizen[76] safety events to drive safety culture with employee involvement | Ongoing |
| Health and Safety | Expand VPP status (or state equivalent) to Arkansas wood products facilities. | Ongoing |
| Contractors / Suppliers | Implement Supplier Code of Conduct and train suppliers and contractors | 2021 |
| **GOVERNANCE** | | |
| Risk Management | Enhance Enterprise Risk Management (ERM) mitigation analysis / monitoring procedures | 2021 |
| Risk Management | Expand ERM framework to include opportunities in addition to risks | Ongoing |
| Stakeholder Engagement | Increase employee engagement through improved communications | 2021 |
| Public Policy Advocacy | Advance the role of private working forests as a climate change solution | Ongoing |

# APPENDIX

## Sustainability Accounting Standards Board (SASB)

The Sustainability Accounting Standards Board ("SASB") is an independent, private sector standards-setting organization whose mission is to develop sustainability metrics to disclose material, useful information to investors. The table below shows the topics from those listed by SASB in our relevant industries and that are discussed in PotlatchDeltic's 2020 ESG Report. For quick reference, we have indicated below the location(s) in our ESG report and other public reports where these topics and metrics are discussed. For those issues not discussed in our 2020 ESG Report, or with as much detail as provided in the table, only data is included without location references. Information is as of December 31, 2020 unless noted as different.

### SECTOR: RENEWABLE RESOURCES & ALTERNATIVE ENERGY
### SASB STANDARD - FORESTRY MANAGEMENT

**Table 1. Sustainability Disclosure Topics & Accounting Metrics**

| Topic | Accounting Metric | Category | Unit of Measure | Code | Reference/ESG Report Location |
|---|---|---|---|---|---|
| Ecosystem Service & Impacts | Area of forestland certified to a third-party forest management standard, percentage certified to each standard | Quantitative | Acres (ac), Percentage (%) | RR-FM-160a.1 | SFI – 1,765,000 acres; 100%<br>FSC – 647,000 acres; 37% |
| | Area of forestland with protected conservation status | Quantitative | Acres (ac) | RR-FM-160a.2 | 70,723 acres.<br>2020 ESG Report, pages 30-31. |
| | Area of forestland in endangered species habitat | Quantitative | Acres (ac) | RR-FM-160a.3 | 15,961 acres.<br>2020 ESG Report, pages 30-31. |
| | Description of approach to optimizing opportunities from ecosystem services provided by forestlands | Discussion and Analysis | n/a | RR-FM-160a.4 | 2020 ESG Report, pages 12, 18-59 and 88-89.<br>2020 Annual Report Form 10-K, pages 4-7. |
| Rights of Indigenous Peoples | Area of forestland in indigenous land | Quantitative | Acres (ac) | RR-FM-210a.1 | St. Maries, Idaho complex - 160 acres.<br>2020 ESG Report, page 101. |
| | Description of engagement processes and due diligence practices with respect to human rights, indigenous rights, and the local community | Discussion and Analysis | n/a | RR-FM-210a.2 | 2020 ESG Report, pages 82-89, 94, 100-101. |
| Climate Change Adaptation | Description of strategy to manage opportunities for and risks to forest management and timber production presented by climate change | Discussion and Analysis | n/a | RR-FM-450a.1 | 2020 ESG Report, pages 6-9, 11-12, 50-59, 103, 106-107.<br>2020 Annual Report Form 10-K, pages 17 and 20. |

**Table 2. Activity Metrics - Forestry Management**

| Topic | Accounting Metric | Category | Unit of Measure | Code | Reference/ESG Report Location |
|---|---|---|---|---|---|
| Forestry Management | Area of forestland owned, leased, and/or managed by the entity | Quantitative | Acres (ac) | RR-FM-000.A | 1,765,000 acres.<br>2020 Annual Report Form 10-K, page 6. |
| Forestry Management | Aggregate standing timber inventory | Quantitative | Cubic meters ($m^3$) | RR-FM-000.B | 2020 ESG Report pages 20-21.<br>2020 Annual Report Form 10-K, page 6. |
| Forestry Management | Timber harvest volume | Quantitative | Cubic meters ($m^3$) | RR-FM-000.C | 2020 Annual Report Form 10-K, pages 7 and 33. |

# Sustainability Accounting Standards Board (SASB) *continued*

## SECTOR: CONSUMER GOODS
## SASB STANDARD - BUILDING PRODUCTS AND FURNISHINGS

**Table 1. Sustainability Disclosure Topics & Accounting Metrics**

| Topic | Accounting Metric | Category | Unit of Measure | Code | Reference/ESG Report Location |
|---|---|---|---|---|---|
| Energy Management in Manufacturing | (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable | Quantitative | Gigajoules (GJ), Percentage (%) | CG-BF-130a.1 | 2020 ESG Report, pages 42, 48-49. |
| Management of Chemicals in Products | Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products | Discussion and Analysis | n/a | CG-BF-250a.1 | Not applicable. |
| | Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards | Quantitative | Percentage (%) by revenue | CG-BF-250a.2 | 100% |
| Product Lifecycle Environmental Impacts | Description of efforts to manage product lifecycle impacts and meet demand for sustainable products | Discussion and Analysis | n/a | CG-BF-410a.1 | 2020 ESG Report, pages 11, 42, 45, 48-49. |
| | (1) Weight of end-of-life material recovered, (2) percentage of recovered materials recycled | Quantitative | Metric tons (t), Percentage (%) by weight | CG-BF-410a.2 | Not applicable. |
| Wood Supply Chain Management | (1) Total weight of wood fiber materials purchased, (2) percentage from third-party certified forestlands, (3) percentage by standard, and (4) percentage certified to other wood fiber standards, (5) percentage by standard 2 | Quantitative | Metric tons (t), Percentage (%) by weight | CG-BF-430a.1 | (1) Total weight of wood fiber materials purchased - 4,081,108 metric tons; (2) 58% purchased from third party certified forestlands; (3) % SFI and FSC - 22%; % SFI only - 34%; % FSC only - 1%; (4) <1% certified to other wood fiber standards; (5) <1% certified to the American Tree Farm System. |

**Table 2. Activity Metrics - Building Products and Furnishings**

| Topic | Accounting Metric | Category | Unit of Measure | Code | Reference/ESG Report Location |
|---|---|---|---|---|---|
| Annual Production | Quantitative | Quantitative | Units | CG-BF-000.A | Production shipped in 2020: 1.1 BBF lumber and 109,774 MMSF 3/8" industral plywood. 2020 ESG Report, pages 5 and 49. 2020 Annual Report Form 10-K pages 8 and 35. |
| Area of Manufacturing Facilties | Quantitative | Quantitative | Square meters ($m^2$) | CG-BF-000.B | Area of manufacturing facilities - 182,114 $m^2$ |

## Task Force on Climate-Related Financial Disclosure (TCFD)

The Financial Stability Board Task Force on Climate-related Financial Disclosure (TCFD) has developed a voluntary, consistent climate-related financial risk disclosure to provide information to investors, lenders, insurers and other stakeholders. The TCFD framework rests on four main tenets – Governance, Strategy, Risk Management and Metrics & Targets. PotlatchDeltic recognizes that climate change is a topic of interest for our stakeholders. The table below shows how we address the disclosures and how and where our 2020 ESG Report aligns with recommendations by TCFD. We are committed to continuing to expand our climate-related financial disclosures within this framework.

### *GOVERNANCE*

**Disclose the organization's governance around climate-related risks and opportunities.**

| | PotlatchDeltic Comment | Disclosures |
|---|---|---|
| a) Describe the Board's oversight of climate-related risks and opportunities | Our Corporate Governance Guidelines provides for Board oversight of the Company's enterprise-wide risk management framework and ESG matters. The Board oversees management's integration of ESG throughout the enterprise to drive long-term value. The Board is updated regularly on ESG initiatives, including climate-related risks and opportunities and ESG goals. | 2020 ESG Report<br>Board of Directors (pgs. 92-93)<br>ESG Governance (pg. 95)<br><br>2021 Proxy Statement (pg. 12) |
| b) Describe management's role in assessing and managing climate-related risks and opportunities | The Vice President, Public Affairs provides senior leadership on PotlatchDeltic's ESG reporting and initiatives, and regularly provides information to and leads discussion with the Board and management on ESG matters including climate-related risks and opportunities. An ESG Management Committee, consisting of management across business units and corporate functions, meets twice a year to deliberate medium and long-term ESG strategies and goals, including climate-related risks and opportunities. An ESG Working Group, which includes a wide breadth of in-house experts and a cross-section both functionally and geographically, meets at least quarterly to drive ESG strategies, data collection, analysis, systems, and goals.<br><br>Environmental and ESG issues, including climate-related risks are identified, assessed, and mitigated where feasible as part of our annual Enterprise Risk Management framework.<br><br>Climate-related regulatory risks and opportunities are regularly monitored and assessed by the business units and senior management. Our Vice President Public Affairs works with associations and coalitions on policy solutions. | 2020 ESG Report<br>ESG Governance (pg. 95)<br>Risk Management (pg. 96-97)<br>Public Advocacy (pg.103)<br>Forest Climate Working Group (pgs. 106-107)<br><br>2021 Proxy Statement (pgs. 12-14) |

## *STRATEGY*

**Disclose the actual and potential impacts of climate related risks and opportunities on the organization's businesses, strategy and financial planning.**

| | PotlatchDeltic Comment | Disclosures |
|---|---|---|
| a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term | Climate-related risks and opportunities include potential physical changes to our timberlands as a result of rising mean temperatures, changing weather patterns and extreme weather events. Longer-term opportunities could include increased productivity and yield on our timberlands. Risks could include increased weather severity and wildfire (medium-term).<br><br>In addition, transition risks and opportunities could include changes in policy or regulatory requirements, technology-related requirements, and market changes. Short-to medium-term opportunities could include policy changes related to the use of wood residuals, the development of carbon offset markets, and policies and standards that support the greater use of mass timber or biochar. Longer-term opportunities could include the development of new products, and resource efficiency gains. Potential transition risks include changes in air and water quality regulations (medium-term), and possible increased pricing of GHG emissions or the introduction of a carbon tax (medium-term), and increased energy costs (long-term). | 2020 ESG Report<br>Climate Change Risks and Opportunities (pgs. 56-59)<br>Climate Risks and Opportunities Table (pg. 59)<br>Public Advocacy (pg.103)<br>Forest Climate Working Group (pgs. 106-107)<br><br>2020 Annual Report on Form 10-K (pgs. 17-20) |
| b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning | Due diligence in reviewing climate-related risks and opportunities is being integrated into operational and capital planning processes to ensure inclusion in our business and financial strategies. The analysis of physical climate change risks and opportunities is also supported through our work with external scientific research organizations. In addition, we participate in coalitions and associations to identify and evaluate transitional climate-related risks and opportunities. We believe we are well positioned through the role that sustainably managed forests have as a solution to climate change. | 2020 ESG Report<br>Climate Change Risks and Opportunities (pgs. 56-59)<br>Climate Risks and Opportunities Table (pg. 59)<br>Risk Management (pgs. 96-97)<br>Public Advocacy (pgs.102-104)<br>Forest Climate Working Group (pgs. 106-107)<br>2020 Annual Report on Form 10-K (pgs. 17-20) |
| c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario | We are working to analyze the potential impacts of climate change to our assets, markets, and economic performance; including the impact under various temperature forecast assumptions ranging from 1.5° to 4.0°C. We are committed to completing scenario analysis for our business in regional and asset class phases, beginning with our timberlands in the U.S. South in 2021. | This disclosure has been identified as an ongoing goal as we incorporate additional TCFD recommendations into our ESG reporting. |

## *RISK MANAGEMENT*

**Disclose how the organization identifies, assesses and manages climate-related risks.**

| | PotlatchDeltic Comment | Disclosures |
|---|---|---|
| a) Describe the organization's process for identifying and assessing climate-related risks | We identify and monitor climate-related risks on a regular basis and have incorporated climate change risks into our Enterprise Risk Management (ERM) framework. Physical risks are monitored through our public affairs, legal and business operations. We identify and monitor transitional risks through our work with industry associations, coalitions and research organizations. Our climate risk and opportunity scenario analysis will be conducted by the ESG Working Group and members of the environment and sustainability teams, with the support of outside research organizations. We will conduct the analysis using three different scenarios ranging from 1.5°C to 4°C. The results will be summarized by potential impact, timing and likelihood and integrated into the ERM framework. | 2020 ESG Report<br>Climate Change Risks and Opportunities (pgs. 56-59)<br>Climate Risk and Opportunity Table (pg. 59)<br>Board of Directors (pg. 92)<br>ESG Governance (pg. 95)<br>Risk Management (pg. 96)<br>Public Advocacy (pg.103)<br>Forest Climate Working Group (pgs. 106-107)<br>2020 Annual Report Form 10-K (pgs. 17, 20)<br>2021 Proxy Statement (pgs. 12-14) |
| b) Describe the organization's processes for managing climate-related risks. | The ESG Working Group is responsible for identifying climate-related issues and coordinating with business units to integrate them into business and operational strategies. In addition, comprehensive environmental management systems are in place across our businesses which focus on continual improvement and research and on monitoring progress towards goals or initiatives. Transitional risks are managed through policy work with industry associations and coalitions or through regulatory negotiations. | 2020 ESG Report<br>Environmental Management (pgs. 24-27, 44)<br>Climate Change Risks and Opportunities (pgs. 56-59)<br>Board of Directors (pg. 92)<br>ESG Governance (pg. 95)<br>Risk Management (pg. 96)<br>Public Advocacy (pg.103)<br>Forest Climate Working Group (pgs. 106-107) |
| c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management. | Key climate-related risks identified are incorporated into the enterprise-wide ERM process. Business unit and function leaders are interviewed annually to update, identify and evaluate key risks. An evaluation is made of the risk universe, emerging risks, and the risk attributes of likelihood, impact, velocity, and mitigation control strength. Risks are mapped into a matrix which identifies the significant risk areas for internal focus. An 11-member Risk Management Committee comprised of members of senior leadership and chaired by the Chief Financial Officer is responsible for the enterprise risk assessment process. The Internal Audit Director periodically reviews the significant risks and the steps taken to mitigate and monitor those risks with the Audit Committee of the Board of Directors. The Board has overall responsibility for risk oversight, including the risk presented by climate change. | 2020 ESG Report<br>Climate Change Risks and Opportunities (pgs. 56-59)<br>Board of Directors (pg. 92)<br>ESG Governance (pg. 95)<br>Risk Management (pg. 96)<br><br>2020 Annual Report on Form 10-K (pgs. 17, 20)<br><br>2021 Proxy Statement (pgs. 12-14) |

## *METRICS AND TARGETS*

**Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities.**

| | PotlatchDeltic Comment | Disclosures |
|---|---|---|
| a) Disclose the metrics used by the organization to assess climate- related risks and opportunities in line with its strategy and risk-management process. | Our sustainable forest management practices are certified using third-party audits. We utilize a comprehensive environmental management system for our timberlands. We continually evaluate opportunities to enhance our sustainable forest management and biodiversity practices. We calculate the carbon sequestered annually in our timberlands and the estimated total carbon stored.<br><br>We have comprehensive environmental management systems in place involving our wood products facilities. Our ESG reporting includes data on water consumed, energy intensity, and waste to landfill intensity and we plan to complete an analysis identifying possible reductions. We determine Scope 1 and Scope 2 emissions in accordance with the 2015 Greenhouse Gas Protocol.<br><br>We monitor regulatory and policy changes related to our operations and participate in discussions regarding the principles surrounding their development. We incorporate ESG considerations into the due diligence surrounding capital expenditures and acquisitions. | 2020 ESG Report<br>Forest Management Cycle (pgs.20-23)<br>Environmental Management (pgs. 24-27)<br>Forest Certification (pgs. 32-33)<br>Air, Water, Energy, Waste (pgs. 40-43)<br>Environmental Management (pg. 44)<br>Greenhouse Gas Emissions (pgs. 50-51)<br>Carbon Sequestration and Storage (pgs. 52-55)<br>Climate Change (pgs. 56-59)<br>ESG Governance (pg. 95)<br>Risk Management (pgs. 96-97)<br><br>2020 Annual Report on Form 10-K (pgs. 19, 20) |
| b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. | We determine Scope 1 and Scope 2 emissions in accordance with the 2015 Greenhouse Gas Protocol. We disclose our Scope 1 and Scope 2 GHG emissions annually in our ESG report including Scope 1 and Scope 2 GHG intensity metrics. | 2020 ESG Report<br>Climate Change Greenhouse Gas Emissions (pgs. 50-51)<br><br>Scope 3 GHG emissions and related risks are an ongoing goal. |
| c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. | We will seek to third-party verify our Scope 1 and Scope 1 GHG emissions in 2021. We have initiated calculating Scope 3 GHG emissions for our businesses.<br><br>We are committed to completing a climate-related risks and opportunities scenario analysis beginning with our timberlands in the U.S. South in 2021.<br><br>We are assessing our opportunities to align with net-zero and set climate-related targets. | This disclosure has been identified as an ongoing goal as we incorporate additional TCFD recommendations into our ESG reporting. |

# FOOTNOTES

1. Enterprise Value
2. Acres in thousands, as of December 31, 2020.
3. Capacity represents the proven annual production capabilities of the facility under normal operating conditions and producing a normal product mix. Normal operating conditions are based on the configuration, efficiency and the number of shifts worked at each individual facility. In general, the definition includes two shifts per day for five days per week (two 40-hour shifts) at each facility, which is consistent with industry-wide recognized measures. Production can exceed capacity due to efficiency gains and overtime. Actual lumber production for 2020 was 1,098 MMBF. Plywood production normally expressed in square footage 3/8" basis has been converted to board feet and included in total (Plywood Production MBF = Plywood Production MSF 3/8" X 0.375 MBF/MSF 3/8"). MMBF stands for million board feet; MMSF stands for million square feet, 3/8-inch panel thickness basis.
4. Rural real estate as of December 31, 2020.
5. Forestry, Conservation and Environmental CEOs Establish Common Ground on the Role of Private Working Forests as a Natural Climate Solution | National Alliance of Forest Owners (nafoalliance.org).
6. PM 2.5 is a category of fine inhalable particulate matter defined as having an aerodynamic diameter of 2.5 microns or less.
7. Deltic included for 10 months in 2018; extraordinarily wet weather reduced 2019 harvest.
8. Does not include the effect of future acquisitions or dispositions.
9. Net present value (NPV) is the difference between the present value of cash inflows and the present value of cash outflows over a period of time. NPV is used in capital budgeting and investment planning to analyze the profitability of a projected investment or project.
10. Average percent harvested per year in Idaho is the average harvest acres, excluding thinning, based on our 50-year harvest schedule as a percentage of net acres owned for 2020.
11. Average percent harvested per year in U.S. South is the average harvest acres, excluding thinning, based on our 50-year harvest schedule as a percentage of net acres owned for 2020.
12. Spring weather at the seed orchard during flowering significantly impacts cone and seed production. Weather was unfavorable for Douglas-fir in 2019 and was favorable in 2020.
13. More information on the Montana/Idaho Airshed Group can be found at https://mi.airshedgroup.org.
14. More information about NCASI can be found at https://www.ncasi.org.
15. More information on NAFO's Wildlife Conservation Initiative can be found at: https://nafoalliance.org/issues/wildlife.
16. Nest Attempts are sites where monitoring detected the presence of at least one egg. Nests Disrupted are sites where monitoring indicated a known nest attempt was lost to predation or other factors before eggs hatched or before nestlings fledged. Fledglings produced are the number of nestlings that successfully left the nest and were observed during monitoring.
17. More information on Audubon's Cooperative Sanctuaries can be found at https://audubonintenational.org/acsp-for-golf/.
18. More information on The Conservation Fund's Working Forest Fund can be found at https://www.workingforestfund.org/.
19. Source: Requirements for Sourcing FSC® Controlled Wood FSC-STD-40-005 V3-1 EN (http://us.fsc.org/download.fsc-std-40-005-v3-1-en.468.htm). More information on FSC Controlled Wood can be found at https://us.fsc.org/en-us/certification/controlled-wood.
20. Source: 40 CFR 63 Subpart DDDD, Table 1B https://www.epa.gov/stationary-sources-air-pollution/plywood-and-composite-wood-products-manufacture-national-emission.
21. Permit levels include all mills combined.
22. Actual emission calculations based on the application of accepted industry emission factors and site-specific stack test data to production throughput in board feet and/or hours of operation. Production throughput includes plywood volumes converted from square feet, 3/8" basis to board feet.
23. Water is applied to the log decks to control Sap Stain or Blue Stain, a fungal growth in a harvested log that results in a cosmetic lumber defect.
24. EPA was the stormwater permitting authority in Idaho in 2020 and the Federal Multi-Sector General Permit provided coverage. Operations in other jurisdictions were covered under state authorized stormwater programs with similar requirements.
25. 1 Megaliter = 1,000,000 Liters
26. The Sparta aquifer is a primary source of ground water for industrial, municipal, and agricultural uses in southern Arkansas and northern Louisiana. In 1996, the Arkansas Soil and Water Conservation Commission designated five counties in southern Arkansas as "Critical Ground-Water Areas" due to water level decline. https://www.agriculture.arkansas.gov/natural-resources/news/commission-orders/designation-of-critical-ground-water-areas/.
27. Total Energy Intensity = total energy consumed/total division production. One petajoule is equal to 1 million gigajoules. Note that total division production includes plywood volume converted to board feet. 2018 energy consumption and production includes previous Deltic-owned Ola and Waldo mills for first two months of 2018 prior to merger.
28. Regenerative catalytic oxidizers are pollution control devices that thermally oxidize volatile organic compounds (VOC) and hazardous air pollutants (HAP) into carbon dioxide and water. Their regenerative capability and use of catalysts in the heat exchange media make them up to 97% thermally efficient.
29. See note 27.
30. Total Waste Intensity = total waste generated / total division production. 2018 waste generation and production includes previous Deltic-owned Ola and Waldo mills for first two months of 2018 prior to merger.
31. Internal multimedia compliance audits are conducted at each mill at least every two years.
32. Environmental professionals from each mill participate in the internal compliance audits thus promoting sharing and implementation of best practices across the Company.
33. Biogenic CO2 emissions are CO2 emissions related to the natural carbon cycle, such as burning wood residuals. Biogenic emissions are considered carbon neutral because residual wood used for energy has a net sequestration benefit. Harvested areas are replanted and the CO2 absorption cycle is renewed as the forest grows. These biogenic emissions are also not additive to the carbon released into the atmosphere because they are considered part of the natural carbon cycle and, as a result, are preferable to the alternative use of fossil fuels.
34. Fewer trees are planted in Idaho because commercial rotations are longer and commercial thinning is not common, therefore fewer trees per acre need to be planted to fully occupy the site at the end of a rotation.
35. Greenhouse gas emission estimates are based on the methods outlined in NCASI Report "Calculation Tools for Estimating Greenhouse Gas Emissions from Wood Products Facilities" Version 1.0 and associated workbook "NCASI Spreadsheets for Calculating GHG Emissions from Wood Products Manufacturing Facilities" Version 1.0. $CO_2e$ (or $CO_2$ equivalent emissions) is a term for describing different greenhouse gases in a common unit. For any quantity and type of greenhouse gas, $CO_2e$ signifies the amount of $CO_2$ which would have the equivalent global warming impact. For PotlatchDeltic, $CO_2e$ emissions include emissions of carbon dioxide ($CO_2$), methane ($CH_4$) and nitrous oxide ($N_2O$).

36. More information on the Greenhouse Gas Protocol can be found at https://ghgprotocol.org/corporate-standard.
37. GHG Intensity = Total Scope 1 and 2 GHG emissions/total division production.
38. Scope 3 emissions are indirect emissions from the activities of assets in our value chain that we do not own or control (e.g., transportation and distribution, purchased goods and services, travel).
39. Estimated Scope 3 emissions for harvesting and hauling were based on sample data from fee land and stumpage sale operations as a proxy multiplied over the 4.5 million sawlog tons used by our 7 wood products facilities to calculate total gallons of diesel fuel consumed. $CO_2e$ were calculated from the total gallons of diesel fuel used plus a factor of 2.3 kg $CO_2e$/gal to account for diesel fuel production.
40. Managing forests to avoid large emissions from the loss of old trees while rapidly removing $CO_2$ from the atmosphere through young forest growth can provide both storage and sequestration benefits. https://www.ncasi.org/wp-content/uploads/2021/01/NCASI22_Forest_Carbon_YoungVsOld_web300-scaled.jpg.
41. U.S. Environmental Protection Agency [US EPA]. 2020. Inventory of U.S. greenhouse gas emissions and sinks: 1990-2018. EPA 430-R-20-002. Washington, DC: U.S. Environmental Protection Agency.
42. https://apps.fs.usda.gov/Evalidator/evalidator.jsp.
43. Harmon, M.E., Fasth, B.G., Yatskov, M. et al. Release of coarse woody detritus-related carbon: a synthesis across forest biomes. Carbon Balance Manage 15, 1 (2020). https://doi.org/10.1186/s13021-019-0136-6.
44. Smith, James E.; Heath, Linda S.; Skog, Kenneth E.; Birdsey, Richard A. 2006. Methods for calculating forest ecosystem and harvested carbon with standard estimates for forest types of the United States. Gen. Tech. Rep. NE-343. Newtown Square, PA: U.S. Department of Agriculture, Forest Service, Northeastern Research Station. 216 pgs. https://www.nrs.fs.fed.us/pubs/gtr/ne_gtr343.pdf
45. R = Rotation. A rotation is the cycle of planting, growth, culture and final harvest for a single stand of trees.
46. See note 44.
47. Life Cycle Environmental Performance of Renewable Building Materials in the Context of Building Construction, Bowyer, J., D. Briggs, B. Lippke, J. Perez-Garcia, J. Wilson, Consortium for Research on Renewable Industrial Materials, 2005.
48. See note 44.
49. Early succession species are pioneering species that rapidly occupy a site after a major disturbance such as wildfire or harvest. Late succession species are those that gradually replace early succession species over very long-time spans in the absence of additional disturbance.
50. https://archive.curbed.com/2019/9/19/20874234/buildings-carbon-emissions-climate-change.
51. A carbon offset is any activity that compensates for the emission of carbon dioxide or other greenhouse gas by providing for an emission reduction elsewhere.
52. Offsets issued are recorded by the California Air Resource Board Cap and Trade Program https://ww2.arb.ca.gov/our-work/programs/cap-and-trade-program.
53. Managers include executive/senior level managers, first/mid-level managers, and professionals; Salaried Employees include all salaried employees minus fixed rate employees; Hourly employees include all hourly employees along with fixed rate employees.
54. Northern Locations include employees in Idaho, Michigan, Minnesota, and Spokane, WA, and Southern Locations include employees in Alabama, Arkansas, and Mississippi.
55. Pay equity data is based on annual salaries or hourly rates and has not been adjusted for pay differences that may exist as a result of shift differentials, upgrades, overtime or seniority.
56. See note 54.
57. Turnover is the number of employees who left PotlatchDeltic and whose positions were rehired. Turnover does not include retirees, students, interns and employees on long term leave of absences.
58. See note 54.
59. A journeyperson test is given after apprenticeship requirements of 8,000 works hours supervised under a qualified journeyperson and a minimum of 576 hours of classroom instruction are completed. The test covers such subjects as circuits, conductors, grounding, wiring, lighting, and safety with a primary focus on the Idaho state electrical code.
60. OSHA Recordable Injury - Any work-related injury or illness that results in days away from work, restricted work, transfer to another job, or loss of consciousness; any work-related injury or illness requiring medical treatment beyond first aid.
61. Total Case Incident Rate (TCIR) = (Number of OSHA recordable injuries and illnesses x 200,000) / Employee total hours worked; Days Away, Restricted or Transferred (DART) = (Number of OSHA recordable injuries and illnesses that resulted in days away, restricted or transferred x 200,000) / Employee total hours worked; Industry Averages are based on NAICS code 113 for Forestry and Logging, NAICS code 321 for the Wood Products Industry (sawmills and plywood mill combined) and NAICS code 321113 for Sawmills only.
62. The PotlatchDeltic Supplier Code of Conduct can be found at https://pchassets.blob.core.windows.net/files/PCH_Supplier_Code_of_Conduct.pdf.
63. More information on Log A Load for Kids can be found at https://logaload.org.
64. More information on Bite2Go can be found at https://2-harvest.org/bite-2-go133.
65. More information on Project Learning Tree can be found at https://www.plt.org.
66. More information on Idaho Fish & Games access program can be found at https://idfg.idaho.gov/access/potlatchdeltic.
67. Board tenure, age and diversity data as of May 1, 2021.
68. A geographic information system (GIS) is a system designed to capture, store, analyze, manage, and present all types of geographical data.
69. More information on the Federal Election Commission can be found at https://www.fec.gov.
70. More information on the U.S. Lumber Coalition can be found at https://uslumbercoalition.org.
71. More information on the National Alliance for Forest Owners can be found at https://nafoalliance.org.
72. More information on the American Wood Council can be found at https://awc.org.
73. More information on the Forest Climate Working Group can be found at https://forestclimateworkinggroup.org.
74. See note 15.
75. More information on Idaho Shared Stewardship can be found at https://www.idl.idaho.gov/forestry/shared-stewardship.
76. Kaizen (Japanese word for Continuous Improvement) is a strategy where employees at all levels of a company work together proactively to achieve regular, incremental improvements to the manufacturing (safety) process.

# FORWARD-LOOKING STATEMENTS

As used in this Report, the term "PotlatchDeltic" and such terms as "the Company," "the corporation," "our," "its," "we," "management," and "us" may refer to one or more of PotlatchDeltic's consolidated subsidiaries or affiliates or to all of them taken as a whole. All of these terms are used for convenience only and are not intended as a precise description of any of the separate companies, each of which manages its own affairs.

**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION**

This Report contains, in addition to historical information, certain forward-looking statements within the meaning of the federal securities laws. Words such as "anticipate," "expect," "will," "intend," "aim," "goal," "plan," "target," "project," "believe," "continue," "achieve," "seek," "scheduled," "estimate," "could," "can," "may," "typically," "might," "likely," "potential," "strives," "would," and similar expressions are intended to identify such forward-looking statements. Statements and assumptions with respect to achievement of goals and objectives; anticipated actions to meet goals and objectives; allocation of resources; planned, encouraged, or anticipated actions; planned performance of technology; or other efforts are also examples of forward-looking statements.

These forward-looking statements reflect management's current views regarding future events based on estimates and assumptions and are therefore subject to known and unknown risks, uncertainties and other factors, some of which are beyond our control, and are not guarantees of future conduct or policy. The actual conduct of our activities, including the development, implementation or continuation of any program, policy or initiative discussed in this report may differ materially in the future. Many of the standards and metrics used in preparing this Report continue to evolve and are based on management assumptions believed to be reasonable at the time of preparation but should not be considered guarantees.

Actual results could differ materially from our historical results or those expressed or implied by forward-looking statements contained in this Report due to factors such as: the availability of funding for the programs described in this report; our ability to achieve our goals and objectives; changes in our priorities as well as changes in the priorities of our customers and suppliers; the amount of our future investments; the accuracy of our estimates and assumptions; acquisitions and divestitures; the future effect of legislation, rulemaking and changes in policy or best management practices; changes in production and production capacity in the forest products industry; the competitive environment; the ability to attract and retain personnel and suppliers with technical and other skills; technological developments; the willingness of suppliers to adopt and comply with our programs; the impact of cyber or other security threats or other disruptions to our business; changes in requirements for third-party certification of our timberlands, logs, and lumber; the potential disruption or interruption of the Company's operations due to accidents, political events, civil unrest, severe weather, floods, fires, cyber threats, pandemics, or other natural or human causes beyond the Company's control; and global economic, business, political, and climate conditions.

These are only some of the factors that may affect the forward-looking statements contained in this Report. For further information regarding risks and uncertainties associated with our business, please refer to our U.S. Securities and Exchange Commission (SEC) filings, including our Annual Report on Form 10-K for the year ended December 31, 2020, our 2021 Proxy Statement, and our 2021 Quarterly Reports on Form 10-Q, which can be obtained at the Company's website, www.potlatchdeltic.com. The forward-looking statements in this report are intended to be subject to the safe harbor protection provided by federal securities laws.

Forward-looking statements contained in this Report present our views only as of the date of this report. Except as required under applicable law, we do not intend to issue updates concerning any future revisions of our views to reflect events or circumstances occurring after the date of this Report. Nothing in this Report is incorporated by reference or shall be deemed to be incorporated by reference into the documents that we have filed or will file with the SEC.

# CONTACT INFORMATION

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**Stock Listing**
PotlatchDeltic's stock is listed on NASDAQ under the symbol "PCH"

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www.potlatchdeltic.com

**Social Media:**

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