2019 ESG OVERVIEW

ENVIRONMENTAL

24 million seedlings planted

Practiced sustainable forest management using 50-year, 5-year and annual plans, incorporating best management practices

3.2 million metric tons of CO2e sequestered

Nearly 100% of logs utilized

Scope 1 GHG emissions 26,044 metric tons of CO2e

Protected 2,300 miles of rivers and streams

Renewable energy = 45% of total used at facilities

Harvested 2.5% of timberlands, including thinning

TABLE OF CONTENTS

PotlatchDeltic Overview ................................. 4
Message from CEO ........................................... 6
Our Inaugural ESG Report ............................... 7
Our ESG Approach ........................................... 8

ENVIRONMENTAL RESPONSIBILITY .......... 10
Forest Management ......................................... 12

Forest Certification ........................................... 16
Forest Environmental Protection ..................... 18
Conservation and Endangered Species ............. 27
Product Life Cycle ......................................... 30
Wood Procurement and Chain of Custody .......... 31
Air, Water, Energy and Waste .......................... 32
Real Estate - Thinking Green ............................ 38
Climate Change ............................................ 40
Unlocking the Value of our Land
PotlatchDeltic owns nearly 1.9 million acres of timberland and operates seven manufacturing facilities that produce lumber and plywood. We unlock the value in lands that have a higher and better use than timberland management and also continue to grow our timber base. Through sustainable stewardship of our resources and efficient production at our facilities, we provide economic benefit to the communities in which we operate and superior returns to our shareholders.

Timberlands
Northern timberlands consist of approximately 628,000 acres in northern Idaho and 106,000 acres in Minnesota. Our Idaho timberlands are the most productive Pacific Northwest timberlands east of the Cascades.

Our southern timberlands consist of over 1.1 million acres located across 4 states in the south - Arkansas, Mississippi, Alabama and Louisiana. Timberlands are managed on a sustainable basis to maximize growth while ensuring we maintain healthy working forests. PotlatchDeltic benefits from a strong customer base near our southern timberlands and proximity to major housing markets. Timberlands in these baskets are also expected to benefit from strong end-use demand growth in the region.
Wood Products
PotlatchDeltic is a top 10 lumber producer in the United States, largely utilizing timber sourced from our sustainably managed forests. For builders and distributors alike, we produce a wide array of lumber products at our mills in Arkansas, Idaho, Minnesota and Michigan with a focus on product reliability and a dedication to customer service.

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** - A small percentage of our holdings that has a higher and better use than timberland or is no longer strategic is offered for sale through our real estate broker network.
- **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.
Climate change represents an urgent global challenge. PotlatchDeltic is committed to do our part to mitigate climate change and we believe that working forests are part of the solution. We continuously seek to strengthen the sustainability of our business and generate greater value for all our stakeholders.

We recognize that what we do from an environmental, social and governance perspective is important to our shareholders because it is tied to our value creation, financial performance, and business risk. In addition, transparency facilitates meaningful communication with and understanding of our business by all our stakeholders.

PotlatchDeltic has a strong ESG story. The foundation is our excellence in sustainable timberland management and our dedication to minimize the environmental footprint of our manufacturing facilities. Equally important is our inclusive culture, which prioritizes safety and recognizes the importance of building relationships with employees and communities. These components are supported through high standards of ethics and governance. We have a legacy of responsible management integrated into the way we do business every day – responsible management that is our commitment to the generations to come.

Our inaugural ESG Report marks an important milestone for the work ahead. We recognize the importance of considering long-term climate-related risks and opportunities in our decisions and we will work to enhance our ESG analysis and reporting. PotlatchDeltic will participate in the development of climate policy related to our business through a collaborative and proactive approach and work to minimize potential regulatory impacts.

Michael J. Covey
Chairman and Chief Executive Officer
PotlatchDeltic has a long history of responsible stewardship and we are proud to highlight the cornerstones of our commitment through our inaugural Environmental, Social and Governance (ESG) Report. Sustainability is an integral part of who we are, and is reflected in our business practices, leadership, and culture. Our commitment to sustainable forest management and environmental responsibility is supported by decades of experience and ongoing research. We also recognize that our success is only possible through a healthy and dynamic workforce and with meaningful engagement in the communities where we live and work. Our corporate responsibility is guided by shared values of integrity and ethics, along with effective Board and management oversight.

We continue to participate in conversations about climate change and work with stakeholders to generate ideas about how we can address this challenge. As proposed policy and regulation 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, NGO’s, and coalitions towards collaborative engagement in this effort. As we progress on our ESG journey, we are also evolving our analysis, including scenario analysis of potential climate change opportunities and risks on our business.

Our inaugural Environmental, Social, and Governance report serves as a foundation for describing our ESG management approach. It sets the stage for us to continue to develop goals, improve our transparency and ESG engagement, and enhance our analysis.

Anna Torma
Vice President Public Affairs
PotlatchDeltic is committed to responsible corporate citizenship and ESG considerations are integrated in the way we do business every day. We recognize that 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. These environmental, social and governance factors are the foundation for the long-term success of PotlatchDeltic.

Through our ESG reporting we seek to provide transparency and accountability of our ESG practices, performance, and goals. We plan to report on ESG annually and update you on our progress, on ESG related changes in our business and operating environment, and on our ESG priorities. As we grow in our ESG reporting, we will look to expand our analysis and key performance indicators where appropriate. We also want to work with our stakeholders to prioritize issues that they view as most relevant. We have established some initial goals across the three areas in this report but will seek to develop additional defined targets and opportunities. We will share our successes, challenges and how we plan to continue to improve. A key area we look to expand in our future work, is our climate-related disclosures, including additional scenario analysis related to our potential impacts from climate change. We will continue to improve
Our timberlands can be part of the solution to climate change

our reporting using frameworks such as Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), and Global Reporting Initiative (GRI) and will aspire to accelerate our ESG commitment. The ESG team looks forward to the work ahead to meet these challenges.

This report outlines our fiscal year 2019 (January 1, 2019 – December 31, 2019) metrics and establishes a baseline for future comparisons. We completed a merger with Deltic Timber Company in February of 2018, which makes earlier comparisons challenging. The descriptions of ESG governance approaches and policies are as of the date of publication and reflect recent changes we have put into place as we have formalized our ESG reporting approach.

The PotlatchDeltic 2019 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. The TCFD Framework and the GRI Standards have also influenced our inaugural ESG report. Several metrics, guidelines and standards are not available for this inaugural report and we will continue to evaluate how we can enhance our reporting.

This report should be read in conjunction with our 2019 Annual Report on Form 10-K, 2020 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.
OUR APPROACH

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. Leveraging decades of management experience and by working closely with scientific research organizations, we manage our assets while considering how climate change could create potential risks and opportunities.
Forest Management Cycle
The forest management cycle combines decades of biological knowledge with technical advances in forest management. We manage our timberlands using long-term sustainable yield models. Long-term 50-year strategic management plans are based on harvest schedule models that use inputs like site class productivity, silviculture prescriptions and age class distribution to model the growth and yield of timber. These plans optimize harvest schedules, incorporating best forest management practices such as streamside management zones and stand level retention of wildlife habitat features. Foresters prepare five-year tactical plans based on the longer-term plan and then develop annual operating plans with prescriptions for specific tracts for harvest, silviculture work, and road construction and maintenance. We conduct all operations in accordance with regulatory and certification requirements that protect water quality, wildlife habitat, and worker safety. Our foresters maintain an approved contractor list and monitor trained contractors, who implement environmental protections and follow specific prescriptions for the tract being harvested.

Following harvest, we treat the remaining residuals, or slash, 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, we customarily treat the sites with herbicides to control competing vegetation and promote growth of our seedlings. During planting season in late fall or spring, we plant seedlings on tracts that were harvested.

In Idaho, 70% of our seedlings are sourced from our seed orchard.
12 - 18 months earlier. In 2019, we planted over 24 million seedlings – 16.7 million in the U.S. South and 7.6 million in Idaho. Seedlings for Idaho are grown by third-party sources with 70% of the seeds being sourced from our Cherrylane seed orchard. We select the species that is best suited to the specific tracts and elevation. In the U.S. South, we obtain seedlings from third-party sources and benefit from generations of selective breeding to promote favorable growth and yield characteristics as well as resistance to disease and insects. Less than 3% of our timberlands received a release herbicide in 2019, a treatment to enable seedlings to grow above competing species.

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. Our Southern timber grows 6 - 9% per year, while our Idaho timber growth rates are typically 3 - 6% a year. We synthesize new inventory data along with information about operational activities into both the long-term harvest scheduling model and the shorter-term tactical plans. In both Idaho and the South, pre-commercial thinning is occasionally required on some stands to reduce stocking density to improve stand growth and development. Commercial thinning of stands first occurs around 13 - 15 years of age and some stands are thinned again around 18 - 23 years of age in the South to improve stand health and increase diameter growth to produce high-quality sawtimber.

At around 26 - 28 years of age in the U.S. South, stands are ready for final harvest, 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.
Forest Inventory Modeling

The forest planning and inventory team at PotlatchDeltic leads the extensive forest inventory effort of the Company’s timberlands. This includes annual sample measurements of our timber, year-end inventory protocols and sustainable harvest schedule modeling for harvest projections. Forest growth modeling for long-term strategic harvest scheduling starts with a detailed inventory of our timberlands. The team oversees independent and audited annual timber cruising 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 South and a 10-year cycle in Idaho.

We use this timber inventory data, along with growth-and-yield models, to create the sustainable strategic harvest schedule for our timberlands. The harvest schedule is performed every two years, alternating between our southern region and Idaho each year. The harvest model optimizes long-term harvesting and forest management operations and projects sustainable harvest volumes over a 50-year time horizon.

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. We identify areas that have harvest restrictions, 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.

At the end of 2019, our estimated standing merchantable timber inventory was approximately 86 million tons, including approximately 33 million tons in the North and approximately 53 million tons in the South.

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 (NPV) solution given starting stand structure, yields, product prices, management choices and harvest constraints.
### HISTORICAL AND PROJECTED SUSTAINABLE HARVEST

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual Annual Harvest</th>
<th>Projected Average Annual Harvest Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>4.0</td>
<td>2020-2029: 6.8, 2030-2064: 7.4, 2065+: 7.8</td>
</tr>
<tr>
<td>2018</td>
<td>5.6</td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td>5.6</td>
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<tr>
<td>2020-2029</td>
<td>6.8</td>
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<tr>
<td>2030-2064</td>
<td>5.7</td>
<td></td>
</tr>
<tr>
<td>2065+</td>
<td>6.3</td>
<td></td>
</tr>
</tbody>
</table>

**Note:** The projected range assumes sustainable harvest practices.
FOREST CERTIFICATION

Third-party forest certification ensures our forest management practices and our wood fiber procurement follow clear standards that have meaningful impact. It also provides credible independent assurance and transparency and a clear process for continually improving our management practices. Independent forest certification systems we utilize include the Sustainable Forestry Initiative * (SFI *) and the Forest Stewardship Council * (FSC *).

SFI is an independent non-profit sustainability organization that collaborates on forest initiatives with a wide range of stakeholders including the forest sector, conservation groups, 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. SFI oversees the standards for certification of more than 360 million acres of timberland in North America. SFI forest certification is based on 15 objectives, and 37 performance measures that are centered around promoting sustainable forestry 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.

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. Our 2019 SFI Forest Management audits were in Arkansas, Mississippi, Alabama and Minnesota with successful recertification. There were no major non-conformances and two minor non-conformances that were rectified. In 2019, auditors also highlighted several continued good practices.

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 500 million acres in 90 countries worldwide. FSC’s mission is to promote environmentally sound, socially beneficial and economically prosperous management of the world’s forests. FSC is based on 10 principles and 57 criteria that include compliance with laws, Indigenous rights, conservation of biological diversity and high conservation value forests, water quality protection, community relations and workers’ rights and others.

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 audits are conducted annually with a full re-certification
Foresters measure the diameter of the tree to use as a metric in measuring growth and inventory.

Our third-party forest certification reflects the rigor of our environmental management system, which is based on an ongoing continual improvement process. Forest certification is about much more than just planting more trees than we harvest. It broadens the practice of sustainable forestry through continuing education of forestry professionals and introduces children to sustainable forestry through programs like Project Learning Tree in classrooms as well as in the forest. It challenges us to think long term, and to invest with research organizations to study and improve the industry’s technical knowledge. In addition, it encourages us to engage with the communities and stakeholders who are connected to us through our timberlands and all they have to offer.

GOAL: MAINTAIN 100% THIRD PARTY CERTIFICATION ON ALL TIMBERLANDS
Our excellence in forest management positions us to create value from environmental co-benefits as climate and environmental policy develops. Continuous improvement in best practices through science-based research minimizes our timberland risks from climate change.

FOREST ENVIRONMENTAL PROTECTION

Forest management practices across our timberlands are influenced by a wide range of federal, state and local legislation and regulations. The 1972 Clean Water Act (CWA) and Endangered Species Act of 1973 (ESA) are the primary federal laws for private working forest environmental protection. Federal measures are combined with voluntary state best management practices in our southern U.S. states and legislated best management practices in Idaho under the Idaho Forest Practices Act (FPA). In addition, standards and criteria under third-party forest certification programs include measures beyond the federal and state requirements. We often exceed these regulatory and certification frameworks, utilizing over 116 years of timberland and ecosystem management expertise. Our dedication to sustainable forest management and excellence in forest stewardship is rooted in a commitment that our timberlands will continue to flourish for generations to come.

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 timberland business unit reviews of environmental performance indicators.
Our foresters implement best management practices (BMPs) as part of our environmental management program, and we require that all contractors implement applicable BMPs during forest management activities on our lands and in our mill supply chains.

Logging methods, including the equipment used, are adapted to minimize soil erosion. Harvesting operations consider wildlife habitats and protect against negative impacts. We plan road construction to minimize disturbance to forest productivity, water quality, fish, and wildlife habitat and have regular road maintenance programs.

We apply any chemicals in a way that does not endanger aquatic and terrestrial habitats and we safeguard streams and streamside vegetation through limiting harvesting in riparian areas to protect water quality and fish habitat.

Finally, we reforest areas that are harvested through planting seedlings or natural regeneration and measure and control forest stocking levels, so they reach optimal levels through our forest inventory management.

These practices promote sustainable timberland management, while also maintaining the health of forest soil, water and aquatic habitat, and biodiversity.
Water Quality

Forestry best management practices are designed and implemented to protect water quality during working forest management. Because sediment and temperature are the primary water quality parameters to ensure healthy aquatic habitat, we target both - sediment minimization in all areas and temperature maintenance in regions where cold-water fisheries are present in the North.

Sediment is minimized using BMPs for harvesting operations and forest roads which 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.

In addition, BMPs include practices such as leaving streamside management zones (SMZs) during harvest. SMZs are unharvested or lightly harvested buffers in riparian zones that run along the length of streams and serve to filter and trap suspended sediment. SMZs with retained trees along streams shade them from direct sunlight to the water’s surface and significantly reduce radiative heating, keeping streams cool and clear.

The effectiveness of BMPs implemented during all phases of forest management 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.
In Idaho, we helped develop the state Forest Practices Act tree retention rule for streams and rivers known as the Shade Rule. The Shade Rule was developed with the best available science to retain enough trees along fish bearing streams to keep the water cold and clear and fish populations healthy and productive. One of the key fish species we focus on is westslope cutthroat trout.
MEASURING WATER QUALITY AT MICA CREEK

Forests play a crucial role in collecting and filtering the water that countless organisms depend on—including humans. In our planting, harvesting, and road building, we take comprehensive measures to minimize sedimentation and runoff, with the goal of protecting the water quality and aquatic ecosystems. We follow each state’s prescribed “best management practices” as well as our own procedures that have been refined and improved over decades of research and science-based forestry.

Following passage of the Clean Water Act in 1972, many states adopted forest management guidelines intended to reduce forestry’s negative effects on waters. At the time, there was little research showing whether these new guidelines worked. That’s why PotlatchDeltic undertook a landmark study that was the first of its kind among U.S. forest products companies and remains one of the most comprehensive in scope and findings.

In 1990, with help from the U.S. Forest Service and the Idaho Department of Lands, 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. While the watershed has been the site of numerous research projects over the years, we created this “living laboratory” for one main reason: to conduct a multi-decade study of the effects of modern forest best management practices on stream quality.

Over the course of the study, we have worked with scientists from the University of Idaho and other academic institutions to collect data on the effects of tree harvesting, road building, and other practices. The results of that research are published in independent, peer-reviewed academic journals such as Forest Science and presented at scientific conferences. In our leadership roles serving on the Idaho Forest Practices Act Committee we work to incorporate the results of the Mica research into effective and efficient Forest Practices Act rules.

The conclusions to date are encouraging. They show that forest management that adheres to contemporary best management practices has little to no adverse effect on streams.

Key Findings of Mica Research
- Stream flows generally increase modestly following tree harvests
• Stream temperature in fish-bearing streams within harvest sites increases slightly in the spring and decreases slightly in the summer
• Measurable suspended sediment increases in the first spring following a thinning or harvesting, and quickly returns to pre-harvest levels
• Forest management that adheres to contemporary best practices has no detrimental effect on fish, amphibians, or aquatic insect communities

The formal study is now complete, and the Mica Creek Experimental Watershed has once again become part of our working forest — the forest-lands that we regularly harvest and replant. In collaboration with the University of Idaho, we will continue to collect data on water flow, sedimentation, fish and other key environmental conditions in the watershed to provide ongoing evaluation of our forest practices.

“The Mica Creek Watershed is such an important site for monitoring water quality impacts. The University of Idaho is excited to enter into this next phase after more than 20 years of partnership with PotlatchDeltic. It’s phenomenal what we’re accomplishing together.”

Dean and Professor Dennis Becker, College of Natural Resources, University of Idaho

“The Mica Creek study is an example of our commitment to partner with leading researchers to develop, plan and utilize the best scientific information to promote optimal forest growth, reduce risk of loss and achieve environmental protections in our forest management.”

Kit Hart, Director of Forest Planning, Inventory and Environment, PotlatchDeltic
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. Forest management is also a valuable tool that provides 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 that damage biodiversity.

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: landscape level management; stand level diversity; protection of ecologically unique sites or species; and 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...
We are Committed to Conserving Biodiversity

Utah 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 internal forest management software 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 Moro Big Pine Natural Area-Wildlife Management Area (Moro Big Pine) and its management for the endangered red-cockaded woodpecker 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), 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 forest lands. The National Alliance of Forest Owners (NAFO) Wildlife Conservation Initiative work conserving aquatic species in the South is a key example of our advocacy.
Elk / Ungulates in Northern Idaho

In Northern Idaho, elk, deer, and moose are vitally important to rural communities’ culture, traditions and economy and serve societal needs as game animals or subsistence foods. These large ungulates can also affect native vegetation and agricultural crops because of their large body size, diet choices, and widespread distributions. PotlatchDeltic recognizes the importance of these species and maintaining healthy herds in balance with native vegetation. As a result, we have made substantial commitments to research, conservation and public recreation through partnerships with Idaho Department of Fish and Game (IDFG) and others.

Investigations led by IDFG in collaboration with PotlatchDeltic and others have focused on investigating the Rocky Mountain elk (Cervus canadensis) on Company timberlands and the intermingled public ownership. Studies have examined population levels, nutrition and reproductive levels and their relationship to land management.

The Clearwater Basin Collaborative Elk Project, a citizen partnership with federal, state, and private collaborators that began in 2013 and continues today, is another research collaborative in which PotlatchDeltic has partnered. The purpose is to understand animal fitness, nutritional status, and habitat use across the Clearwater Basin, and synthesize this knowledge for landscape restoration of early seral habitats to benefit elk and other wildlife.

Access to lands and the ability to capture, mark, and monitor animals is a key underpinning of the ungulate research. PotlatchDeltic has developed several Memorandums of Understanding with IDFG to make lands available for capture and to facilitate the state-led research. The long partnership on research has included IDFG deploying remote cameras to census elk and wolves, capturing elk and deer by aerial netting and land-based trapping followed by tagging or collaring and radio telemetry tracking. These investigations allowed researchers to better understand habitat selection and escape behavior.

A key finding of the research has been the importance of summer forage to elk body condition and reproduction. Early seral habitat that results from timber harvest or fire has proven to be a valuable contributor to elk nutrition and reproductive potential.

We provide public access to virtually all our Idaho timberlands and recently entered into a lease agreement with IDFG to provide public access for hunting, fishing, hiking, wildlife viewing and recreational travel on open full-sized roads on 567,000 acres.

Elk hunting is a primary public use of Potlatch-Deltic lands. The combination of public access and working forests that provide a sustained supply of early successional habitat intermixed with escape cover found in mid-aged stands has resulted in high quality elk habitat and prime hunting territory for sportsmen.

The Idaho Game Management Units (GMUs) with the highest sustained elk harvest and highest levels of recreational use include those with Potlatch-Deltic lands. Game Management Unit 10A (Dworshak), which contains the largest amount of our Company ownership, is consistently one of the top 3 elk harvest GMUs in the state.8
CONSERVATION & 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.

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 to provide for their 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 been 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 75,494 acres of timberland that have protected conservation status. Of this, 15,961 acres is within a conservation easement in Arkansas. This conservation easement is also covered by our red-cockaded woodpecker HCP.
We are especially proud of the conservation easement we granted as part of the habitat conservation plan for the endangered red-cockaded woodpecker (RCW) in Arkansas.

The RCW has been listed as an endangered species since 1968 and passage of the Endangered Species Act in 1973 provided official federal protection. Prior to listing, its numbers are believed to have dropped to an estimated 15,000 from an original population of 1.0-1.5 million. It is a habitat specialist, occupying fire-maintained open pine woodlands and savanna, and is the only woodpecker in North America to excavate roost and nest cavities in living pine trees. They practice cooperative breeding, a social system in which some mature adults forgo reproduction and instead assist in raising the offspring of others. These characteristics contribute to the importance of available cavity trees and prescribed fire to provide habitat for breeding groups and maintain healthy populations.

In 1995, we entered into a historic partnership with the U.S. Fish and Wildlife Service to create a habitat conservation plan, or HCP, for the red-cockaded woodpecker, providing a variety of strategies for encouraging the bird’s recovery. More recently, we rewrote the HCP and embedded it in a 15,961-acre conservation easement that we manage to provide prime RCW habitat. This easement with The Nature Conservancy, Arkansas Natural Heritage Commission, and Arkansas Game and Fish Commission, is known as the Moro Big Pine Natural Area-Wildlife Management Area (Moro Big Pine) and protects these lands apart in perpetuity.

Biologists from Wiregrass Ecological Associates – consultants with many years of RCW expertise - monitor the RCW population on our lands, conducting an annual survey and banding all newly fledged birds. Our researchers also regularly use “video peepers” to investigate the tree cavities where the red-cockaded woodpecker nests.

Habitat management and translocation of RCWs to improve population viability has resulted in the population on Moro Big Pine growing from 24 birds with 9 potential breeding groups to 63 adults with 25 potential breeding groups.
A small number of red-cockaded woodpeckers scattered in non viable demographic settings were located on the timberland we added in the 2018 merger with Deltic Timber Company. We are actively working to conserve them by translocating them to Moro Big Pine. This will increase the population size and viability on Moro Big Pine where cavity trees are readily available and fire is used to maintain open pine, high quality habitat.

“The Arkansas Natural Heritage Commission is impressed with and appreciative of the habitat management that PotlatchDeltic is doing in the pine flatwoods at Moro Big Pine Natural Area-Wildlife Management Area. Their success in habitat management there is helping recover the endangered red-cockaded woodpecker (Dryobates borealis) at this site and contributes to recovery efforts of this species throughout southern Arkansas and benefits many other rare species as well. We look forward to continuing our productive partnership with PotlatchDeltic. “

― Bill Holimon, Agency Director, Arkansas Natural Heritage Commission

**GOAL:**
COMPLETE TRANSLOCATION OF LEGACY DELTIC RCW TO MORO BIG PINE

More than 100 cavity inserts have been installed on our lands in the last 10 years.
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, containerboard, and OSB producers. Overall, sawlogs accounted for 64% of our tons harvested in 2019. Approximately one-third of our sawlog harvest in Idaho and 60% 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 facilities from our timberlands or from private, state and federal sources. In 2019, 38% 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 2019, about 17% of these wood residuals was used internally in our boilers for steam energy, with the remainder sold for a wide range of uses. As a result, nearly 100% of our logs are utilized. The energy for the mills was sourced 45% from our internal boilers, with the remainder from purchased electricity, natural gas and propane. 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.
WOOD PROCUREMENT AND CHAIN OF CUSTODY

Forest Stewardship Council (FSC) Chain-of-Custody (COC) certification is used by many paper and packaging companies, as they participate in a consumer supply chain. Global certification ensures that products come from responsibly managed forests that provide environmental, social and economic benefits. Between the forest and the final user, products may undergo many stages of processing, manufacturing and distribution. FSC COC certification tracks the path of our products from the forest through the supply chain, ensuring that FSC-certified material is identified from non-certified material throughout the supply chain. In addition, wood that is procured from land not FSC certified falls under the FSC Controlled Wood standard which requires that the wood we procure does not come from undesirable sources.10 Our Warren, Waldo and Gwinn lumber mills are FSC Chain of Custody/Controlled Wood certified. Our 2019 FSC COC audits resulted in no major or minor non-conformances.

In addition, all our mills are Sustainable Forestry Initiative (SFI) Fiber Sourcing certified. The SFI Fiber Sourcing Standard governs how we procure fiber. By adhering to the SFI Fiber Sourcing standard, we demonstrate that the raw material in our supply chain is purchased from legal and responsibly managed sources. In addition, the SFI Fiber Sourcing standard encourages sustainable forestry by requiring continual training for harvesting professionals, measures to broaden biodiversity, research in sustainable forestry, the avoidance of controversial sources, and the dissemination to landowners and logging contractors of information on reforestation, threatened and endangered species, BMPs to protect water quality, and many other areas. Our 2019 SFI Fiber Sourcing audits resulted in no major or minor non-conformances.
AIR, WATER, ENERGY AND WASTE

PotlatchDeltic operates 6 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. Resource efficiency is a critical component of our operations and we are continually working to reduce our materials usage.

Air Emissions

Air emission sources in our wood products facilities are principally 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 (NOX), 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. In 2019, air emissions from PotlatchDeltic’s wood products facilities included CO of 1.7 million pounds, NOX of 0.8 million pounds, VOC of 2.9 million pounds, and PM of 0.5 million pounds.\(^1\) We constantly evaluate the operation and maintenance of all our emission sources and their associated control devices. Proper maintenance of these devices minimizes emissions and is an important part of our air quality commitments.
Water

Our wood products facilities use little process water in manufacturing operations. Water usage principally includes watering log decks, 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. What little water is discharged, 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 also is used in restroom or breakroom areas.

In 2019, total water withdrawn from all sources was 93.3 million gallons with 52% of our water usage from municipal, 20% from surface water, and only 28% from groundwater sources. Water usage by type varied significantly by location, depending on available water sources.

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 volume declines and/or water quality degradation. Total water withdrawn from these two facilities in 2019 was 20.2 million gallons. PotlatchDeltic considers water stewardship to be an important commitment and makes every effort to reduce, reuse, and recycle water at all locations to reduce consumption. For example, in 2019, at our Bemidji, Minnesota mill, approximately 11 million gallons of fresh water were saved by not watering the wood yard during the summer months. Watering the logs while they are in inventory is a procedure used to prevent deterioration and fungal stain in the wood fiber prior to being processed. The mill was able to take advantage of weather conditions in 2019 and reduce log yard inventories, resulting in a significant reduction in water use.
Energy

Energy consumption at our wood products facilities is 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 2019, our wood products facilities’ energy consumption internally was 10.7 petajoule (PJ) with another 1.3 PJ of energy consumption outside of the mills, predominantly diesel fuel. Total energy consumed consisted of: 51% electricity, 45% renewable sources, and 4% non-renewable fossil fuels. Energy consumption per unit of production was 8.9 gigajoule (GJ).

Waste

The primary waste streams generated by our production processes include wood ash from the boilers and general facility waste such as canteen waste, packaging, plastics and trash. In 2019, we generated 44.2 million pounds (22,102 tons) of waste. Of the total, 75% was non-hazardous wood ash. Approximately one third of the wood ash generated was used as soil liming substitute in agricultural and silvicultural applications and efforts are ongoing to expand this program at all wood products facility locations with the eventual goal of eliminating wood ash from landfill. Nearly all the remaining industrial waste and plant trash are landfilled. Each facility has recycling and waste reduction programs in place. In 2019, we generated 3,409 pounds of hazardous waste, consisting almost entirely of spent aerosol liquids. This waste is generated when residual liquids are drained from spent aerosol cans. The disposal method involves refining the waste liquid to recover useable 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.
Environmental Management

PotlatchDeltic wood products facilities have procedures designed to comply with 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.

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 compliance performance and reliability.

The CMS includes a “Roadmap Process” used to identify all applicable environmental compliance requirements for air, water and waste. The Roadmap Process identifies actionable items and provides the 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. Key findings and best practices identified to focus improvement efforts and are shared across facilities to drive proactive improvements elsewhere. 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

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CASE STUDY

ST. MARIES WOODSTOVE CHANGEOUT INITIATIVE

We are part of a multiparty initiative to improve air quality

Air quality affects everyone. In the town of St. Maries, Idaho, where PotlatchDeltic operates a lumber and plywood complex, local authorities and key leaders are working to improve air quality. The picturesque location, nestled in the mountains and along the St. Joe River, lies in an area prone to natural air inversions which can hold particulate matter in the valley.

Ambient air monitoring has been conducted in St. Maries for almost 20 years to ensure the airshed meets the U.S. Environmental Protection Agency’s (EPA’s) National Ambient Air Quality Standards (NAAQS) requirements. Typically, the Idaho Department of Environmental Quality (DEQ) determines an area’s compliance with NAAQS requirements and develops emission control strategies. Air quality is monitored through distinct monitoring sites that are part of the DEQ air monitoring network. One key regulated air pollutant is PM2.5 or particulate matter less than 2.5 microns in aerodynamic diameter (less than 1/10,000th of an inch), which typically consists of smoke.

The PotlatchDeltic St. Maries complex works within a multi-party framework regarding air emissions. The lumber and plywood mills are partially located within a formal reservation boundary of the Coeur d’Alene Tribe (Tribe). As a result, air emission compliance is monitored by the Tribe and EPA Region 10 within the reservation, while the remainder of the site’s air emission compliance is monitored by Idaho DEQ. Stationary sources are regulated through an air permitting system. This includes air permits and federal regulations that limit air pollution emissions through the use of work practices and air pollution control equipment.

Since ambient air monitoring began in St. Maries, the NAAQS have been tightened significantly and the background PM2.5 levels are approaching the standard. This has resulted in the St. Maries airshed approaching the NAAQS limit and in recent years, the data have shown that the airshed is within 10% of the NAAQS. In response to this trend, the city of St. Maries is participating in PM Advance, an EPA program to proactively address air quality improvement opportunities within the St. Maries airshed through voluntary efforts. The DEQ, Coeur d’Alene Tribe and PotlatchDeltic work together with the City...
St. Maries lies in a valley prone to natural air inversions, which can impact air quality. In a multi-partner effort to address air quality issues at the local and regional level with pragmatic solutions for the community.

Typically, in communities in mountainous terrain, woodstoves and open burning make up the largest contributors of PM2.5 emissions. This has been seen in communities in Idaho, Montana, Alaska, and even New Zealand. Although each woodstove is a relatively small contributor by itself, the cumulative impacts in these communities is substantial. In Salmon, Idaho, residential wood combustion represented 39% of total PM2.5 emissions.

St. Maries faces a similar challenge. As a result, a key initiative of the multi-partner effort has been the DEQ sponsored woodstove changeout program that provides financial incentives for homeowners to replace old woodstoves. The new EPA-certified stoves are built to comply with emission standards and burn cleaner but also provide the homeowner the benefit of substantially higher combustion efficiency, resulting in less wood burned. Air pollution from old woodstoves can be twenty times higher than EPA-certified stoves.

PotlatchDeltic contributed to the initiative through funding along with DEQ and the Coeur d’Alene Tribe. We recognize how connected we are to our communities, like St. Maries, and are proud to be part of the initiative to improve air quality.
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 and incorporate 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.

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 detention 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 prohibit motorized boats to maintain water quality and a peaceful environment.
Our Chenal neighborhoods are designed with significant greenspace, walking trails, and bike paths.
Our forests can play a powerful positive role as a natural climate change solution through carbon sequestration.

**CLIMATE CHANGE**

**Forests: Part of the Solution**

PotlatchDeltic works to combat climate change through our sustainable forest management practices and efficient wood products manufacturing facilities. Our forests play a powerful positive role through carbon sequestration. Trees absorb carbon dioxide, convert it to carbon which is stored in the branches, trunk, needles and roots, and respire oxygen. Sustainably managed working forests improve the carbon capture of forests by forest management measures that maximize growth or yield. 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.

Harvested trees made into wood products continue to store the carbon they sequestered while growing, with carbon representing about 50% of the dry weight of the harvested tree. Wood products store that carbon through their lives as end products, such as lumber in housing, acting as a “carbon vault.” 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 has 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. Our timberlands sequestered an estimated 1.41 million metric tons of carbon dioxide.
carbon in 2019.\textsuperscript{18} This equates to approximately 5.20 million metric CO2 ton equivalents. For perspective, this is like taking 1,239,130 vehicles off the road for a year.\textsuperscript{19}

We 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 Offset Program for forest projects we sell carbon sequestered on our Moro Big Pine conservation easement in Arkansas to companies requiring offsets. 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.\textsuperscript{20} 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 is clear recognition of the role working forests play as a climate change solution and of PotlatchDeltic’s leadership in bringing to market co-benefits of working forest lands.

Our timberlands sequestered an estimated 1.41 million metric tons of carbon in 2019
Greenhouse Gas Emissions
We continually evaluate opportunities to reduce GHG emissions through increasing the efficiency of our manufacturing process and improving energy efficiency. Direct GHG emitted by our operations largely consist 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 for fuel. Our consolidated 2019 direct (scope 1) emissions were approximately 26,044 metric tons of CO2e.21 Scope 1 emissions are from sources that we directly own or control, including the wood-fired boilers and kilns at our wood products facilities and company-owned vehicles across our businesses. 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. In 2019, the emissions rate from our wood products production was 47.8 pounds of CO2e per thousand board feet (18.0 kg of CO2e per metric ton) of lumber produced.22 Other Scope 1 emissions sources are 35% of total CO2e and are from company-owned mobile sources. Emissions generated from biogenic carbon, such as energy fueled by residual wood sourced from our sustainably managed forests, can be considered carbon neutral CO2 emissions. This considers the net sequestration benefit as areas harvested are replanted and the CO2 absorption cycle is renewed as the forests grow. Our facilities utilize renewable wood residual as fuels, which means the proportion of carbon neutral CO2 emissions in our emissions is high. We estimate that in 2019, 94% of the Scope 1 emissions from our wood products facilities could be deemed carbon neutral based on carbon neutral biogenic emissions.23 This is substantially better than fossil fuel carbon emissions.

GOAL: DETERMINE CONSOLIDATED SCOPE 2 AND SCOPE 3 GHG EMISSIONS
Climate Risks and Opportunities
Climate-related impacts can occur in our businesses and the regions where we operate. Potential risks to our timberlands from climate change may include higher risk from insects and increased susceptibility to wildfire or severe weather. Facility operations could be impacted by factors such as water stress, changing environmental regulations or greater demand for wood residuals for renewable energy. Opportunities could include timberland growth rates or yields that meaningfully benefit from increasing temperatures as well as new market opportunities.

We recognize the need to continue to evaluate potential risks and opportunities from climate-related changes and to investigate initiatives that promote the carbon storage capacity of our forests and maximize value for shareholders. As we continue to enhance our ESG initiatives, we are committed to increasing our analytic capabilities, including the use of scenario analysis, to assess and respond to climate change related risks and opportunities.

As climate-change related policy and market opportunities develop, working forest can play an important role given their carbon benefits. This could create a broader opportunity to use working forests to mitigate the effects of climate change through credits or offsets for carbon emissions or through a system of carbon tax, rebates or credits. We encourage voluntary approaches that are market based, support existing sustainable working forest management practices and recognize the carbon benefits of the working forest products supply chain, such as the carbon stored in long-lived wood products, to determine overall mitigation benefits.

GOAL: INITIATE CLIMATE SCENARIO RISK AND OPPORTUNITY ANALYSIS PROCESS
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. We offer a wide range of health and financial benefits for our employees and their families. We create opportunities for employee improvement and professional growth.

Our commitment to our employees starts with our strong culture that prioritizes health and safety. 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.

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, most of our timberlands are available to the public for a wide range of recreational uses.
Diversity and Inclusion

PotlatchDeltic is an equal opportunity employer. We value an ethical, diverse and inclusive culture, where employees are encouraged to be engaged every day and are respected for their unique perspectives and skills. 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. The principles underlying our commitment to diversity and inclusion are also reflected through our policies, including our Corporate Conduct and Ethics Code, Equal Employment Opportunity Policy and Americans with Disability Act Policy. We also maintain a robust reporting process that includes

EMPLOYEES

At the end of 2019, PotlatchDeltic employed over 1,300 personnel across our businesses. The employees in our wood products facilities account for 89% of that total. These employees work at our wood products manufacturing facilities: three sawmills in Arkansas, sawmills in Michigan and Minnesota, and a sawmill and plywood complex in Idaho. Employees at wood products facilities consist largely of hourly manufacturing positions, which include skilled trades, operators, and laborers. Salaried professionals and executives within our Company include accounting, finance, legal, IT, communications, and human resources professionals as well as our foresters and wood products salesforce.
an ethics hotline, which provides an anonymous means by which employees can express their concerns regarding a variety of workplace HR issues.

Overall, women represent 16% of our total workforce. Twenty percent of our board (25% of our independent directors), 22% of our executive team, and 18% of our senior level management team are women. In overall corporate-type roles, such as accounting, audit, legal, human resources, sales, and IT, women represent 50% of our workforce. In our wood products facilities, women comprise 10% of our operators and over 25% of laborers.

Many of our operations are located 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. Diversity and inclusion metrics are part of our annual performance planning process. The CEO and the Board of Directors establish annual company diversity goals, for which senior leaders are responsible. We evaluate gender pay equity on an annual basis and adjust salaries as appropriate. Our diversity strategies and statistics are discussed with our Board of Directors at least annually.
Recruiting and Employee Selection
PotlatchDeltic works to attract and develop talent to establish our existing and future workforce. Recruiting can be challenging for 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 also offer paid internships for some positions to help build awareness and skills in potential future employees.

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.

Gender diversity has been improved particularly in recruiting and promoting women into corporate roles.

Diversity is a key focus of our summer intern programs as well. These positions support the students of local colleges and universities and provide meaningful summer projects that aid in their academic development and job readiness.

GOAL:
CONTINUE TO IMPROVE OUR DIVERSITY BY EMPHASIZING UNDERREPRESENTED GROUPS IN HIRING.
Wood Products demographics are typically similar to the demographics in the communities in which we operate. Recruiting activities place an emphasis on attracting diverse candidate pools from which to select the most qualified applicants. Strong partnerships with external recruiters, local colleges and community organizations seek to expand our recruiting capabilities and identify individuals that can add to the overall diversity of the division.
**Employee Benefits**

Our benefits help our employees and their families to stay healthy through comprehensive medical, dental, vision and wellness programs. We offer a wide range of health and financial benefits to support the diverse needs of our employees and their families. We address our employees’ need for flexibility in their benefits by providing employees a variety of benefits including sick leave, vacation pay, flexible work arrangements and the ability to work remotely as needed.

**Employee Development**

At PotlatchDeltic, we know we will be more successful if we grow our most important asset – our employees. We have formal and informal programs to develop our workforce through employee improvement and professional growth. Through this we seek to maximize employee engagement and retention.

Our development strategy focuses on continually improving performance through healthy discussions between an employee and their manager. We expect managers to engage with employees and advocate for the growth and development of their direct reports. We see this development as a partnership that begins with a dedication to our annual performance management and goal setting process.

Linking pay to performance is at the heart of our compensation philosophy. Salaried employees set annual goals in performance, developmental, and personal categories and employees track progress towards their competencies throughout the year. Managers provide formal feedback at least once a year to employees regarding their performance and progress towards their goals. Managers work closely with employees to identify challenges and development opportunities. Each year, all salaried employees complete performance discussions with their managers and establish meaningful and measurable goals for the next year.

As part of our succession planning and commitment to developing talent, we conduct an annual leadership training program to build bench strength at the supervisor and management level. The leadership training brings together mill, timberlands, real estate and corporate employees who have been newly hired or promoted and are individuals who are essential to developing a strong bench of future leaders. The multiday training modules include workshops on a wide range of issues such as leadership, conflict resolution, supervisory skills, and coaching tactics, 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. We also know our diverse employee population thrives on learning and we will help grow their careers through programs including paid apprenticeships, cross-training, continuing education and tuition reimbursement. Employees are encouraged to participate in a variety of cross-functional learning opportunities including safety audits, environmental audits or capital installation projects. We believe there is no substitute for these diverse on-the-job learning opportunities and their ability to drive employee engagement.

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. Interns also provide us with fresh perspectives on what we do every day.

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 TO BUILD A TRAINING LIBRARY.
Millwright Apprenticeship

PotlatchDeltic’s millwright apprenticeship program consists of a combination of classroom, bookwork, tests and practical experience. Apprentices work through a total of four phases, with tests at the end of each component. Apprentices typically work the day shift in the program so they can train with the most senior or qualified employees.

Millwrights are multi-skilled employees responsible for repairing and maintaining all plant and equipment to improve operating conditions, equipment reliability and quality performance. Millwrights play an integral role in keeping our wood products facilities running smoothly. They perform preventative maintenance as well as partner with facility operators to use best practices in maintenance planning. Millwrights get to see the process from beginning to end in a fast-paced, hands-on role where every day presents new challenges.

The apprenticeship program requires commitment and takes 4,640 hours to complete. Topics covered in the first phase are safety practices and principles, hand tools, shop trucks and lifts, mobile equipment/cranes, rigging and hoisting, lubrication, and log storage. During the second phase, millwright apprentices focus on pumps, pneumatics, mechanical drives, conveyors and fire protection. The third phase covers bearings, hydraulics and steam. Finally, the fourth phase includes basic welding and cutting, fabrication and job planning, along with basic machinery operation and shift support.

In 2019, we had 29 employees working through the millwright apprenticeship program. It 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 millwrights in our maintenance departments.

“I like it. I like that I have the opportunity to get in there and learn. This job provides a lot of different opportunities.”

Jerry – Millwright Apprentice at Warren, Arkansas mill.

Jerry Marshall has worked at the Warren mill for three and half years. He started working with PotlatchDeltic as an entry level laborer in the Sawmill department. He performed on a few different jobs, moving from laborer to floor support to Stacker operator, before joining the Maintenance department as an Oiler in 2018. As an oiler, he was able to develop welding skills by assisting other millwrights working on kiln carts, essentially teaching himself how to weld better. He gladly accepted the opportunity to enter the millwright apprenticeship program in March of 2020. His experience on the production floor and the skills learned in the oiler position, provide a solid background for his millwright training, as he understands the functions of the machinery and the process of milling logs into lumber. If speaking to a future applicant, Jerry said his advice would be to “come in, do your job, and be on time. When an opportunity comes up, don’t let anyone tell you that you can’t do it. The opportunity is here for you.”
Forestry Interns in Idaho

During the summer months, PotlatchDeltic provides students the opportunity to work with our foresters as interns. Candidates must be enrolled in an undergraduate or graduate degree program for Forestry, Forest Products, Science, Environmental Science or in related studies. The internship provides an opportunity for students beginning their career in forestry to broaden their understanding and gain greater insight into the many components of sustainable management of private working forests. It also provides an opportunity to gain a practical understanding of the work and to see first-hand how technology is used in forestry today for a wide range of applications.

In Idaho, six interns worked with our foresters in 2019 focusing on forestry, roads and silviculture. Interns participated in activities like harvest unit layout, logging appraisals, logging and planting inspections, and the layout of streamside management zones. They also conducted field layout of new road construction, assessed legacy roads for maintenance requirements, and inspected roads and culverts to ensure compliance with environmental regulations. At the end of the summer, interns prepared presentations on the range of activities they participated in as well as one significant project they worked on.

Summer interns often end up choosing a career with PotlatchDeltic. Our Idaho timberlands staff includes two former interns just starting their careers this year as well as foresters that have worked with us for over two decades. In fact, over one-third of our Idaho foresters started their PotlatchDeltic careers with a summer internship.

CASE STUDY

Seedling Improvement Forestry Intern Project
This intern analysis focused on the success on our Idaho timberlands from the use of seedlings with improved genetics. Parent trees with desirable traits are selected and seed is used from these parent trees to grow new seedlings. If the seedlings exhibit desirable traits, they are used for the next generation of improved trees. PotlatchDeltic began planting improved Douglas Fir from our Cherrylane Seed Orchard in 2002. Growth was evaluated using plots with metrics such as variance of height and stem volume index. The conclusion was that over 95% of the Douglas fir planted is exhibiting improved genetic traits.

Micro-Siting Forestry Intern Project
This intern project focused on micro-siting and the operational feasibility of various contract specifications to improve seedling survival rates. In a forestry context, micro-siting is the process of selecting tree-specific planting locations during reforestation projects that provide optimal survival and growth conditions for seedlings. This project evaluated whether our reforestation contract specifications led to adequate micro-siting by planting crews. Analysis showed that enhanced contract specifications would improve micro-siting, and that enhanced specifications were achievable. Foresters are now using site-specific contract language that will improve seedling survival rates and long-term sustainability.
HEALTH AND SAFETY

Our highest priority is the health and safety of our employees – they are our greatest asset. We are focused on preventing occupational illness and injuries without compromise.

At PotlatchDeltic our safety aspiration is zero incidents and our measurement is zero recordable injuries at all our operating sites. Together, we have the responsibility to commit to making safe choices in every situation, every time. Our company is committed to providing and constantly maintaining a safe work environment and providing proper training in rules, regulations and safe behaviors. This common focus by our employees and by our company to zero safety related losses is our most important priority.

At our wood products facilities, a divisional safety manager oversees the Health and Safety (H&S) program and guides safety messaging, working with local safety coordinators and safety committees. Mill managers and supervisors implement and maintain safe work practices. Employees help identify, eliminate or mitigate hazards and risk, and follow required safety guidelines.

PotlatchDeltic wood products facilities have comprehensive safety programs that include safety audits, training, contractor safety requirements and that include annual H&S budgets as part of essential capital planning. Four of our seven facilities hold Voluntary Protection Program status. Safety audits are conducted monthly by a safety audit team with any issues identified and progress on remedial actions tracked through follow-up procedures. H&S training is administered through computer-based training and through mandatory
monthly crew meetings. In addition, safety meetings, pre-shift meetings and department meetings are held regularly. We require our contractors to conduct health and safety training with their employees on an annual basis to meet PotlatchDeltic, federal and state standards. Contractor training and performance is monitored at each facility, and only contractors that meet established training and performance requirements are permitted to work on site.

Our timberlands and real estate operations incorporate safety through regional safety teams and annual safety training. Regional managers regularly highlight safety priorities and employees report near misses and safety incidents to better track and continually improve safety related performance. These efforts are monitored and reported regularly through our timberland management system. Contractor safety requirements are also a key component of our timberland safety program. Timber harvesting contractors must meet stringent state and federal safety regulations and undergo annual industry-specific safety training. PotlatchDeltic foresters document and monitor contractor safety training requirements.
Our 2019 wood products total case incident rate (TCIR)\textsuperscript{24} was 2.4 and well below the latest (2018) national industry average of 6.1 for sawmills. Our St. Maries plywood facility had a TCIR\textsuperscript{24} in 2019 of 0.8. Our 2019 wood products days away, restricted or transferred (DART)\textsuperscript{24} was 1.5 days, also well below the latest (2018) national industry average of 3.4 days. We had one contractor fatality in 2019. An increase in soft tissue and hand injuries was observed in 2019. As a result, we placed greater emphasis on proactive care for soft tissue with our St. Maries, Bemidji and Gwinn facilities partnering with physical and massage therapists and focusing on hand injury reduction programs. This has resulted in meaningful progress over the past several months.

Timberlands in 2019 only had one injury and had a TCIR\textsuperscript{24} of 1.7, well below the latest (2018) national forestry and logging industry average of 3.5. In addition, a contractor fatality occurred on our timberlands in 2019.

We continue to improve our safety leadership and culture to embed the lessons from safety incidents. We promptly investigate incidents and near-misses at our facilities and conduct root cause analysis to identify and remediate risks. We seek continuous improvement of our H&S program through enhanced internal investigation processes, appropriate training on best practices, and a safety-first emphasis.

**GOALS:**
- ENHANCE CONTRACTOR STANDARDS AND SAFETY REVIEW SYSTEM
- INTEGRATE KAIZEN SAFETY EVENTS TO DRIVE SAFETY CULTURE WITH EMPLOYEE INVOLVEMENT
- ENHANCE TCIR / DART ANALYSIS FOR TIMBERLANDS AND REAL ESTATE
Forklift Safety

Forklift incidents have been the largest contributor of property damage in our wood products facilities in recent years. Forklift operators and employees working around these operations are at risk of hazards such as collisions, falls, tip-overs, and struck-by conditions. The incidents that have occurred have been due to a range of issues including unbalanced loads, blinding loads, speed of forklifts, or unlevel pathways. To address forklift-related safety incidents, the wood products H&S team implemented new practices to help reverse the trend. These included mandatory forklift retraining, pre-shift checklists on all forklifts and post accident/incident drug testing.

The refresher training on best practices included: not raising or lowering loads while traveling, being aware of other forklifts nearby, using horns at cross aisles or where there are obstructions, and observing the speed limit. We expect that the implementation of the mandated practices will lead to a significant reduction in forklift-related property damage.

NEW PRACTICES INCLUDE:

Mandatory forklift retraining on all forklift involved incidents:
The implementation of mandatory retraining with comprehensive testing on all forklift incidents is designed to ensure that the forklift operators have a complete understanding of the safe use and operations of the equipment. The retraining is required to be completed successfully before the forklift operator can continue to operate the forklift.

Mandatory Post-Accident/Incident Drug Testing:
Significant forklift incidents require the forklift operator to take a drug screen. The drug screen must show no indication of drugs in the forklift operator’s system before the operator can continue to operate the forklift.

Mandatory Pre-Shift Checklist on All Forklifts:
All forklifts have a pre-shift assessment to ensure that each forklift is in good operational condition before the operator starts the shift. Forklifts found to be unsafe are removed from service for maintenance.
The Voluntary Protection Program (VPP) is administered under OSHA in partnership with facilities and recognizes excellence in occupational health and safety. In Michigan the program operates as Michigan Voluntary Protection Program (MVPP) through the Michigan Occupational Safety and Health Administration (MIOSHA). MVPP participants implement safety and health management systems that provide protections beyond what is required by MIOSHA standards. Michigan has two program classifications, MVPP Rising Star and MVPP Star. The Rising Star program provides a stepping-stone towards Star status. Star status, the highest of the two classifications, is reserved for exemplary locations with comprehensive successful health and safety management systems. Less than one-half of one percent of manufacturing sites in Michigan receive this designation.

A site qualifying for MVPP Star must meet four core elements: management commitment and leadership and employee involvement; worksite analysis; hazard prevention and control; and safety and health training.

Our Gwinn, Michigan facility first received MVPP Rising Star status in 2010. Rising Star participants have a good safety and health management system and have incidence rates at or below the industry average for two out of the last three years. By early 2013, the Gwinn facility had achieved its MVPP Star status. Achieving Star status was a collective employee effort with stringent requirements. A three person MIOSHA team conducted an evaluation of the Gwinn facility’s entire health and safety management system and operations over a three-day period. The MIOSHA MVPP Review Team found the facility’s practices to be consistent with the high quality of MVPP programs. The expectations of MIOSHA are that the facility demonstrates continuous improvement in its safety and health management system, and that MVPP facilities are re-evaluated on a three-year cycle versus the less stringent OSHA VPP five-year cycle.

Since then, Gwinn has gone through a re-evaluation audit in 2016 and completed a re-evaluation in 2019, maintaining MVPP Star status throughout. Incident rates at the Gwinn facility are well below the industry average for their NAICS code: 321113 – Sawmills. Total case incidence rate (TCIR) was 3.2 in 2017, 3.1 in 2018 and 3.2 in 2019 compared to Bureau of Labor Statistics Michigan industry averages of 5.9 in 2017, and 6.1 in 2018 (2019 not yet available).

Site audits noted several best practices including one related to lightning strike detection. The Gwinn facility utilizes a weather detection software system that detects cloud-to-ground lightning strikes within eight miles. When a cloud-to-ground lightning strike is detected, all work in the yard and other areas outside the mill buildings is stopped. The people working outside (including contractors) must seek shelter inside. Outside work cannot be resumed until the shift supervisor informs everyone that the storm has passed beyond the eight-mile radius for a period of five minutes. PotlatchDeltic’s Gwinn facility is recognized by MIOSHA as a leader in health and safety, and as a model for the industry.
**Bemidji, Minnesota**
The Bemidji, Minnesota facility has a similar program in place, modeled after VPP, called MNSTAR. Our Bemidji mill has consistently been in the MNSTAR program since 2001. The last re-evaluation was in 2020. An exemplary practice highlighted by auditors was the onsite physical therapy and athletic trainer. This is a proactive approach to prevent soft tissue injuries and to prevent minor injuries from becoming serious injuries which may keep employees from work. Employees are encouraged to utilize the services for injuries regardless of where they occurred to promote recovery and to prevent deterioration resulting from work requirements.

**St. Maries, Idaho**
Our St. Maries, Idaho complex has VPP Star status under OSHA. 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.

**GOAL:**
**EXPAND VPP STATUS (OR STATE EQUIVALENT) ACROSS ADDITIONAL WOOD PRODUCTS FACILITIES**

**Kendall Brusseau** recently received the 2019 VPPPA William “Sully” Sullivan Scholarship. The VPPPA William “Sully” Sullivan Scholarship recognizes an employee at a VPP Full member site who has made significant contributions to the VPP program at his/her site. Kendall has worked at PotlatchDeltic St. Maries Complex as a college hire since 2015.
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 is integral to the work we do at PotlatchDeltic.

**COMMUNITIES**

**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. We also match our employees’ gifts to United Way at a rate of 50 cents on the dollar. Our community charitable efforts are driven by each of the locations where we operate. Each location is given an annual budget and the opportunity to allocate those resources, using our company guidelines, to the programs that will best impact their community.

Programs supported in 2019 included school and community sports, fire departments, community cultural events, food banks, Boys and Girls Club, and a wide range of charitable organizations. We also contribute to Log A Load events across our footprint. The Log A Load For Kids Foundation is a forest products community initiative to raise funds to improve children’s health through treatment, education and research at Children’s
We are proud to have contributed plywood to the new University of Idaho arena. The arena uses timber that highlights Idaho’s wood products industry.

Miracle Network (CMN) Hospitals and other local children’s hospitals

Conservation of Natural Resources:
We also 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. In 2019, the Idaho Governor’s Cup provided 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 2019, we contributed plywood from our St. Maries, Idaho complex to the new University of Idaho arena. The 62,000 sq. ft. arena is set to be a model for the use of mass timber for long-span sports facilities and uses timber that highlights Idaho’s wood products industry.
Volunteering:

PotlatchDeltic employees are actively involved in volunteering in their communities 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 like the Magnolia Blossom Festival in Arkansas, 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, Idaho complex 8 of the 21 PotlatchDeltic fire department employees also volunteer at fire stations within the St. Maries Fire Protection district. 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 many of our foresters make a difference is through efforts to increase forest education through classroom outreach or by hosting Teachers Conservation Workshops. Foresters from our Idaho timberlands are involved with a local high school’s environmental science programs. Our foresters lead field tours and provide classroom instruction that educates students on the sustainability of working forests and the

PotlatchDeltic entered two teams into the Hollywood at the Lanes Bowling Classic benefiting Spokane Junior Achievement

Junior Achievement Board meeting
Several PotlatchDeltic employees volunteer with their community fire department.

Our foresters conduct field tours to educate students on forest management.

Hughes Ace Hardware and PotlatchDeltic set up a fund in St. Maries that enabled kids and adults alike to get a free bicycle helmet if they are in need.

Several PotlatchDeltic employees volunteer with their community fire department.

environmental benefits that they provide. Students are given hands on instruction in forest ecology, hydrology, forest regeneration and tree physiology.

Employees also work on several non-profit boards and committees. Several of our Spokane employees volunteer in some capacity, with board level commitment at organizations including Junior Achievement, Boys and Girls Clubs, YMCA, YWCA, The ISAAC Foundation, 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.
For over a decade, PotlatchDeltic has partnered with United Way to raise money for local nonprofits. At our corporate offices in Spokane, Washington, we hold a United Way Week every September.

United Way Week includes a range of activities to raise awareness of local charities and to learn more about United Way’s initiatives. In addition, we hold a series of fundraising activities which have included checkers matches, dessert bake-offs, remote control car races, miniature golf, kickball, and basketball shoot-off competitions.

The largest fundraising activity we have during United Way Week is our annual basket raffles. Departments and teams create themed baskets and fill them with donated and purchased items. Employees then purchase tickets to win their favorite basket in raffle drawings.

Each year, during United Way Week, our Spokane employees also give back to the community with a day of service. This year, the organization selected for the day was Spokane Riverkeeper. Spokane Riverkeeper fights for clean water in the Spokane River and its tributaries. Employees volunteered to remove trash from the banks of the Spokane River and together helped to clean up 1,260 pounds of trash.

Since becoming involved with United Way, PotlatchDeltic’s corporate office has had a 100% participation rate from employees and we look forward to continuing our involvement with the community.
Spokane employees volunteered with Spokane Riverkeeper to remove trash from the banks of the Spokane River.

1,260 lbs of trash cleaned up
Providing Opportunities for Recreation

Our foresters work every day to manage our timberlands on a sustainable basis and protect water quality, wildlife, and biodiversity. PotlatchDeltic 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.25 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.

We are #forestproud
OUR APPROACH

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 excellence in financial management.

We approach governance with a view to enhance long-term shareholder value by executing our strategy through sustainable forest management, environmental responsibility, an ethical, diverse, and engaged workforce, health and safety, community impact, and advocacy. Robust governance practices including a culture of integrity and respect, established risk management and control, 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 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 a number of associations and coalitions and recognize that the best policy outcomes require collaboration and education.
PotlatchDeltic’s 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 for shareholders, the Board of Directors, management and public trust.

The Board of Directors oversees 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.

The Board is comprised of individuals with significant expertise who provide a diversity of backgrounds, perspectives and skills and are committed to enhancing stockholder value. Board members are selected for their character, judgment, business acumen, and diversity of experience, backgrounds, perspectives and skills, as well as their ability to act on behalf of all stockholders.

As of June 1, 2020, the Board has 10 Directors. Our Director Independence Policy requires that the Board be comprised of a majority of independent Directors. Currently, eight of the directors are independent with a strong lead independent director. Two of the eight independent directors are women. During 2019, the Board of Directors held four meetings, with all Directors attending more than 75 percent of all meetings of the Board and Committees on which the Director served.
Our Board of Directors

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<th>Size of Board</th>
<th>Number of Independent Directors</th>
<th>Separate Chair and CEO</th>
<th>Strong Lead Independent Director</th>
<th>Annual Director Elections</th>
<th>Number of Board Meetings held in 2019</th>
<th>Annual Board and Committee Evaluation</th>
<th>Mandatory Retirement Age for Directors</th>
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Linda M. Breard

Michael J. Covey

Eric J. Cremers

William L. Driscoll

Charles P. Grenier ★

D. Mark Leland

Lawrence S. Peiros

R Hunter Pierson Jr.

Gregory L. Quesnel

Lenore M. Sullivan

★ 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. These additional Company policies, procedures and guidelines 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 below, with additional policies available on the investor relations section of our website at www.PotlatchDeltic.com.

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.

Ethics Hotline
We provide an ethics hotline as an avenue for employees to raise concerns relating to financial reporting, unethical or illegal conduct, environmental, health & safety matters and other issues; and to provide reassurance that they 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 accounting controls.

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 require preclearance of trades from the General Counsel and may only trade in company stock during open trading windows.

Each of our employees is required to certify compliance with the Corporate Conduct and Ethics Code

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.
The ESG team works with external research organizations like NCASI

ESG GOVERNANCE

The Vice President, Public Affairs provides senior leadership on PotlatchDeltic’s ESG reporting and initiatives. We provide updates regarding ESG strategies, goals and progress to the Board of Directors twice a year. The Board oversees PotlatchDeltic’s environmental management, social responsibility, health and safety, and corporate governance policies and practices.

An ESG Management Committee consisting of management across business units and 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 quarterly and drives our ESG strategies, analysis, and systems.

The ESG Working Group includes a wide breadth of in-house experts including the Director of Forest Planning, Inventory and Environment, the Environment and Certification Manager, the Wood Products Divisional Environmental Compliance Manager, a Human Resources Manager, the Wood Products Divisional Health and Safety Manager, and the Vice President, Public Affairs. The ESG Working Group works closely with employees across organization functions and geographies and utilizes the expertise of external research organizations like the National Council for Air and Stream Improvement (NCASI) for support of ESG 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.
STAKEHOLDER ENGAGEMENT

PotlatchDeltic regularly communicates with a wide variety of internal and external stakeholders to build sustainable relationships. This engagement helps us to understand, prioritize, and manage our impacts as an organization. We communicate with our stakeholders regularly through direct dialogue, meetings, workshops or conferences, and through the public release of information. As we increase our formal ESG initiatives, we will conduct a formalized direct dialogue with stakeholders to identify their material environmental, social and governance areas of interest.

We maintain regular engagement with our shareholders. During 2019, members of executive management met with shareholders owning approximately 60 percent of outstanding active institutional ownership. These included in person meetings and conference calls. Topics discussed with shareholders included operating strategy, capital allocation, growth, environmental management, and leadership structure. Feedback from the meetings was shared with the Board of Directors to keep them apprised of shareholder insights and trends.

We recognize and respect Indigenous rights and culture and 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. In addition, we own 31,728 acres on Indigenous land in Minnesota.

We work closely with our logging and hauling contractors through numerous on site inspections and pre-planning meetings to meet environmental, safety, and log merchandising standards.
PotlatchDeltic’s communication culture with employees encourages open communication reinforced through town hall meetings and management visits to facilities, shift meetings, walkarounds, and open-door policies, providing employees with opportunities to ask questions. We are in frequent contact with customers, contractors, and suppliers to discuss business-related issues. Our stakeholder engagement also includes working with industry associations, educational institutions, and research groups to gain insight on important issues, facilitate research, and advocate for changes with policy makers. In addition, we pursue proactive communication with our local communities to build our awareness of community issues and perspectives. We also collaborate with coalitions that include environmental non-governmental organizations, federal, state, and local agencies and other stakeholders on issues ranging from climate change to management for game animals.

GOAL: CONDUCT FORMAL STAKEHOLDER REVIEW OF ESG PRIORITIES THROUGH MATERIALITY ASSESSMENT

Congressman Bruce Westerman from Arkansas’ 4th Congressional District tours the Waldo mill.
Climate risks are considered within our enterprise risk management framework and are supported by our work with associations, coalitions and research organizations.

RISK MANAGEMENT

PotlatchDeltic continually evaluates the potential risks facing the company, including 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.

PotlatchDeltic utilizes an Enterprise Risk Management (ERM) Framework to identify, assess and mitigate significant risks to shareholder value within our business. The primary objective of the ERM program is to support the realization of maximum sustainable value across our businesses while ensuring the risks that can affect the Company are considered, including the impact of any mitigation strategies. A summary of the results of this annual process is reported through our risk factors in the annual report on Form 10-K.

The Internal Audit Director facilitates the formal enterprise-wide risk assessment process and, together with the Risk Management Committee Chair, periodically reviews the major risks and the steps taken to monitor or mitigate those risks with the Audit Committee of the Board of Directors. Annually, individual interviews are conducted with the management of the business units and functions who are positioned to identify key environmental, financial and business risks. A 12-member Risk Management Committee chaired by the Chief Financial Officer meets at least twice annually to review the enterprise risk assessment process and evaluate the 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 aggregated into a matrix which identifies the highest
risk areas for internal focus. Broader mitigation or investment strategies for key risks are determined. The Risk Committee Chair meets with the Audit Committee to discuss key inherent risks the ERM process has identified, the proposed 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 enterprise risk management 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:
EXPAND ESG RISK ASSESSMENT PROCESS ACROSS BUSINESS UNITS AND INTEGRATE INTO ENTERPRISE RISK MANAGEMENT
PUBLIC 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 or opposition to legislation, meeting with legislators and their staff on an issue, or rulemaking regarding proposed regulatory changes. PotlatchDeltic works within several national or state industry associations to direct lobbying outreach, and also participates in a number of industry coalitions. 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.

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). Contributions to the PAC in 2019 totaled $46,453. Contributions from the PAC were nonpartisan and are publicly disclosed as required by law.

Key 2019 public advocacy priorities for PotlatchDeltic included:

Canada / US Softwood Lumber Dispute:
PotlatchDeltic is a member of the U.S. Lumber Coalition, 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.
Carbon Neutrality of Biomass:  
We continued a multi-year effort to advocate the carbon neutrality of biomass. Working with NAFO and other partners, carbon neutrality language was successfully enacted in the Consolidated Appropriations Act (2019). We continue to urge the EPA develop regulations to fully implement this policy.

Conservation Without Conflict:  
Working through NAFO and alongside our peers, we supported the launch of the Conservation Without Conflict (CWC) coalition and a CWC summit for House and Senate Working Forests Caucuses. CWC is a collaborative approach and a coalition of a wide array of groups invested in keeping working lands working and conserving at-risk and threatened and endangered species.

Mass Timber:  
Through the American Wood Council (AWC), we supported the completion of the International Code Council’s code development cycle for the 2021 I-codes in early 2019, with 14 tall mass timber code changes certified and three others approved later in the year. Inclusion of these provisions in the International Building Code opens an estimated 1.24-2.25 billion board feet of markets to wood products.

Role of Private Working Forests as a Climate Change Solution:  
Through NAFO we developed our federal policy position on the role of private working forests and climate change. We also worked as part of the Forest Climate Working Group (FCWG), which represents a wide diversity of stakeholders, on developing a shared forest climate policy platform.
ADVOCACY IN NAFO

The National Alliance of Forest Owners (NAFO) is a national advocacy organization committed to advancing federal policies that support the long-term economic, social and environmental benefits of sustainable managed private forests. These policies ensure our working forests provide clean air, clean water, wildlife habitat and jobs through sustainable practices and strong markets. PotlatchDeltic is a member of NAFO and participates in advancing positions on a number of issues related to private working forests.

Wildlife Conservation Initiative

Working forests are critical to the effort to conserve biodiversity. 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. The Wildlife Conservation Initiative (WCI) is an effort by NAFO members to build a partnership with the U.S. Fish and Wildlife Service (Service) to create a trusted, durable relationship to implement science-based conservation for at-risk species. The underlying concept is implementation of on-the-ground practices to conserve species and use of third-party forest certification to provide assurances to the Service.

CASE STUDY

PotlatchDeltic led the WCI in Arkansas and the Lake States. We initiated the first meeting with the Service’s Arkansas Field Office to introduce the concept of third-party forest certification to the field office. In the Lake States we led WCI efforts with the Service to design and expand the WCI partnership in the region. The initiative resulted in the Service recognizing the benefits of managed forest lands and best management practice (BMP) implementation in their Endangered Species Act (ESA) listing evaluations. Over a hundred evaluations of aquatic species endemic to streams within the working forests of the southern U.S. have resulted in determinations that the species were “not warranted” for listing under ESA. These are meaningful long-term results for landowners - they serve as a testament to the conservation value of voluntary practice implementation on private working lands.

The key link with forestry is the recognition by the Service of the effectiveness of BMPs to protect water quality and broad, consistent BMP implementation on all working forest lands. The breadth of implementation is a result of landowners certifying their lands and companies buying wood fiber adopting SFI certified fiber sourcing, which requires that all wood delivered/purchased is harvested consistent with applicable forestry BMPs.
Committed to

OUR PATH FORWARD
Through PotlatchDeltic’s inaugural ESG report we have provided a baseline of our ESG approach and impacts and have set several ESG goals. We plan to make significant progress on several goals in the next year and we will continue to report on our progress.

We have already started to work on the process of further enhancing our ESG disclosures and transparency, increasing our climate-related disclosures, and on establishing new goals that will support our ESG initiatives. A key part of this will be working with our stakeholders and incorporating their feedback to define our ESG materiality. In addition, we will continue to advance our reporting to better align with the recommended standards and disclosures within SASB and TCFD.

We look forward to continued progress as we enter the next phase of our ESG journey.
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 2019 ESG Report. For quick reference, we have indicated below the location(s) in our ESG or other reports where these topics and metrics are discussed. Information is as of December 31, 2019 unless noted otherwise.

### SECTOR: RENEWABLE RESOURCES & ALTERNATIVE ENERGY

#### SASB STANDARD - FORESTRY MANAGEMENT

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

<table>
<thead>
<tr>
<th>Topic</th>
<th>Accounting Metric</th>
<th>Category</th>
<th>Unit of Measure</th>
<th>Code</th>
<th>Reference/ESG Report Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ecosystem Service &amp; Impacts</td>
<td>Area of forestland certified to a third-party forest management standard, percentage certified to each standard</td>
<td>Quantitative</td>
<td>Acres (ac), Percentage (%)</td>
<td>RR-FM-160a.1</td>
<td>SFI – 1,856,973 acres; 100%, 72,000 acres in Minnesota executed for sale in 6/2020</td>
</tr>
<tr>
<td></td>
<td>Area of forestland in endangered species habitat</td>
<td>Quantitative</td>
<td>Acres (ac)</td>
<td>RR-FM-160a.3</td>
<td>15,961 acres. ESG Report page 27-29</td>
</tr>
<tr>
<td></td>
<td>Description of approach to optimizing opportunities from ecosystem services provided by forestlands</td>
<td>Discussions and Analysis</td>
<td>n/a</td>
<td>RR-FM-160a.4</td>
<td>2019 ESG Report page 10-43 and 66-67. 2019 Annual Report Form 10-K page 4-6, 8-9</td>
</tr>
<tr>
<td></td>
<td>Description of engagement processes and due diligence practices with respect to human rights, indigenous rights, and the local community</td>
<td>Discussions and Analysis</td>
<td>n/a</td>
<td>RR-FM-210a.2</td>
<td>2019 ESG Report page 74-75</td>
</tr>
<tr>
<td>Climate Change</td>
<td>Description of strategy to manage opportunities for and risks to forest management and timber</td>
<td>Discussions and Analysis</td>
<td>n/a</td>
<td>RR-FM-450a.1</td>
<td>2019 ESG Report page 6-9, 40-43, 74-75. 2019 Annual Report Form 10-K page 16</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Topic</th>
<th>Accounting Metric</th>
<th>Category</th>
<th>Unit of Measure</th>
<th>Code</th>
<th>Reference/ESG Report Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forestry Management</td>
<td>Area of forestland owned, leased, and/or managed by the entity</td>
<td>Quantitative</td>
<td>Acres (ac)</td>
<td>RR-FM-000.A</td>
<td>1,856,973 acres. 72,000 acres in Minnesota under sale agreement</td>
</tr>
</tbody>
</table>
Table 1. Sustainability Disclosure Topics & Accounting Metrics

<table>
<thead>
<tr>
<th>Topic</th>
<th>Accounting Metric</th>
<th>Category</th>
<th>Unit of Measure</th>
<th>Code</th>
<th>Reference/ESG Report Location</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Energy Management in Manufacturing</strong></td>
<td>(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable</td>
<td>Quantitative</td>
<td>Gigajoules (GJ), Percentage (%)</td>
<td>CG-BF-130a.1</td>
<td>2019 ESG Report page 34 and footnote 14 on page 89.</td>
</tr>
<tr>
<td><strong>Management of Chemicals in Products</strong></td>
<td>Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products</td>
<td>Discussion and Analysis</td>
<td>n/a</td>
<td>CG-BF-250a.1</td>
<td>Not applicable</td>
</tr>
<tr>
<td></td>
<td>Percentage of eligible products meeting volatile organic compound (VOC) emissions and content standards</td>
<td>Quantitative</td>
<td>Percentage (%) by revenue</td>
<td>CG-BF-250a.2</td>
<td>100%</td>
</tr>
<tr>
<td><strong>Product Lifecycle Environmental Impacts</strong></td>
<td>Description of efforts to manage product lifecycle impacts and meet demand for sustainable products</td>
<td>Discussion and Analysis</td>
<td>n/a</td>
<td>CG-BF-410a.1</td>
<td>2019 ESG Report page 30, 78-79</td>
</tr>
<tr>
<td></td>
<td>(1) Weight of end-of-life material recovered, (2) percentage of recovered materials recycled</td>
<td>Quantitative</td>
<td>Metric tons (t), Percentage (%) by weight</td>
<td>CG-BF-410a.2</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>Wood Supply Chain Management</strong></td>
<td>(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 certified to other wood fiber standards</td>
<td>Quantitative</td>
<td>Metric tons (t), Percentage (%) by weight</td>
<td>CG-BF-430a.1</td>
<td>(1) Total weight of wood fiber materials purchased in 2019 = 4,887,111 tons (4,252,076 metric tons); (2) 56% purchased from third party certified forestlands; (3) % SFI and FSC - 20%; % SFI only - 35%; % FSC only 1%; (4) &lt;1% certified to other wood fiber standards; (5) &lt;1% certified to the American Tree Farm System.</td>
</tr>
</tbody>
</table>

Table 2. Activity Metrics - Building Products and Furnishings

<table>
<thead>
<tr>
<th>ACTIVITY METRIC</th>
<th>Accounting Metric</th>
<th>Category</th>
<th>Unit of Measure</th>
<th>Code</th>
<th>Reference/ESG Report Location</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Area of Manufacturing Facilities</strong></td>
<td>Quantitative</td>
<td>Quantitative</td>
<td>Square meters (m²)</td>
<td>CG-BF-000.B</td>
<td>182,114 m²</td>
</tr>
</tbody>
</table>
## 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 our 2019 ESG Report aligns with recommendations by TCFD and where information can be located. We are committed to continuing to expand our climate-related financial disclosures within this framework.

<table>
<thead>
<tr>
<th>TCFD Recommended Disclosure</th>
<th>Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Governance</td>
<td></td>
</tr>
<tr>
<td>a) Describe the Board’s oversight of climate-related risks and opportunities.</td>
<td>2019 ESG Report: Board of Directors; ESG Governance; Risk Management</td>
</tr>
<tr>
<td>opportunities.</td>
<td></td>
</tr>
<tr>
<td>Strategy</td>
<td></td>
</tr>
<tr>
<td>a) Describe the climate-related risks and opportunities the organization has identified</td>
<td>2019 ESG Report: Environmental Responsibility; Climate Change</td>
</tr>
<tr>
<td>over the short, medium and long term.</td>
<td>2019 Annual Report 10-K pgs. 9-11-17</td>
</tr>
<tr>
<td>b) Describe the impact of climate-related risks and opportunities on the organization’s</td>
<td></td>
</tr>
<tr>
<td>businesses, strategy and financial planning.</td>
<td></td>
</tr>
<tr>
<td>c) Describe the potential impact of different scenarios, including a 2°C scenario, on</td>
<td>This disclosure has been identified as an ongoing goal as we incorporate</td>
</tr>
<tr>
<td>the organization’s businesses, strategy and financial planning.</td>
<td>additional TCFD recommendations into our ESG reporting.</td>
</tr>
<tr>
<td>Risk Management</td>
<td></td>
</tr>
<tr>
<td>a) Describe the organization’s process for identifying and assessing climate-related risks</td>
<td>2019 ESG Report: Risk Management; ESG Governance</td>
</tr>
<tr>
<td></td>
<td>2019 Annual Report 10K pgs. 8-9, 11-12</td>
</tr>
<tr>
<td>b) Describe the organization’s processes for managing climate-related risks.</td>
<td>2019 ESG Report: Environmental Responsibility; Risk Management; ESG</td>
</tr>
<tr>
<td></td>
<td>Governance</td>
</tr>
<tr>
<td>c) Describe how processes for identifying, assessing and managing climate-related risks</td>
<td>This disclosure has been identified as an ongoing goal as we incorporate</td>
</tr>
<tr>
<td>are integrated into the organization’s risk management.</td>
<td>additional TCFD recommendations into our ESG reporting.</td>
</tr>
<tr>
<td>Metrics and Targets</td>
<td></td>
</tr>
<tr>
<td>a) Disclose the metrics used by the organization to assess climate-related risks and</td>
<td>2019 ESG Report: Environmental Responsibility; ESG Governance; Risk</td>
</tr>
<tr>
<td>opportunities.</td>
<td>Management</td>
</tr>
<tr>
<td>b) Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions</td>
<td>2019 ESG Report: GHG Emissions; Scope 2 and Scope 3 GHG emissions and</td>
</tr>
<tr>
<td>and the related risks.</td>
<td>related risks are an ongoing goal with additional disclosures planned.</td>
</tr>
<tr>
<td>c) Describe the targets used by the organization to manage climate-related risks and</td>
<td>This disclosure has been identified as an ongoing goal as we incorporate</td>
</tr>
<tr>
<td>opportunities and performance against targets.</td>
<td>additional TCFD recommendations into our ESG reporting.</td>
</tr>
</tbody>
</table>
1. Acres in thousands, as of December 31, 2019. PotlatchDeltic announced on June 21, 2020 that it had executed an agreement for the sale of approximately 72,000 acres of Minnesota timberland to The Conservation Fund.

2. 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 sawmill production for 2019 was 1,090 MBF; MBF stands for million board feet; MMF stands for million square feet, 3/8-inch panel thickness basis.

3. Rural real estate as of December 31, 2019. PotlatchDeltic announced on June 21, 2020 that it had executed an agreement for the sale of approximately 72,000 acres of Minnesota timberland to The Conservation Fund. This Rural Real Estate was comprised of 38,000 acres of Non-strategic, 20,000 acres of Recreation and 14,000 acres of HBU Development.

4. 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 2019. Net acres exclude roads for Idaho.

5. 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 2019. Net acres include roads for the U.S. South. The percentage of U.S. South acres we harvested in 2019 was 1.6%, lower than implied by a 26 – 28-year rotation because extraordinarily wet weather constrained our harvest in 2019.

6. Deltic included for 10 months in 2018; extraordinarily wet weather reduced 2019 harvest.

7. Does not include the effect of future acquisitions or dispositions.

8. Harvest and Hunter days from the Idaho Department of Fish & Game (IDF&G) website.

9. Timberland in protected conservation status as of December 31, 2019. PotlatchDeltic announced on June 21, 2020 that it had executed an agreement for the sale of approximately 72,000 acres of Minnesota timberland to The Conservation Fund. This included 4,771 acres in a conservation easement included in our protected conservation total.

10. Undesirable sources includes wood that comes from: illegally harvested forests; forests that were harvested in violation of traditional and civil rights; forests where High Conservation Values are threatened by management activities; natural forests that were converted to non-forest uses; and forests with genetically modified trees. Source: Requirements for Sourcing FSC® Controlled Wood FSC-STD-40-005 V3-1 EN (http://ww2.arb.ca.gov/our-work/programs/cap-and-trade-program website).

11. 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.

12. 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.

13. Sources include Municipal Water (182.9 Megaliters), Groundwater (97.8 Megaliters) and Surface Water (72.7 Megaliters).

14. Total internal energy consumption in wood products in 2019 includes 5.5 PJ of electricity, 4.9 PJ from renewable sources and 0.3 PJ from non-renewable sources such as petroleum-based fuels and natural gas. Total energy consumption in wood products outside of our facilities in 2019 of 1.3 PJ consists predominantly of fuel used for hauling logs to the mills. 2018 internal energy consumption includes previous Deltic-owned Ola and Waldo mills for first two months of 2018 prior to merger.

15. Total Energy Intensity = Total Energy Consumed / Total Division Production = 10.7 PJ / 1,200,149 thousand board feet (MBF) = 8.9 Gigajoules per MBF. Note that total production includes plywood volume converted to board feet. 2018 Energy Intensity includes energy consumed and production from previous Deltic-owned Ola and Waldo mills for first two months of 2018 prior to merger. Energy use per net sales ($/GJ) was 0.0158 for 2018 and 0.0198 for 2019. 2018 calculations include energy use and net sales from previous Deltic-owned Ola and Waldo mills for first two months of 2018 prior to merger.

16. Use of wood ash as a liming substitute in effect changes this material from a waste to a beneficial product. In 2019, we had 22,100 tons of waste of which 75% was wood ash. 2019 Waste by Type chart percentages includes the wood ash that was land applied as a liming substitute.

17. Total Waste Intensity = Total Waste Generated / Total Division Production. In 2019, this was 44,203,519 Pounds / 1,200,149 thousand board feet (MBF) = 36.8 Pounds per MBF. In 2018, this was 34,418,839 Pounds / 1,170,115 MBF = 29.4 Pounds per MBF. 2018 Waste Intensity includes waste generated and production from previous Deltic-owned Ola and Waldo mills for first two months of 2018 prior to merger. Note that Total Waste Generated is comprised of all wastes produced at the manufacturing sites and includes waste streams that are diverted away from landfill disposal through beneficial reuse and material recycling programs.

18. Carbon sequestration was calculated by multiplying 2019 gross merchantable annual growth by species specific green weight to dry weight ratios to calculate dry tons of growth. Sequestration does not include carbon sequestration below-ground or in non-merchantable components. A conversion factor of 50% carbon per ton of dry wood was then applied to dry tons of growth. CO2e metric ton were calculated by multiplying the amount of carbon sequestered by a conversion factor of 3.67.


20. 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


22. Based on total production: (25,044 metric tons CO2e x 2,204.62 pounds/metric ton) / 1,200,149 thousand board feet = 47.8 pounds CO2e per thousand board feet.

23. Total biogenic emissions in 2019 was 392,370 metric tons CO2e.

24. 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 and 321113 for Sawmills

25. For more information, visit https://idfg.idaho.gov/access/potlatchdeltic.


27. As of December 31, 2019, PotlatchDeltic announced on June 21, 2020 that it had executed an agreement for the sale of approximately 72,000 acres of Minnesota timberland to The Conservation Fund. This included 31,728 acres of Indigenous land.

28. More information on NAFO’s Wildlife Conservation Initiative can be found at: https://nafoalliance.org/issues/wildlife.
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” 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; 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, 2019, our 2020 Proxy Statement, and our 2020 Quarterly Reports on Form 10-Q, which can be obtained at the Corporation’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.