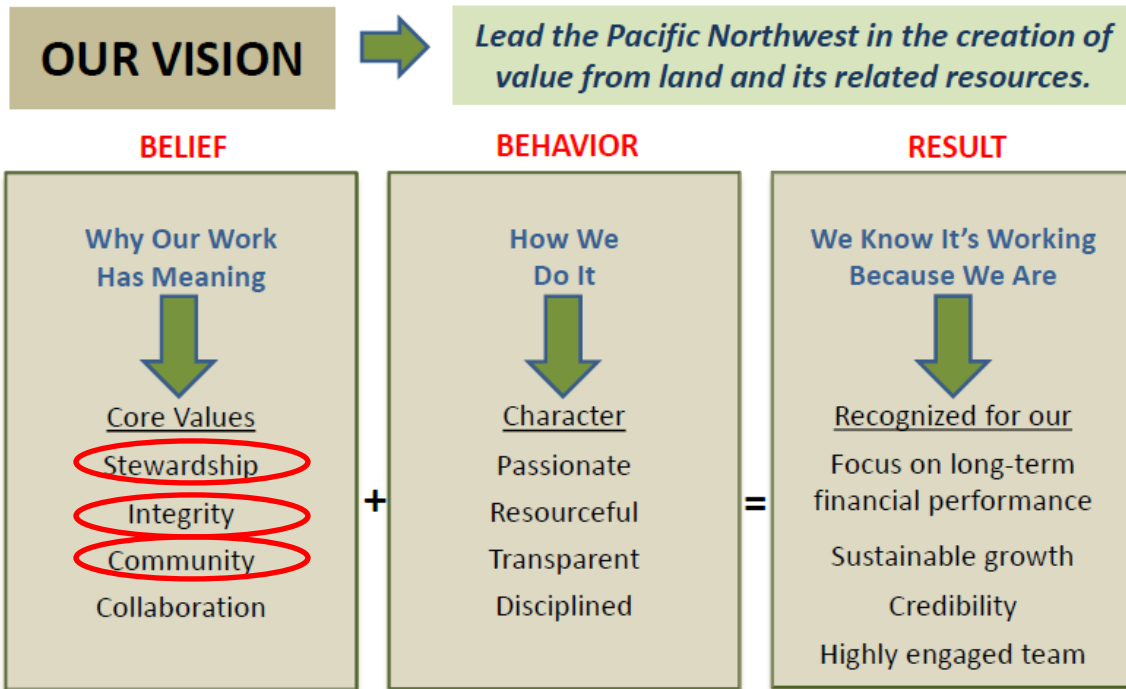


# Olympic Resource Management Environmental Social Governance Policy

## Integrating Environmental Social Governance into our Vision and Values

We believe environmental, social, and governance (ESG) matters are of such significance within the businesses in which we operate that they are an integral component of our core values, in particular; stewardship, integrity, and community. ESG is inherent in ORM’s sustainable management of the forests for long-term timber production, which promotes the environmental and social attributes of the timberlands. Environmentally, we manage in a way that meets the needs of the present without compromising the needs of future generations by practicing a land stewardship ethic that integrates reforestation and the managing, growing, nurturing, and harvesting of trees for useful products with the conservation of soil, air and water quality, carbon, biological diversity, wildlife and aquatic habitat, recreation, and aesthetics, all with the ultimate goal of optimizing the production and value of our land and resources. Socially, ORM opens our lands to the community for recreational use, is integral in creating local jobs and undertakes an active role within our communities. The actions manifested by these values result in business practices that are successful as a result of, not in spite of, ESG matters. The following chart presents Pope Resources and Olympic Resource Management’s (the “Company”) vision as well as the core values the Company employs to accomplish that vision. This chart is dynamic and will be revised from time-to-time.



## **Scope**

This Policy applies to all timberland managed by the Company and is consistently applied across all partnership and timber fund investments.

## **Overview**

Forestry in the Pacific Northwest (PNW) region of the United States is practiced across a land base that lends itself to sustainability through a balance of economic, social, and environmental values. Successful business practices in this region are predicated on understanding and integrating these values into all of our business decisions. The Company has a fiduciary duty to our investors and believes the implementation of ESG values helps ensure both our short-term and long-term profitability and ultimately our relevance in the businesses in which we operate. We consider environmental, public health, safety and social issues when evaluating properties for purchase, as well as while managing these properties. We implement these ESG values by exercising our fiduciary responsibilities as a publicly traded master limited partnership, including compliance with all laws and regulations across all of the jurisdictions in which we operate. In addition, the Company has developed a broad range of institutional controls to ensure that the values of stewardship and sustainability are understood and appropriately integrated into our business model. Finally, we strive to engage with, and be accessible to, stakeholders and the communities in which we operate in order to broaden the understanding of, and garnish support for, the ESG principles we implement. While we are not signatories of the United Nations Global Compact, we have aligned our business practices with its Principles and act accordingly.

## **ESG in Practice**

### Environmental

Our Board of Directors and management team believe that taking our responsibilities for environmental stewardship seriously is another core principle critical to maintaining our social license for managing properties in the PNW region of the U.S. Managing environmental risk is accomplished primarily through adherence to a suite of policies designed to comply with the Sustainable Forestry Initiative® (SFI®), a third party environmental certification system focused on water quality, biodiversity, wildlife habitat, and the protection of unique biota. We have been a member of the SFI® forest certification program since 2003, and are subject to annual independent audits of the standards required by the program. This certification is an important indication of our commitment to sustainable land management and our desire to continuously fine tune management practices. We believe this commitment is an important business practice that positively impacts our reputation and the long-term value of our assets.

## Social

We are aware that forestry operations can have an impact on local communities, workers, and human rights. Managing our social license to operate our forestry business requires more than simply following laws and regulations. Communication with the public, organized stakeholder groups, and our immediate neighbors is a critical part of how we do business. Our policy on public access to the forests we own and manage is an example of our commitment to creating value through good relationships with our neighbors. We generally allow non-motorized access on all of the timberland we manage, with limited exceptions. This community-friendly policy creates goodwill between us as timberland managers and our neighbors.

Stakeholders in the communities where we operate appreciate us taking their concerns seriously as they relate to our operations. As a result, if we learn of or expect community concerns around certain operating activities, we acknowledge those concerns through public or one-on-one meetings with the affected members of the community. The purpose of these meetings is to provide an avenue for the community to voice concerns, create an understanding of our operations and, if possible, develop collaborative solutions.

We also work to support our employees and contractors' workplace safety through internal safety policies as well as support for statewide logging contractor safety efforts. In addition to our direct involvement, the Company provides in-kind and financial support to organizations that help communicate the value of working forests in the communities in which we operate. These endeavors range from statewide media campaigns that inform the general public of the environmental, social, and economic values of working forestland to supporting technical assistance for small scale family woodlot owners.

## Governance

The Company is committed to providing accurate, transparent reporting to our investors and the public. This is accomplished through projecting a "tone at the top" which values and insists upon open transparent communication both internally and externally. We see open transparent communication as a core principle which is evidenced by our published quarterly certifications of our financial statements by our President and CEO and our Vice President and CFO. We also maintain a secure private voicemail box for employees with concerns to contact our Board's Audit Committee directly, bypassing management in a safe, anonymous manner. When a message is left in this voicemail box the issue is investigated to resolution by our Audit Committee. Additionally, we annually publish the results of the third-party financial and internal control audits of our financial statements and our system of internal controls. All of the Company's employees are subject to a Code of Conduct that reaffirms the Company's long-standing policy that its directors, officers and employees must conform to the highest legal, ethical and moral standards in conducting the respective businesses of the Company.

The Company's decision to be publically traded requires an additional level of transparency that provides both investors and the public a better understanding of our business practices. The Company

makes available public summaries of our financial certifications as well as the external audits of both our financial and environmental controls. Through implementation of our policies and review of both external and internal audits, we continually evaluate our policies and procedures for improvement opportunities. Violations of policies and procedures are documented, reported, reviewed by management, and where appropriate, changes are instituted. To determine an appropriate corrective action, we conduct a root cause analysis of policy violations in order to make sure that any proposed change to our policy or controls appropriately targets the cause of an issue, not just the symptom.

### Putting ESG into Practice

An easy to understand example of how this policy is implemented and why it is so important is found in the way we manage our timberland. There is a school of thought in timberland investment that “fiber is fiber”. That school of thought leads timberland managers and investors to avoid the cost of density control when managing a stand of timber. As a result, timber stands often end up over-stocked with many small trees. Under the “fiber is fiber” mindset these trees might be sold at lower value but there are more of them so the cost of density control does not provide return.

The Company has completed an analytical exercise to determine the value of density control. We found that the market diversification provided by having a variety of tree diameters for conversion to logs for sale to various markets, plus the reduction in harvest cost that results from having the same fiber on fewer stems, results in a positive net present value generated through these silvicultural investments. In addition to the financial benefit, wildlife benefits from forests that contain a range of diversity in stand structure, and the public benefits from aesthetically pleasing forests that provide recreational opportunities such as walking, biking, and horseback riding.

An additional example is our investment in tree orchards and the latest technology in growing seedlings. These investments are often difficult to justify for smaller-scale timberland owners or shorter-term investors in our region. We focus all of our attention on PNW forestry. Moreover, we own timberland that is managed for both perpetual ownership as well as in commingled funds with a stated life. As a result, investing in seed orchards is warranted in our business model as an effective means for maximizing value across our portfolio of timberland. We believe this longer term perspective provides financial benefits to all of our investors, employees, and contractors as well as providing community and environmental benefits through more efficiently managed forests.

Our method of managing buffers around bodies of water provides an example of how we take our environmental protection responsibilities seriously, and provides both financial and environmental benefits to our investors. Environmental scientists have determined that more natural timber stands around rivers, streams, and lakes are advantageous to the fish and wildlife that rely on those bodies of water. As a result, Washington State imposes rules governing the management of timber within those buffers. Those rules limit harvest within the buffers and can range from no harvest to a partial harvest. Where partial harvests are permitted, these harvests not only provide additional economic return to the landowner, but also can help accelerate the development of a more natural stand adjacent to the water body. Many timberland managers do not bother with the requisite analyses that allow for partial

harvests to help accelerate the development of natural stand conditions. Rather, they leave behind valuable timber that, if harvested, would accrue both financial and environmental benefits. On the other hand, the Company undertakes this additional work, adding financial and environmental value to the forests we manage.

## **Reporting**

The Company will provide an annual summary report to our fund investors describing any significant regulatory or policy changes related to this Policy including violations of laws, civil or criminal litigation, or any other significant issue that could impact the public's perception of the Company. Attachment A provides the specific format and substance of the report.

The Company will provide an annual report to our fund investors addressing the following for each portfolio investment:

- How did the Company put its ESG policy in practice this year?
- Which specific challenges in implementing the ESG principles did the Company encounter this year?
- What action did the Company take to mitigate these challenges?
- Did the Company make any plans to improve our sustainability practices in the future? (Please comment on issues like interaction with different stakeholders (incl. NGOs); lost time injuries; audits from regulators, etc.).

In the event of any controversy or significant incident relating to ESG Matters which, in the Company's reasonable opinion, may have a material negative impact on the operations or the reputation of the Manager or a fund, the Company shall provide information on any corrective action that has been taken in respect thereof, following up with regular updates until the incident has been resolved.