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Message from the CEO

Sustainability is a requirement for long term success in business. Creating supply chains which have the ability to last 20 to 50 years takes planning, dedication and sustainability. Patriot Rail and Ports is a business which thrives due to the efforts of sustainability. Significant reductions in emissions result in significant reductions in fuel. Significant reductions in fuel relates to smarter, more efficient transportation of goods and services. Efficient operations improve safety and reduce risk. Sustainability is a movement which we cannot afford to miss. Examples of the positive effects of sustainability can be seen with health and safety, diversity and inclusion, and moving towards a better future.

We owe it to ourselves, our children, and the next generation to get sustainability right. We are stewards of our nation and our world. Environmental safety and conservation, ethical business practices, safe workplaces, and responsible governance are cornerstones of our operations. Sustainability provides hope for the future. It provides a way forward which includes the world as we know it.

Patriot Rail and Ports is a team focused on upholding a culture of safety, sustainability, inclusion and engagement. Our values serve as our cultural foundation and link all of us into a community with well-defined behaviors.









Sustainability Policy

The Board and Management of Patriot Rail and Ports ('Patriot') are committed to sustainable development of our business through the effective management of environmental, social and governance issues and risks encountered by the company.

Purpose:

Our business operates in a complex environmental, social, and economic context. Valuing sustainability helps us to ensure that we operate the business in a way which successfully anticipates and responds to these influences. Achieving Patriot's vision and mission, including the long-term financial success of the company, will be supported by quality outcomes in environmental, social and governance matters.

We strive for sustainability to be embedded across all areas of our business, and so is reflected through various policies at Patriot. For that reason, this policy should be read in conjunction with a range of associated Patriot policies.

Our Commitment:

We will strive to:

- Establish and maintain an appropriate governance system to provide oversight and accountability for strategy and performance that relates to maintaining a sustainable business.
- Support the United Nations Sustainable Development Goals where relevant and appropriate.
- Identify and manage risks affecting the interests of Patriot through its risk management framework.
- Proactively assess and seek to address material environmental, social and governance risks and opportunities.
- Pursue responsible, sustainable growth and consider sustainability principles, including the sustainability of the communities in which we operate, in business planning and project design.
- Implement and maintain systems to conduct our business in a way that maintains the safe and healthy workplace for our employees, contractors, customers and visitors.
- Operate as a fair and inclusive employer and seek to reflect the diversity of the communities in which we operate.
- Engage and empower our employees by providing information, training, and development, encouraging the adoption of sustainable principles and practices.
- Uphold human rights standards.
- · Protect information, data and systems.

- Maintain a customer focus in all activities we undertake.
- Minimize environmental impact in all parts of our business where feasible and take steps to minimize pollution and waste.
- Explore ways, including through technology and innovation, to improve resource efficiency in all operations and our supply chain.
- Comply with relevant legislation, standards, codes of practice, industry guidelines and voluntary commitments.
- Conduct business activities in an ethical and transparent manner, with high standards of corporate behavior, meeting or exceeding the expectations of our communities.
- Engage with our stakeholders, including governments and regulators, industry associations, joint venture partners, supply chain partners, customers and other stakeholders to develop and implement good sustainable industry practices.
- Monitor sustainability performance and continuous improvement, and report at least annually on our sustainability performance.
- Develop a culture of safety, environmental sustainability and social responsibility.

Responsibility

The Patriot Board and Management team are responsible for ensuring that the commitment expressed in this policy is realized. Our leaders are accountable to communicate the requirements of this policy to all our employees, contractors, suppliers, local community and visitors and to involve them in its implementation.

June 18, 2020

[Date]

Chair on behalf of the Patriot

Board of Directors

June 18, 2020

[Date]

Chief Executive on behalf of Patriot

Management

How we will make the Sustainability Policy Actionable

The Corporate Sustainability Team (CST) drives the tenants the policy;

The CST assigns responsibility to specific team members or groups to develop strategies, goals, objectives and metrics for each tenant of our policy. Additionally, the CST is responsible for the implementation, development, and performance of the overall Sustainability Program.

Specific functions will be assigned throughout the organizaton to achieve common goals. Goals are decided on by the CST based on areas of risk, concern, or general improvement.

Defined goals are built into the policy, and assigned to departmental stewards. The core goals are achieved by breaking down goals into smaller workstreams throughout the organization.

Throughout the cycle, performance objectives are measured to ensure the company is on track to meet it's goals. The frequency of review meetings are determined during the goal planning phase and adjusted as needed thereafter by the CST.

Employees are encouraged by contributing ideas and reccomendations to specifc goals for better performance and sustainability in the current cycle, or within the next cycle.



Sustainability Policy Tenets and Mitigation Methods

Support the United Nations Sustainable Development Goals.

Protocols with proposed action items (See slide 9)

Identify and manage risks affecting the interests of Patriot through its risk management framework.

Accomplished using the Patriot Risk Register, Risk audits, and Contractor risk support

Proactively assess and seek to address material environmental, social and governance risks and opportunities.

Action items from (United Nations Sustainability Goals) UNSDG Goals (Slides 10-12)

Pursue responsible, sustainable growth and consider sustainability principles, including the sustainability of the communities in which we operate, in business planning and project design.

Action items from (United Nations Sustainability Goals) UNSDG Goals (Slides 10-12)

Implement and maintain systems to conduct our business in a way that maintains the safe and healthy workplace for our employees, contractors, customers and visitors.

Safety and Health and Environmental Management System

Operate as a fair and inclusive employer and seek to reflect the diversity of the communities in which we operate.

Human Resources - Action items from (United Nations Sustainability Goals) UNSDG Goals (Slides 10-12) and compliance with all regulations

Engage and empower our employees by providing information, training, and development, encouraging the adoption of sustainable principles and practices.

Training programs, intern program, management trainees, tuition reimbursement and community activities, i.e., book give-way programs!

Uphold human rights standards.

Equal employment opportunities, selecting the best candidate, workforce reflect our communities

Protect information, data and systems.

Information Technology policies and procedures

Maintain a customer focus in all activities we undertake.

Commercial and operations aligned with Sustainability programs

Minimize environmental impact in all parts of our business where feasible and take steps to minimize pollution and waste.

Action items from (United Nations Sustainability Goals) UNSDG Goals (Slides 10-12)

Explore ways, including through technology and innovation, to improve resource efficiency in all operations and our supply chain.

Quality Teams aligned with UNSDG Goals (United Nations Sustainability Goals)

Comply with relevant legislation, standards, codes of practice, industry guidelines and voluntary commitments.

Legal, HR, Rules, Regulatory, and Safety are aligned with United Nations Sustainability Goal) UNSDG Goals (Slides 10-12)

Conduct business activities in an ethical and transparent manner, with high standards of corporate behavior, meeting or exceeding the expectations of our communities.

Board Governance, legal, HR and regulatory compliance are ethical and transparent

Engage with our stakeholders, including governments and regulators, industry associations, joint venture partners, supply chain partners, customers and other stakeholders to develop and implement good sustainable industry practices.

Communication strategies, networking, attendance at government affairs meetings, commercial, contract with supply chain suppliers and contractors

Monitor sustainability performance and continuous improvement, and report at least annually on our sustainability performance.

Action item metrics are developed from all action items and new areas of concern and improvement – metrics published in board reports, annual sustainability reports

Develop a culture of safety, environmental sustainability and social responsibility.

Evaluate safety to a level beyond safety which include the UNSDG protocols

Timeline of Implementation

Patriot has determined the Timeline of Implementation for sustainability consists of a few core elements followed by elements that simply cannot be ignored. The below timeline sustainability elements along with accompanying dates or frequencies. We believe a key component to implementation is transparency and open communication within the organization. Education, and frequent meetings that allow us to get a full look of where we stand is vital to moving forward. Sharing this information with our employees give them a chance to see the progress they are making towards sustainability. This also gives us time to assess what may need to be changed or reevaluated in our process to further increase our chances at succeeding the goals we set out to achieve.



SUSTAINABLE GEALS DEVELOPMENT GEALS



































The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (SDGs), which are an urgent call for action by all countries - developed and developing - in a global partnership. They recognize that ending poverty and other deprivations must go hand-in-hand with strategies that improve health and education, reduce inequality, and spur economic growth – all while tackling climate change and working to preserve our oceans and forests.

The SDGs build on decades of work by countries and the UN, including the UN Department of Economic and Social Affairs

- In June 1992, at the <u>Earth Summit</u> in Rio de Janeiro, Brazil, more than 178 countries adopted <u>Agenda 21</u>, a comprehensive plan of action to build a global partnership for sustainable development to improve human lives and protect the environment.
- Member States unanimously adopted the Millennium Declaration at the <u>Millennium Summit</u> in September 2000 at UN Headquarters in New York.
 The Summit led to the elaboration of eight <u>Millennium Development Goals</u> (MDGs) to reduce extreme poverty by 2015.
- The Johannesburg Declaration on Sustainable Development and the Plan of Implementation, adopted at the World Summit on Sustainable Development in South Africa in 2002, reaffirmed the global community's commitments to poverty eradication and the environment, and built on Agenda 21 and the Millennium Declaration by including more emphasis on multilateral partnerships.
- At the <u>United Nations Conference on Sustainable Development (Rio+20)</u> in Rio de Janeiro, Brazil, in June 2012, Member States adopted the outcome document <u>"The Future We Want"</u> in which they decided, inter alia, to launch a process to develop a set of SDGs to build upon the MDGs and to establish the <u>UN High-level Political Forum on Sustainable Development</u>. The Rio +20 outcome also contained other measures for implementing sustainable development, including mandates for future programs of work in development financing, small island developing states and more.
- In 2013, the General Assembly set up a 30-member Open Working Group to develop a proposal on the SDGs.
- In January 2015, the General Assembly began the negotiation process on the <u>post-2015 development agenda</u>. The process culminated in the subsequent adoption of the <u>2030 Agenda for Sustainable Development</u>, with <u>17 SDGs</u> at its core, at the <u>UN Sustainable Development Summit</u> in September 2015.
- 2015 was a landmark year for multilateralism and international policy shaping, with the adoption of several major agreements:
- Sendai Framework for Disaster Risk Reduction (March 2015) / Addis Ababa Action Agenda on Financing for Development (July 2015)
- <u>Transforming our world: the 2030 Agenda for Sustainable Development</u> with its 17 SDGs was adopted at the <u>UN Sustainable Development</u> Summit in New York in September 2015.
- Paris Agreement on Climate Change (December 2015)
- Now, the annual <u>High-level Political Forum on Sustainable Development</u> serves as the central UN platform for the follow-up and review of the SDGs.

Today, the <u>Division for Sustainable Development Goals (DSDG)</u> in the United Nations <u>Department of Economic and Social Affairs (UNDESA)</u> provides substantive support and capacity-building for the SDGs and their related thematic issues,

including water, energy, climate, oceans, urbanization, transport, science and technology, the Global Sustainable Development Report (GSDR), partnerships and Small Island Developing States. DSDG plays a key role in the evaluation of UN systemwide implementation of the 2030 Agenda and on advocacy and outreach activities relating to the SDGs. In order to make the 2030 Agenda a reality, broad ownership of the SDGs must translate into a strong commitment by all stakeholders to implement the global goals. DSDG aims to help facilitate this engagement.



GOAL 1: NO POVERTY - Economic growth must be inclusive to provide sustainable jobs and promote equality.

GOAL 2: ZERO HUNGER - The food and agriculture sector offers key solutions for development and is central for hunger and poverty eradication.

GOAL 3: GOOD HEALTH AND WELL-BEING - Ensuring healthy lives and promoting the well-being for all at all ages is essential to sustainable development.

GOAL 4: QUALITY EDUCATION - Obtaining a quality education is the foundation to improving people's lives and sustainable development.

GOAL 5: GENDER EQUALITY - Gender equality is not only a fundamental human right, but a necessary foundation for a peaceful, prosperous and sustainable world.

GOAL 6: CLEAN WATER AND SANITATION - Clean, accessible water for all is an essential part of the world we want to live in.

GOAL 7: AFFORDABLE AND CLEAN ENERGY - Energy is central to nearly every major challenge and opportunity.

GOAL 8: DECENT WORK AND ECONOMIC GROWTH - Sustainable economic growth will require societies to create the conditions that allow people to have quality jobs.

GOAL 9: INDUSTRY, INNOVATION, AND INFRASTRUCTURE - Investments in infrastructure are crucial to achieving sustainable development.

GOAL 10: REDUCED INEQUALITIES - To reduce inequalities, policies should be universal in principle, paying attention to the needs of disadvantaged and marginalized populations.

GOAL 11: SUSTAINABLE CITIES AND COMMUNITIES - There needs to be a future in which cities provide opportunities for all, with access to basic services, energy, housing, transportation and more.

GOAL 12: RESPONSIBLE CONSUMPTION AND PRODUCTION - Responsible Production and Consumption

GOAL 13: CLIMATE ACTION - Climate change is a global challenge that affects everyone, everywhere.

GOAL 14: LIFE BELOW WATER - Careful management of this essential global resource is a key feature of a sustainable future.

GOAL 15: LIFE ON LAND - Sustainably manage forests, combat desertification, halt and reverse land degradation, halt biodiversity loss

GOAL 16: PEACE, JUSTICE AND STRONG INSTITUTIONS - Access to justice for all, and building effective, accountable institutions at all levels.

GOAL 17: PARTNERSHIPS - Revitalize the global partnership for sustainable development.

| Responsible and | Minimize | Improve |
|---|--|--|
| Sustainable | Environmental | Resource |
| Growth | Impact | Efficiency |
| Pursue responsible, sustainable growth and consider sustainability principles, including the sustainability of the communities in which we operate, in business planning and project design | Minimize environmental impact in all parts of our business where feasible and take steps to minimize pollution and waste | Explore ways, including through technology and innovation, to improve resource efficiency in all operations and our supply chain |

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS





















ENVIRONMENTAL

Patriot works to protect our natural environment, drive innovation, guard ecological health and continue sustainable growth.

Patriot will engage in activities to:

- Create measurable, sustainable goals which impact the environment positively by reducing waste and recycling materials
- Develop programs which improve Patriot's effective and efficient use of natural resources
- 3. Forecast the implementation of equipment and programs designed to reduce GHG emissions
- 4. Grow responsibly by considering environmental sustainability as part of the decision-making process

| Safe and Healthy | Engage and Empower Employees | Human Rights | Ethical Business Practices | Customer Focused |
|--|--|-------------------------------------|---|--|
| Implement and maintain systems to conduct our business in a way that maintains the safe and healthy workplace for our employees, contractors, customers and visitors | Engage and empower our employees by providing information, training, and development, encouraging the adoption of sustainable principles and practices | Uphold human rights standards | Conduct business activities in an ethical and transparent manner, with high standards of corporate behavior, meeting or exceeding the expectations of our communities | Maintain a customer focus in all activities we undertake |

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS





















SOCIAL

Patriot seeks to support employees and communities in order to improve education, enhance healthcare, and provide needed resources.

Patriot will engage in activities to:

- Support local benevolent organizations
- 2. Improve prosperity through programs aimed at preventing disease and stopping hunger
- 3. Participate in activities to improve education
- 4. Attract and retain diverse and highly qualified employees
- 5. Develop people within the Patriot organization

| Sustainable Approach to Business | Risk Management | ESG Risks and Opportunities | Regulatory | Information Security |
|---|--|---|---|--|
| Establish and maintain an appropriate governance system to provide oversight and accountability for strategy and performance that relates to maintaining a sustainable business | Identify and manage risks affecting the interests of Patriot through its risk management framework | Proactively assess and seek to address material environmental , social and governance risks and opportunities | Comply with relevant legislation, standards, codes of practice, industry guidelines and voluntary commitments | Protect information, data and systems |

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS















GOVERNANCE

Patriot seeks to implement sustainable development principles in alliance with local and national partners while continuing to comply with all local, state, and federal regulations and ordinances as they pertain to environmental management.

Patriot will engage in activities to:

- 1. Uphold the highest standards of ethics and business practices throughout the organization
- 2. Continue to foster a culture of diversity and inclusion within the organization
- 3. Understand and properly plan for risks of ever-changing environments
- 4. Create local, sustainable economic growth by promoting jobs and improving local economies

Current State of Sustainability

While this is Patriots first year creating a formalized sustainability process, we have always put our best foot forward when considering our employees, communities, and future.

The following are ways Patriot currently contributes to a more sustainable future:

- Rail transportation is the most fuel-efficient form of transportation and as a result contributes the lowest amount of emissions compared to all other modes of transportation.
- Patriot currently tracks and trends data pertaining to fuel usage and optimization practices to further reduce the impact of emissions on the environment.
- Automatic light shutoff devices are installed in a number of our office facilities across the United States. That number will continue to grow until all are equipped.
- Patriot has received multiple awards for safety excellence across its rail and port properties that show how much Patriot invests in the health and welfare of its employees.
- Employees are encouraged to grow with the organization using Tuition Reimbursement programs which are in place and readily available for employees to further their education.
- Patriot puts an increased focus on its training and operation efficiency to reduce the number of startups and shutdowns of equipment as well as limiting unnecessary braking and throttling that can reduce fuel efficiency and increase emissions.

Health and Safety Goals

Health and Safety Goals are drafted and submitted following the core values and foundational goals of the organization set forth by the Chief Executive Officer.

Strategies to achieve goals focus on: Educating the work force, engineering out problems, and enforcing the standard at all times.

2020 goals include:

- Continued development of key safety, training, and compliance initiatives.
- Reduction of Incidents from previous year.
- Improvement of company driver safety and performance.
- Initiation of third party certifications at determined sites ex. VPP Certification.

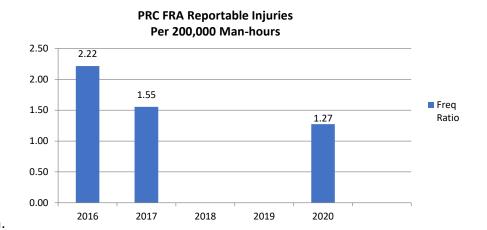
Performance to Objectives

FRA reportable injury rates continue to stay below five-year highs. In addition to this, there have been no FRA reportable derailments within the last 5 years.

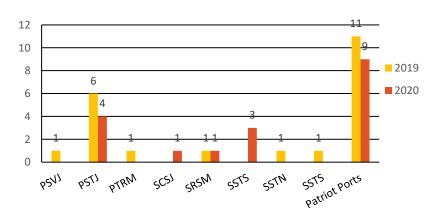
The OSHA recordable injuries for the year, while currently below last year's levels, are gradually approaching similar levels. Attention towards auditing, training, and enforcement has begun picking up, and new plans will be reviewed to ensure the path forward is one with far less injuries.

2020 Accomplishments

- ➤ Patriot Rail properties won the American Short Line and Regional Railroad Association (ASLRRA) Jake award for safety with distinction.
- Columbia & Cowlitz Railroad won the ASLRRA Presidents Award in its category.
- Patriot Port properties received the American Equity Underwriter's (AEU) Safety Award for being one of the top 25 companies, 2%, of the 1,400 AEU companies in safety performance.



Patriot Ports Recordable injuries

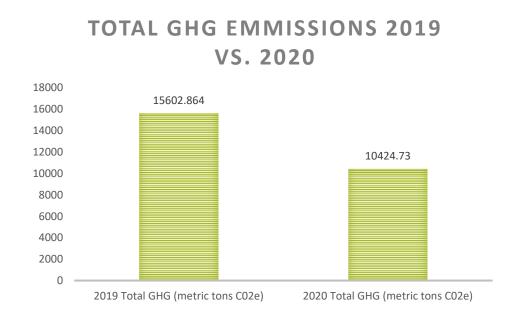


Environmental Performance Overview

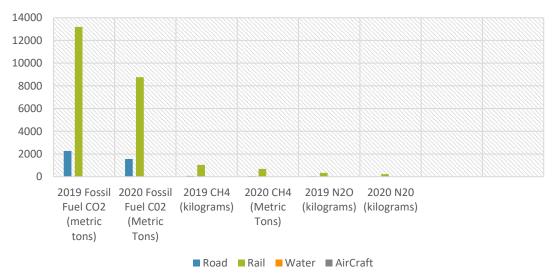
Patriot Rail and Ports takes very seriously, the impact its operations have on the world and the communities in which it serves. Patriot believes business decisions are not to be made only based on financial gain, but also keeping in mind the preservation of resources, health, and environmental well-being.

At the forefront of environmental performance is education. Patriot strives to educate its workforce on the laws in which we abide by, as well as in way's they can reduce impact's that far outreach Patriot's operation: emission reduction.

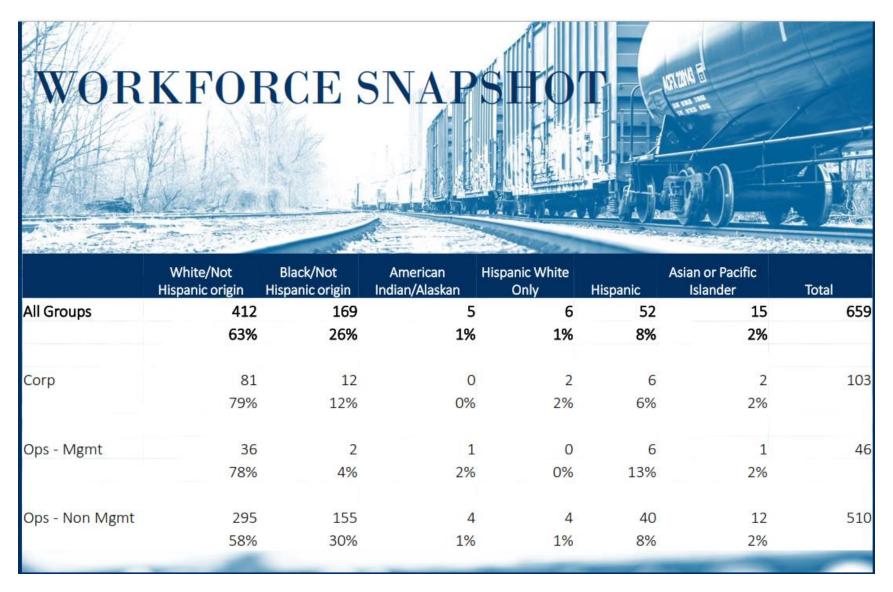
Patriot works to reduce emissions by tracking and trending fuel usage of locomotives, equipment, and vehicles. As a transportation centric company, most of our emissions come from our fuel using equipment. By ensuring best practices, running lean, and continuously improving our processes with training and technology, we are able to see results in the form of fuel usage reductions.



Emmission by Mode of Transport 2019 vs. 2020



Human Resources Overview



As of July 15, 2020

People and Human Resources

Patriot Rail and Ports recognizes that people are our most valuable resource. Attracting, retaining, and engaging our workforce is critical to our success. With this in mind, Patriot has adopted the following strategies:

- Build and foster a culture of equality, respect, and integrity; with diversity and inclusion as core values;
- Offer a comprehensive and competitive benefits program that supports employees' and their families;
- Coach and develop employees, assist them in reaching their potential and achieving career goals;
- Develop and expand talent pools to ensure future needs are met; and
- Recognize and reward performance.

These are the building Blocks for the Patriot People and Human Resource strategies:

Culture & Values

- Policies are shared in the Employee Handbook and consistently enforced
- Anonymous hotline for reporting concerns
- Instructing new hires on the "Patriot Way" during onboarding

Communication

- Daily management briefings and "open door" policy
- Regular coaching and in-the-moment performance feedback
- Employee engagement survey

Support and Work/Life Balance

- Comprehensive benefits package and generous paid time off policies
- Employee Assistance Program, with free counseling services
- Telehealth services, including behavioral health offerings

Development

- "On the job" learning and assignments
- Tuition reimbursement program
- Internship program

Employee Survey

About the Survey

- Survey dates: 9/11/2020 9/25/2020
- Open to all employees
- Participation was voluntary and anonymous
- Will serve as a benchmark for future years



. .

152 Participants

| Gender Identity | у |
|-------------------|-----|
| Woman | 15% |
| Man | 56% |
| Prefer Not to Say | 18% |
| Blank | 11% |

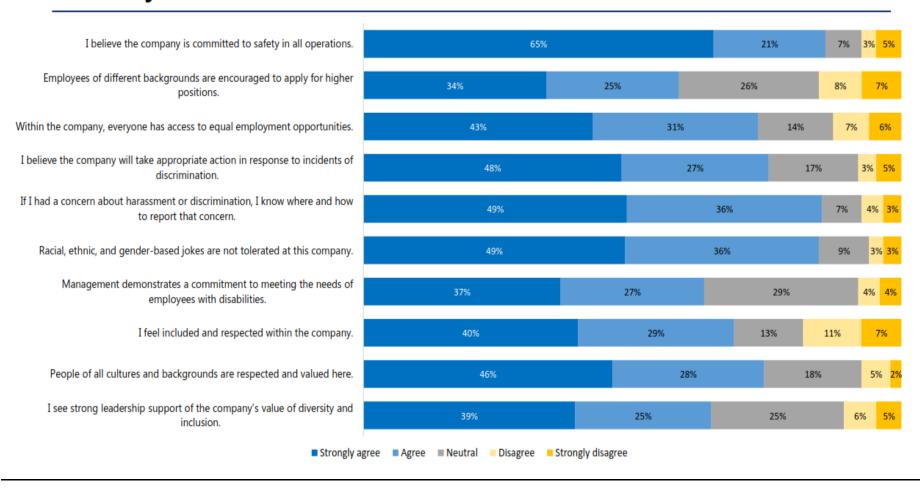
| Age | | |
|---------------------|-----|--|
| 25 years or younger | 1% | |
| 26 - 34 years | 7% | |
| 35 - 44 years | 28% | |
| 45 - 54 years | 18% | |
| 55 - 64 years | 11% | |
| 65 - 74 years | 2% | |
| Prefer not to say | 28% | |
| Blank | 5% | |

| Length of service | | |
|--------------------|-----|--|
| Less than 1 year | 10% | |
| 1 - 2 years | 12% | |
| 3 - 4 years | 25% | |
| 5 - 6 years | 14% | |
| 6 - 10 years | 9% | |
| More than 10 years | 20% | |
| Blank | 10% | |

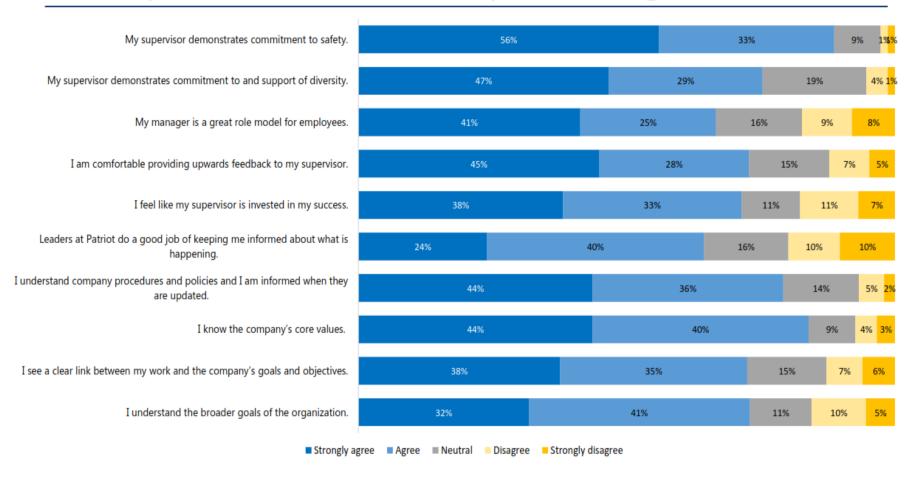
| Role | | |
|---|-----|--|
| Manager / supervisor | 28% | |
| Operations individual contributor | 32% | |
| Paraprofessional | 3% | |
| Professional staff | 5% | |
| Senior leader (C-suite / VP / AVP / Director) | 10% | |
| Prefer not to say | 1% | |
| Blank | 21% | |

| Racial / Ethnic Identity | (|
|--|-----|
| Black or African American (Not Hispanic or Latino) | 7% |
| Hispanic or Latino | 1% |
| Native American or Alaska Native (Not Hispanic or Latino) | 1% |
| Native Hawaiian or Pacific Islander | 1% |
| White (not Hispanic or Latino) | 58% |
| Two or more races | 3% |
| Prefer not to say | 25% |
| Blank | 5% |

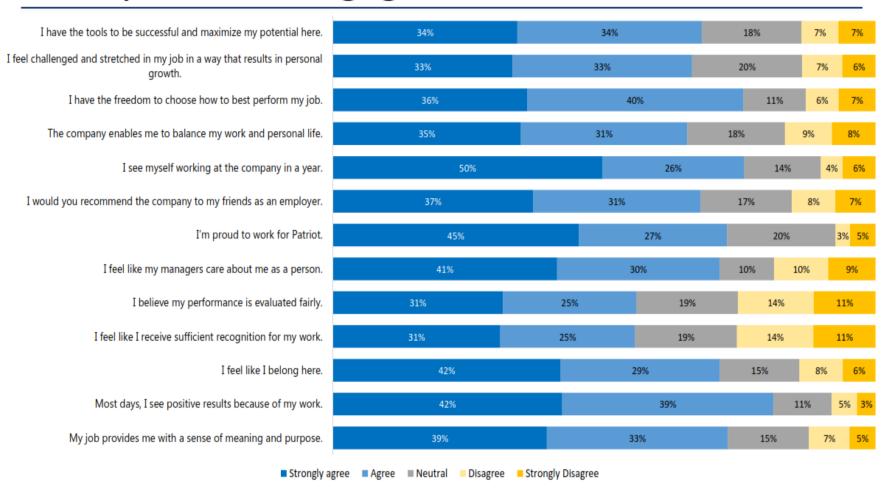
Survey Results: Culture



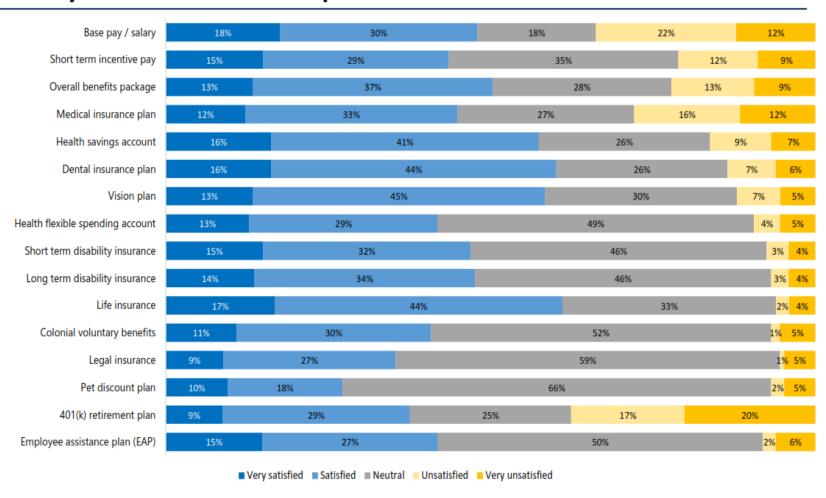
Survey Results: Leadership and Alignment



Survey Results: Engagement



Survey Results: Compensation & Benefits



Community Relations

Patriot Rail & Ports proudly supports our local community by volunteering, hosting events, and more.

Patriot Rail & Ports strives to be a good corporate citizen. This includes becoming involved with local and company-wide organizations that are working hard to address community concerns. Patriot Rail actively supports many events and celebrations. Whether extending our service to these special events, helping to host them or providing employee volunteers, Patriot Rail is involved in activities that help make communities safer, stronger, better and more fun.

Due to the Global Pandemic brought on by Corona Virus in the early months of 2020, community events, outreach programs, and all events that were determined non-essential were cancelled with the safety of employees and the community in mind.

With that being said, in the following years, Patriot fully expects to expand its efforts to provide volunteer opportunities for employees, outreach events in our neighboring communities, and fundraising opportunities for selected causes.

