EXTERNAL MANAGER RESPONSIBLE INVESTING POLICY

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PURPOSE

Riverwater Partners believes Responsible Investing is in the best interest of our clients, our firm, our communities, and our society. Therefore, we integrate responsible investing policies, practices, and outcomes, alongside more traditional investment criteria, when we evaluate potential external investment managers. We are long-term investors; therefore, we believe it is imperative to consider the long-term risks and opportunities which integrating responsible investing practices can help uncover.

Many believe one must sacrifice financial gain to achieve real economic gain; however, history has shown that companies that incorporate responsible policies and practices into running their businesses generate superior returns versus companies that do not. These better business practices generally result in meaningful financial gain in the form of increased revenue (as customers want to support the efforts) and/or decreased expenses (due to lower energy consumption, for example) or potential liability or reputation risk, resulting in superior returns over the long term. The fact that responsible business practices have been shown to result in superior financial returns over time, often with lower volatility, allows Riverwater to uphold its fiduciary duty to clients by incorporating a responsibility lens into its investment process and selecting managers that look to identify these same opportunities.

Riverwater Partners seeks products that best fit each client's specific needs. We tend to focus on external managers that have heavily integrated responsible investing policies and procedures into the research and investment decision making process, robust reporting, and strong proxy voting and engagement records. While many critics of responsible investing state that one cannot consistently outperform the market and utilize these factors in the investment process, the data has shown the two need not be mutually exclusive. We actively monitor and research strategies where we believe the manager's integration of responsible investing can aid these managers in achieving favorable or, at the very least, market level returns over longer periods. In various asset classes where there may be limited high quality investment offerings with deeply integrated responsible investing processes, we may select managers that will meet Riverwater's investment criteria for external manager selection but may not have as robust responsible investing integration.

Riverwater Partners publicly reports on its Responsible Investment practice and outcomes in its annual Sustainability Report and in its Proxy Voting outcomes.

RIVERWATER SELECT LIST

The Riverwater Select List is a list of approved managers that have completed a rigorous due diligence process and who Riverwater believes are most capable of potentially outperforming the market over a full market cycle. In addition to investment due diligence, Riverwater also evaluates the level of Responsible Investing Integration for each external manager on the Riverwater Select List. These are the first investments we use to populate client portfolios.

DUE DILIGENCE FOR RESPONSIBLE INVESTMENT INTEGRATION ON RIVERWATER SELECT LIST

Given the amount of inconsistency with environmental, social, and governance (ESG) disclosures, ESG score providers, and ESG rankings, we believe a rigorous qualitative approach is the most effective way to identify strategies with robust responsible investing efforts. While the proliferation of these data providers and ESG scoring methodologies have undoubtedly furthered the recognition of ESG/Sustainable/responsible investing globally, we remain wary of greenwashing given the increased ability to minimally incorporate these factors into the investment process. It is this skepticism of greenwashing that motivates us to do our own qualitative due diligence to identify the true responsible and sustainable managers.

There are varying levels of responsible investing integration that external managers can utilize within their practices. The spectrum can range from pure philanthropic/charitable giving to investing in products that have no responsible investment aspect within their process.

The first step in our external manager due diligence process is to identify the level of responsible investment integration and assign labels for each product based on our classifications: Philanthropic and Impact First Investing, Impact Investment, Responsible Investment Focused, Responsible Investment Integrated, or None. In most circumstances, products with the classification of NONE, meaning they do not utilize any type of ESG integration in their investment process, will be excluded from the Riverwater Select List. Exception can be made for certain asset classes where incorporation of responsible investing criteria is prohibitive to executing a type of strategy.

RESPONSIBLE INVESTMENT INTEGRATION LEVELS FOR INVESTMENT MANAGERS

1. **Philanthropic and Impact First Investing** – Philanthropic/charitable giving is a donation of assets to support a particular environmental and/or social cause with no intention of earning a return. Impact First investing is similar to philanthropic investing where the main goal of the investment is to promote a certain social or environmental cause, however, investors do expect some return, though the expected return is usually below the standard market return. These investments tend to be directed toward a particular cause in which the investor is passionate.

2. **Impact Investing** – Impact Investing includes investments in public or private entities with a specific intention of generating social and/or environmental impact alongside a market or better financial return. Most impact investments focus on a single or a few related UN PRI Sustainable Development Goals or impact themes and are commonly managed directly in fixed income strategies or private equity funds. These strategies tend to be more concentrated, often thematic in nature, and will have very measurable engagement or thematic related outcomes.

3. **Responsible Investing (RI) Focused Investing** – RI Focused investing integrates attention to environmental, social, and governance factors intricately into the investment process. These strategies typically have robust engagement efforts, proxy voting policies, and unique processes built around the identification of relevant data and factors and consider them heavily in making their investment decisions. They usually have a "best in class" approach or focus on companies where engagement can lead to significant improvement in various metrics. RI Focused strategies tend to be well diversified and emphasize many of the UN PRI Sustainable Development Goals. As a part of their ongoing engagement and reporting efforts they have very strong stewardship policies and have an emphasis on promoting measurable responsible investment outcomes.

4. **Responsible Investing (RI) Integrated Investing** – RI Integrated strategies use ESG factors as a component of the investment process, but these factors do not have as large of an influence throughout the research and portfolio construction processes as in RI Focused strategies. Oftentimes these strategies utilize "exclusionary only" approaches or a scoring methodology based on publicly available ESG Scoring systems. These strategies tend to have less robust engagement and proxy voting policies and are not as focused on the engagement outcomes of their investments. RI Integrated strategies are well diversified and will target many of the UN PRI

Sustainable Development Goals. This type of strategy is the most common and proper due diligence is key to identify potential "greenwashing".

5. **Traditional Investing (None)** – Traditional investing consists of broadly diversified equity, fixed income, and alternative strategies that do not utilize any type of responsible investment criteria in their process. These strategies will use traditional investment characteristics to identify potential investment candidates. The main driver of the investment decision making process is opportunity for financial return.

To assign our Responsible Investment Integration label, we assess the managers' commitment to responsible investing by considering the following factors:

- Whether the product has a mandated ESG/responsible investment policy
- Manager's responsible investment definition and philosophy
- Firmwide policy and commitment to responsible investing
- Product-specific policy
- Various ESG rankings (i.e., Morningstar Globes, Sustainalytics, MSCI, etc.)
- Use of exclusionary screens
- Incorporation of responsible investment criteria into investment analysis and decision making
- Portfolio holdings alignment with the responsible investment philosophy
- Identification of "gray" areas that don't fit within stated policies
- Resources committed to responsible investment/ESG research
- Disclosure, tracking, and reporting ability
- Engagement policies
- Proxy voting policies

Ongoing Monitoring and Tracking of External Manager ESG Efforts

As part of our ongoing commitment to responsible investment, Riverwater reviews the processes for each manager on the Riverwater Select List on an annual basis. We perform this review through a responsible investing due diligence questionnaire sent to each manager in which we request information on various aspects of their responsible investing integration.

The Riverwater Responsible Investing Due Diligence Questionnaire Covers:

- Integration of responsible investing into the investment process

- Updates on responsible investing resources within the firm
- Engagement Policies
- Proxy Voting Policies
- Public Policy Advocacy
- Tracking of responsible investing related activities
- Key progress toward improvement on sustainability outcomes