

February 2022

Investment Policy Statement

Salem Health Hospitals & Clinics

Retirement Plan

Table of Contents

1. Purpose of the Investment Policy Statement 1

2. Plan Objectives 1

3. Plan Investment Structure 2

4. Investment Option Profiles 3

5. Investment Option Performance Standards 11

6. Responsibilities of Plan Participants 13

7. Parties Responsible for Management & Administration of the Plan’s Investments 13

1. Purpose of the Investment Policy Statement

Salem Health Hospitals & Clinics sponsors the Salem Health Hospitals & Clinics Retirement Plan (the “Plan”) for eligible employees. The Salem Health Hospitals & Clinics Retirement Committee (the “Committee”) is responsible for overseeing the Plan. This Statement of Investment Policy (the “Policy”) was developed by the Committee and defines the Plan’s investment objectives and establishes policies and procedures for creating the highest probability that these objectives are met in a prudent manner that is consistent with the established guidelines under the Internal Revenue Code, the Employee Retirement Income Security Act of 1974 (“ERISA”), as amended, and other applicable laws and regulations.

This Policy outlines guidelines and requirements in the following three functional areas:

Planning

- Defining the Plan’s objectives and linking those to the Plan’s investment structure
- Establishing guidelines for the investment of the Plan’s assets
- Documenting the responsibilities of the Plan’s fiduciaries and non-fiduciaries

Operations

- Outlining criteria and procedures for the ongoing operation of the Plan’s investment program
- Establishing investment performance standards

Control

- Monitoring and evaluating results, including investment performance
- Reviewing the investment policy annually, or more often if circumstances dictate, to determine if any modifications are warranted

In general, it is understood that this Policy is intended to incorporate sufficient flexibility so as to accommodate current and future economic and market conditions and changes in applicable accounting, regulatory, and statutory requirements. The Committee shall be free to deviate from this Policy as it deems appropriate, including on a case-by-case basis with respect to any investment manager or strategy appointed by the Committee. The Committee will review this Policy at least annually, and, if appropriate, amend it to reflect changes in the capital markets, Plan participant objectives, or other factors relevant to the Plan.

2. Plan Objectives

The Plan is a retirement program, which seeks to assist employees and their beneficiaries in obtaining financial security primarily in retirement. The Plan is intended to facilitate the accumulation of assets by participants on a tax deferred basis for retirement by permitting participants to defer a portion of their compensation in accordance with ERISA, the Internal Revenue Code, and other governing rules and regulations.

The Plan sponsor assists participants in the accumulation of assets by providing matching and “Experience” contributions. The Plan provides for loans and hardship withdrawals so that participants who may have financial emergencies or short-term needs are still encouraged to save through the Plan. The Plan is intended to be maintained in compliance with Section 404(c) of ERISA and the regulations interpreting that section.

3. Plan Investment Structure

The appropriate investment strategy for any individual participant to accumulate retirement savings or achieve other savings objectives is a function of multiple personal factors. These factors include but are not limited to age, income, time horizon, risk tolerance, return and accumulation objectives and other assets outside of the Plan. In order to allow participants to establish savings and investment strategies which meet their individual needs, the Plan provides an array of investment options in which participants may invest. The Plan currently allows participants to direct the investment of their contributions and company contributions to 14 investment option categories.

Each investment option category is intended to fill a primary savings and investment role, consistent with the Plan objectives, and to address the risks that participants face. Participants bear the full risk of investment results from the option(s) and asset mix they select. The Plan offers the following investment option categories:

- Target-Date Fund Family (5-year increments) (Passive)
- Stable Value (Active)
- Market Duration Bond (Passive)
- Market Duration Bond (Active)
- Inflation-Protected Fixed Income (TIPS) (Passive)
- Large Capitalization Value Equity (Active)
- Large Capitalization Core Equity (Passive)
- Large Capitalization Growth Equity (Active)
- Small + Mid Capitalization Core Equity (Passive)
- Small + Mid Capitalization Growth Equity (Active)
- International Core Equity (Active)
- International Core Equity (Passive)
- Brokerage Window

The investment manager(s)/funds offered in each category are expected to achieve the objectives outlined in the Investment Option Profiles and Investment Option Performance Standards Sections of this document. The Committee may decide to replace or add investment options within an investment option category at any time.

4. Investment Option Profiles

The following pages outline the specific roles and characteristics of each investment option.

Option	Stable Value (Active)
Objectives	<ul style="list-style-type: none"> ▪ Capital preservation ▪ Total return equal to or greater than inflation
Primary Investments	Traditional investment contracts issued by banks and insurance companies, synthetic contracts, money market instruments, short-duration fixed income securities and separate account contracts.
Source of Return	<ul style="list-style-type: none"> ▪ Contract income ▪ Interest income
Expected Return	Low
Expected Risk	Low
Investment Vehicle	Separate Account

Option	Market Duration Bond (Passive)
Objectives	Track the total rate of return for the Barclays US Aggregate Bond Index/ Bloomberg Barclays US Aggregate Float Adjusted Bond Index
Primary Investments	Government, corporate and mortgage-backed fixed income securities with average portfolio duration between three and seven years.
Source of Return	<ul style="list-style-type: none"> ▪ Interest income ▪ Capital appreciation/(depreciation)
Expected Return	Low to Moderate
Expected Risk	Low to Moderate
Investment Vehicle	Mutual Fund

Option	Market Duration Bond (Active)
Objectives	<ul style="list-style-type: none"> ▪ Principal preservation ▪ Modest total return that outpaces inflation
Primary Investments	Government, corporate and mortgage/asset-backed fixed income securities with an average portfolio duration between three and seven years; high-yield and international issues may be used opportunistically at times.
Source of Return	<ul style="list-style-type: none"> ▪ Interest income ▪ Capital appreciation/(depreciation)
Expected Return	Low to Moderate
Expected Risk	Low to Moderate
Investment Vehicle	Mutual Fund

Option	Inflation-Protected Fixed Income (TIPS) (Passive)
Objectives	<ul style="list-style-type: none"> ▪ Hedge against inflation risk ▪ Total return that outpaces inflation
Primary Investments	Investment grade bonds issued by the US government, its agencies and instrumentalities, and corporations.
Source of Return	<ul style="list-style-type: none"> ▪ Interest income ▪ Capital appreciation/(depreciation)
Expected Return	Low to Moderate
Expected Risk	Low to Moderate
Investment Vehicle	Mutual Fund

Option	Large Capitalization Value Equity (Active)
Objectives	<ul style="list-style-type: none"> ▪ High total return ▪ Diversification in the large cap equity market
Primary Investments	Domestic stocks with market capitalizations in line with those found in the Russell 1000 Value Index. The total portfolio should exhibit characteristics representative of a value equity investment style, with price/earnings and price/book ratios less than the Russell 1000 Value Index.
Source of Return	<ul style="list-style-type: none"> ▪ Dividend income ▪ Capital appreciation/(depreciation)
Expected Return	Moderate to High
Expected Risk	Moderate to High
Investment Vehicle	Mutual Fund

Option	Large Capitalization Core Equity (Passive)
Objectives	<ul style="list-style-type: none"> ▪ Track the return of the S&P 500 Index ▪ High total return
Primary Investments	All stocks comprising the S&P 500 Index and in the same proportion as the Index.
Source of Return	<ul style="list-style-type: none"> ▪ Dividend income ▪ Capital appreciation/(depreciation)
Expected Return	Moderate to High
Expected Risk	Moderate to High
Investment Vehicle	Mutual Fund

Option	Large Capitalization Growth Equity (Active)
Objectives	<ul style="list-style-type: none"> ▪ High total return ▪ Diversification in the large cap equity market
Primary Investments	Domestic stocks with market capitalizations in line with those found in the Russell 1000 Growth Index. The total portfolio should exhibit characteristics representative of a growth equity investment style, with price/earnings and price/book ratios higher than the Russell 1000 Index.
Source of Return	<ul style="list-style-type: none"> ▪ Dividend income ▪ Capital appreciation/(depreciation)
Expected Return	Moderate to High
Expected Risk	Moderate to High
Investment Vehicle	Mutual Fund

Option	Small + Mid Capitalization Core Equity (Passive)
Objectives	<ul style="list-style-type: none"> ▪ Track the return of the S&P Completion Index ▪ High total return
Primary Investments	All stocks comprising the S&P Completion Index and in the same proportion as the Index.
Source of Return	<ul style="list-style-type: none"> ▪ Dividend income ▪ Capital appreciation/(depreciation)
Expected Return	High to Very High
Expected Risk	High to Very High
Investment Vehicle	Mutual Fund

Option	Small + Mid Capitalization Growth Equity (Active)
Objectives	<ul style="list-style-type: none"> ▪ High total return ▪ Diversification within the small and mid cap equity markets
Primary Investments	Domestic stocks with market capitalizations that are in line with stocks found in the Russell 2500 Growth Index. The total portfolio should exhibit characteristics representative of a small-to-mid capitalization growth equity investment style, including price/earnings and price/book ratios greater than those of the Russell 2500 Growth Index.
Source of Return	<ul style="list-style-type: none"> ▪ Capital appreciation/(depreciation) ▪ Dividend income (modest or none)
Expected Return	High to Very High
Expected Risk	High to Very High
Investment Vehicle	Mutual Fund

Option	International Core Equity (Active)
Objectives	<ul style="list-style-type: none"> ▪ High total return ▪ Provide non-U.S. equity exposure to decrease total portfolio volatility
Primary Investments	Foreign stocks of developed countries with market capitalizations that are in-line with the MSCI EAFE (net) Index. May also opportunistically invest in foreign small capitalization stocks and in emerging market stocks.
Source of Return	<ul style="list-style-type: none"> ▪ Dividend income ▪ Capital appreciation/(depreciation)
Return Objective	Very High
Risk Profile	Very High
Investment Vehicle	Mutual Fund

Option	International Core Equity (Passive)
Objectives	<ul style="list-style-type: none"> ▪ Track the return of the FTSE Global All Cap ex US Index ▪ High total return
Primary Investments	Foreign stocks of developed countries with a market capitalization generally greater than \$1 billion. The Fund employs a sampling technique to build a portfolio that has similar characteristics to the FTSE Global All Cap ex US Index.
Source of Return	<ul style="list-style-type: none"> ▪ Dividend income ▪ Capital appreciation/(depreciation)
Expected Return	High to Very High
Expected Risk	High to Very High
Investment Vehicle	Mutual Fund

Option	Target Date Funds (Passive)
Objectives	<ul style="list-style-type: none"> ▪ Risk return characteristics consistent with participants' expected retirement dates ▪ Group of five or more investment options comprised of securities that cover multiple asset classes. Each lifecycle investment's allocation is designed to a specific target year corresponding to an investor's expected retirement date. The investment managers are responsible for rebalancing the underlying investments back to their strategic asset allocations and adjusting the investment's allocation (and thus risk/return profile) as the target year approaches. ▪ These investment options are intended to qualify as Qualified Default Investment Alternatives, as defined under the Pension Protection Act of 2006, with respect to investments made to these funds in the absence of participant investment direction.
Primary Investments	Money market securities, domestic and foreign bonds, domestic and foreign stocks, liquid alternative investments (e.g., funds that invest in commodities futures contracts, shares of real estate investment trusts, etc.).
Source of Return	<ul style="list-style-type: none"> ▪ Interest and dividend income ▪ Capital appreciation/(depreciation)
Expected Return	Varies depending on each investment's asset allocation
Expected Risk	Varies depending on each investment's asset allocation
Investment Vehicle	Commingled Investment Trust

5. Investment Option Performance Standards

Investment options will be reviewed regularly by the investment consultant selected and appointed by the Committee (the "Investment Consultant") to permit the Committee, not less frequently than annually, to evaluate deviations from the performance standards discussed below.

Investment returns will be the primary evaluation criteria for the investment options. Investment returns will be measured by total time-weighted rates of return, net of fund expenses, over various time periods. Because the Plan is intended as a long-term retirement savings vehicle, trailing returns should be viewed over a full market cycle. While the length of a market cycle may vary over time, in order to maintain a consistent process the trailing three (3) and five (5) year returns will be given the greatest weighting in the evaluation.

The investment return objectives established for each investment option are detailed in the chart on page 12. It is expected that actively managed investment options will meet or exceed the return of the relevant benchmark market index, and that returns of passively-managed investment options will track the return of the relevant benchmark market index (plus or minus a reasonable factor for tracking error). It is also expected that actively managed investment options (including target date funds) will meet or exceed the median performance of a relevant peer group manager universe (e.g., equity mutual funds managed to similar geography, capitalization and style objectives or fixed income mutual funds managed to similar geography, style, quality, and duration objectives).

The Investment Consultant will monitor and the Committee will evaluate investment option performance relative to these standards.

In addition to investment option returns, the Committee's evaluation of an investment option may include, but is not limited by, the following considerations:

- Volatility compared to the benchmark market index
- Changes in the investment philosophy
- Performance relative to other investment options in the same category
- Portfolio structure, in particular, significant changes in the concentration of portfolio holdings or the types of underlying investments
- Manager history, including changes in the portfolio management team
- Firm organizational structure changes, legal, regulatory or cybersecurity issues
- Significant increases or decreases in the amount of assets under management
- Fees/costs
- Transparency and administrative efficiency
- Regulatory actions or litigation involving the investment option, investment managers, or the fund sponsor

The Committee reserves the right to terminate or replace an investment option at any time and for any reason. In addition, the Committee may ask the Investment Consultant to review an investment option in greater detail for such time as, in the Committee's sole judgement, is warranted in light of the circumstances.

Investment Manager Communication and Evaluation Terminology

The following terminology has been developed to facilitate efficient communication between the investment managers, the Investment Consultant, and the Committee. Each term signifies a particular status with the investment option and any conditions that may lead to Committee action with respect to a particular investment manager. In each case, communication with the investment manager is made only after consultation with the Committee.

	Status	Description
A	<i>"In Compliance"</i>	The investment manager is acting in accordance with the Investment Policy standards.
B	<i>"Alert"</i>	The investment manager is notified of a concern regarding performance (usually related to a benchmark or volatility measure), a change in investment characteristics, an alteration in management style or key investment professionals, and/or any other irregularities. The investment manager will complete a monthly compliance checklist from the Investment Consultant to ensure thorough oversight.
C	<i>"On Notice"</i>	The investment manager is notified of continued concern with one or more Alert issues. Failure to improve upon stated issues within a specific time frame justifies termination. The investment manager will complete a monthly compliance checklist from the Investment Consultant to ensure thorough oversight.
D	<i>"Termination"</i>	The Committee has decided to terminate the investment manager. The investment manager is notified, and transition plans are in place.

Investment Option	Peer Group Manager Universe	Benchmark Market Index
Stable Value	Stable Value Universe	BofA 1-3 Year Treas 50% / 90 Day T-Bill 50%
Money Market	Money Market Universe	FTSE 3-Month T-Bill
Market Duration Bond (Passive)	Fixed Core Mutual Fund Universe	Bloomgberg Barclays Aggregate Bond Float Adjusted Index (Tracking Error +/- 0.20%) †
Market Duration Bond (Active)	Fixed Core Mutual Fund Universe	Bloomberg Barclays Aggregate Bond Index
Inflation-Protected Fixed Income (TIPS)	Inflation Protected Universe	Bloomberg Barclays US TIPS
Large Capitalization Value Equity	Large Cap Value Equity Mutual Fund Universe	Russell 1000 Value Index
Large Capitalization Core Equity (Passive)	Large Cap Core Equity Mutual Fund Universe	S&P 500 Index (Tracking Error +/- 0.30%) †
Large Capitalization Growth Equity	Large Cap Growth Equity Mutual Fund Universe	Russell 1000 Growth Index
Small + Mid Capitalization Core Equity (Passive)	Small + Mid Cap Core Equity Mutual Fund Universe	S&P Completion Index (Tracking Error +/- 0.50%) †
Small + Mid Capitalization Growth Equity	Small + Mid Cap Growth Equity Mutual Fund Universe	Russell 2500 Growth Index
International Equity	International Equity Mutual Fund	MSCI EAFE (Net)
International Core Equity (Passive)	International Equity Mutual Fund Universe	FTSE Global All Cap ex US Index (Tracking Error +/- 0.60%) †
Target Date Funds	Target Date Mutual Fund Universe	Each Option Will Be Evaluated Compared to Customized Indices Based on Asset Allocation Mixes

† Tracking error is defined as the return of the investment option plus or minus the return of the benchmark market index.

6. Responsibilities of Plan Participants

The Plan is a voluntary, participant-directed deferred compensation plan. As such, participants in the Plan bear responsibility for deciding the amount of current compensation to defer in the Plan and for developing and monitoring a strategy for the investment of their accounts.

The specific responsibilities of the Plan participants are as follows:

- Determining the amount to contribute to the Plan within the limitations set by the Plan and the Internal Revenue Code.
- Allocating account balances and future contributions to the available investment options, based on individual circumstances, goals and objectives and risk tolerance.
- Rebalancing account balances to the participant's desired allocation due to market movements and account activity.
- Reallocating account balances and direction of future contributions as personal circumstances and goals and objectives change.

7. Parties Responsible for Management & Administration of the Plan's Investments

Plan investment fiduciaries, including service providers, will act in the sole interest of the Plan participants and beneficiaries, and for the exclusive purpose of providing benefits to participants and beneficiaries and of defraying the reasonable expenses of administering the Plan. In addition, investment managers will act in the interests of the investors. The safeguards to which a prudent investor would adhere must be observed. Furthermore, applicable fiduciaries must comply with and fulfill all aspects of ERISA and other relevant state and federal laws, regulations, and rulings that relate to the administration and investment of the Plan assets.

Retirement Committee

- Determine types of investment options so as to provide a broad risk/return spectrum.
- Select a trustee to account for Plan assets.
- Select an investment consultant, as necessary or appropriate, to render advice to the Committee on the investment program and the selection of investment options, and to evaluate investment performance and other duties, as appropriate.
- Establish performance standards for each investment option.
- Select investment managers based on investment objectives.
- Communicate and delegate responsibilities, objectives and guidelines to appropriate fiduciaries.
- Periodically evaluate the Plan's overall investment performance, investment option performance, and the cost to participants, and make any necessary investment option changes.

Investment Manager(s)

- The investment managers of the investment options selected by the Committee are responsible for making investment decisions consistent with the approach stated in relevant prospectuses, investment manager agreements and contracts including voting on proxies where applicable. Investment managers are also responsible for reporting investment results on a regular basis as determined by the Committee. Although mutual funds are exempt from fiduciary status under ERISA, they are expected to follow prudence standards as outlined in ERISA for the investment of Plan assets.

Custodian

- Allocate and transfer the Plan assets as directed by the Plan participants in permitted investment options.
- Make payments from the Plan to such participants or beneficiaries as directed.
- Provide a written accounting of all investments and all receipts, disbursements, income, expenses, changes in value, and other transactions of the Plan at month-end.
- Provide an annual 5500 reporting package.
- Reconcile corporate and individual account balances with the recordkeeper.

Investment Consultant

- Consult with the Committee regarding its selection or removal of investment options.
- Monitor investment options using the Investment Policy standards and issue periodic reports to the Committee and/or its designees in a format acceptable to the Committee.
- Meet periodically with the Committee and/or its designees to review performance of the investment options within the context of this Policy.
- Recommend to the Committee modifications to the Policy, guidelines or investment options, as appropriate.
- Notify the Committee and/or its designees of any organizational or strategy changes to the investment options and the underlying reasons.
- Keep the Committee and/or its designees informed about current investment trends and issues.

Recordkeeper

- The Recordkeeper is responsible for, among other things, communicating with participants, maintaining and updating individual account balances, providing information regarding Plan contributions, withdrawals and distributions, marketing the Plan and enrollment.