

Investment and Governance Policy Statement
Roman Catholic Archdiocese of Boston 401(k) Retirement Savings Plan
Effective March 1, 2013
Updated December 1, 2024

I. THE PLAN

The Roman Catholic Archdiocese of Boston (“RCAB”) sponsors the RCAB 401(k) Retirement Savings (the “Plan”) for the benefit of its employees and the employees of related Catholic entities who have agreed to participate in the Plan. The Plan is intended to provide eligible employees with the long-term accumulation of retirement savings through a combination of employee and employer contributions to individual participant accounts.

The Plan is a tax-qualified employee benefit plan intended to comply with all applicable federal laws and regulations, including the Internal Revenue Code of 1986, as amended (“Code”). The Plan is not covered by the Employee Retirement Income Security Act of 1974 (ERISA), as amended, due to its “church plan” status under Code Section 414(e) and ERISA Section 3(33).

II. PLAN GOVERNANCE AND OPERATION

A. Retirement Committee

The Archbishop has appointed a committee that is responsible, with the advice of a qualified investment consultant, for the selection and monitoring of investment options available under the Plan (the “Retirement Committee,” or “Committee”). Specific responsibilities of the Committee include:

- Preparation and maintenance of this Policy Statement
- Prudently selecting investment options
- Periodically evaluating the Plan’s investment options and making investment option changes, if warranted
- Tracking all investment, recordkeeping and administrative expenses associated with the Plan
- Providing plan participant investment education and communication to assist employees in making informed investment decisions
- Appointment and ongoing monitoring of the Plan’s investment consultant, recordkeeper, legal counsel, auditors, accountants, plan administrator, and any other third party engaged to provide services to the Plan or its participants
- Recommending and adopting Plan amendments to comply with legal requirements or as deemed appropriate by the Committee and/or as recommended by its advisors
- Making final decisions regarding interpretations of Plan provisions

The Committee shall be comprised of the persons stated in the Plan document. While the Plan is not covered under ERISA, it is the intention of the Committee to oversee the Plan by applying fiduciary standards similar to those set forth in ERISA and any applicable standards imposed by state or other applicable law. The Committee and all other fiduciaries will discharge their responsibilities under the Plan solely in the interests of Plan participants and their beneficiaries.

B. Investment Consultant

The Committee has retained an Investment Advisor, Graystone Consulting, to assist in fulfilling certain responsibilities. The Investment Advisor's role is that of a fiduciary advisor to the Committee. The Committee will rely on the investment advice provided by the Investment Advisor as the primary basis for its investment decisions. The role of the Investment Advisor includes the following activities:

- Assisting in the development and periodic review of the Policy Statement
- Conducting searches for investment options when requested by, and per the instructions of, the Committee
- Reviewing performance reports on the investment options with the Committee
- Updating and educating newly appointed Committee members on matters such as the Plan's investment history and historical capital markets performance

The responsibilities of the Committee outlined in Sections IV, V and VI, below, are to be undertaken with guidance from the Investment Consultant.

C. Plan Administrator

The staff member(s) designated by the Committee will provide administrative services to Plan participants and will coordinate communication between the above-mentioned groups as Plan Administrator.

III. PURPOSE OF THE INVESTMENT AND GOVERNANCE POLICY STATEMENT

This Investment and Governance Policy Statement:

- Outlines the Plan's governance structure and describes the roles of each operative body;
- Defines the Plan's investment objectives;
- Describes the criteria and procedures for selecting, monitoring, and changing investment options; and
- Describes alternatives for addressing investment options that fail to satisfy established objectives.

IV. INVESTMENT OBJECTIVES

Plan participants and beneficiaries are expected to have different investment objectives, time horizons, and risk tolerances. To meet these varying investment needs, participants and beneficiaries should be able to direct their account balances among a range of investment options that allow them to construct diversified portfolios that reasonably span the risk/return spectrum. Participants and beneficiaries alone bear the risk of investment results from the investment options that they select.

The Plan's investment options will be selected to:

- Maximize return within reasonable and prudent levels of risk;
- Provide returns comparable to returns for similar investment options;
- Provide exposure to a wide range of investment opportunities in various asset classes;

- Provide at least one investment alternative that has been screened for compliance with Catholic values and, to the extent practicable, complies with the United States Conference of Catholic Bishop's Socially Responsible Investment Guidelines; and
- Control administrative and management costs.

V. SELECTION AND MONITORING OF INVESTMENTS

In selecting investment options, it is the intent of the Committee to provide a range of investment options that will span the risk/return spectrum and to permit participants and beneficiaries to construct portfolios consistent with their unique individual circumstances, goals, time horizons, and tolerance for risk.

The Plan's investment options may consist of investment vehicles such as:

- ☒ Mutual Funds
- ☐ Exchange Traded Funds
- ☒ Stable Value / GIC
- ☒ Collective Trust Funds
- ☐ Self-Directed Brokerage Accounts

Major asset classes to be offered will include:

- ☒ Stable value and/or money market;
- ☒ Bonds;
- ☒ Domestic equity;
- ☒ International equity; and
- ☒ Target Date Funds.

The Committee may further break down one or more asset classes (for example, by style such as growth vs. value or by size such as small cap, mid cap, large cap or by region such as domestic, international).

Within each asset class, the Committee will determine the number of investment options offered. Investment options will generally be in the form of mutual funds, but may also include insurance separate accounts, or commingled trusts. Any particular investment option should meet the monitoring criteria listed in the Appendix of this document.

The Investment Advisor shall determine the Benchmark and Peer Group for each investment option and may change either as necessary or appropriate from time to time. The Investment Advisor will regularly review the expenses associated with investment options in the plan and benchmark against similar peer funds or the category average. In addition, fund share classes will be benchmarked periodically to ensure participants have access to the lowest net expense ratio share class.

The Committee has designated a family of Target Date Funds as the default investment option for the Plan. Target Date Funds should offer an asset allocation strategy that automatically changes over time, becoming more conservative as the target date approaches. The Target Date

Funds should be well diversified across a variety of asset classes, including domestic equity, international equities, fixed income and stable value/money market investments. In addition, the following criteria should be considered when selecting and monitoring the Plan's default investment(s):

- Alignment of glidepath objectives with participant demographics, including whether they correspond with eligible employees' ages and likely retirement dates.
- Other characteristics of the participant population, such as participation in a traditional defined benefit pension plan offered by the employer, salary levels, turnover rates, contribution rates and withdrawal patterns.
- Use of a recordkeeper's proprietary vs. non-proprietary options, where applicable.
- Use of custom models.

The Target Date Funds will be monitored on a quarterly basis using the criteria in the Appendix. In addition, an in-depth analysis of the glidepath, fees, and performance may be completed periodically.

VI. INVESTMENT MONITORING AND REPORTING

The ongoing monitoring of investment options should be a regular process. It is the mechanism for revisiting the investment options selected and verifying that the criteria originally satisfied continues to be satisfied within an acceptable range.

Each investment option shall be monitored for on-going compliance with the criteria set forth in the Appendix. The monitoring process shall include at least semi-annual reviews of investment option performance based on performance reviews provided by the Investment Consultant.

Any investment option that fails to satisfy the criteria set forth in the Appendix over a reasonable period of time shall be placed on a "Watch List."

Once an investment option is placed on the Watch List, the option will be reviewed at each Committee meeting. The review may include both quantitative and qualitative factors including, without limitation: personnel turnover; stewardship; ownership changes; changes in investment approach; style drift; risk/return ranking; correlation to other offerings; peer group/benchmark ranking; alpha; beta; standard deviation; and information ratio.

A fund may not satisfy all of the criteria set forth in the Appendix and still be maintained as an investment option if the Committee determines that it is in the best interests of participants and beneficiaries to continue offering the option. The Committee shall decide when to remove an investment option from the Watch List.

If the Committee determines that action is required for a fund on the Watch List, it may take one of the following actions:

1. The Committee may add a new investment option to the Plan in the same investment style as the existing option, using criteria outlined in the Appendix, thereby allowing participants to diversify out of the existing option on their own;
2. The Committee may replace the investment option with a new investment option with a similar investment style and objective, using criteria outlined in the

Appendix. Amounts invested in the replaced investment option would be transferred to the new investment option; or

3. The Committee may remove the investment option without replacement. In this case amounts invested in the removed option will be transferred to one of the other available investment options.

The Committee will consider these alternatives and will consider multiple factors, including the number of participants in the investment option, the amount of assets in the investment option, and the amount of time the investment option has been in Plan. The Committee will then decide which course of action is in the best interest of participants and beneficiaries.

VII. MODIFICATION OF INVESTMENT POLICY STATEMENT AND CHANGE IN INVESTMENT OPTIONS

This Investment Policy Statement may be amended by the Committee to further the best interests of the Plan and its participants and beneficiaries, and/or to comply with changes in the Plan or applicable law.

Investment options may be changed at any time at the discretion of the Committee in accordance with the agreed upon general monitoring and selection criteria set forth in this Investment Policy Statement.

VIII. COORDINATION WITH THE PLAN DOCUMENT

If any term or condition of this Investment Policy Statement conflicts with any term or condition in the Plan, the terms and conditions of the Plan shall control.

John Straub, Chancellor, Roman Catholic Archdiocese of Boston
signing on behalf of all members of the Retirement Committee

IX. APPENDIX

Fund Evaluation Criteria

Each fund will be evaluated and monitored quarterly based on the following criteria. If a fund does not pass 58% of the selected criteria it will be further evaluated.

Actively Managed Funds			
Investment Monitoring Statistics	Criteria Options: Percentile Rank , Peer Group Median, Value, Category Assigned Benchmark	Default Operand When Using Ranks	Enter Value
Annualized Performance in Category			
3 Year	<i>%tile Ranking</i>	>	25
5 Year	<i>%tile Ranking</i>	>	50
10 Year	<i>%tile Ranking</i>	>	50
Up/Down Market Capture Ratio			
5 Year Up Capture Ratio	<i>%tile Ranking</i>	>	50
5 Year Down Capture Ratio	<i>%tile Ranking</i>	<	50
5 Year Up/Down Capture Ratio	<i>%tile Ranking</i>	>	50
Max Draw Down			
5 Year Max Draw Down	<i>%tile Ranking</i>	<	50
Tracking Error			
5 Year Tracking Error	<i>%tile Ranking</i>	<	50
Alpha			
10 Year Alpha	<i>Value</i>	≥	0
Management			
Manager Tenure	<i>Number of Years</i>	≥	5
Style Drift	<i>Category Assigned Benchmark</i>		No drift
Calendar Year Return vs. Benchmark			
Calendar Year Return vs. Benchmark	<i>Number of Years</i>	≥	5 out of 10

<u>Target Date Funds</u>			
Investment Monitoring Statistics	Criteria Options: Percentile Rank , Peer Group Median, Value, Category Assigned Benchmark	Default Operand When Using Ranks	Enter Value
Annualized Performance in Category			
3 Year	%tile Ranking	>	25
5 Year	%tile Ranking	>	50
10 Year	%tile Ranking	>	50
Up/Down Market Capture Ratio			
5 Year Up Capture Ratio	%tile Ranking	>	50
5 Year Down Capture Ratio	%tile Ranking	<	50
5 Year Up/Down Capture Ratio	%tile Ranking	>	50
Max Draw Down			
5 Year Max Draw Down	%tile Ranking	<	50
Alpha			
5 Year Alpha	%tile Ranking	>	50
10 Year Alpha	%tile Ranking	>	50
Management			
Manager Tenure	Number of Years	≥	5
Expense Ratio			
Expense Ratio	%tile Ranking	<	75
Calendar Year Return vs. Benchmark			
Calendar Year Return vs. Benchmark	Number of Years	≥	5 out of 10

<u>Index Funds</u>			
Investment Monitoring Statistics	Criteria Options: Percentile Rank , Peer Group Median, Value, Category Assigned Benchmark	Default Operand When Using Ranks	Enter Value
Tracking Error			
Tracking Error	%Value	≤	2
R-Squared			
3 Year R-Squared	%Value	≥	90
Expense Ratio			
Expense Ratio	%tile Ranking	<	50