Investment Policy Statement

Purpose

The purpose of the Investment Policy Statement ("IPS") is to assist the Plan Sponsor and its appointed investment fiduciaries in effectively supervising, monitoring and evaluating the investments available to participants in the Plan Sponsor's defined contribution plan ("Plan"). The Plan Sponsor and any committee appointed by it as a "named fiduciary" for investments (collectively referred to as "Plan Sponsor") is authorized to oversee the investment of Plan assets. The Plan Sponsor will discharge its responsibilities under the Plan in accordance with Section 404(a) of the Employee Retirement Income Security Act ("ERISA") and solely in the interests of Plan participants and their beneficiaries.

The Plan's investment program is defined in the IPS by:

1. Stating in a written document the Plan Sponsor's attitudes, expectations, objectives and guidelines for the investment of the Plan's assets.
2. Establishing the duties and responsibilities of the parties involved with the Plan.
3. Establishing criteria to regularly select, monitor, evaluate and compare and, when appropriate, replace investment options.
4. Complying with all ERISA, fiduciary, prudence and due diligence requirements, and with all applicable laws, rules and regulations from various local, state, federal and political entities that may impact the Plan assets.

The purpose of the Plan is to encourage additional tax-advantaged retirement savings by employees, and to provide a vehicle for this savings. The Plan is designed to meet the applicable requirements of the Internal Revenue Code of 1986, as amended. The Plan is intended to meet the requirements of ERISA section 404(c) and the Department of Labor regulations thereunder. As a participant-directed defined contribution Plan, participants' accounts will bear the gains and losses associated with their decisions. The Plan Sponsor or other Plan fiduciary will not be liable for any loss (or reduced gain) a participant incurs as a direct and necessary consequence of the participant's exercise of investment discretion.

This Statement is not intended to be a Plan document. It is designed to provide guidance to the Plan Sponsor in carrying out their fiduciary functions with respect to the Plan. If any term or condition of this Statement conflicts with any term or condition of the Plan, the terms and conditions of the Plan will control.

Objectives

The purpose of the Plan is to encourage eligible employees to accumulate funds for retirement by providing them with a convenient way to save on a regular and long-term basis.

The Investment Objectives of the Plan are to:

1. Make available to participants and beneficiaries a prudent and diversified menu of investment choices appropriate at different ages and with different risk tolerances;
2. Control costs of administering the Plan and managing the investments, including reviewing and evaluating the fees associated with investment options, to ensure that fees are reasonable in relation to the services provided;
3. Make available to participants general investment information to help them make more informed investment choices;
4. Follow ERISA 404(c) “Safe Harbor” requirements; and
5. Provide a qualified default investment alternative for participants who do not or cannot make their own investment decisions.

Investment Policy Review

The Plan Sponsor will periodically review the IPS to assess whether its stated investment objectives remain relevant and the continued feasibility of achieving those objectives has not materially changed. The Plan Sponsor does not anticipate that its IPS will materially change frequently, but it will be amended where appropriate. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

Duties and Responsibilities

<u>Plan Sponsor</u>

As the Plan’s fiduciary, the primary responsibilities of the Plan Sponsor are to:

1. Establish and maintain an Investment Policy Statement.
2. Make sufficient asset classes with different and distinct risk. Return profiles available under the Plan so that each participant has the opportunity to prudently diversify his/her account given his/her investment circumstances.
3. Prudently select investment options.
4. Control and account for all investment, recordkeeping and administrative expenses associated with the Plan.
5. Monitor investment options as to fund levels, returns, manager performance to

established benchmarks, and manager tenure.
6. Review the reasonableness of each investment alternatives fees and expenses when compared to similar alternatives in the marketplace.
7. Remove/terminate options/managers not performing at acceptable levels.
8. Monitor and supervise service vendors.
9. Avoid prohibited transactions and conflicts of interest.

Role of Outside Investment Professionals. The Plan Sponsor may appoint a third party investment adviser as described in Section 3(21) of ERISA or an investment manager as defined in Section 3(38) of ERISA, to assist in fulfilling these responsibilities.

If an investment adviser is appointed to be a co-fiduciary for investments (i.e., 3(21)), the investment adviser is responsible for making investment recommendations, in regard to the Plan's fund lineup, while the Plan Sponsor is responsible for selecting and monitoring investment options. If an investment adviser is appointed as a fiduciary investment manager (i.e., 3(38)), the investment adviser is responsible for selecting and monitoring investment options.

The Plan Sponsor may also arrange for the provision of general investment education services or individual investment advice for participants.

Custodian/Trustee

The Plan's custody services are provided by Matrix Trust Company ("Matrix"). The Plan Sponsor appoints Matrix to hold the plan's assets in a non-fiduciary capacity, effect transactions, and provide reporting. Matrix is responsible for safekeeping the Plan's assets.

The primary duties and responsibilities of the custodian are to:

1. Value the Plan's holdings;
2. Collect income and dividends owed to the Plan;
3. Settle transactions (e.g., buy and sell orders);
4. Provide not less than quarterly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall plan since the previous report; and
5. Maintain separate accounts by legal registration

Asset Class Guidelines

The Plan Sponsor believes long term investment performance is, in large part, primarily a function of asset class mix. The Plan will offer a broad range of investment alternatives that provide participants with a reasonable opportunity to:

- Materially affect the potential return on amounts in their individual Plan account and vary the degree of risk to which such amounts are subject
- Choose from at least three investment alternatives that:
    - Are diversified
    - Have materially different risk and return characteristics
    - In aggregate, enable them to achieve a portfolio with aggregate risk and return characteristics at any point within the range normal appropriate for them
    - Off the ability to diversify their investments in their portfolio so as to minimize the risk of large losses.

Implementation/Option Selection

Investment options should be managed by either: (a) a bank; (b) an insurance company; (c) a registered investment company (e.g., mutual fund); or, (d) a registered investment adviser.

The selection of investment alternatives is generally based on the long-term performance of the investment. Accordingly, short-term results may be examined, but will not be the sole determinant in the selection/elimination process. For these purposes, "long-term" performance means the performance evaluated over a full-market cycle. The Committee may monitor investment alternatives by utilizing qualitative and quantitative factors. Selection or elimination of the Plan's investment options will be determined by the following criteria:

- Model Portfolios: The following criteria will guide the Committee in the selection and retention of the model portfolios:
    - Qualitative measures include asset allocation assessment, glide path draw down, diversification of assets, the total number, complementary nature, and appropriateness of the underlying funds.
    - Quantitative measures include quality of the underlying funds and the costs associated with them
    - Model portfolios will be evaluated on a periodic basis over a full market cycle.
- Index Investment Alternatives: The index investment alternatives will be evaluated on the basis of their tracking performance relative to their benchmark indices.
- Actively Managed Investment Alternatives: The performance of each actively managed investment alternative shall be compared with the performance of portfolios of other similarly managed investment products (peer groups) and a passive index, as reviewed by the Committee from time to time. Over a full-

market cycle, all of the investment alternatives' annualized returns should meet or exceed the median returns of their respective peer groups
- Investment alternatives selected should have demonstrated a reasonable risk/return profile. The Committee recognizes that risk and volatility are present to some degree in all investment alternatives. While high levels of risk are to be avoided, the assumption of risk is warranted to allow the Participant the opportunity to achieve satisfactory long-term results consistent with this IPS.
- When evaluating an investment alternative, the Committee may, among other things, consider fees charged by a particular investment alternative, the qualifications, reputation, and tenure of the investment alternative's principal employees, and the role the particular investment alternative has in the Plan's overall investment portfolio, taking into account such factors as diversification, liquidity, and risk/return characteristics.

Monitoring Responsibilities

The Plan Sponsor or 3(38) Investment Manager, if applicable, ("Investment Fiduciary") will monitor the performance of each investment manager/option on a periodic basis. The Investment Fiduciary will review whether each investment manager/option continues to conform to the criteria outlined in the previous section.

The Committee has the discretion to place and remove investment alternatives from a "Watch List" at any time that the Committee determines that such placement or removal from a "Watch List" is appropriate in light of relevant monitoring considerations and conduct a review and analysis of the investment alternative if, and when, any of the following occurs:

- An investment alternative's investment performance and risk levels over various periods (e.g., a three-year period and a five-year period), in light of the stated policies and objectives, does not meet the established monitoring criteria
- An investment alternative appears to no longer adhere to its stated strategy and style; or
- There is a significant change in the investment alternative's organization and/or portfolio management.

An investment alternative will remain on the Watch List until the Committee is satisfied that it no longer requires special monitoring. The Committee expects that, in most cases, an investment alternative will either be removed from the Watch List or a decision will be made to remove the investment alternative from the Plan.

There are no hard rules for terminating investment options. An investment alternative should be given a full-market cycle to achieve the above-stated performance thresholds, and therefore greater weight shall be given to market-cycle performance than performance in a given year. Failure to meet performance thresholds may be a factor taken into account by the Committee, together with other relevant factors and the totality of the circumstances, in assessing the continued propriety of the retention of an investment alternative

The Committee recognizes that other conditions may occur, requiring action by the Committee sooner than a full-market cycle. Other conditions could include, but are not limited to, a change in management of an investment alternative, style drift of an investment alternative, risk and return profile, capital outlook provided by the investment alternative, or regulatory issues relating to the fund management of the investment alternative, as well as any changes in the characteristics of the Plan
In the event that an investment option is replaced, it may be closed to future investment, eliminated from the investment menu, or replaced by a similar fund in the same asset class, as determined in the reasonable judgment of responsible plan fiduciaries.