

CCM's Impact and ESG Policy

CCM believes that a fully integrated portfolio, one that includes impact and environmental, social, and governance (ESG) factors, can deliver strong financial performance while simultaneously having positive long-term economic and sustainable outcomes. In addition to the firm's U.S. high credit quality taxable fixed income impact strategies, we manage impact and ESG equity and alternative investing strategies.

We execute on this philosophy as follows:

- CCM manages assets that align with one or more of 18 impact themes:
 - Affordable Health and Rehabilitation Care
 - Affordable Housing
 - Arts, Culture, and the Creative Economy
 - Disaster Recovery, Resilience, and Remediation
 - Economic Inclusion
 - Education and Childcare
 - Enterprise Development and Jobs
 - Environmental Sustainability
 - Gender Lens
 - Healthy Communities
 - Human Empowerment
 - Minority Advancement
 - Neighborhood Revitalization
 - Poverty Alleviation
 - Rural Community Development
 - Seniors and the Disabled
 - Sustainable Agriculture
 - Transit-Oriented Development
- We look for affirmative, bottom-up expressions of impact and ESG qualifications.
- Our two-fold approach seeks positive impact and ESG attributes that align with our impact themes while also avoiding investments that we believe are inconsistent with these themes.

● CCM was one of the original signatories to the **UN Principles for Responsible Investment (PRI)** and is a current signatory. We believe the approach to responsible investment set out in this policy aligns well with these Principles.

Fixed Income

For over two decades, CCM has adhered to our strict impact underwriting procedures for positive impact bonds. Our impact criteria include positive impact bonds driven primarily by an analysis on the bonds' use of proceeds and how it supports our impact themes, a rigorous evaluation of the issuer and its impact and/or mission-driven goals, and sustainability-linked performance targets. Our pioneering approach allows clients to customize investments (by geography, impact themes, and/or impact initiatives) and provides them bespoke quarterly reports detailing positive impact outcomes and metrics.

Use of Proceeds Due Diligence

- Impact bonds where the capital is financing positive environmental and/or social outcomes at time of issuance. The investment team must have a high degree of confidence with:
 - The use of proceeds and how it is supporting one or more of CCM's impact themes.
 - The use of proceeds and how it is having positive environmental and/or societal outcomes to people and communities.
- Impact bonds where the capital is financing positive environmental and/or social outcomes tied to future projects. The investment team must have a high degree of confidence with:
 - The use-of-proceeds intent and how it supports one or more of CCM's impact themes.
 - The project selection criteria and process.
 - The use of proceeds meeting its original intent and that the issuing entity is reporting in the stated time frame.

Issuer Due Diligence

- Prior to purchasing a bond issued by an entity with impact and/or mission-driven goals, the investment team must have a high degree of confidence with:
 - The issuer and its track record.
 - The issuer reporting and/or any supplemental third-party impact and ESG research.
 - How the entity supports one or more of CCM's impact themes.

Sustainability-Linked Due Diligence

- Prior to purchasing a sustainability-linked bond, the investment team must have a high degree of confidence with:
 - The objectives and how they are linked to sustainability initiatives that support one or more of CCM's impact themes.
 - The issuing entity, its track record, and that reporting goals will be met within the stated time frame.

Equities

Similar to our approach in fixed income, we evaluate equity securities from an impact and financial perspective. CCM supplements its in-house research with third party data to determine where potential holdings fall in the following four categories:

- 1 Strong Positive Impact:** Companies that we believe are significant contributors to society such as those that generate more than 50% of their revenue from a product or service and that aligns with one or more of our 18 impact themes.
- 2 Moderate Positive Impact:** Companies that have characteristics aligning with one or more of our 18 impact themes and that we believe are a net benefit to society.
- 3 Neutral Impact:** Companies that do not fall within the two categories above but where there exists the potential to be included in the two categories in the future.
- 4 Negative Impact:** Companies with excessive ESG-related risk, such as fossil fuel exploration and production or any activity related to coal, tobacco, chemical manufacturing, weapons, and prison

For investment strategies that include both fixed income and equity investments in a single portfolio, we apply the same respective tools and techniques mentioned above to each investment when measuring, monitoring, and tracking impact and ESG metrics and outcomes.

Fossil Fuel Free Criteria: Long-Only Equity Funds

CCM manages two long-only equity funds and has adopted well-defined guidance for the fossil fuel sector. The criteria enumerated below is intended to give clients an indication of how these funds could fit into a market-rate fossil fuel free strategy.

- The funds do not invest in companies in the business of owning, extracting, producing, processing, or refining the fossil fuels of oil, gas, and coal.¹
- The funds do not invest in companies that are in the business of storage, transportation, exploration, or production of carbon-related fuels or energy sources.
- The funds do not invest in companies that are in the oil and gas equipment and services businesses.
- The funds may invest in utilities that have current fossil fuel power sources above 15% but are actively transitioning to renewable sources.
- The funds may invest in companies that are pursuing alternative energy technologies or are in alternative energy sectors.
- The funds may invest in companies that are working to transition away from fossil fuels.

Proxy Voting Guidelines

As an active investor strongly concerned with corporate responsibility, we support communication with company management about organizational practices we would like improved. We engage in active, ongoing dialogue with clients to ensure that the views we express to corporations reflect our opinion and theirs as well.

We support:

- Corporate boards that include adequate representation for independent, women, and minority directors; we will withhold votes from all corporate board nominees that result in fewer than two women directors.
- Shareholder resolutions calling for separation of the CEO and Board Chair functions.
- Corporate disclosure, reporting, and transparency resolutions, especially in regard to disclosure of climate risk and gender pay gap.
- "Say on pay" and similar efforts to give a company's owners a voice in management compensation.
- Company benefits and/or compensation plans for all regardless of gender, race, age, or sexual orientation.
- Policies that promote the voting power of the share classes offered to the public.
- Companies that recognize the carbon intensity of their businesses.
- Safe working conditions for all employees, suppliers, and contractors regardless of global location.

¹ S&P Global definition: "Companies that hold fossil fuel reserves, which are defined as economically and technically recoverable sources of crude oil, natural gas, and thermal coal."

Community Capital Management, LLC (CCM) is an investment adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration as an investment adviser does not imply a certain level of skill or training. The verbal and written communications of an investment adviser provide you with information you need to determine whether to hire or retain the adviser. Past performance is not indicative of future results. CCM has distinct investment processes and procedures relating to the management of investment portfolios for institutional clients. The firm's strategies are customized, rather than model-based, and utilize an innovative approach to fixed income and equity by combining the positive outcomes of impact and environmental, social, and governance (ESG) investing with rigorous financial analysis, an inherent focus on risk management, and transparent research. Bonds are subject to interest rate risk and will decline in value as interest rates rise. Stocks will fluctuate in response to factors that may affect a single company, industry, sector, or the market as a whole and may perform worse than the market. A sustainable investment strategy which incorporates ESG criteria may result in lower or higher returns than an investment strategy that does not include such criteria.