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UK Stewardship Code 2020 Submission

Reporting Period: January-December 2022

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Introduction

SEI delivers technology and investment solutions that connect the financial services industry

With capabilities across investment processing, operations, and asset management, we work with corporations, financial institutions and professionals, and ultra-high-net-worth families to solve problems, manage change, and help protect assets—for growth today and in the future. As at 31 December 2022, we manage, advise, or administer approximately $1.2 trillion in assets.

At SEI we believe that our business should be conducted in a manner that achieves sustainable growth and demonstrates a commitment to corporate responsibility. As such, our Code of Conduct requires all employees to act honestly, ethically, and with integrity in our dealings with each other and our stakeholders.

We offer investment products, including mutual funds, collective investment products, alternative investment portfolios, and separately managed accounts, to a range of institutional and high-net-worth investors. We understand that environmental, social, and governance (ESG) factors could have material impacts on the financial performance of an investment, thereby affecting investors' ability to take advantage of opportunities, manage risk, and achieve their desired investment goals.

As a signatory to the United Nations Principles for Responsible Investment (PRI), we are committed to building and enhancing our approach to sustainable investing and reporting on these efforts annually.

We approach sustainable investing with the same curiosity and conviction that have enabled our success for more than 50 years.

About SEI

SEI was founded in 1968 by our Chairman, Alfred P. West, Jr. SEI is NASDAQ-listed (NASDAQ: SEIC) with a market cap of:

£6.52bn and approximately 4,700 employees across four continents and nine countries

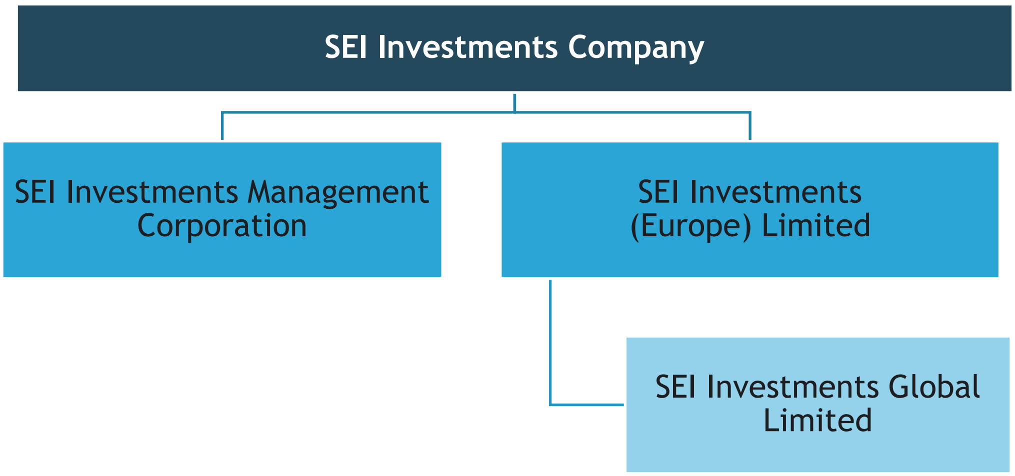
SEI serves a broad range of client types of all sizes and complexity, including 10 of the top 20 US banks and 49 of the top 100 investment managers worldwide.

Since 1999, SEI has delivered its UK services through SEI Investments (Europe) Ltd (SIEL), an investment management firm authorised and regulated by the Financial Conduct Authority (FCA).

Our Structure

SEI launched its initial public offering in 1981. Figure 1 depicts the SEI entities relevant to our UK services.

Figure 1: SEI entities relevant to UK Investment Services



SEI Investments Company (SEIC) is the ultimate parent company of the SEI group of companies. SEIC is regulated by the Federal Financial Institutions Examination Council and is subject to US Securities and Exchange Commission oversight as a publically traded company.

SEI Investments (Europe) Ltd. (SIEL) is a wholly owned subsidiary of SEI Global Investments Corporation. SIEL is regulated by the FCA in the United Kingdom. SIEL provides financial services including asset management, investment advice, and technology solutions to primarily institutional (professional) clients and a small number of retail clients.

SEI Investments Global, Limited (SIGL) is the manager of the SEI funds and is authorised by the Central Bank of Ireland to provide fund management services to SEI's Irish-domiciled UCITS fund complex (the SEI UCITS Funds).

SEI Investment Management Corporation (SIMC) is a wholly owned subsidiary of SEIC. SIMC provides investment management and advisory services. SIGL has appointed SIMC as the investment adviser to the SEI funds. SIEL also delegates certain investment advisory activities to SIMC.

For the purposes of this document, 'SEI' refers to all subsidiaries and affiliates of SEIC, unless otherwise noted. SIEL is the entity submitting the application to the UK Stewardship Code 2020 in its capacity as an asset manager and service provider.

Due to SEI's structure and the differing responsibilities for each SEI entity as described above, most of SEI's stewardship activities are conducted by SIMC, with oversight from SIEL, where these activities relate to SIEL services.

Jim London
CEO and Director for and on behalf of the SIEL Board

Principle 1

Signatories’ purpose, investment beliefs, strategy, and culture enable stewardship that creates long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment, and society.

SIEL’s purpose

Helping our clients stay ahead, SIEL brings together leading-edge thinking, investment strategy, technology, and operations into holistic outsourced solutions.

Our platforms and solutions seek to improve outcomes for investors and the organisations that support them. Our solutions can provide sustainable benefits to clients and investors through:

Technology: Utilising technology to provide greater clarity of information and efficiency of implementation

- From the front to the back office, we’ve developed end-to-end platforms for wealth and investment management, delivered as flexible outsourced infrastructure solutions that include processing, network, and cybersecurity services. Our continual investments in research and development further enhance these business solutions.

Operations: Providing for delegation of day-to-day activities to enable organisations and decision-makers to focus on strategic issues

- By assuming full responsibility for back- and middle-office operations, we relieve clients of the day-to-day operational responsibilities that can have a negative impact on their productivity, allowing them to devote more time to growing their businesses and engaging with their clients.

Asset management:

- We offer goals-based advice, customised wealth management solutions, and outsourced investment management programs that are constructed to help clients achieve personal, business, and investment objectives.

SEI has transformed the way individuals view investing, from our ground-breaking research on asset allocation, to the introduction of goals-based investing and the launch of outsourced investment management. As part of SIEL’s strategy, we have been able to utilise SEI’s investing expertise to benefit our clients. Through SEI, and its investment adviser SIMC, SIEL benefits from access to leading investment managers, a dedicated research team looking at emerging trends, and a sustainable investment rating system used to assess managers and their strategies (see Principle 7 for more detail).

SIEL's services

SIEL's applicable service offering for the purpose of this report includes the provision of Asset Management services.

SIEL's Asset Management services primarily include investment management programmes delivered to institutions and individual investors through intermediaries, as further noted below.

Fiduciary management and advisory

SIEL provides a comprehensive fiduciary management and advisory solution to trustees of defined benefit (DB) and defined contribution (DC) schemes, which may include any or all of the services detailed in Table 1. For the purpose of this report, we may refer to such clients as DB clients or DC clients, as applicable.

Table 1: SIEL fiduciary management and advisory services

Strategic advice and management	Investment management
• Long-term objective setting • Risk budgeting • Financial modelling, including scenario modelling • Strategic asset allocation • Journey planning • LDI structuring • Integrated risk management • Sponsor cash flow modelling • Buy-in/buy-out scenario modelling and construction • Implementation statement	• Manager research, selection, oversight, and replacement • Portfolio construction • Liability stress testing • Liquidity stress testing • Proxy voting • Private market programme management • Funding level monitoring • LDI implementation • De/re-risking • Transition management • Risk management • Buy-in/buy-out portfolio construction • Exclusionary screening • Sustainable investments • Investment stewardship • ESG manager ratings and engagement

Reporting	Actuarial coordination
• Integrated reporting (goals-based and asset-based) • Trustee training/information/attendance at meetings • Scheme investment documentation (i.e., SIP) • Audit support • Online access to account details • TCFD reporting	• Funding policy development • Confirmation of assumption setting • Review of financial disclosure reporting

Asset Management Distribution (AMD)

AMD provides outsourced solutions for advisers—from investment management and processing to technology—all of which are designed to help manage wealth and deliver advice more in line with how people think about their money.

AMD's client base primarily consists of independent financial advisers (IFAs), global private banks, and other financial intermediaries. AMD's service offering is underpinned by SIMC's manager research, asset allocation, and portfolio construction advice. SEI's flexible asset management solutions have helped firms grow their assets under management, revenues, and margins for nearly 50 years.

AMD's clients are invested in SEI's fund range where SEI's stewardship activity primarily occurs, with oversight activities taking place within SIEL.

Investment beliefs and philosophy

SEI is a pioneer in the field of goals-based investing, the philosophy of which sits at the intersection of behavioural finance and modern portfolio theory.

We believe that acknowledging and accounting for common behavioural biases while simultaneously harnessing the power of efficient portfolio construction can help investors maximise the chances of achieving their financial objectives. We also believe that constructing portfolios according to investors' major financial goals (such as retirement, education, or lifestyle) and aligned with the risk tolerance associated with each of those objectives provides a greater understanding of how the goals and investments align. This should allow for a higher level of comfort with the overall investment strategy—thereby increasing the odds that investors will remain invested in the financial markets and focused on achieving their goals, rather than making portfolio changes as a reaction to short-term market volatility. We believe that maintaining consistent exposure to the markets over time is the surest way to earn attractive returns, and that doing so with a goals-based approach should help investors achieve their financial goals.

We recognise that sustainability is important to many investors who may seek to minimise negative sustainability impacts and/or maximise positive sustainability outcomes through their investments. SIEL acknowledges that ESG factors may have material impacts on the financial performance of an investment, thereby impacting investors' ability to take advantage of opportunities, manage risk, and achieve return objectives. SIEL, through SIGL (as the fund manager for the SEI UCITS Funds), seeks to consider ESG and sustainability factors in the management of its funds by:

- Performing an ESG assessment as part of manager research to develop a deeper understanding of each manager's capabilities (see Principle 7)[1]
- Requiring all SEI UCITS fund managers to consider material financial and non-financial risks as part of their investment process
- Conducting effective and independent risk oversight
- Striving to act as good stewards of assets through shareholder engagement and proxy voting (see Principles 9-12)

Our sustainable investing goals include enhanced risk-adjusted returns for our clients while using engagement and stewardship to encourage companies to manage long-term risks and opportunities.[1] Though we do not take a prescriptive approach to integrating sustainable investing into our investment process, we believe it is important to include in our manager analysis. Sustainable investing is one factor among others that form the basis for our overall assessment of a manager's skills and competitive advantages. We include it because it promotes a wider understanding of a manager's investment process.

Our investment philosophy continues to evolve as we explore innovative investment solutions amid the ever-changing landscape of the financial services industry. To this end, we have undertaken new endeavours and updated our existing offerings with the goal of improving risk-adjusted returns and cost-efficacy. Prominent developments over the years have included:

- **Alpha sources:** Our strategies are designed to capitalise on long-term drivers of market performance through exposure to persistent sources of return such as value, momentum, and quality. We have refined our approach to identifying these alpha sources and the factor groups we employ as proxies to measure and capture their performance.

- **Internal management:** SEI was among the first companies to offer manager-of-managers portfolios to both institutional and individual investors in the United States, Europe, Canada, South Africa, and Asia. Today, we blend our active multi-manager offerings with internally managed solutions and a range of passive options to create customised, cost-effective portfolios for our clients and their clients.

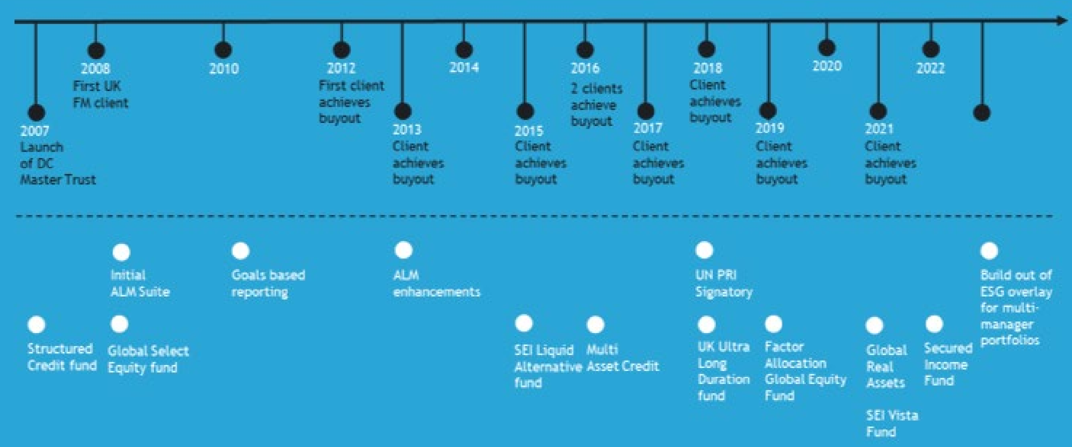
Sustainable investing: As a company, SEI has offered custom sustainable investing strategies to institutional clients for 30 years. Today, the scope of our sustainable investing focus also includes our manager research and product development efforts. As noted, we are also a signatory to PRI. We aim to implement the six principles where consistent with our investment philosophy.

[1] While we perform an assessment of each manager's ESG capabilities, which are available to be considered by portfolio managers when making hiring decisions, we do not require a minimum level of such capabilities in order for a manager to be hired in a fund without a sustainability mandate.

Figure 2: Delivering investment results for our DB pension scheme clients

THE PAST

A long term track record of innovation: delivering results for clients



RESULTS

Our investment track record has seen us outperform liabilities by 2.6% p.a., since inception and net of fees[2]

[2]To end of September 2022, inception date 1 August 2009. The composite includes all schemes with a return target of gilts +0% to gilts > 3.5% in Sterling were calculated. Past performance is not an indicator of future returns.

Our sustainable investment approach and beliefs

Please see Principle 7 for details of our sustainable investing approach.

At SEI, we believe that our business should be conducted in a manner that achieves sustainable growth and demonstrates a commitment to corporate social responsibility (CSR), including sustainable investing.

As such, we expect all employees to act responsibly, ethically, and with integrity in our dealings with each other and our stakeholders. The activities and outcomes of our sustainable investing practices are detailed throughout this report.

Activity

SEI provides three layers of ESG implementation when approaching portfolio construction:

- To assist in manager research assessments, we have created a framework (dubbed PRISM for Preference Rating Investment Scoring Matrix) to capture our best thinking on what we deem to be most relevant and important to evaluating a firm or manager's investment practices, including sustainable investing. The framework is structured as a series of equally weighted criteria that address key aspects with regard to sustainable investing, such as profile, resources, and practices at the firm level (about 25 criteria in total), and investment and stewardship at the strategy level (about 10 criteria in total). While the analyst rating is based on equal weighting, the final rating is left to the analyst's judgement of which factors carry the greatest significance.

- Over 2022, we launched our manager engagement program, where we engage with third-party investment managers to encourage and guide managers in developing a long-term plan for how to improve their approach to ESG. More detail on this program is found in Principle 7.

- **Screening:** We exclude certain controversial weapons and all sanctioned entities from the SEI UCITS Funds. We exclude securities issued by an entity involved in the sale, production, research, or development of controversial weapons, defined as anti-personnel mines, biological weapons, chemical weapons, and cluster munitions. We also exclude securities issued by an entity that generates more than 10% of its annual revenue from involvement in thermal coal exploration, mining, and production, as well as services that support thermal coal production. Further, we exclude sanctioned entities, which are governments or companies associated with a regime under sanctions (for example, Iran and Russia) by an authority SEI recognises.

- **Investment stewardship:** Investment stewardship is the practice of aligning our proxy voting and shareholder engagement activities with our commitment to sustainable investing. Our third-party partners research complex ESG issues and proactively engage with senior management of corporations to help enact change. We also conduct proxy voting. To cover this effectively, we partner with third-party organisations in the following areas:

    - **Sustainalytics:** Thematic engagement and breaches of norms and standards

    - Columbia Threadneedle: Climate engagement

    - **Glass Lewis:** Proxy voting

Outcomes

SEI's beliefs on sustainability pervade our corporate culture, as demonstrated in our CSR report.

For example, SIEL's London office has taken steps to reduce its carbon footprint. The office has, as a result:

- Changed the majority of lights to LED

    - The implementation was completed in August 2021, and we expect to see a reduction in energy usage following installation of the LED fittings.

    - Over 2022, the kWh consumption of the SEI London office was 29% lower compared to 2021.

- Attained an ISO 50001 energy management standard; this requires the organisation to create an energy management system to ISO standards. This system then requires the office to review opportunities to reduce overall energy consumption and subsequently the carbon footprint on an annual basis.

- Enhanced the building management system to better monitor air conditioning systems, which helps identify opportunities for reducing energy consumption.

- SIEL has adopted an approach designed to reflect its zero tolerance of slavery and/or human trafficking, in all its different forms, in any part of its business or supply chain. SIEL's approach also reflects a commitment to act ethically and responsibly in all its business relationships. As such, SIEL will not knowingly support, or do business with, any organisation involved in slavery and/or human trafficking. SIEL's approach is underpinned by its Modern Slavery Act Policy (located at seic.com/en-gb/Important-information-notices) and a corporate policy on procurement and outsourcing, which requires our business to assess the social, ethical, and equality impact of existing, as well as new, business relationships.

- SIEL has a number of working groups in place that are responsible for oversight and governance of SIMC activities. These include the SIEL Sustainable Investing Working Group (SSIWG) and the Investment Governance Working Group (see Principle 2 for further details).

- Policies related to sustainable investment activity and stewardship are approved by subject matter experts and representatives from the relevant affiliate's legal and compliance department (as required), including SIGL's ESG Policy and Remuneration Policy.

Supporting our clients

SIEL works with its clients to understand their investment beliefs and goals and support them in a number of ways, including:

- Continuing to review and understand clients' investment beliefs in relation to sustainable investing and stewardship

- Helping clients set sustainable investment objectives. Where we consider it helpful, we run beliefs sessions with clients to understand individual views on ESG and have the client articulate their top priorities, which can inform the design of their strategy (see case study in Principle 7).

- Educating clients on various issues and approaches to sustainable investing

- Enhancing client reporting for a subset of clients, who would like to see the Taskforce on Climate-related Financial Disclosures (TCFD)-aligned metrics and other reporting data to aid their decision-making. This enhanced reporting will provide clients insight into their portfolio's exposure to a variety of ESG metrics versus a benchmark proxy. Our reporting can also be tailored depending on the client's needs. For example, clients that require TCFD reporting to comply with their statutory governance requirements are a priority in terms of ESG reporting. Others will be able to opt for more in-depth reporting as we develop processes to support those requests.

- In 2022, we reclassified two of the SEI UCITS Funds under Article 8 of the Sustainable Finance Disclosure Regulation (SFDR). We are working towards further Article 8 classifications in the future.

- Our Investment Stewardship Quarterly Investment Review details the company engagement and proxy voting activity we undertake, as well as case studies of our engagement milestones and successes. We show every institutional client this report every quarter as part of their meeting packs.

We believe we have been effective in addressing a number of client needs and requests, particularly in the areas of training, understanding our clients' beliefs, and taking account of their feedback. We see ESG reporting and products as a continual work in progress, and we have detailed above the specific projects that are being considered and addressed. We expect to have more to report in these areas going forward.

Case study: Client sustainability objectives

We underwent a client beliefs session for one of our UK Institutional DB clients.

The parent company had a clear, key focus on ESG. The Chair of Trustees of the pension scheme wanted our help crafting a unique ESG beliefs statement for them from a governance point of view. The start of the process was to conduct an ESG training workshop with them, which covered our overall ESG philosophy encompassing manager research, engagement, and exclusions across the SEI UCITS Funds. We then put together a detailed survey, designed to draw out the trustees' ESG beliefs, and analysed the results to present back to the trustees. The trustees had differing views on what was most important within the group (doing good for the world, optimising financial returns only, prioritising good governance) so our job was to guide the conversation and remind them that the time horizon and trajectory of the scheme were crucial to keep in mind. Overall, the trustees had a strong belief that ESG factors play a role in financial performance, and specifically, they cared about investment stewardship and integrating ESG into manager research. The result of our beliefs session was that we better understood what the clients' conflicting needs were, and they better understood how SEI's ESG philosophy and processes complement their beliefs. The trustees left the workshop with a deeper conviction in our ESG processes and ultimately were satisfied with what we were doing on their behalf.

SIEL's culture

SEI's values demonstrate that the very philosophy of the way in which we work supports and promotes our desire and ability to actually do the right thing:

- **Courage:** We think and act like owners, embracing risk to drive growth for our clients and company.
- **Integrity:** We do what we say and act with transparency (because it's the right thing to do).
- **Collaboration:** We work with each other, our clients, partners, and communities to solve problems that matter.
- **Inclusion:** We nurture an environment of respect and belonging where people are empowered to be themselves.
- **Connection:** We build lasting relationships through which we learn, grow, and succeed.
- **Fun:** We have fun.

SEI is committed to maintaining an entrepreneurial and financially rewarding work environment. This is manifested through a truly flat organisation with an informal social culture and a 'no walls' work environment that fosters flexibility, teamwork, and rapid communications. SEI operates on principles of openness, integrity, innovation, transparency, and collaboration. These guiding principles inform all aspects of our business, including stewardship. They allow us to view trends clearly, question, think ahead, challenge convention, and ultimately produce comprehensive solutions for big business challenges.

> **"Our corporate culture, whereby each employee is valued and therefore motivated to add value, has been key to the dedication and enthusiasm our team exhibits and our ability to retain talented personnel."**

Our CSR Committee was established in 2018 and met quarterly to discuss CSR efforts across SEI globally. As a signatory to the PRI, we are committed to building and enhancing our approach to sustainable investing and reporting on these efforts annually. More details about SEI's approach to CSR can be found in our annual CSR report.

Activities

Impact of our purpose, investment beliefs, and culture

See below the results of our ongoing focus on ESG and sustainable investing during 2022:

- SIEL has conducted oversight and governance of our sustainable investing activities through the SSIWG. Further details on this working group are outlined in Principle 2.
- SEI's CSR Committee conducted quarterly meetings with representation across SEI business units and functions such as legal, compliance, risk, and our investment management unit (IMU), among others. The primary goal of this committee was to discuss sustainability efforts across SEI and discuss items such as the CSR report, the PRI report, ESG ratings, and any climate change updates.
- SIMC initiated a manager engagement program to encourage our subadvisors to adopt best practices as it relates to ESG. This program is detailed in Principle 7.
- SIEL has focused on our fiduciary duties to our clients, which include keeping up to date with evolving regulations that impact DB and DC schemes. In 2022, we began revamping our Statement of Investment Principles (SIPs) along with our Implementation Statements for our DB institutional clients to comply with the Department of Work and Pension's (DWP) guidance on "Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement."
- SIMC has classified two of SEI's UCITS Funds under Article 8 of the SFDR.

Outcomes

- The SSIWG is responsible for the Stewardship Code 2020 report. A separate subgroup has been established to focus on the report and annual submission. The SSIWG has fostered collaboration between the business units within SIEL and those involved in SIMC's sustainable investing activities so that the two entities are aligned on such activities and communicate any updates or client needs regularly. In 2022, the SSIWG reviewed and updated the list of sustainable investing asks sent to the IMU in 2021. For 2023, the group will consider a new list of needs for the IMU, enhanced governance, and additional members across SIEL who are ESG stakeholders.

- SEI's quarterly CSR Committee meeting provided education and dialogue across the organisation on our sustainable activities. This collaborative approach ensured that, as an organisation, we are clear on our corporate and investment management initiatives. It also provided a platform for discussion and updates on our reporting activities including our CSR and PRI reports. It also included training on a variety of topics related to sustainable investing, ESG, and CSR. Recent training topics included the regulatory landscape of ESG in various geographies and jurisdictions and sustainable investing market trends.

- In the fourth quarter of 2022, our CEO, Ryan Hicke, attended this meeting to discuss the importance of ESG for the business.

- As referred to above, outcomes of our manager engagement program are detailed in Principle 7.

- As a result of complying with the DWP's guidance, all Institutional client SIPs and Implementation Statements have been updated for DB clients.

Principle 2

Signatories' governance, resources, and incentives support stewardship.

Governance and oversight framework

Stewardship activities are integrated into SIEL and SIMC's day-to-day investment activities through specialist teams and individual experts.

Our governance structure is aligned to our purpose (Principle 1) to improve outcomes for investors.

There are a number of key areas of stewardship at SEI, including:

- **Manager research:** Underpinning SIMC's investment solutions is our foundation in manager research and selection. Please refer to Principle 7 for an in-depth description of our manager research process.

- **Manager engagement:** SIMC engages with a range of third-party managers on best practices from a sustainable investing perspective. Please refer to Principle 7 for an in-depth description of our manager engagement program.

- **Investment engagement:** SEI works with third-party vendors Sustainalytics and Columbia Threadneedle Investments reo® on our engagement activities. All company engagements are tracked according to a set of clearly defined objectives. Please see Principles 9-12 for a discussion of our engagement and related activities.

Governance and oversight

SEI's sustainable investing efforts are led by our IMU Strategic Planning and Stewardship Group (SPSG) (see Figure 3), which includes the Sustainable Investing Solutions and Sustainable Research teams. The Sustainable Investing Solutions team's responsibilities include the integration of sustainable investing into certain of our investment products and solutions, investment stewardship, ESG reporting, and liaising with our business units to support clients with respect to sustainable investing issues. The Sustainable Research team oversees integration of ESG inquiries into manager due diligence and leads dedicated searches for sustainable investment strategies.

The SPSG collaborates with a broad range of teams within the IMU, including but not limited to portfolio management and manager research, technology, operations, and trading, on sustainable investing policies and implementation of sustainable investing initiatives. Further, within each business unit, solutions teams, client relationship managers, and advice teams support the implementation of sustainable investment solutions for our clients.

Figure 3: Strategic Planning and Stewardship Group

Global Head of Strategic Planning and Stewardship

Sustainable Investing Solutions

Sustainable Investing Solutions leads the integration of sustainable investing into investment products and solutions, investment stewardship, reporting, and liaises with our market units to support clients.

Sustainable Research

Sustainable Research oversees integration of ESG into manager due diligence, manager engagement, and assists in dedicated searches for sustainable investment strategies.

Risk Management

Risk Management incorporates climate change and other sustainability risks into investment oversight and risk management.

Stewardship activities are monitored, discussed, and escalated to senior management via a number of committees and working groups. We have chosen this structure as we believe it ensures that senior management has sufficient oversight of sustainable investing activities and strategies which enables alignment to SEI’s purpose and beliefs across the business.

Table 2 details the working groups and committees that form part of SIEL’s governance structure in relation to Stewardship. This structure begins with our business as usual (BAU) processes (Tier 1) and works its way up to our SIEL Business Unit working groups that oversee SIEL’s BAU processes (Tier 2), working groups that oversee processes at the group level (Tier 3), and finally to our London Executive Committee (Tier 4) and SIEL Board (Tier 5).

We believe that the governance structures we have put in place relating to stewardship are effective insofar as they enable oversight and involve employees from different areas of the company. However, we believe that we could further improve the effectiveness of our governance structure by ensuring that discussions and outcomes that are held within the governance structures are disseminated throughout the company, as appropriate, so wider feedback can be received.

Table 2: Governance working groups and committees, including levels of governance

Tier 1a	**Investment Management Unit** SIMC's Investment Management Unit (IMU) is responsible for investment implementation including evaluating and selecting managers and ensuring they meet our clients' unique objectives. It consists of several subgroups which are involved in considering ESG factors within investment decision-making, as detailed below. **Investment Strategy Group (ISO)** The Investment Strategy Group has responsibility for managing directly invested portfolios and multi-manager portfolios. Both forms of implementation will consider a range of ESG factors in the investment decision-making, if deemed appropriate, given the objectives of the client or fund. For third-party manager selection, ratings associated with ESG factors are available alongside other material factors (such as firm, people, philosophy, process, construction, etc.). The merits of ESG factors are weighed on a product-by-product basis. See Principle 7 for more detail. **Strategic Planning and Stewardship Group (SPSG)** The SPSG collaborates with a broad range of teams within the IMU, including but not limited to portfolio management and manager research, technology, operations, and trading, on sustainable investing policies and implementation of sustainable investing initiatives. The processes for assigning ESG ratings for firms and strategies are overseen by SIMC's Head of Sustainable Research (13 years' experience, CFA charterholder, CFA Institute's Certificate in ESG Investing) who sits within the SPSG.
Tier 1b	**IMU Oversight Committees** The objective of the governance framework is to ensure that the IMU's investment processes, product implementations, and investment results are meeting the expectations of clients as well as adhering to established policies and procedures, via oversight committees. The IMU oversight committees include the Sub-Advised Portfolio Management Oversight Committee, the Internally Managed Oversight Committee, and the Asset Allocation Oversight Committee. The committees are chaired by the Global Head of Strategic Planning and Stewardship (35 years' experience, CFA charterholder, CFA Institute's Certificate in ESG Investing) and include members from various functions across the IMU.

Tier 2a	**SIEL Sustainable Investing Working Group (SSIWG)** The objective of the SSIWG is to oversee the governance of defined sustainable investing activities pertaining to SIEL. The group includes stakeholders around SIEL, across business units and various functions including Legal and Compliance, and has the power to implement resolutions that affect clients, sales processes, and the broader business. This working group is chaired by an Associate Investment Director (9 years' experience, advanced degree).
Tier 2b	**Institutional Investment Governance Working Group (IGWG)** The objective of the IGWG is to oversee the governance of defined investment processes pertaining to SIEL's institutional team. This working group is chaired by a Client Strategist (18 years' experience, FIA).
Tier 3a	**SIMC's Sustainable Investment Working Group (SIWG)** SIMC's SIWG aims to advance SEI's sustainable investing strategy and capabilities by establishing common frameworks, goals, and metrics for use across SEI's investment products and solutions. This working group is chaired by SIMC's Global Director, Sustainable Investing Solutions (15 years' experience, advanced degree, CFA Institute's Certificate in ESG Investing).
Tier 4	**SIEL London Executive Committee (LEC)** The LEC operates under the authority of the SIEL Board and is authorised to take any and all actions (save those reserved for the board) in relation to the LEC's management and oversight of SIEL's business and operations, including matters relating to stewardship, sustainable investing, and ESG in respect of SIEL and to assist the SIEL Board on such matters as are reserved for the board. Membership of the LEC comprises the CEO as chair, the heads of each business unit, and key functions of SIEL.
Tier 5	**SIEL Board** The SIEL Board has a collective duty to promote the success of SIEL for the long-term benefit of its shareholders, taking account of the interests of employees, customers, and a wider community of stakeholders. The SIEL Board also sets SIEL's strategy. The SIEL Board is responsible for approving the SIEL Stewardship Code Report following the recommendation for approval by the LEC.

Further details on the objectives of some of the above groups are outlined in Principle 5.

SIMC’s Sustainable Investing Working Group

The SIMC SIWG works collaboratively to incorporate insights and feedback from SEI’s market units and investment management functions while establishing new best practices in sustainable investing. Objectives for the SIWG include, but are not limited to:

- **Governance:** Establishing principles for oversight and governance of sustainability and climate-related risks and opportunities.
- **Strategy:** Supporting enhancement and development of new best practices and strategies for integration of sustainability into investment practices and advice. Investment practices and advice may include manager research, selection, and engagement; portfolio construction; data evaluation, acquisition, and integration; investment stewardship; client reporting; and new product development.
- **Risk management:** Establishing risk management frameworks and practices that incorporate sustainability, with a particular focus on climate-related risk, into existing risk management systems.
- **Metrics and targets:** Contributing to the establishment of IMU- and product-level metrics and targets to establish sustainability performance baselines and desired direction of travel.

Over 2022, the SIMC SIWG consisted of around 20 individuals across SEI’s US, Canadian, and European businesses. It consists of members of SIMC’s IMU, regional market units, SIEL’s legal and compliance department, and members of SIGL’s legal department. We have found that a forum where individuals can bring a wide range of perspectives (e.g., regional, gender, sustainable investing experience, understanding of client demand, etc.) has contributed positively to the advancements that SEI has made from a sustainable investing perspective in recent years.

SIEL has several representatives at the SIMC SIWG, and those representatives also participate in key project groups that are overseen by SIMC SIWG which over 2022 focused on topics such as:

- Developing SIMC’s manager engagement programme
- Developing SEI’s Learning & Development library with respect to sustainable investing
- Exploring ways to enhance SEI’s sustainability-related client discovery process

Over 2023, SIMC SIWG’s project groups are expected to focus on a number of areas which include, but are not limited to further developing SIMC’s manager engagement programme, building out the library of learning modules within the Learning & Development curriculum, enhancing SIMC’s ESG dashboard, and enhancing SEI’s approach to understanding clients’ needs with respect to sustainable investing.

Institutional Investment Governance Working Group (IGWG)

The objective of the IGWG is to oversee the governance of defined investment processes pertaining to SIEL, including but not limited to:

- Segregated accounts and clients' outside assets oversight
- Portfolio rebalancing
- Custom application of Dynamic Asset Allocation
- Review of Institutional Reference Portfolios
- Oversight of new funds ideas and changes to current funds that could have an impact on the investment profile, which may include implementation of sustainable investing

Over 2022, the IGWG consisted of approximately 10 individuals from various departments of SIEL who were all regular participants.

The IGWG, at times, may choose to invite other members of SEI or third parties to the meeting when deemed appropriate (e.g., inviting members of SIMC's IMU to the meeting to discuss new investment ideas).

Case study: Gilt Crisis

A key topic discussed in the IGWG over 2022 was how to respond to the large moves in gilts yields over September and October 2022 (the Gilts Crisis), given the impact they have on the value of UK DB pension scheme assets and liabilities and therefore, funding levels. During the midst of the Gilts Crisis, the IGWG met on a daily basis to discuss client impact and actions for the group to undertake. A separate subgroup, consisting of the Chair of the IGWG, along with senior stakeholders in the Institutional business unit, SIMC, and SEI's CIO was formed to focus on reviewing client financials, hedging levels, and leverage limits within the sub-advised LDI funds. Trading was approved on a case-by-case basis and in many cases leverage limits were reduced given the unprecedented market volatility.

SIEL Sustainable Investing Working Group (SSIWG)

The objective of the SSIWG is to oversee the governance of defined sustainable investing activities pertaining to SIEL, including but not limited to:

- Monitoring and due diligence of stewardship activities and reporting delegated from SIEL to SIMC
- Management of appropriate sustainable investing training across clients, internal staff, and other stakeholders within SIEL
- Management of the process to seek feedback from SIEL's clients and stakeholders where appropriate e.g., through annual surveys, client and member panels, consultant reviews, etc.

- Be a forum for consideration of new or alternative ESG data and metrics
- Oversight of new fund and solution ideas and changes to current funds that could have an impact on the sustainable investment profile

Over 2022, the SSIWG consisted of approximately 10 individuals who met on at least a quarterly basis. All members of the SSIWG are members of SIEL except for SIMC's Head of Sustainable Research who joins the meeting as a non-voting member and is responsible for providing updates on the ongoing ESG initiatives being undertaken by SIMC. Representation in the group from SIEL includes individuals from various market units, compliance, and legal.

The SSIWG, at times, may choose to invite other members of SEI or third parties to the meeting when deemed appropriate (e.g., inviting specific members of SIMC's IMU to the meeting to discuss new investment ideas).

Resourcing and incentives: Support for sustainable investing

Resources

As outlined above under the governance section of this principle, SEI's Sustainable Investing Strategy is led by the SPSG within SIMC. The SPSG collaborates with and reports on sustainable investing policies and implementation. This group consists of three teams, Sustainable Investing Solutions, Sustainable Research, and Risk Management.

SEI's Sustainable Investing Solutions and Sustainable Research teams employed three full-time staff as at 31 December 2022. These teams are supported by a much larger network of employees, such as risk management, investment strategy, and investment operations. Other internal teams or external organizations that support SEI's approach to sustainable investing include:

- **SIMC's Investment Strategy Group:** The Investment Strategy Group has responsibility for managing directly invested portfolios and multi-manager portfolios. Both forms of implementation will consider a range of ESG factors in the investment decision-making, if deemed appropriate, given the objectives of the client or fund.

  For third-party manager selection, ratings associated with ESG factors are available for consideration alongside other material factors (such as firm, people, philosophy, process, construction, etc.) and are incorporated into the mosaic that forms a final, overall rating for a product. Members of SIMC's Investment Strategy Group and SPSG are responsible for assigning Firm and Strategy ESG ratings for third-party managers. The Investment Strategy Group consists of over 40 individuals and members of this group were involved in the SIWG project group to develop SEI's manager engagement program.

- **SIMC's Investment Operations & Technology Team:** The Investment Operations & Technology Team is responsible for meeting the technology needs of SEI's Investment Strategy Group and market units. The team is responsible for maintaining SEI's internal Data Portal, which houses ESG information with respect to strategies covered by the Investment Strategy Group. Over 2022, members of the Investment Operations & Technology Team also were involved in the SIWG project group to develop an ESG dashboard for portfolio managers within our Investment Strategy Group. SIMC's Investment Operations & Technology Team consists of over 10 individuals.

- **ISS ESG:** ISS ESG, the responsible investment arm of Institutional Shareholder Services, Inc., assists the customized screening that SIMC applies to the management of its pooled funds that incorporate ESG screening. Oversight of this relationship is provided by SIMC's Sustainable Investment Solutions team.

- **Sustainalytics:** Sustainalytics undertakes norms-based and thematic-based company engagement on behalf of SIMC. Sustainalytics also provides controversy data to SIMC. Oversight of this relationship is provided by SIMC's Sustainable Investment Solutions team.

- **Columbia Threadneedle Investments reo®:** Columbia Threadneedle undertakes climate-related company engagement on behalf of SIMC. Oversight of this relationship is provided by SIMC's Sustainable Investment Solutions team.

- **Glass Lewis:** Glass Lewis has been appointed to vote proxies on behalf of SIMC's client globally. Oversight of this relationship is provided by SIMC's Sustainable Investment Solutions team.

- **MSCI:** MSCI provides ESG data including ESG ratings and climate-related data to SIMC. Data is incorporated into internal analysis and client-reporting as needed, such as for TCFD-aligned reporting for DB pension schemes and SEI's DC Master Trust.

Incentives

Many SEI employees invest directly in the company, as evidenced by our employee ownership. Additionally, SEIC's public stock is offered to employees through the firm's pension plan and a stock ownership plan. Senior professionals are also offered stock through incentive-based plans. In the stock purchase plan, all employees are able to purchase SEIC stock at a discounted cost of 85% of the market value. The stock plan is used to promote long-term savings, encourage sustainable investing, and promote ownership of the organisation.

Training

SIEL's investment and client service teams receive regular training on a variety of topics and are encouraged to engage in ongoing learning and professional development through resources including Docebo, GetAbstract, LinkedIn Learning, and SEI's Professional Development Reimbursement Program.

As part of SEI's learning and development series on sustainable investing, a series of live webinars were produced and recorded by the SPSG. The learning and development series on sustainable investing has been developed by a project group within SIMC's SIWG which includes one member of SIEL. The webinars are available on SEI's learning and development intranet page and are available to all staff at SEI. Over 2023, we expect to expand the library of content in this series to include a deeper dive into SIMC's approach to sustainable investing from a manager research perspective and to explore SIMC's view of the pros and cons of using ESG data and ESG ratings from third-party vendors. Within SIEL, ESG subject matter experts, as well as those identified to be in client-facing and sales roles, are required to either attend or watch each session within this curriculum to meet their compliance objectives.

In addition, the SPSG provides periodic training to portfolio management and client service teams within SEI's market units, with a particular focus on new programs and strategic initiatives.

SEIC's CSR Committee met quarterly over 2022 and includes training on a variety of topics related to sustainable investing, ESG, and CSR. Recent training topics included climate change risk, manager engagement, and sustainable investing market trends.

Client education and engagement is also an important element of our approach. Over the course of 2022, given the increasing importance and focus across the industry, most Institutional clients received ESG training on a variety of topics, including TCFD, investment stewardship, ESG data and metrics, and SEI's manager research process.

Workforce

SEI as a whole strives to provide all of our employees with the opportunity to grow and contribute to the success of the business. SEI's values pervade SIEL as a wholly owned subsidiary of SEIC.

Diversity and inclusion

SEI believes that the ability to create a diverse workforce leads to better decision-making and a stronger business. This, in turn, provides us with a greater ability to deliver good stewardship of our client's assets.

SEI's sustainability practices don't stop with our credentials on the investment side. We utilise good governance in our normal business practices, from gender pay to affinity groups, and make sure we're a good employer to our 4,000+ employees globally. We have highlighted our gender pay gap report as well as our employee resource groups within SIEL.

During 2022, SEI hired a global Director of Diversity and Inclusion who is supporting us in driving forward our diversity and inclusion agenda. More information on SEI's commitment to diversity, equity, and inclusion is available on SEI's webpage.

Our investments in our global gender diversity initiative are guided by our analysis of what we believe we are doing well and where we need to focus our energies to improve the ways we attract, develop, and retain our female employees.

As part of this commitment, we continue to take action regarding our gender diversity across SIEL to include the following:

- Interview and unconscious bias training for recruiting managers
- Female representation on all interview panels
- 5-15 Leadership Program, developed to create an opportunity for prospective, emerging, and experienced leaders
- SEI Women's Development Series
- SEI Women's Network activities
- SEI's Opportunity Series showcasing talented female employees
- SEI's Coaching Programme
- Mentoring relationships

In the context of the UK, SIEL's 2022 gender pay gap report was published in April 2023, and includes a snapshot from April 2021 to April 2022. We observed a marginal increase in our mean pay gap, with our mean pay gap moving from 21.1% to 22.2%. Our median-fixed pay gap decreased from 13.6% to 9.0%. We have already begun to see positive changes with our mean and median bonus gaps decreasing from 72.5% to 70% and 33.3% to 25% respectively. We continue our aim of reducing our gender pay gap globally. It is worth noting that due to the smaller size of SIEL (less than 300 employees), small changes in staff can significantly impact the calculation of the gap percentages.

SIEL works to ensure that employee engagement, well-being, and belonging are crucial to the success of our business.

We strive to ensure our employees are supported and feel they can be themselves at work.

Throughout 2022, our employees proactively engaged in a range of diversity and mental health awareness activities, in addition to charity and community engagements. At the end of 2022, we ran a Workplace Inclusion Survey with a response rate of 58%, which gathered insights around Eight Pillars of Inclusion. Our results indicated a high degree of positive intent from our leadership. During 2023, our efforts will be focused on a range of learning and development activities to continue to raise awareness of inclusion and to support all employees. These steps will ensure our employees continue to understand their roles, feel supported in their work and by their managers, and that our leadership teams and employees respect and value individuals' differences.

SEI has continued to participate in various early career programmes including the 10,000 Black Interns programme, where we increased the number of internships offered at SEI during 2022. We also participate in an Apprenticeship programme. With this program, our Operations team takes two apprentices every year through the government-approved Apprenticeship Scheme. Apprentices complete their qualifications whilst with us. The apprenticeships last for two years, after which they are given permanent employment.

Our participation in this programme is now well-established, enabling us to provide an additional career path to non-graduates to our Operations team.

Case study: #10,000 Black Interns

In response to the underrepresentation of Black talent in the UK's financial sector, the industry came together to launch the #100 Black Interns program.

Following widespread interest from employers and prospective interns, the programme is now 10,000 Black Interns and has expanded to more than 25 sectors. SEI was a founding member and hired our first intern through the program in 2021. Over a period of five years, companies participating in 10,000 Black Interns have committed to offering at least 10,000 internships to minority candidates.

Our Affinity Groups and Networks

SEI Diversity

Mission: To foster a culture that embraces diversity, drives innovation, and ensures multiculturalism reaches all aspects of our daily work life and global initiatives.

SEI Women's Network (SWN)

Mission: To inspire and support the professional growth of women through educational forums, networking opportunities, and encouraging success.

SEI Black Professionals Network (SBPN)

Mission: To connect, support, and address the professional needs of SBPN members through awareness, leadership development, educational forums, and networking opportunities recognising the value black professionals contribute to corporate culture and commerce.

SEI Cares

Mission: To promote philanthropy within the SEI community. SEI Cares is an employee-led, company-sponsored program.

SEI Salutes

Mission: To support veterans and their families in transitioning from serving their country at home and abroad to applying military skills, traits, and values to the diverse workplace at SEI.

SEI Pride

Mission: To provide a network of support for the professional development and personal connections of our LGBTQ+ global employees. SEI Pride works with Workforce Development and management to facilitate activities that support recruitment and retention.

SEI Green Team

Mission: To promote conservation, sustainability, and environmental education across the company.

SEI Somos

Mission: To promote the visibility and representation of the Hispanic/Latinx community at SEI.

SEI Wellness Team

Mission: To provide a wide range of benefits designed to meet the diverse needs of SEI employees at all stages of their lives.

We plan to continue supporting, growing, and strengthening the SEI community through a number of key programs:

- **Training:** Continue SEI leadership team and staff training on racial equity, unconscious bias, and micro aggressions

- **Mentoring:** Continue to create communications and conversations through mentoring support and aiding in the establishment of new affinity groups as required

Over 2022, we recognised the growing need for more employee resource groups (ERGs) and added two new ones: SEI Pride (for employees who identify as LGBTQIA+ and their allies) and Somos SEI (for employees who are Latinx or Hispanic). Over 2023, we are considering adding an ERG for employees with disabilities. Our ERGs are formed with the intention of creating a safe space for employees of different identities and passions.

Continuous improvement

SEI recognises the importance of continuous improvement across our business. We therefore continue to evolve our policies to reflect sustainability changes and improvements. Since 2020, we have focused on significantly enhancing our sustainable investing strategy globally.

In 2020, SEI joined Climate Action 100+, an investor-led initiative to engage companies whose businesses and operations have an opportunity to mitigate climate change and support the transition to a low-carbon economy. The initiative brings together more than 700 institutional investors globally in an effort to work with companies to improve governance of climate risks and opportunities, reduce greenhouse gas emissions, and strengthen climate-related financial disclosures.

In 2020, SIEL's Institutional business was a founding member of the Investment Consultants Sustainability Working Group, which seeks to address real change in the industry, particularly in relation to climate change. In 2021, SEI was a founding member of the US Investment Consultants Sustainability Working Group.

Over 2022, SEI made a number of enhancements to our sustainable investing program and our employees' understanding of ESG matters. These include:

- Updating the SIGL ESG policy to reflect the new thermal coal screen and setting a minimum SEI ESG rating threshold for the appointment of managers for Article 8 or Article 9 funds, as per the SFDR

- Leveraging ISS ESG to help us conduct and implement the newly applied thermal coal screens for SEI's UCITS Funds

- Adding a climate data set from MSCI to our existing subscription to the data provider to aid SIMC's understanding of climate-related risks within its portfolios and to assist climate reporting for SIEL clients (which included mandatory TCFD reporting for DB pension schemes and SEI's DC Master Trust)

- Launching SEI's first Article 8 funds as per SFDR

- Launching our manager engagement program

- Enhancing our manager research framework for the assessment of Firm ESG capabilities

- Adding a number of dedicated sustainable strategies onto our list of formally rated managers so they can be utilised by clients. This included dedicated high-yield and emerging market debt ESG strategies

- Enhancing our reporting capabilities to clients on ESG matters
- Launching our internal learning and development series on sustainable investing
- Providing training for SIEL's Board on ESG and the broader regulatory landscape

Key initiatives for 2023

Over 2023, we expect to expand the library of content in our online training series. This will include, but not be limited to, a session exploring SIMC's approach to sustainable investing from a manager research perspective, and to explore SIMC's view of the pros and cons of using ESG data and ESG ratings from third-party vendors.

We also anticipate in 2023 that SIMC will update both its firm and strategy ESG assessment frameworks for managers (which will include enhancing its approach for the assessment for passive strategies) to reflect evolving best practices in the field. SIMC is also expected to update its process for identifying publicly listed impact strategies (both equity and fixed income) and to use this framework to add new impact options to the vetted list of third-party sustainability-focused managers that it maintains.

SIMC also continues to review its existing fund line-up within Europe. There are plans to reclassify a number of our SEI UCITS Funds under Article 8 of the SFDR.

SIMC is also expected to review its relationship with third-party engagement partners (including the focus areas for engagement) over 2023 to ensure they remain fit for purpose.

Through 2023 and beyond, SIEL will continue to support its Institutional clients with TCFD reporting requirements and prepare an entity-level TCFD report, in line with new FCA rules.

Principle 3

Signatories manage conflicts of interest to put the best interests of clients and beneficiaries first.

It is a regulatory requirement for a financial services firm to act in the best interests of its clients, and identify and manage conflicts of interest. It is therefore important for our clients to know that SIEL has a robust process in place to identify conflicts, manage them effectively, and treat our clients fairly.

We have implemented a number of policies and tools that assist us in managing conflicts of interest.

SIEL Conflicts of Interest Working Group (CoIWG)

We have established a CoIWG to escalate, discuss, and review potential conflicts of interest and mitigation control, with the senior managers for each of the relevant business areas being accountable for the identification, management, and appropriate disclosure of these conflicts of interest.

The working group meets on a quarterly basis (ad-hoc meetings can be called if required) and is led by Compliance, with representatives from each business unit in attendance.

Conflicts of Interest Policy

We have a detailed Conflicts of Interest Policy (CIP) which is reviewed by SIEL's Compliance team and approved by the LEC on a periodic basis using a risk-based approach. In addition, the CoIWG periodically reviews the adequacy, effectiveness, and compliance of the CIP in line with relevant applicable laws and regulations and approves changes to relevant processes and procedures as necessary.

A summary of the CIP sets out SIEL's approach to identifying, preventing, or managing conflicts of interest that may arise during the course of its business activities.

Some key points of the summary policy are outlined below for reference:

- Sets out circumstances that constitute, or may give rise to, or may be perceived to be, a conflict of interest entailing a risk of damage to the interests of one or more clients
- Applies to all our employees including directors, officers, employees, interns, contractors (on more than a three-month contract), and consultants (under whose terms of engagement are deemed employees)
- Is designed to take into account our business activities and client base
- Sets out our requirements to identify and record any actual or potential conflicts of interest; we must keep and regularly update records of the circumstances that constitute, or may give rise to, or may be perceived to be, a conflict of interest and whose existence may damage the interests of one or more clients
- Requires that any identified conflict of interest be managed with the client's best interest as its priority, ensuring that all clients are treated fairly

Conflicts of Interest Register

We maintain a Conflicts of Interest Register that captures all potential or actual conflicts of interest and the controls designed to prevent or manage these. Relevant documentation in relation to the periodic monitoring and testing of the controls are recorded as follows:

- From a first-line-of-defence perspective, via reasonable steps taken by each Senior Management Function, in relation to conflicts of interest arising in their respective areas of responsibility
- From a second-line-of-defence perspective, in the central Conflicts of Interests Register managed by the CoIWG and maintained by Compliance

This dual-record approach ensures that we accurately capture any actual or potential conflicts of interest, and these are managed in the best interest of the clients.

Training

Training, in relation to the conflict of interest framework, is provided to all employees in accordance with the compliance training programme. This is part of the annual refresher programme for existing employees and part of the compliance induction training for new employees.

To the extent that the conflicts of interest framework relies upon other policies and procedures (for example, Personal Account Dealing, Outside Business Interests, Inducements, and Best Execution), training on these specific conflicts is provided in accordance with the training requirements specified in those policies.

Conflicts of interest management

We actively look to prevent or effectively manage potential and actual conflicts of interest by designing internal controls that aim to reasonably ensure compliance with our policies. Below we list a range of potential conflicts of interest in relation to our fiduciary management services and potential stewardship-related conflicts of interest in order to highlight our mitigation and control activities for each. There have been no conflicts of interest relating to Stewardship.

Table 3: Examples of potential conflicts

Area	Potential conflict	Mitigation and controls
Client communications	Clients could be provided with unfair, unclear, or misleading communications that could incentivise prospects or clients to do something that may not, or may appear to not be, in their best interests.	Compliance with the Client Communications Policy and with associated procedures minimises the risk that this conflict materialises. All financial promotions and client communication materials are reviewed through a subject matter expert (SME) process as well as a second-line of defence Compliance review process, using a risk-based approach.

Area	Potential conflict	Mitigation and controls
Gifts and entertainment and investment research	The giving or receiving of gifts, entertainment, or any other form of gratuity or hospitality may create the appearance of partiality and may lead to a potential conflict of interest between the interests of the donor/receiver and the interests of SIEL's clients. In certain circumstances, fees, commissions, or non-monetary benefits may conflict with, or be seen to conflict with, SIEL's duty to act honestly, fairly, and professionally, and in the best interests of its clients.	Compliance with the Inducements Policy (including Gifts & Benefits), the SIEL Employee Conduct Framework, the SEI Code of Conduct, the Anti-Bribery and Corruption Policy, and with associated procedures minimises the risk that this conflict materialises. SIEL employees are required to complete an inducements form for each gift, entertainment, or other potential inducement, above a certain defined threshold. This has to be signed off by the relevant SMF and submitted to Compliance. SIEL does not produce or issue investment research for external use; however, if the wider SEI Group produces research, they must adhere to the relevant group policies to prevent SIEL from being exposed to conflicts where group investment research is produced and issued to clients.
Order handling and execution	SIEL should handle all orders in the best interests of its clients and ensure that clients are not unfairly disadvantaged because SIEL is incentivised to benefit one client over another client or route orders based on SIEL's own interests.	Compliance with the Order Handling & Execution Policy, the Incidents Policy & Procedures, the Breaches Policy & Procedures, the Complaints Policy & Procedures, and with associated procedures minimises the risk that this conflict materialises. Segregation of duties within the Institutional, SWP, and AMD sales/client service teams and the Operations teams also adds additional control to the risk of this conflict crystallising.
Outside business interests (OBI)	To reasonably ensure that any outside business interests held by Employees are disclosed and monitored to ensure they do not create, or appear to create, a conflict of interest between the Employee and SIEL's clients. Specifically, within the context of Stewardship, Conflicts may arise where an SEI employee	Compliance with the OBI Policy (which sets out the parameters within which an outside business interest is permissible), and the SIEL Employee Conduct Framework minimises the risk that this conflict materialises. All employees are required to complete an OBI form prior to commencing a new OBI. Additionally, pre-employment checks are carried out for new joiners to SIEL and second line of defence reviews take place on a risk-based approach.

Area	Potential conflict	Mitigation and controls
	responsible for engaging with a company or a voting decision at a company has an OBI or has a position of influence at this company through themselves or close connections.	
Personal account dealing and insider trading	There is a potential conflict of interest if Employees enter into personal account deals in a manner that puts their personal interests ahead of SIEL's clients' best interests, which includes, for example, front-running, utilising confidential information to deal under preferential terms, or any trading activity that incentivises Employees to treat SIEL's clients less favourably.	Compliance with the Market Abuse Policy, the Personal Account Dealing Policy, and the SIEL Employee Conduct Framework minimise the risk that this conflict materialises. Specific controls include a pre-clearance Compliance approval process on specific types of financial instruments.
Remuneration	Employees may be remunerated in a manner that incentivises them to act in a way, which is not, or may appear to not be, in SIEL's clients' best interests or by putting their own personal, and/or SIEL's, interests above those of SIEL's clients.	Compliance with SIEL's Remuneration Policy, SIEL's Remuneration Committee Terms of Reference, and SIEL's Employee Conduct Framework (to the extent that it sets out the requirement for employees' competence to be assessed annually and in conjunction with the Remuneration Policy ensuring that employees' remuneration is not inappropriately incentivising them) minimises the risk that this conflict materialises.
Proxy voting Please note that proxy voting is overseen by SIMC, on behalf of SIEL. SIMC has the authority to vote proxies for shares they own. See our summary Proxy Voting Policy here.	There could be a potential conflict of interest where SIEL, other SEI legal entity, or individuals on the committee have a material business or personal relationship in the companies soliciting the voting proxies or the firm in question is a significant client of SIEL.	As required by applicable regulations, SIMC provides this summary of its Proxy Voting Procedures (the Procedures) concerning proxies voted by SIMC on behalf of each investment advisory client who delegates voting authority to SIMC (each a Client). As required by applicable regulations, SIMC must vote proxies in a manner consistent with the best interest of each Client and must not place its own interests above those of its Clients. The Procedures may be changed as necessary to remain current

Area	Potential conflict	Mitigation and controls
	Many of our institutional clients are themselves listed companies in which SEI funds may invest. The conflict that may arise is a reluctance to vote against management for fear of losing revenues in our business.	with regulatory requirements and internal policies and procedures. SIMC has elected to retain an independent proxy voting service (the Service) to vote proxies for Client accounts, which votes proxies in accordance with Proxy Voting Guidelines (the Guidelines) approved by SIMC's Proxy Voting Committee. The Guidelines set forth the manner in which SIMC will vote on matters that may come up for shareholder vote. The Service will review each matter on a case-by-case basis and vote the proxies in accordance with the Guidelines. The Committee shall convene and adhere to the conflicts provisions of the Procedures. For any proposal where SIMC's Proxy Voting Committee determines that SIMC does not have a material conflict of interest, SIMC's Proxy Voting Committee may overrule the Service's recommendation if it reasonably determines that doing so is in the best interest of the Clients. For any proposal where SIMC's Proxy Voting Committee determines that SIMC has a material conflict of interest, SIMC must vote in accordance with the Service's recommendation unless it has first fully disclosed to each Client holding the security at issue the nature of the conflict and obtained each Client's consent as to how SIMC will vote on the proposal. If SIMC's Proxy Voting Committee decides to overrule the Service's recommendation, it shall maintain a written record setting forth the basis of its decision. In some circumstances, SIMC may determine it is in the best interest of its Clients to abstain from voting certain proxies.
Third-party manager voting	Different interests in voting outcomes—some of our third-party managers may request SIMC to vote in a certain manner in line with their own interests.	Proxy Voting controls: see the proxy voting section above.

The above tools and policies are designed to ensure that we identify, acknowledge, and, where necessary, resolve any conflict of interest. This includes any conflicts of interest that relate to our stewardship activities.

Please refer to Principles 5, 6, 9, 11, and 12 for more information on our voting and engagement activities.

Principle 4

Signatories identify and respond to market-wide and systemic risks to promote a well-functioning financial system.

SIEL's investment management programmes consist of delivering investment strategies consisting of equity, fixed-income and money market mutual funds, collective investment products, segregated accounts, and alternative investments, managed both within SEI and from the wider market through our open architecture platform.

We distribute these strategies through financial intermediaries to retail investors and directly to institutional investors, which are primarily both DB and DC pension schemes.

Consequently, our clients are exposed to differing and multiple market-wide and systemic risks, which we identify and respond to at both the strategic level and also at the asset class level.

The market and systemic risks that we consider are:

- Equity risk
- Property risk
- Currency risk
- Interest rate risk
- Inflation risk
- Liquidity risk
- Credit risk
- Counterparty risk
- Operational risk
- Climate risks
- Other environmental, social, and governance risks

At SEI, we believe the most effective approach to risk management is to utilise sophisticated operating technologies and advanced data management to maintain an ongoing view of the assets (and liabilities where appropriate) at any given time.

We commit substantial resources and have invested heavily in technology—both proprietary analytical tools and industry-leading software—that enables us to analyse portfolios, decisions, and return profiles.

Risk management framework

SIEL has established a risk management framework (RMF) which enables SIEL to achieve its strategic objectives and evidence that the firm is managing risks. By better managing its risks, SIEL protects the interests of clients, investors, and the parent company, SEIC.

The RMF sets out the policy requirements and risk management components to identify, measure, mitigate, monitor, report, and govern financial, non-financial (operational), and strategic risks in line with SIEL's regulatory obligations and risk appetite. The RMF embeds the management of risk at all levels within SIEL and is subject to review at least on an annual basis or in case of any relevant change to the risk framework to ensure it recognises both new and emerging risks in the business and is appropriate and proportionate for a business of SIEL's size, scale, and complexity. Oversight of the RMF includes the Internal Capital Adequacy and Risk Assessment (ICARA), regulatory requirements owned by the board. The ICARA documents summarise SIEL's approach to managing risks and assesses regulatory capital requirements. The ICARA uses risk data and inputs from every component of the RMF, e.g., incidents, risk and control self-assessment (RCSA), and uses these to develop ICARA stressed scenarios and reverse stress testing.

The IMU has a number of specialists who focus on how macroeconomic and other market-wide issues could impact the assets SEI manages, and they advise SIEL on potential scenarios and their impact to SIEL's clients' portfolios. These results feed into SIEL's strategic decision-making and planning process.

SEI Investments Distribution Co. (SIDCO), a US broker-dealer subsidiary of SEIC, is a member of the Global Financial Markets Association (GFMA) via SEI's membership in the Securities Industry and Financial Markets Association. As a significant service provider to the financial services industry, SEI strives to be as resilient as possible and to support its clients and the financial markets in their resilience efforts. In addition to our internal resilience efforts, SIEL and SEI routinely participate in external resilience exercises such as the GFMA Quantum Dawn cybersecurity exercise. Quantum Dawn is held biennially and simulates a disruptive cyberattack against the global financial services industry.

Asset class risk mitigation

At the manager level, SIMC's investment approach focuses on manager selection rigour, diversification of manager investment styles, and continuous oversight.

SEI has over 120 investment professionals globally who research and review potential managers for the SEI funds, including those distributed or used by SIEL for its clients. The team focuses on the following criteria when assessing a manager:

- Firm
- Product
- People
- Philosophy
- Process
- Portfolio construction
- Performance
- ESG

Within asset classes, we hire specialist managers using segregated mandates.

This approach to implementation allows us to both manage risk by diversification of managers and their investment styles and to continuously monitor their positions. We do this via a suite of different technologies, with the ability in public markets to see into every manager's positions on a daily basis. Consequently, we can monitor risk at an individual manager, asset class, and portfolio level.

Manager positions are overseen by both a portfolio manager and SIMC's independent Risk Management team. The team maintains a system of checks and balances through risk budgeting to ensure that the portfolio managers have a clear view of the risk exposure of each subadvisor and the overall funds.

The use of segregated mandates not only provides a high degree of transparency, but also allows us to intervene and instruct trading in the portfolio to reduce risk exposures if required, by either the portfolio manager or Risk Management team.

To evaluate managers and their approach to sustainable investing, we use a proprietary ESG rating system, which is part of the information available to our portfolio management teams in the manager selection process. The process is described in detail in Principle 7.

This due diligence of managers is part of SIGL's ESG Policy, and we require managers to consider material financial and non-financial risks as part of their investment process.

Table 4: Manager oversight activities

Frequency	Activity	Notes
Daily	• Relative value at risk • Portfolio fund benchmark-relative exposure guidelines • VaR model integrity[1] • Counterparty risk[2] • Coverage[3]	1. Comparison of ex-ante forecasts with ex-post realisations 2. Measures the amount of capital in excess of notional OTC derivative exposures 3. Exposure to dealers from OTC derivative transactions
Weekly	• Tracking error[4] • Manager contribution to risk[5]	4. Standard deviation of excess returns 5. Measures how active risk is allocated across the managers in a portfolio
Monthly	• Manager risk-adjusted return • Stress testing	

For alternative asset classes, we utilise an increased due diligence process through our Non-traditional Markets Operational Due Diligence team. The operational due diligence process functions independently from investment due diligence. The goal of this process is to evaluate whether a manager has the operational capabilities to execute the identified investment mandate. This review includes interviews with individuals responsible for trading, accounting, compliance, and reporting, which typically occur onsite with the manager's operations personnel.

Background/reference work may be done on the manager and/or its key individuals, depending on the circumstances.

Client portfolio risk mitigation

For our institutional client portfolios, we customise each strategic asset allocation to their individual circumstances taking into consideration (where applicable) the unique nature of any liabilities, trustee risk tolerances, sponsor financial position, liquidity and cash-flow requirements, and long-term funding objective(s). Oversight of institutional clients' asset allocations resides within the IGWG. During the Gilts Crisis, it was the IGWG, and underlying subgroup, that were responsible for assessing the information we had available and developing a prudent policy to protect clients with exposure to third-party pooled leveraged LDI funds. See Principle 2 for a case study on this topic and more information on the IGWG.

The governance structures and investment decisions implemented before the Gilts Crisis helped SIEL to curtail the impact on client portfolios. For example, all strategies are stress-tested to inform how a portfolio may react to market events including liquidity constraints, extreme dislocations and price slumps, and climate-related scenarios. There is also a focus on asset class correlation which allows our process to be more aware of systemic risks than one based strictly on sample data. Our correlation stress tests focus on shocking capital markets through correlation raises, thereby mitigating the systemic risk attributed to underlying market correlations. Furthermore, in line with the TCFD guidelines, we have developed (and are further improving) a robust climate reporting framework for applicable client portfolios.

Managing risk through engagement

We strongly believe that actively engaging with the companies we invest in may help manage risks over the long term. In 2022, through our engagement partner, Sustainalytics, we proactively engaged on four key topics that we believe represent significant systemic risks to the wider economy, environment, and society:

- Sustainable agriculture
- Modern slavery
- The future of work
- Board governance

We have also engaged in climate change as a fifth topic through our collaboration with Columbia Threadneedle Investments reo®. Through this initiative, we have achieved multiple milestones globally. In 2022, our stewardship program engaged with 674 companies and achieved positive progress against key performance indicators (KPIs) in 31% of cases.

We also engage companies that have been involved in systemic business misconduct and/or breaches of global norms and standards. Guidelines include:

- UN Global Compact
- UN Guiding Principles on Human Rights
- OECD Guidelines for Multinational Enterprises

See Principles 9 and 10 for more information about SEI's engagement programme.

We believe we can further develop industry best practices through our Manager Engagement Program. This program launched in October 2022 and is structured so that SIMC engages with asset management organisations at both the firm and strategy level. Further detail on our Manager Engagement Program can be found in Principle 7.

Policy and committee memberships

Connecting with the wider investment community so we can amplify our impact in promoting well-functioning financial markets is important to us at SEI. Therefore, we sit on several committees and consult with multiple organisations on topics ranging from climate change to enhancing liquidity policies. A list of committees and consultations is listed below, with more detail on some of these memberships listed in Principle 10.

Through participation in these committees, we have made key contributions to the wider investment community, as exemplified below:

Investment Consultants Sustainability Working Group (ICSWG UK steering committee)

- With SEI as a founding member and contributor to the Stewardship work stream, we have participated in producing a set of Asset Manager Assessment principles that aim to harmonise market expectations for the assessment of asset managers on the subject of sustainability.

Climate Action 100+ (CA100+)

- Through our engagement service provider, we engage with CA100+ focus companies to support greater transparency and governance about climate change risks and impacts.

Further industry and government initiatives in which we have participated are set out below:

- PRI signatory (the United Nations)
- Defined Benefit Funding Code consultation (The Pensions Regulator)
- Consultation on reform to RPI (HM Treasury and UK Statistics Authority)
- Case for greater consolidation consultation (Department for Work and Pensions)

Reflect on effectiveness

Overview

2022 continued to present an extraordinary case study for risk management. We were able to reflect on and assess our response to events throughout the year, most notably the Gilts Crisis over Q3 and Q4. As detailed by the Bank of England's letter in October 2022, the market disorder posed a systemic threat to the long-dated gilts market and risked contagion into credit conditions for UK households. At a strategic level, we took action, for example, identifying the risks associated with using third-party pooled LDI funds and subsequently bringing the LDI solution onto the SEI-controlled investment platform.

At an individual client level, we identified those who were exposed to the risk of total catastrophic loss through the third-party pooled LDI funds. The IGWG and leverage sub-committee needed control of leverage and imposed a prudent leverage limit within our LDI funds, thus mitigating insolvency risk. The internally controlled structure will be our preference going forward, as it enables greater transparency and control. The leverage limit will be reviewed on an ongoing basis and may change as a result of the Bank of England LDI consultation.

Case study: Tactically managing inflation risks

Within our clients' portfolios, we mitigated inflation risk through tactical positions in our Dynamic Asset Allocation (DAA) fund.

As an example, the fund implemented a long commodities position in 2020, which was active throughout 2022. Commodities are typically seen as an inflation hedge as they can perform well in an inflationary environment. Despite some of the market volatility we saw over 2022, the commodities position has performed well since inception of the trade.

Another position we took in our DAA fund was a trade positioned for tighter financial conditions. To act on our view that inflation would remain high and that the US Federal Reserve would continue with fiscal tightening, we implemented exposures that would benefit from continued tighter financial conditions. This view was still active in the portfolio at the end of 2022.

We also look for short-term trading opportunities that can add value to our clients given the risks and opportunities in market conditions. Our Vista Fund, an alternative investment fund in our thematic program, took a short-term trade on Sterling volatility in Q4 of 2022. During the Gilts Crisis, GBP currency volatility exploded to historically high levels. While it is difficult to bet against a short-term dislocation, the fund created an asymmetric payoff whereby if GBP volatility subsided, the trade would add value, but with limited downside if volatility persisted. The fund had an excellent entry point into the trade and was able to generate gains as volatility levels returned to normal.

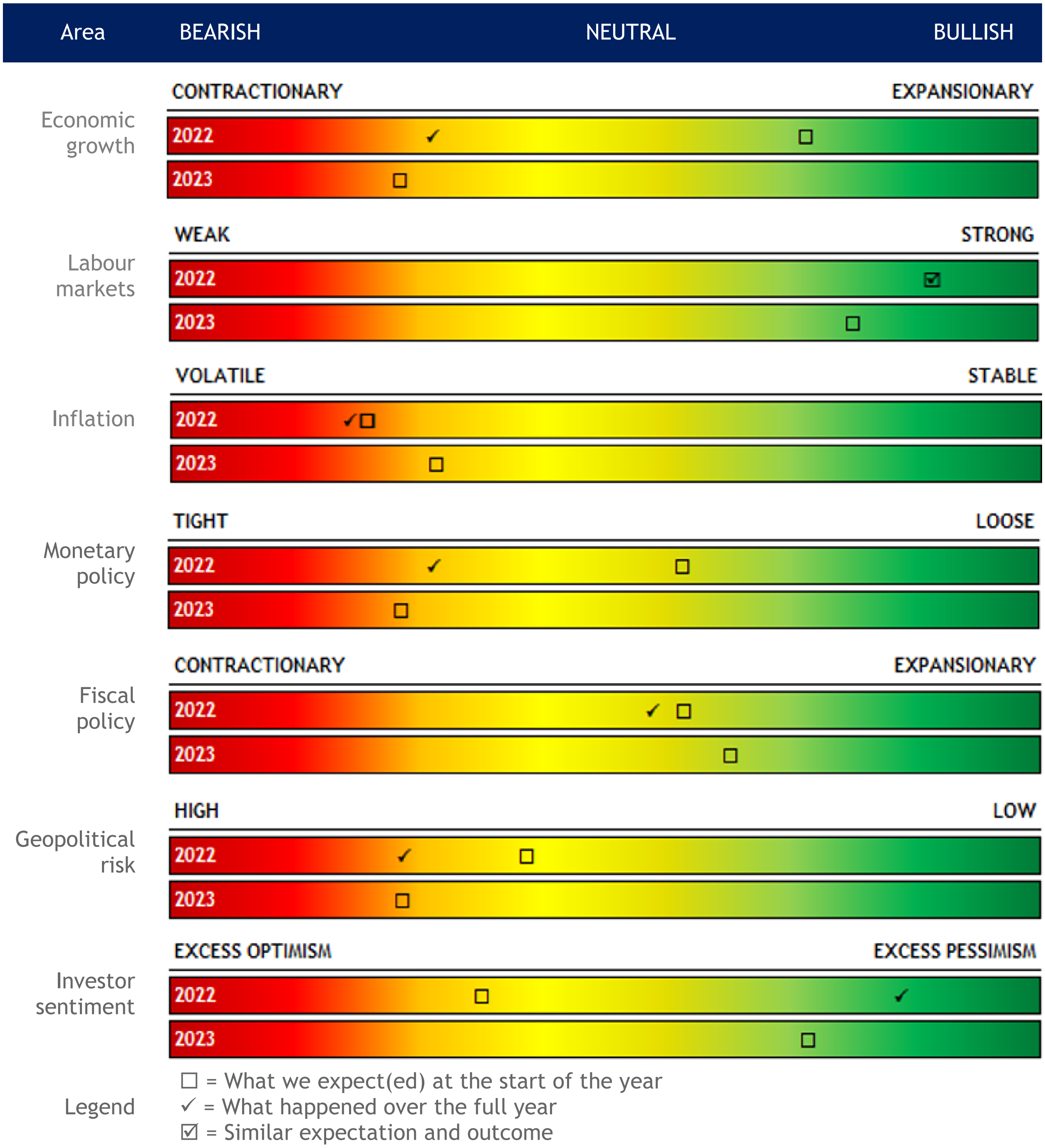
Our fiduciary management portfolios weathered the storms of 2022 through risk mitigation at the strategic and asset class level that we detail above.

Overall, SEI's consistent profitability, free cash flow, and strong balance sheet support long-term viability and sustainable performance. This strong financial foundation significantly increases the likelihood that SEI and SIEL can withstand unexpected shocks and continue to provide critical services to clients in jurisdictions around the globe, including the UK and US financial markets.

Economic outlooks

At the end of the year, we review the economic positioning we prepared for at the beginning of the year. These forecasts feed into our thinking on risk management. The table below sets out forecast positions at the beginning of 2022 and a review of outcomes at the end. Assessing our forecasts and using the feedback to inform future decisions is an important part of our process.

Figure 4: Economic outlook



Source: SEI. Markings represent qualitative assessments as at 31 December 2022. 2023 expectations are as at 31 December 2022. For illustrative purposes only.

Assessing engagement

We assess our engagement program through a range of KPIs for the companies with whom we engage. The KPIs are relevant to the theme or topic on which we engage and examples of KPIs are as follows:

- **Modern slavery:** Governance, reporting, purchasing practices, wages, stakeholder involvement, collaboration, worker inclusion, and auditing
- **Board governance:** Implementation and structure, definition of a strategy, measurement of progress, communication
- **Sustainable agriculture:** Governance, biodiversity and land use, non-land resources and food waste, sustainable product portfolio, supply chain resilience, and collaboration
- **The future of work:** Ways of working, executive compensation, board oversight, learning and development, employee engagement, diversity, and inclusion

We then track on a quarterly basis the companies we engage with and progress against KPIs.

Table 5. Engagement progress

	Q1	Q2	Q3	Q4
Companies engaged	372	384	405	353
Companies achieving progress against engagement KPIs	66	54	66	179

Summary

While we believe we have effective risk management practices in place, both via our internal controls and external collaborative work, there is always scope to do more. We believe by working as a collective with peers as we have shown, we amplify our ability to influence the industry and wider market. A sample of case studies demonstrating our engagement efforts is found in Principle 9. We believe our risk management practices, along with our industry collaboration (detailed here and in Principle 10), help identify and respond to market-wide risks and promote well-functioning markets.

In 2022, we continued to improve our management of systemic risks related to climate change through our shareholder engagement activity and proxy voting, manager engagement program, and CSR activities. Our 2022 shareholder engagement statistics represent a 44% increase in companies engaged and a 39% increase in companies achieving progress against their engagement KPIs.

Whilst we are proud of this progress, climate change is an ongoing topic of conversation, and we will look to expand how to address this risk going forward, in particular through training internal stakeholders and increased reporting of climate-related risks and opportunities in line with TCFD recommendations.

Principle 5

Signatories review their policies, assure their processes, and assess the effectiveness of their activities.

Policies related to stewardship processes

Various policies detail how different aspects of investment stewardship and sustainable investing are applied within SEI's investment processes.

The policies that directly relate to investment stewardship, shareholder engagement, and sustainable investing matters are set out below.

SEI ensures that such policies and the results that the policies are intended to achieve are subject to periodic review within its governance structures by the applicable working group/committees (as further described in Principle 2) and/or, relevant subject matter policy owners. The policies are reviewed and (if necessary) updated periodically or when there are strategic or regulatory changes. Further detail on review of the policies is included within specific policy descriptions below. Where required, Compliance teams may also conduct an independent review of the updates to policies and may further seek input from external counsel or consultants, as applicable. Any updates to the policies are thereafter sent for approval to the relevant committee, and where required, the relevant board of directors.

SIEL Shareholder Rights Directive II (SRD II) Engagement Policy

SIEL is in scope of the SRD II requirement to publish an SRD II Engagement Policy, found on our Fund Documents website. The SRD II Engagement Policy sets out how SIEL promotes effective stewardship and long-term investment decision-making in carrying out its duties as an investment manager and is reviewed on a periodic basis.

SIGL's ESG Policy

SIGL's ESG Policy is reviewed on a periodic basis or when changes to fund management or investment practices necessitate it. Details of SIGL's approach to integrating ESG factors into listed equities and fixed-income investments, including consideration of sustainability risks, are outlined in the SIGL ESG Policy, which is approved by the SIGL board of directors. It stipulates the policies, including those delegated to SIMC as the investment adviser, with regard to:

- ESG in SIMC'S manager research process
- Investment stewardship

- Investment integration
- Investment screening
- Shareholder engagement
- Proxy voting

SIGL's ESG Policy was updated in the fourth quarter of 2021, in preparation for the Level 2 Regulatory Technical Standards of the SFDR and in December 2022, following the reclassification of two SEI sub-funds to Article 8 funds (as defined under SFDR).

SIMC's Proxy Voting Policy

SIMC's Proxy Voting Policy is reviewed on an annual basis by the Proxy Voting Committee (as further described in Principle 3, above). SIMC maintains a Proxy Voting Committee comprising representatives of the IMU and Legal and Compliance personnel.

Effectiveness of our policies

SEI seeks to continually enhance its policies, programmes, and procedures related to shareholder engagement, sustainable investing, stewardship, and proxy voting, which means that over time, our programmes evolve and change.

The purpose of each regular review of the above policies is to keep them updated with any changes to SEI's stewardship and sustainable investing approaches.

We believe that this approach to continuous improvement, and documenting those practices in relevant policies, supports the long-term success of our clients and underpins our ability to help them meet their investment objectives.

Principle 2 outlines the various Governance Working Groups and Committees and their specific oversight activities. This structure ensures continuous improvement.

Principle 6

Signatories take account of client and beneficiary needs and communicate the activities and outcomes of their stewardship and investment to them.

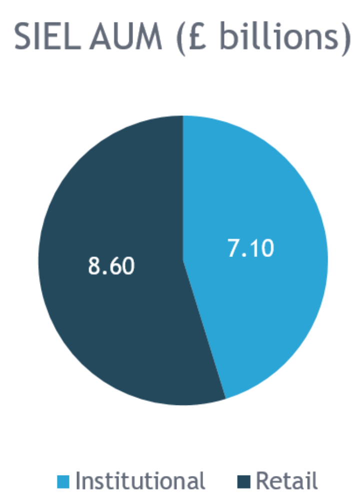
Structure of SIEL and its client base

As at 31 December 2022, SIEL's AUM is £15.7 billion.

As set out in Principle 1 and as detailed further below, SIEL's applicable service offering for the purpose of this report includes the provision of Asset Management services. SIEL's Asset Management services consist of fiduciary management, advisory, and AMD services.

SIEL's client base consists of professional or institutional intermediaries. SIEL does not directly provide services to retail customers apart from the provision of custody services, which are provided to retail customers only through appointment by the professional or institutional client. While SIEL's direct clients are professional or institutional intermediaries, underlying customers of the professional or institutional intermediary may consist of retail customers which is the case in relation to our AMD services. SIEL's Asset Management clients in the scope of this report are located predominantly in the United Kingdom, with some exposure globally.

For the purpose of this principle and in relation to SIEL's services, we refer to (i) "institutional clients" as those for which an institution or a professional client is the ultimate client of the service or product, such as the provision of SIEL's fiduciary management and advisory services which are provided to DB and DC pension scheme trustees (for the benefit of the relevant pension scheme); and (ii) "retail customers" as those for which a retail customer is the ultimate beneficiary of the service or product, such as the provision of SIEL's AMD services/products which are provided by SIEL to professional intermediaries, who in turn may provide such services/products to their underlying retail customers.



Client context

Institutional

DB: Clients' objectives

Typically, for DB pension schemes, SIEL's investment objective is to outperform their scheme's gilt-based liabilities by a specific return target (determined in discussions with the client) by between 0.5% and 3.5% per annum. SIEL's UK DB pension scheme clients' time horizons typically span five to ten years over which they wish to meet their funding objective. This time horizon is usually aligned with the scheme's actuarial recovery plan to meet their Technical Provisions liabilities or aligned with the timescale to meet the scheme's long-term objective of being fully funded on a lower-risk basis. These targets are agreed upon in discussions with pension scheme trustees and their scheme actuaries.

DC members typically have a longer time horizon over which to invest. Many DC members aim to draw down their savings over 30 years in retirement (for example, from age 65 to 95). Including DC members' working lifetimes as well, DC investors typically have truly long-term time horizons, commonly more than 30 years.

DB and DC: Appropriate investment strategies

As part of the setting of a DB scheme's investment strategy, SIEL agrees in discussions with the scheme's trustees (i.e., the client) the target investment return, risk tolerance, and timescale to full funding. The client's risk preferences are also agreed upon, such as which asset classes to include or exclude, as well as specific policies and beliefs with regards to sustainability to apply to the scheme's investments. This specification of the investment strategy, customised to the client's needs, is detailed in their Fiduciary Management Agreement with SIEL. Where desirable, we also implement journey plans for DB clients to enable de-risking when the scheme's funding level is far enough ahead of the expected path. This is reviewed on a periodic basis, and at least at every triennial valuation. As fiduciary manager, SIEL provides training and advice to clients in setting the long-term objective, and investment matters including sustainability. We provide support to clients by reviewing their sustainability policies and ensuring their Statement of Investment Principles and Implementation Statements are up to date.

The IGWG meets at least quarterly to review the investment strategies of DB and DC pension scheme clients to ensure that they remain appropriate for the scheme going forward. The IGWG also considers clients' sustainability policies with the detail of these policies considered and reviewed in more detail by the SSIWG. When a new DB or DC client is taken on, the lead Client Strategy Director reviews and signs off that each client's investment strategy remains appropriate going forward, amending the client's investment strategy if their needs have changed. Further reviews are undertaken as required.

Sustainable investing policies are discussed with DB and DC clients, and their preferences are applied in the funds and segregated mandates used to manage clients' holdings. Periodically, we also survey our clients to factor in their preferences when choosing our broader engagement themes.

Retail

SIEL's AMD service consists of: (1) the provision of multi-asset fund of funds (Portfolios) to global private banks and IFAs; (2) the distribution of SEI funds to IFAs and other financial intermediaries.

Such clients will, in turn, provide the Portfolios or the SEI Funds (as applicable) to their underlying retail customers and such underlying retail customers will be invested in the Portfolio/SEI funds. The client will have the ultimate responsibility for investment in the Portfolio/funds by the retail client.

In relation to the provision of the Portfolios, the level of interaction with a client when constructing Portfolios will depend upon the nature of the agreement. SIEL does maintain a core Portfolio offering which is available to clients for direct investment. Many of the smaller IFA firms invest directly into the Portfolios. We then assist in the production of bespoke materials for their underlying retail customers, such as marketing aids and product support where required.

Where a client would like to work with SIEL to create a more bespoke portfolio, the client will generally provide SIEL with their objectives, risk tolerances, any parameters and, where applicable, a strategic asset allocation, which they would like to us to implement. Where required, we may collaborate further with our clients to create the top-level strategic asset allocation (SAA). Beneath the SAA, SIEL implements another layer of asset allocation, which corresponds to the underlying funds/building blocks within the overarching matrix and will toggle these in accordance with the first level of asset allocation. The Portfolios are created to span various risk profiles and currencies, and as noted, there are differing levels of interaction with the client subject to the contractual relationship.

Activity

Institutional

SIEL evaluates the effectiveness of our understanding of our Institutional DB and DC clients' needs by several means:

- Strategic investment objectives are assessed by DB pension scheme trustees annually and SEI uses this to ensure that trustees' investment needs and preferences continue to be met
- Annual review of default strategies, membership surveys, and employer feedback are used to ensure that DC members achieve better outcomes
- Feedback from trustees of DB and DC at quarterly investment meetings where investment performance and ESG issues are reported on
- Client surveys and calls by a client partner who is not part of the day-to-day relationship team
- SIEL's Institutional Investment Governance Working Group which reviews the effectiveness of the application of clients' investment needs in pooled and segregated mandates
- We have included more detail on meeting our clients' needs and our assessment of our effectiveness in doing so in Principle 1

If default strategies, fund choices, and client investment strategies require adjusting, suitable changes are made accordingly.

Retail

As mentioned above, SIEL creates Portfolios for clients which are either bespoke for that individual client or which is enhanced on an annual or other periodic basis. The client's retail customers will then be invested in such Portfolios.

The relationships that SIEL fosters with clients are of a collaborative nature, meaning that sustainability suggestions and recommendations flow bilaterally between the two parties. Due to the individual preferences of each client relationship, SIEL's practices evolve internally to ensure that SIEL is meeting benchmark criterion as outlined by our various client relationships.

Outcomes

Institutional

All our Institutional client portfolios are managed to align with our clients' investment and sustainable investing policies. We take account of clients' views in several ways:

- Customising our investment advice to meet their specific risk, return, and ESG requirements, as well as reflecting other preferences
- Customising our reporting to meet the client's communication needs
- Selecting specific funds and investments to meet the client's specific needs
- Providing training on a wide variety of investment topics, including sustainability and stewardship matters. Trustee training topics are agreed upon with trustees in advance of meetings to ensure that their learning and development needs are met

Retail

We recently implemented a thermal coal screen across SEI UCITS Funds. The thermal coal screen aims to exclude investment in securities issued by an entity that generates more than 10% of its annual revenue from involvement in thermal coal exploration, mining, and production, as well as services that support thermal coal production. This screen does not include coal-fired power generation.

Reporting to clients

Institutional

Each Institutional client's quarterly reports include summaries of recent sustainable investing activities including shareholder engagement and voting. Further details of these activities are reported annually to trustees as part of their Implementation Report, to align with the date of schemes' reports and accounts. More detailed shareholder engagement and voting reports are also available to clients on request.

Some clients also employ independent third-party evaluators to help review us. These reviews typically include our activity and reporting on sustainability issues. We have discussed how we have taken account of client views on sustainable investing, and what actions we have taken as a result, in more detail in Principle 1.

Retail

Sustainability reporting is completed on a client-by-client basis, subject to their own preferences. Some clients request extensive deliverable documentation whereas other clients are lighter-touch in their approach when it comes to reporting. To pinpoint a few of the key reportable recurring activities, each quarter, during the Quarterly Investment Reviews, a detailed analysis of proxy voting and stewardship and engagement activities is undertaken; this allows us to explore further detail on our partnerships with Sustainalytics and Columbia Threadneedle reo®. Other clients request recurring one-pagers regarding an update on our activities from a sustainability perspective, inclusive of internal developments over the quarter and any news we believe to be particularly poignant throughout the industry. In addition, we host webinars and informative events for our clients to be able to broaden their understanding of various sustainable activities and initiatives, which are undertaken at the firm level. In the form of various presentations, we report on the outcomes of our manager engagement program throughout the quarter. We take this opportunity to be able to highlight the key attributes and successes of the manager-of-manager business, in subsequently deploying our influence over our underlying subadvisors.

Principle 7

Signatories systematically integrate stewardship and investment, including material environmental, social, and governance issues, and climate change, to fulfil their responsibilities.

Context: Our approach to sustainable investing

For over 50 years, SEI's mission has been to help clients achieve continued success by developing consistently relevant solutions through an outstanding client experience.

SIMC, as the investment adviser supporting SEI's (including SIEL's) institutional and asset management business, aims to accomplish this mission through an investment approach rooted in active management, guided by skilled manager research, driven by asset allocation, and monitored by independent, in-house risk management.

SIEL recognises that sustainability is increasingly important to certain investors that wish to minimise negative sustainability impacts and/or maximise positive sustainability outcomes through their investments. Further, SEI understands that ESG factors may have material impacts on the financial performance of an investment, thereby impacting investors' ability to take advantage of opportunities, manage risk, and achieve consistent returns. SIMC seeks to incorporate ESG into its investment process by performing an ESG assessment as part of our manager research to develop a deeper understanding of managers' capabilities, by developing investment solutions to meet clients' sustainability objectives, and by striving to act as good stewards of our assets through engagement and proxy voting. More information on our stewardship activities can be found in Principles 9, 10, 11, and 12. More information on sustainable investing across SEI's UCITS Funds can be found in SIGL's ESG Policy on our Fund Documents page.

Investment stewardship

As a global asset manager, we believe that our voice is meaningful to the companies in which we invest.

SIMC's investment stewardship program seeks to support long-term management of sustainability risks and opportunities by engaging with companies and by voting proxies at companies in which we are invested.

A detailed description of these activities and outcomes can be found in Principles 9-12.

Asset allocation

With support from SIMC's Advice team, SIEL constructs portfolios for clients based on each client's unique investment goals, time horizon, preferences, and constraints, while taking into account sustainability preferences. SIEL conducts formal suitability checks of client portfolios, on an annual basis at a minimum, or whenever there are changes to the investment strategy or client risk appetite or objectives. This process is overseen by SIEL's IGWG.

Activity: ESG integration in manager research

Underpinning SIMC's investment solutions is our foundation in manager research and selection.

Our well-established approach to manager research includes a proprietary ESG scoring system, which is an input into our decision to hire a manager that fits our clients' ESG requirements. Every firm and strategy that is considered for our equity, fixed income, and multi-asset investment strategies undergoes an ESG due diligence review and receives a rating of Strong, Moderate, Limited, or Weak, which reflects our view on the strength of their sustainable investing capabilities. Firm ratings are updated on at least a biennial basis (and can be updated on a more frequent basis if deemed appropriate) and strategy ratings are updated on at least an annual basis (and can be updated on a more frequent basis if deemed appropriate). While each manager and strategy receives an ESG rating, we do not have a required minimum rating threshold to hire a firm or select a strategy, unless it will form part of a sustainable mandate.

ESG-related considerations are accorded higher stature in portfolios with ESG-related objectives, such as those designed to promote sustainable investing or target specific outcomes, as those are a reflection of our conviction in that manager's ability to meet the stated ESG objectives or outcomes.

An evolving framework

In 2022, we undertook a review of our firm assessment framework.

As part of this review, we updated the categories we assess in this area (which included adding new criteria around compensation alignment and removing categories we felt were now redundant) and we also updated how many individual criteria that remained in the framework were assessed (e.g., a firm's engagement practices). The 2022 framework is the third iteration of our firm assessment framework, the first of which was created in 2018. In 2023, we expect to update both our firm and Strategy ESG assessment frameworks (which will include enhancing our approach for the assessment for passive strategies) given how quickly we believe best practices are evolving in this area.

In 2022, SIGL formalised its approach for the selection of managers for its Article 8 and Article 9 UCITS fund range, as per the SFDR, as detailed in table 6.

Table 6. Eligibility for inclusion in Sub-Funds that have been categorised as Article 8 or Article 9

		Strategy			
		Weak	**Limited**	**Moderate**	**Strong**
Firm	**Weak**	Not eligible	Not eligible	Not eligible	Eligible
	Limited	Not eligible	Subject to restrictions	Subject to restrictions	Eligible
	Moderate	Not eligible	Subject to restrictions	Eligible	Eligible
	Strong	Not eligible	Subject to restrictions	Eligible	Eligible

Our final ESG evaluations are based on the following factors:

Firm assessment

Profile

- Assess the manager's commitment to sustainable investing through evaluating the breadth and longevity of its sustainable investment practices at both the firm and product level
- Help identify firms that have long believed in sustainable investing and fully built aspects of their business to support it

Resources

- Evaluate how well-resourced the manager is to achieve its sustainable investing goals. We view this as the bridge between the manager's words and its actions

Practices

- Assess how the manager integrates sustainable investing in its investment process, from investment decision-making to stewardship. This helps to distinguish true sustainable investing from 'greenwashing' or presenting false integration of sustainable investing practices to attract clients

The firm assessment criteria are updated on a periodic basis by the Head of Sustainable Research, as deemed appropriate, but at a minimum biennially.

Strategy assessment

Investing

- Analyse the strategy's integration of ESG factors, taking into account the degree of materiality in affecting investment decisions and portfolio construction, quality of data and analytics employed, and alignment across the strategy's investment team

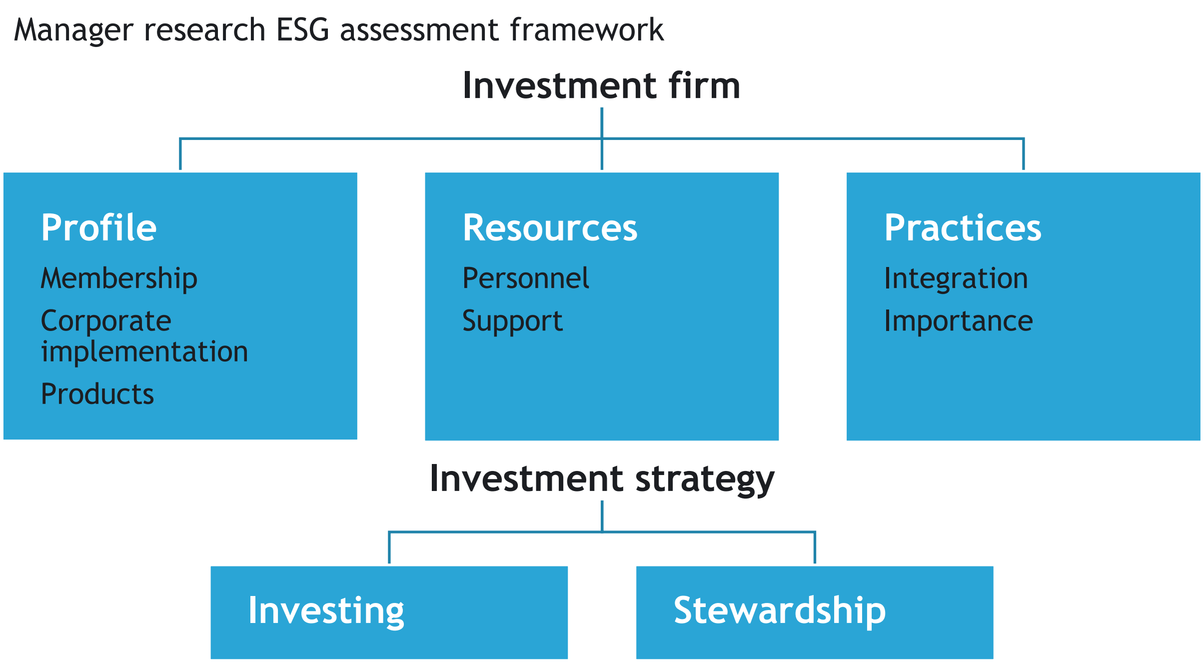
Stewardship

- Evaluate the strategy's approach to stewardship, focusing on reporting capabilities and the intensity and thoughtfulness of issue engagement

The strategy assessment criteria are updated on a periodic basis by the Head of Sustainable Research, as deemed appropriate, but at a minimum biennially.

As at the end of 2022, SIMC had completed ESG due diligence on more than 250 firms and 550 strategies.

Figure 5: Sustainability integration in manager research



Source: SEI, as at 31 December 2022. Subject to change without notice.

Table 7: Asset classes and geographies covered by SEI's ESG manager research process

Equities	Fixed income	Other
• Asia Equity • Emerging Market Equity • European Large Cap Equity • European Small Cap Equity • International Equity • Global Equity • UK Equity • US Large Cap Equity • US Small Cap Equity	• Emerging Market Debt (Hard Currency, Local Currency, Blended) • Global Investment Grade Debt (Sovereign, Corporate, Securitized) • High Yield Debt • Liability-driven Investing (LDI) • UK Credit • UK Gilts • Unconstrained Bonds (Absolute Return, Multi-Asset Credit) • US Core Fixed Income	• Multi-asset

*SEI does not produce an ESG strategy rating for asset classes for which we believe sustainable investing principles are not applicable, such as currency or commodity investing where futures are exclusively used.

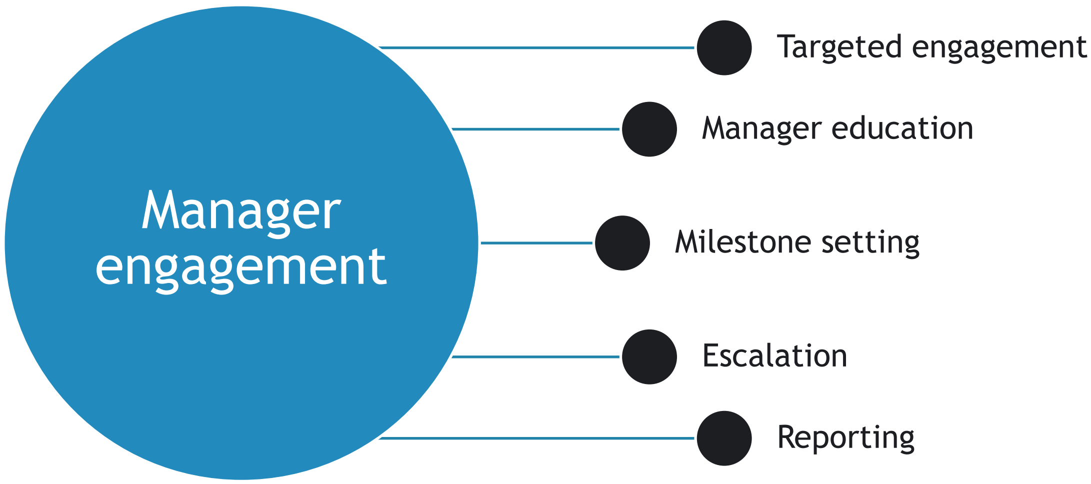
Manager engagement

In October 2022, SIMC launched its Manager Engagement Program. SIMC engages with asset management organisations at both the firm and strategy level with the goal of further developing industry best practices with respect to sustainable investing.

We view manager engagement as being a two-way collaborative process. We believe managers can benefit from our knowledge as a global firm that interacts with many asset managers across different regions and asset classes as well as those of different sizes (from an AUM perspective). SIMC also benefits from these engagements as they can often provide additional colour on a manager's approach and philosophy to sustainable investing, and at times, SIMC has also taken feedback from managers on ways to enhance our own process and messaging and to update our views on a manager.

SIMC’s manager engagement is structured as a five-stage process:

Figure 6: Manager engagement overview



Targeted engagement

Our engagement is targeted at managers where we believe we can add the most value, but also where we feel a manager is most likely to be receptive to our engagement outreach efforts. In general, we typically focus our deeper-dive engagement on managers who score poorly in our framework (typically Limited or Weak rated managers), where we believe they are likely to have most influence (typically measured as SEI client assets as a percentage of a firm or strategy’s total assets under management) and on issues which are deemed to be most material to our view of a manager’s sustainable investing credentials (typically categories where a manager scores poorly in our firm or strategy assessment). At times, we may initiate engagements with managers on a thematic topic (e.g., diversity, equity, and inclusion ‘DEI’) where candidates for engagement are identified through alternative means.

Manager education

For managers who are part of SIMC’s formal engagement program, we typically produce a customised engagement report. This leverages the underlying data that forms our firm and strategy ESG rating frameworks. The engagement report is designed to provide insights to managers on how they score in an absolute sense in our ESG rating framework, how they score relative to appropriate peers, and provide suggestions for enhancements that a manager may choose to explore making. In addition, as part of the education process, we may share third-party survey data or other informational resources that highlight industry-wide adoption of best practices to a manager we are engaging with (e.g., we may highlight PRI membership growth in recent years to a manager we’re engaging with on becoming a PRI signatory).

Milestone setting

Once we’ve agreed on an engagement ask, we set milestones against which to assess manager progress. These are reviewed on an ongoing basis to ensure they remain appropriate given recent developments.

Escalation

For managers who do not meet our agreed-upon milestones, we may choose to escalate our concerns through actions such as private letters or removal of a strategy from our recommended or reviewed list of sustainable investment providers. We do recognize, however, that escalation should be considered on a case-by-case basis, and that there may be some instances where we may choose to cease engagement efforts with a manager on their sustainable investing practices rather than pursue more extreme forms of escalation.

Reporting

We look to report on our engagement activities by providing granular information of engagements and case studies.

Over 2022, SIMC had 35 engagement interactions with 26 unique managers. SIMC defines an engagement interaction as an instance where SIMC either sends a formal letter and/or bespoke engagement report to a manager via email, where SIMC had a meeting dedicated to an engagement topic, or where in-depth information on a topic was provided to managers via email. An engagement interaction, therefore, does not include general email correspondence or an investment due diligence meeting where the focus of engagement may have only been briefly touched upon.

Figure 7 highlights the engagements that took place over 2022. Included in these numbers are information-sharing engagements that took place but where no formal engagement ask was agreed upon.

Figure 7: Breakdown of manager engagement activity over 2022

Engagement topic	Number of managers engaged	Number of engagement interactions
Diversity, equity, and inclusion	19	24
Firm/Strategy - multiple*	4	4
Information sharing	2	2
PRI	4	5

*'Firm/Strategy – multiple' consists of engagement meetings that have focused on multiple topics at a firm and strategy level. This includes topics such as ESG policy, ESG data usage, ESG resourcing, development of more robust sector materiality maps, and ESG reporting.

We have found managers to be highly receptive to our engagement efforts so far, and we have often been used as a sounding board by managers to help them better understand ESG best practices and evolving client needs and demands in this area.

In 2023, we expect the number of engagements taking place and the breadth of topics we're engaging on to increase. We also expect to enhance our manager engagement materials based on feedback we receive from the managers we're currently engaging with.

Case study

Over Q4 2022, SIMC engaged with 19 managers on the topic of public disclosure of diversity information. This followed the publication of a paper in June 2023 authored by SIMC's Head of Strategic Planning & Stewardship Group titled, "Diversity, equity, and inclusion in asset management: Necessary measures for progress". The paper, which was shared with all managers we engaged with, highlighted how broad organisational diversity isn't widely or consistently disclosed and the challenges that this lack of disclosure provides to investors. The paper also discussed our understanding of how well-represented the asset management industry is from a diversity perspective. Our engagement efforts were focused on asking employee-owned firms to disclose ownership data on publicly available databases such as eVestment. As at 31 December 2022, two of the 19 firms had disclosed the requested information on eVestment, and we have had in-depth conversations with individuals responsible for overseeing DEI at three other firms. We expect to gain more traction within this engagement effort in 2023.

Alternative investments

SIMC is evolving its alternatives program to incorporate ESG considerations in assessing potential private market investments in asset classes such as real estate and infrastructure, private equity, and hedge funds.

A key difference between SEI's traditional public markets investments and its alternatives program is that, while the former invests through a manager-of-managers model and has direct control and ownership over underlying investments, the latter invests through a fund-of-funds model where there is less control over the underlying investments. Additionally, these asset classes continue to pose challenges related to the availability and quality of ESG data.

As our approach to alternative asset classes evolves, SEI expects to provide more reporting on sustainable investing and stewardship in alternatives. Recent progress has included gaining GRESB membership for property and infrastructure assets and adding exposure to forestry to the real assets fund (which took place over 2021). The subadvisor of our UK Property Fund (which is set up as a fund of funds) monitors and scores each of the underlying funds on ESG, engaging with those managers with the goal of improving their ESG practices. The subadvisor reports quarterly on these activities.

Exclusion policy

Potential investments for the SEI UCITS Funds managed by SIGL that are distributed or used by SIEL are first selected in accordance with the investment objective and policies of the relevant fund, and then evaluated according to screens which aim to exclude investments:

- In securities issued by entities involved in the sale, production, research, or development of controversial weapons
- In securities issued by an entity that generates significant revenue from involvement in thermal coal exploration, mining, and production, as well as services that support thermal coal production

The criteria for exclusions are reviewed periodically by SIMC. The definitions and guidelines on the nature and type of involvement subject to the screening criteria are set by SIMC in conjunction with its third-party screen provider and described in more detail in the relevant funds' prospectus.

In addition, third-party funds used by some SIEL clients are reviewed at least annually by client strategy directors for their overall suitability, which includes clients' preferences concerning ESG and sustainability. Should a SIEL client wish to have a different exclusion policy to SIEL, this can be implemented on the client's behalf.

Fund investment integration

SEI recognises that ESG factors may have material impacts on the financial performance of an investment, thereby impacting our (or a manager's) ability to take advantage of opportunities, manage risk, and seek to achieve consistent returns.

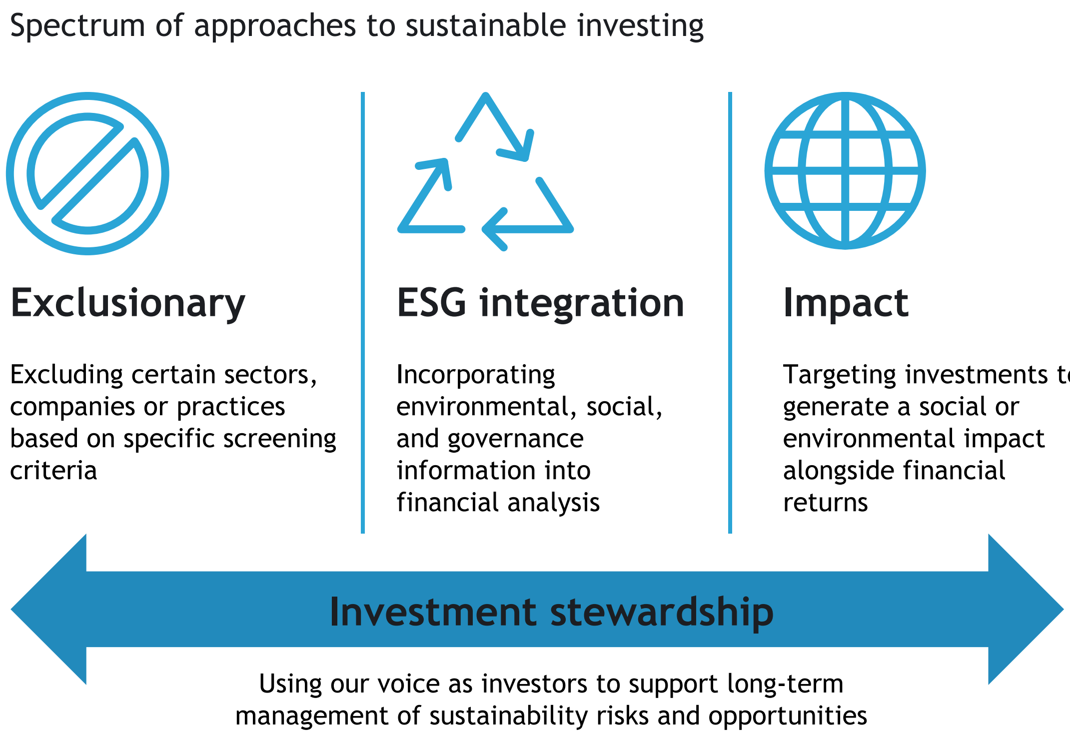
SIEL, through SIGL (as the fund manager for the SEI UCITS Funds) seeks to consider ESG and sustainability factors in the management of its funds by:

- Performing an ESG assessment as part of manager research to develop a deeper understanding of each manager's capabilities (see Principle 7)
- Requiring all SEI UCITS Fund managers to consider material financial and non-financial risks as part of their investment process
- Conducting effective and independent risk oversight
- Striving to act as good stewards of assets through shareholder engagement and proxy voting (see Principles 9-12)

Sustainable investment products and solutions

At SEI, we view sustainable investment strategies along a spectrum that seeks to align investment objectives with social and environmental considerations. Below are some of the considerations for strategies involving exclusion, ESG integration, and impact. These considerations are used in conjunction with the knowledge of our clients to construct and implement the most appropriate investment portfolio.

Figure 8: Spectrum of approaches to sustainable investing



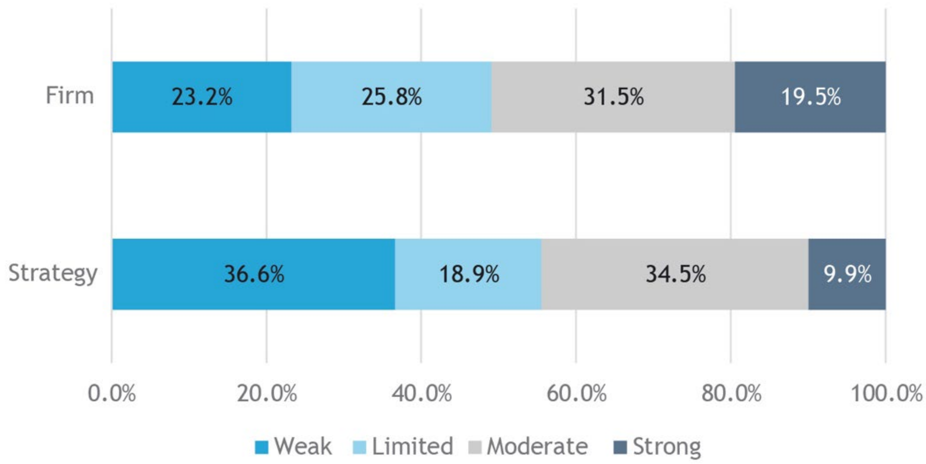
Through its global advisory businesses, SEI, through SIMC, also provides clients with access to a range of solutions that promote sustainability characteristics or have sustainability objectives in segregated accounts and other investment vehicles. These strategies are subject to SIMC's manager research process, including ESG due diligence and investment oversight practices. Solutions may include, but are not limited to:

- Custom sustainable investing strategies in segregated accounts
- Investment strategies (mutual funds and ETFs) that adhere to exclusionary criteria or ESG integration approaches

Outcomes

As of the end of 2022, SIMC has evaluated more than 250 firms and more than 550 investment strategies using our proprietary ESG due diligence process. We believe our extensive understanding of how investment managers we work with are incorporating sustainability and ESG into their investment and stewardship activities enables us to select best-in class managers that will meet the long-term financial and sustainability objectives of our clients.

Figure 9: Firm and strategy ESG rating



Source: SEI, Data as at 31 December 2022. The data reflects assessments completed during 2021-2022.

Case study

In SIMC's most recent review cycle, a large European asset manager that SIMC has a longstanding relationship with, achieved an upgrade in our firm ESG assessment from Moderate to Strong. During the period between our previous assessment (June 2020) and the most recent assessment (June 2022), the firm had further enhanced its suite of proprietary ESG tools (including developing a proprietary climate assessment tool), increased cooperation between the investment teams and investment stewardship teams, and had built out a robust engagement and proxy voting framework (with the firm also providing high levels of public transparency on its proxy voting record).

Case study

In SIMC's most recent review cycle, a US equity manager was downgraded from Moderate to Limited. This reflected a lack of meaningful progress in the development of the firm's ESG capabilities between the most recent review (October 2022) and the previous review (November 2020). It also reflected the higher level of scrutiny we now place on managers to evidence their ESG activities as best practices in this area evolve. We continue to have some concerns that engagement activities are not a key priority for the firm and that the firm's reporting to clients on ESG matters lags behind peers.

Design of client mandates

When devising an asset allocation for clients, SIEL gives consideration to a wide range of client-specific factors which include, but are not limited to, required investment returns, risk appetite, liquidity constraints, time horizon, fee budget, and ESG considerations. Time horizon, in particular, can often play a pivotal role in the design of a mandate given it can meaningfully influence the mix of assets invested in by a client (i.e., for an investor with a short time horizon, it may not be appropriate to have a meaningful exposure to closed-ended private market vehicles) and also the tolerance of an investor to meaningful drawdown risk. SIEL recognizes that investment stewardship activities can play a key role over all time horizons in allowing clients and external managers we hire on clients' behalf to better understand the risks in their portfolio and to achieve their underlying sustainability objectives.

By bringing together a broad range of considerations in designing client mandates, we seek to appoint managers for clients who we believe have a competitive advantage over their peers, and whom we believe can add value to client portfolios whilst best meeting the broader sustainability objectives of the client.

Principle 8

Signatories monitor and hold to account managers and/or service providers

Activity: Oversight of partners

SIMC's sustainable investing partners, including those used in support of shareholder engagement and proxy voting activity, are subject to regular review by SEI's vendor management program, as well as ongoing due diligence monitoring and engagement by SIMC's relevant business functions, including sustainable investing.

In addition, SIEL's Sustainable Investment Working Group is mandated, among other things, to monitor the proxy voting practice and engagement activities of our service providers to ensure our partners are performing within their mandate guidelines.

If a vendor were to fail to meet our expectations, we would seek to remediate the issue with the vendor directly. If the vendor continued to be unable to meet our expectations, we would consider alternative options including both internal capabilities and alternative vendors, and possibly complete a search for a replacement vendor if deemed necessary. In 2022, our shareholder engagement and proxy voting partners successfully met our expectations, and we did not escalate any issues related to delivery of services. The results of these effective engagement and proxy voting programs are detailed throughout this report.

Activity: Oversight of managers

In addition to ongoing oversight of our vendors' ability to support shareholder engagement and proxy voting in support of our stewardship and sustainable investing objectives, SIMC provides ongoing oversight of the investment managers selected to manage assets on behalf of our clients.

Our ESG due diligence process, described in detail in Principle 7, provides a layer of oversight of our managers' stewardship activities and how they are contributing to our stewardship objectives. In addition to evaluating all firms and strategies prior to making an investment, ongoing monitoring evaluates these capabilities post-investment. Firms are re-evaluated every other year and each strategy is evaluated annually. Insights from these evaluations inform our manager engagement program, also described in Principle 7.

For all investments made by both internal and external asset managers, a broad range of daily, monthly, quarterly, and other periodic monitoring is carried out by various SIMC teams and oversight committees, including SIMC's risk management team, to ensure that investment mandates are carried out properly. Potential issues are escalated appropriately, as described in the relevant policies and procedures.

Principle 9

Signatories engage with issuers to maintain or enhance the value of assets

Activity: Investment stewardship

As shareholders, our voice is meaningful to the companies in which we invest.

Investment stewardship is the practice of aligning our proxy voting and shareholder engagement activities with our commitment to sustainable investing. Our investment stewardship program seeks to support long-term management of sustainability risks and opportunities at the companies in which we invest. In 2022, SIEL continued to rely upon the investment stewardship activities of SIMC, including engagement and proxy voting. In order to achieve efficiency and scale, SIEL's investment stewardship program is overseen by the Strategic Planning and Stewardship Group. SEI's Global Director of Sustainable Investing Solutions oversees shareholder engagement efforts, and SEI's Head of Sustainable Research oversees manager engagement efforts.

Our chosen approach to shareholder engagement is intended to take advantage of scale across all of SEI's assets under management and in collaboration with other investors. It also leverages the expertise of specialist advisors, which we believe is appropriate in the context of SEI's manager-of-managers investment model, where we conduct research on investment managers.

The SSIWG monitors the proxy voting practice and engagement activities of SIMC and our service providers to ensure our partners are performing within their mandate guidelines. The SSIWG endeavours to advance SIEL's sustainable investing efforts and capabilities.

Shareholder engagement priorities

Since 2010, SEI has worked with third-party vendors to pursue our shareholder engagement efforts with the companies held within funds and separate accounts. These vendors help investors to manage risk and to increase corporate accountability through their engagement efforts. Through our partners, we strive to help investors, such as the funds or managed accounts advised by SIMC, to manage risk, increase corporate accountability, and prepare for new business opportunities. SIMC believes that both reactive and proactive professional and constructive engagement with companies should lead to a general improvement in standards with respect to sustainability risks.

Through its partners, SIMC takes two complementary approaches to shareholder engagement:

- **Norms and standards:** Engagement with companies with severe or persistent violations and/or breaches of global norms and standards related to sustainability, including environmental standards, human rights, labour rights, and ethical business conduct. These engagement activities are supported by Sustainalytics.
- **Thematic:** Engagement with companies potentially exposed to risks and/or opportunities associated with sustainability megatrends. SEI believes that collaborative

engagement efforts may support constructive dialogue and reinforce positive long-term relationships with investee companies. By participating in engagement activities in partnership with other asset managers and asset owners, we believe that we can amplify our voice as a shareholder on behalf of our clients. These engagement activities are supported by Sustainalytics and Columbia Threadneedle Investments reo®.

The third-party vendors SIMC works with to pursue our shareholder engagement efforts identify companies that have experienced severe or persistent violations or breaches of global norms related to sustainability, such as environmental practices, human rights, labour rights, or business ethics. Via the information provided by these third-party vendors, SIEL's thematic engagement strategy seeks to engage companies that are potentially exposed to risks or opportunities associated with sustainability megatrends.

SIMC maintains a Proxy Voting Committee comprising representatives of SIMC's IMU and Compliance personnel. The Committee provides oversight of SIMC's Proxy Voting Policy and activities and meets as necessary to perform its oversight function. The committee is described in more detail in Principles 3 and 12.

SIMC has retained a third-party service to vote proxies on behalf of SIMC's clients in accordance with guidelines approved by the Committee. The guidelines set forth the manner in which SIMC shall vote—or the manner in which SIMC shall determine how to vote—with respect to various matters that may come up for shareholder vote. SIMC's proxy voting guidelines evaluate ESG-oriented shareholder proposals on a case-by-case basis and will generally support well-crafted, business-relevant ESG resolutions.

SIMC's engagement service providers will, at times, provide to SIMC a voting recommendation with respect to a proxy matter that conflicts with the recommendation under SIMC's proxy voting guidelines. If the proxy matter relates to a topic for which engagement activities are being conducted with that issuer on behalf of SIMC, the Committee convenes to consider the recommendation. The Committee may follow the recommendation of the engagement service provider and overrule the recommendation under SIMC's guidelines if the Committee reasonably determines that doing so is in the best interests of SIMC's clients. More details on SIMC's Proxy Voting Policy are available on our website.

SEI periodically surveys a subset of our client base to understand their sustainable investing priorities. This survey feeds into the development of our thematic engagement strategy along with other considerations including fund exposures and geography. We continued our focus on five themes in 2022:

- Climate change
- Sustainable agriculture
- Modern slavery
- The future of work
- Board governance

SIMC partners with both Sustainalytics and Columbia Threadneedle Investments reo® for engagement with these five themes. Clear objectives and measurable key performance indicators are tracked over a three-year engagement timeline.

SEI remained a participant in Climate Action 100+ in 2022, a collaborative investor-led initiative that engages companies whose businesses and operations have an opportunity to mitigate climate change and support the transition to a low-carbon economy. Climate Action 100+ is discussed in more detail in Principle 10.

Shareholder engagement objectives and tracking

All company engagements are tracked by our engagement partners according to a set of clearly defined objectives, with progress reported at least twice per year.

Progress is tracked according to a series of milestones related to the company's commitment to address the issue that is the subject of engagement dialogue. Our quarterly client reporting summarises company-level progress towards engagement objectives and milestones that are provided to us by our engagement partners, and which is reviewed in detail by the Strategic Planning and Stewardship team.

Norms and standards engagement milestones

1. Initial engagement communication sent to the company
2. Engagement dialogue established
3. Company commits to address issue(s)
4. Company develops a strategy to address issue(s)
5. Company is at an advanced stage of implementing the strategy

Thematic engagements also measure progress against a series of KPIs determined by our engagement partners, whose teams have deep subject matter and sector expertise related to the engagement topics.

Engagement activities conducted on our behalf include letters and emails, phone calls, conference calls, and in-person meetings. Companies that have been unresponsive to our engagement efforts or exhibited insufficient progress may be subject to escalation of our efforts through shareholder letters and/or votes against management on related shareholder resolutions.

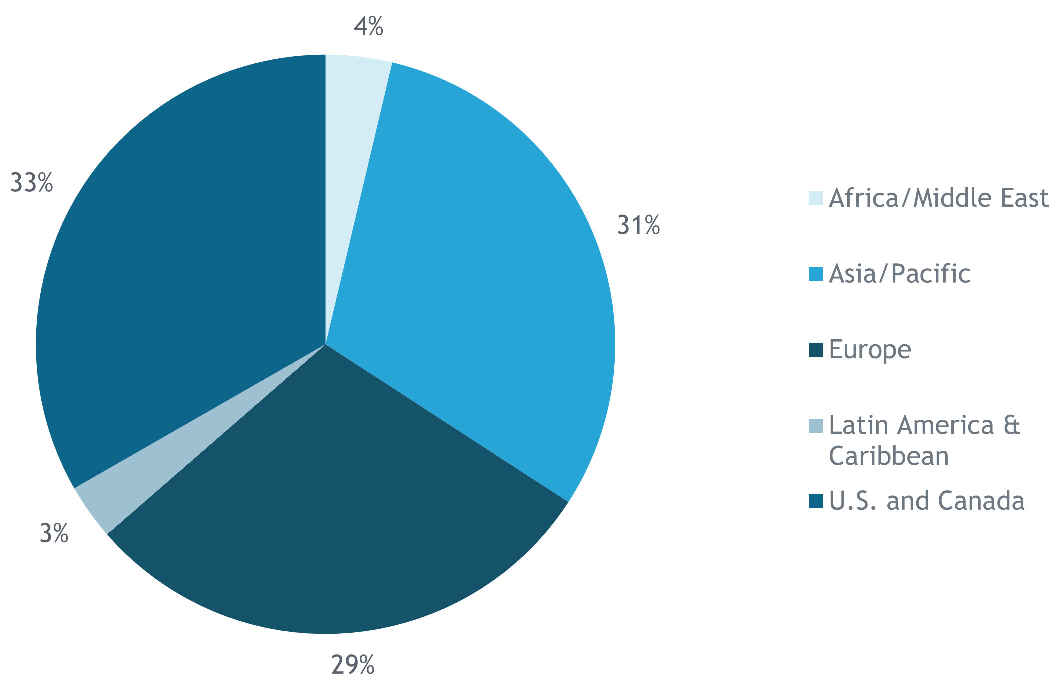
2022 Shareholder engagement activity

Table 8 shows the scope and nature of our engagement efforts. SIMC's engagement efforts are primarily focused on public equities, however, many companies represented in our engagement efforts are also held in fixed-income strategies. We believe that these fixed-income funds also benefit from the positive progress that results from productive shareholder engagement.

Table 8: 2022 Equity engagement summary

	Norms and standards	Thematic	Total
Number of engagement cases	167	507	674
Number of cases with positive progress	63	143	206
Percent of cases with positive progress	38%	28%	31%

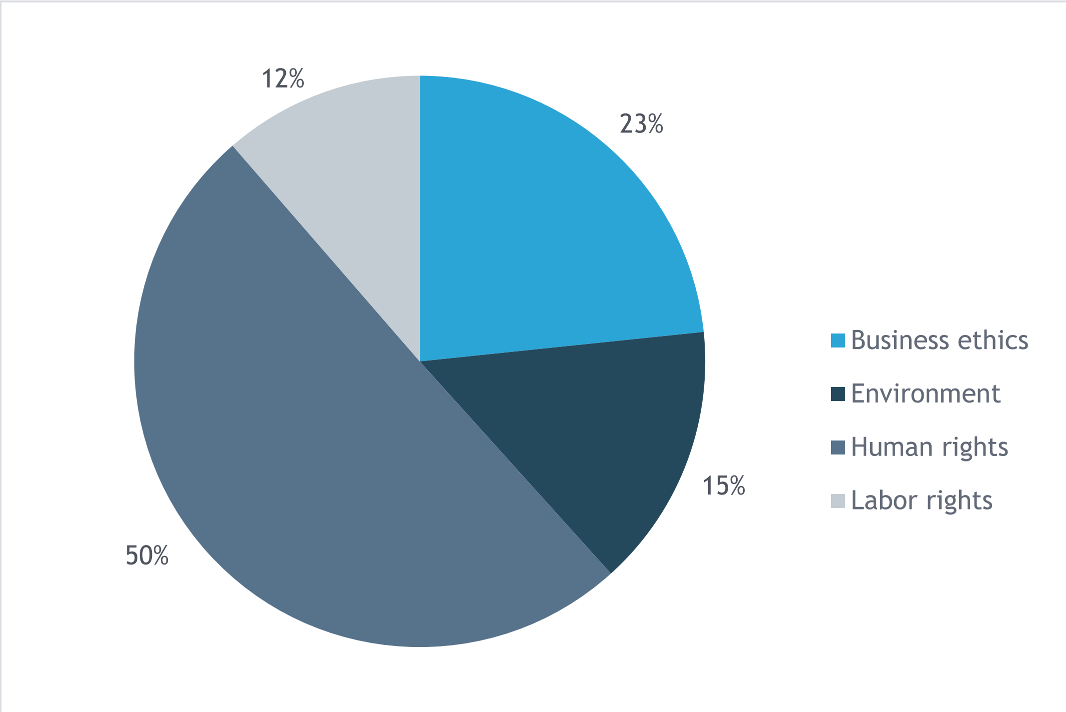
Figure 10: Engagement cases by geographic region



Source: Sustainalytics and Columbia Threadneedle reo®. Reflects all data as at 31 December 2022.

Data reflects Sustainalytics' Global Standards Engagement program and Tomorrow's Board, Modern Slavery, Human Capital and the Future of Work, and Feeding the Future thematic engagement programs, and Columbia Threadneedle reo® Climate Change engagement. Company totals may include companies not actively held in equity funds managed by SEI Investment Management Company, SEI Canada or SEI Investments Global Ltd during the period.

Figure 11: Norms and standards engagement cases by issue



Source: Sustainalytics and Columbia Threadneedle reo®. Reflects all data as at 31 December 2022. Data reflects Sustainalytics' Global Standards Engagement program and Tomorrow's Board, Modern Slavery, Human Capital and the Future of Work, and Feeding the Future thematic engagement programs, and Columbia Threadneedle reo® Change engagement. Company totals may include companies not actively held in equity funds managed by SEI Investment Management Company, SEI Canada, or SEI Investments Global Ltd during the period. Cases may include companies not actively held in equity funds managed by SEI Investment Management Company, SEI Canada, or SEI Investments Global Ltd during the period.

Figure 12: Thematic engagement cases by theme

Board of governance

20 companies

Future of work

15 companies

Modern slavery

20 companies

Sustainable agriculture

21 companies

Climate change

431 companies

Source: Sustainalytics and BMO reo®. Reflects all data as at 31 December 2022. Data reflects Sustainalytics' Global Standards Engagement program and Tomorrow's Board, Modern Slavery, Human Capital and the Future of Work, and Feeding the Future thematic engagement programs, and Columbia Threadneedle reo® Change engagement. Company totals may include companies not actively held in equity funds managed by SEI Investment Management Company, SEI Canada, or SEI Investments Global Ltd during the period. Cases may include companies not actively held in equity funds managed by SEI Investment Management Company, SEI Canada, or SEI Investments Global Ltd during the period.

Outcomes

Out of 674 engagement cases ongoing in 2022, 206 (31%) had positive progress as measured by achieving new milestones or improvements on key performance indicators identified for the specific engagement activity.

Below, we provide several case studies that represent a range of issues, geographies, and sectors, as well as both successful and unsuccessful engagements. More details of our escalation efforts can be found in Principle 11. More details of our proxy voting activity can be found in Principle 12.

Case study: Japanese manufacturing company

Engagement program: Norms and Standards – Business Ethics

Objective: A number of the company's subsidiaries had been found to have falsified product data, impacting several hundred clients reliant on the information. Engagement sought to ensure that the company has in place suitable board-level oversight of quality control and had taken steps to strengthen its quality control culture throughout the business, including independent verification of the steps taken to improve its quality control framework.

Activity: Sustainalytics held a productive dialogue with the company. Due to language challenges, the dialogue was conducted entirely in written form. However, the company provided a good response, including 16 substantial exchanges. The company was willing to acknowledge and tackle the issues, which it had proactively self-reported. The company conducted a detailed analysis of the failures in the quality control framework that allowed the data falsification issues to occur in the first place.

Outcome: The company has been willing to acknowledge the risks at hand and dedicate resources to fix the issues that had been proactively self-reported. The case was resolved in 2022.

Case study: American retail company

Engagement program: Norms and Standards – Labour Rights

Objectives: Following numerous controversies related to labour rights across the company's supply chain and retail stores, engagement sought to ensure that the company ceased and mitigated its non-compliance in areas related to labour rights and that it strengthened its policies and guidelines on these issues.

Activity: Sustainalytics began its bilateral engagement dialogue with the company in 2011. At the beginning of engagement efforts, labour rights was a major controversy within the company's engagement and management activities. Although initially exposed to a high degree of labour risk across the supply chain and within the brick-and-mortar stores, the company has evolved to a place where it now welcomes constructive dialogue and engagement on industry best practices in human capital management.

Since the inception of Sustainalytics' engagement, the company has attended almost 20 conference calls and conducted two in-person meetings to discuss reducing their exposure to labour rights risks. The company implemented and published a human rights policy statement across business operations, which led to an improvement in disclosure practices on the topic.

Outcome: The engagement was resolved in 2022 after the company took the necessary steps to mitigate its risk associated with labour rights management.

Case study: German manufacturing company

Engagement program: Thematic – Future of Work

Objective: Amid workplace transformations such as technology, remote work, and an enhanced focus on diversity, equity, and inclusion, engagement sought to support the company's development of a proactive human capital management approach in hiring, developing, and retaining talent.

Activity: Sustainalytics have engaged with the company to encourage the continued development of human capital management approaches that address workplace transformations such as technology, remote work, and enhanced focus on diversity, equity, and inclusion. In March 2022, the company invited Sustainalytics to participate in an internal event focused on the future of work, with a focus on measuring the effectiveness of upskilling and reskilling programs as part of a company initiative to help employees build their skills to stay ahead in a changing workplace.

Outcome: Continued engagement efforts will be subject to review in 2023. Ongoing dialogue with the company is focused on diversity in leadership, pay equity, and efforts to make the company more inclusive.

Principle 10

Signatories, where necessary, participate in collaborative engagement to influence issuers.

Activity: Industry collaboration

As mentioned in Principle 4, SEI and its affiliates seek to be active participants in industry dialogue related to ESG and sustainable investing. SEI is a signatory to the PRI and encourages its subadvisors to become a signatory to PRI as well.

Additionally, SEI and/or its affiliates are participants in and/or signatories to a range of collaborative industry organizations, including but not limited to:

- Climate Action 100+
- The Investment Consultants Sustainability Working Group (UK and US)
- Institutional Investors Diversity Cooperative
- Canadian Investor Statement on Diversity and Inclusion The Responsible Investment Association of Canada

SEI also became a TCFD Supporter in 2022.

Climate Action 100+

SEI joined Climate Action 100+ in late 2020 in support of improved climate-related governance, strategy, and disclosures among companies with significant exposure to climate-related risks. In 2022, through Columbia Threadneedle Investments reo®, we engaged with 85 of the 160 focus companies for engagement via Climate Action 100+ across nine industries and 26 countries. While these efforts are focused on our public equity investments, we believe that our fixed-income investments in Climate Action 100+ companies also benefit from improvements in climate-related governance, strategy, and disclosures.

SEI's approach to collaborative shareholder engagement is discussed in more detail in Principle 9. Please see Principle 12 for examples of votes related to Climate Action 100+ companies.

Table 9: Climate Action 100+ Engagements

Industry	Number of companies
Consumer Discretionary	8
Consumer Staples	3
Energy	27
Financials	1
Healthcare	1
Industrials	6
Information Technology	1
Materials	25
Utilities	13

Region	Number of companies	Number of countries
Africa and Middle East	2	2
Asia/Pacific	19	8
Europe	28	12
Latin America	4	2
US and Canada	32	2

Source: SEI and Columbia Threadneedle Investments reo®, 2022.

Investment Consultants Sustainability Working Group

In 2020, SEI was a founding member of the cross-industry group, the UK Investment Consultants Sustainability Working Group (ICSWG). The ICSWG brings together leading UK investment consulting firms with the aim of seeking to improve sustainable investment practices across the investment industry.

We recognise that investment consultants form a critical link between asset managers and asset owners and that, by working together, we can help to facilitate positive change that benefits our asset owner clients, their ultimate beneficiaries, and wider society.

While this group was initially a UK organization, many of its members, such as SEI, have a global presence. As a result, the group launched a US counterpart in May 2021, the Investment Consultants Sustainability Working Group – US, of which SEI is also a founding member.

Outcomes

We believe that our industry collaborations contribute both to the continued evolution of our sustainability and stewardship program at SEI, and also to enhancements in industry best practices and the ability of our industry to drive progress on sustainability risks and opportunities across the economy.

Climate Action 100+

A number of Climate Action 100+ companies that we engaged with via Columbia Threadneedle Investments reo® achieved progress towards their engagement milestones and announced commitments such as net-zero targets, scope three emissions goals, or executive remuneration plans that incorporate climate change objectives.

Case study: European energy company

Columbia Threadneedle has engaged with a major European energy company on our behalf, including involvement in Climate Action 100+. The company was one of the first oil and gas companies to set a net-zero target. Continued engagement efforts have focused on supporting progress in this area, specifically to disclose a clear methodology for how their assessment of a 1.5oC scenario is aligned with capex spending and fossil fuel investment.

The company has set scope 3 emissions intensity targets, but there is no clear alignment of these targets to achieving an absolute emissions reduction to achieve a 1.5-degree scenario. Although the company has published a "Climate Progress Report", stakeholders have remained concerned about the impact of this strategy. The company said they would update their plans and targets as regulatory and economic environments evolve in the face of the European energy crisis.

Outside of an emissions strategy, the company has taken strides to engage stakeholders on biodiversity risks, including the creation of "net positive impact" on biodiversity at newly developed sites and nature-based solutions projects. Through engagement efforts, these commitments will encourage further assessment and disclosure of how the company measures impacts and progress.

Source: Columbia Threadneedle Investments reo®, 2022.

Case study: Taiwanese Information Technology Company

Columbia Threadneedle has been engaging with one of the largest electricity users in Taiwan on our behalf. The company achieved a key engagement milestone when it implemented plans to manage climate-related risks and opportunities. As an island, Taiwan is exposed to climate-related risks from extreme weather and rising sea levels. The engagement focused on developing an internal net zero strategy as part of an effort to better manage climate-related risks and opportunities.

Key outcomes included:

- The company announced its goal to achieve net zero emissions by 2050, with a short-term goal of achieving zero emissions growth by 2025.
- Subsequent plans and activity towards reaching these goals will help the company better manage climate-related risks and opportunities.
- As a large electricity user, the company's efforts will support Taiwan's transition to a low carbon economy.

Source: Columbia Threadneedle Investments reo®, 2022; and Glass Lewis, 2022.

Investment Consultants Sustainability Working Group

During 2022, we were actively engaged in both the UK and US ICSWG steering committees. SIEL representatives served on the UK group's Stewardship subcommittee and SIMC representatives served on the US group's Stewardship and Reporting subcommittees.

In 2022, the UK group responded to four industry and/or regulatory consultations and published three industry resources focused on climate competencies of investment consultants, shareholder engagement reporting, and ESG metrics for asset managers. In 2022, the US group responded to a number of policy proposals and requests for information, including a climate change related request for information from the US Department of Labor. The group also endorsed the Data Convergence Project which aims to enhance ESG reporting within private equity, and the ESG Integrated Disclosure Project, which aims to support ESG disclosure in credit markets. The group also responded to the U.S. Department of Labor's consultation on proposed rules related to sustainable investing and shareholder rights.

10,000 Black Interns

In 2021, the IMU hired its first intern through the 10,000 Black Interns program. We hosted four interns in London in 2022 and plan to participate again for 2023. To date, more than 2,500 internships have been completed through the program. Following the successful completion of a summer internship, the candidate returned to SEI as a full-time member of the Investment Strategy Group within the IMU, and SEI committed to continued participation in the program.

Principle 11

Signatories, where necessary, escalate stewardship activities to influence issuers

SEI delegates its investment stewardship activities to third-party vendors, which includes both shareholder engagement and proxy voting activities.

SEI's Strategic Planning and Stewardship Group has conducted discussions with engagement and proxy voting partners as a part of a due diligence process to understand how SEI's third-party vendors escalate various engagement issues with companies. Shareholder engagement activities and progress feed into proxy recommendations by our third-party engagement partner, for review within our IMU, to identify when vote recommendations from SIMC's proxy voting service provider may conflict with our shareholder engagement activities.

Case study: Global agricultural company

As part of its sustainable agriculture program, Sustainalytics established dialogue with a US-based agricultural business in 2021 to encourage a transition towards more sustainable practices across its operations and supply chain.

The company was initially receptive to Sustainalytics' engagement, but progress had stalled. SEI escalated the engagement efforts in September 2022 with a shareholder letter inviting the company to re-engage with Sustainalytics. The company swiftly responded, and SEI joined Sustainalytics and company representatives, including the Chief Sustainability Officer, Vice President of Investor Relations. and Corporate Secretary for a call where topics discussed included sustainable food production, soil management, and biodiversity protection.

The company showed openness to further collaboration with Sustainalytics, SEI, and other investors in 2023.

Source: SEI and Sustainalytics, As at 31 December 2022.

Principle 12

Signatories actively exercise their rights and responsibilities.

Built into SEI's investing approach is our manager-of-managers structure. Unlike within a fund-of-funds structure, we retain the right to actively exercise our rights and responsibilities within our engagement program. We do this on behalf of our clients invested in equity funds and segregated mandates across all geographies.

Activity: Proxy voting

As set out in Principle 3, SIMC maintains a Proxy Voting Committee (comprising representatives of SIMC's IMU and Compliance personnel). The Proxy Voting Committee provides oversight of SIMC's Proxy Voting Policy and activities and meets as necessary to perform its oversight function.

SIMC has elected to retain a third-party service—Glass Lewis —to vote proxies on behalf of its clients globally. Glass Lewis receives ballots directly from our custodians, monitors voting rights, and conducts proxy research. Glass Lewis monitors voting rights associated with our shares and submits voting instructions in accordance with guidelines approved by the Proxy Voting Committee, with certain limited exceptions as outlined in SIMC's Proxy Voting Policy.

SIMC conducts annual due diligence meetings with Glass Lewis as discussed in Principle 8 and provides quarterly reporting that covers topics such as whether or not all eligible meetings and shares have been voted and whether or not votes have been cast in compliance with the guidelines. A description of SIMC's Proxy Voting Policy is available via our website.

Exercising rights and responsibilities in fixed income

Our subadvisors may seek to amend terms and conditions of indentures and contracts for fixed income investments when they believe it is beneficial to end investors to do so. For example, they may do so in advance of primary issuance or restructurings when an adjustment of terms will improve bondholder rights or investment yields. We often discuss these activities with subadvisors, but do not systematically track them.

In general, we see a subadvisor's ability to influence terms and conditions as a function of the manager's size, the issuer's need for funding, the market environment, and the asset class. We typically see issuers more responsive to such requests from large managers with significant scale, for issuers with historically limited access to capital, and in emerging markets.

Proxy guidelines

Most SEI funds, including those distributed or used by SIEL, follow the Glass Lewis Policy Guidelines, which is to evaluate each company on a case-by-case basis and seek to vote in favour of governance structures that support long-term shareholder value. The Guidelines are generally supportive of well-crafted and business-relevant shareholder proposals on environmental, social, and governance issues. Certain funds and client accounts have adopted thematic policies, such as the Glass Lewis ESG Policy or Catholic Policy.

Process for considering alternative vote recommendations

As described in Principle 3, SEI's engagement service providers will, at times, provide proxy voting recommendations that may conflict with the guidelines, for example, in the case of a shareholder proposal related to engagement activity or as an escalation tactic when engagement has been unsuccessful. In such circumstances, the Proxy Voting Committee will convene to consider the recommendation, in accordance with the Conflict of Interest policy set forth in SIMC's Proxy Voting Policy. For any proposal for which the Proxy Voting Committee determines that SIMC does not have a material conflict of interest, the Proxy Voting Committee may follow the recommendation of the engagement service provider and overrule the service's recommendation if the Proxy Voting Committee reasonably determines that doing so is in the best interests of SIMC's clients.

If the Proxy Voting Committee determines that SIMC has a material conflict, SIMC may instruct the service to vote in accordance with the default guidelines or will fully disclose the nature of the conflict to each client holding the security and obtain the client's consent before voting against the guidelines. In 2022, the Proxy Voting Committee did not encounter any such conflicts of interest.

Stock lending

SIMC participates in securities lending across funds with a goal of maximizing financial returns for our clients. For all securities subject to stock lending, SEI maintains some holdings to monitor and assess all proxy agenda items. We may recall securities for proxy voting upon assessment as determined by the Proxy Voting Committee.

2022 Proxy Voting Committee activity

The Proxy Voting Committee follows established guidelines for consideration of supplemental proxy research from its engagement partners, focusing on those proposals directly related to SIMC and its engagement partner's stated engagement objectives. During 2022, the Proxy Voting Committee found that most of the recommendations from its engagement partners were aligned with the proxy guidelines previously adopted by the Proxy Voting Committee and did not require further consideration. The Proxy Voting Committee met several times to discuss recommendations from engagement partners that differed from the adopted proxy guidelines and were directly related to company engagement objectives. In two cases, the Proxy Voting Committee proceeded with recommendations from the engagement service provider, resulting in approval by the Proxy Voting Committee of a vote against management in one case and choosing to abstain in the second. Both cases were escalation of unresponsive engagement by the engagement vendor, and we accompanied our vote decision with a letter to the Board of Directors explaining our rationale and inviting them to re-engage.

Outcomes

In 2022, SEI voted on 89,993 proposals at 8,930 company meetings. This represented 100% of the meetings on which we were eligible to vote.

The following tables summarize SEI's voting activity by how votes were cast and how votes were cast versus management recommendations. Please see the case studies in Principles 9 and 10 for examples of how shareholder engagement activities have influenced voting decisions.

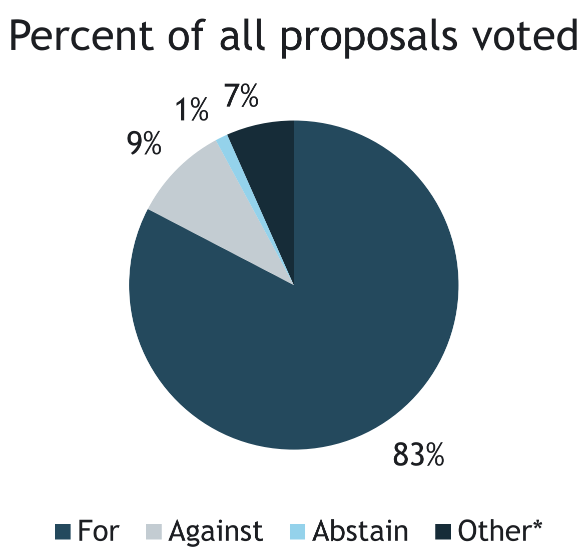
Table 10: 2022 Proxy voting summary

Number of company meetings voted	8,930
Number of company meetings unvoted*	0
Number of proposals voted	89,993
Number of votes against policy **	0

*Unvoted refers to meetings and proposals unvoted without a valid reason noted.

**Votes against policy refers to votes against policy without a valid explanation noted.

Figure 13: 2022 proxy voting summary – all proposals

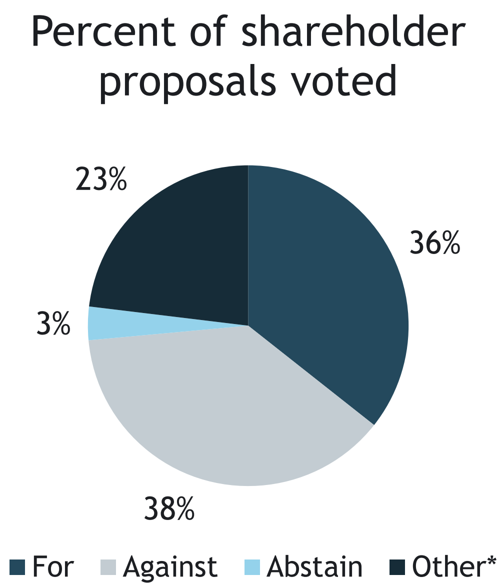


Source: Glass Lewis, Data as at 31 December 2022.

*Other includes Take No Action, Unvoted, and Mixed. Mixed votes typically reflect a proposal where funds or accounts under different voting guidelines, such as the Glass Lewis ESG Policy or Catholic Policy, voted differently.

Data includes equity funds managed by SEI Investment Management Company, SEI Canada, and SEI Investments Global Ltd.

Figure 14: 2022 proxy voting summary - shareholder proposals

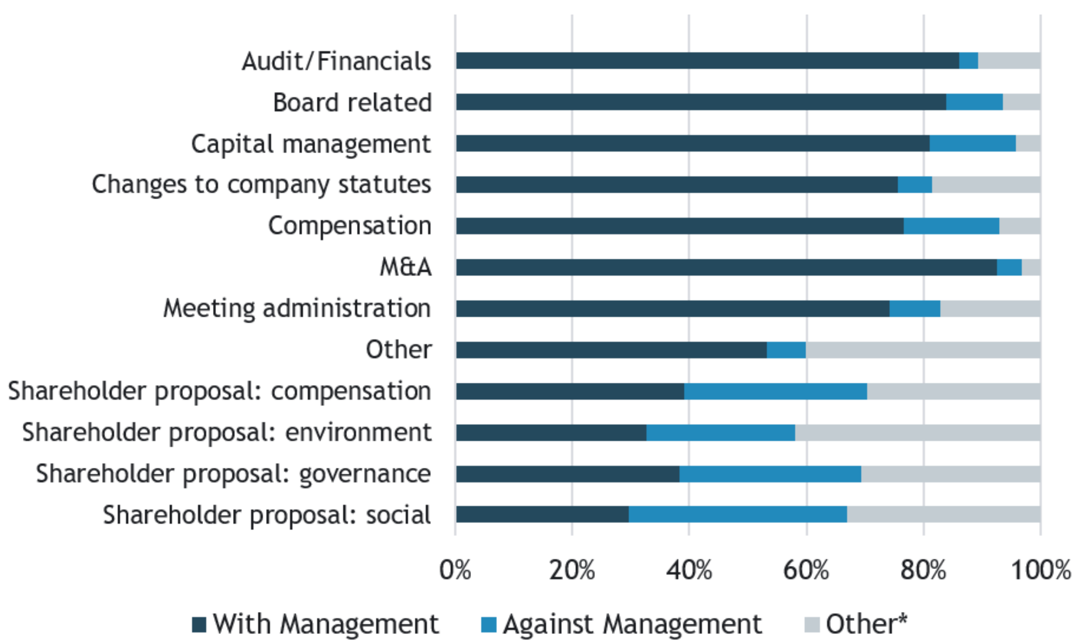


Source: Glass Lewis, data as at 31 December 2022.

*Other includes Take No Action, Unvoted, and Mixed. Mixed votes typically reflect a proposal where funds or accounts under different voting guidelines, such as the Glass Lewis ESG Policy or Catholic Policy, voted differently.

Data includes equity funds managed by SEI Investment Management Company, SEI Canada, and SEI Investments Global Ltd.

Figure 15: Proxy votes versus management by category



Source: Glass Lewis, data as at 31 December 2022.

Data includes equity funds managed by SEI Investment Management Company, SEI Canada, and SEI Investments Global Ltd.

*Other includes Take No Action, Unvoted, and Mixed. Mixed votes typically reflect a proposal where funds or accounts under different voting guidelines, such as the Glass Lewis ESG Policy or Catholic Policy, voted differently.

Case study: Information technology company

In 2022, SEI voted in favour of a shareholder proposal requesting a civil rights audit for a major US information technology company.

The proposal requested that the company undertake a third-party audit analysing the impact of the company's policies and practices on the civil rights of the company's stakeholders including employees and customers. The requested audit would also provide recommendations to enhance policies and practices as a result of the findings.

In accordance with our proxy guidelines, our proxy service recommended a vote for the proposal on the grounds that it could help to identify and mitigate equity-related risks to the business, which depends on employee and customer trust and loyalty.

The proposal passed with a majority of the vote and the company plans to report on the results of the audit in 2023.

Source: Glass Lewis, 2022.

Case study: Pharmaceutical company

In 2022, shareholders proposed that a US-based pharmaceutical company adopt an independent board chair. The company did not support the proposal, arguing that the company could best meet shareholder interests by maintaining flexibility to appoint a board chair at its own discretion. Our proxy service provider recommended a vote in favour of the proposal on the basis that an independent chair would be better positioned to oversee company management and strategy.

The proposal failed and was not adopted in 2022. SEI will continue to monitor the topic for this company and is likely to support future resolutions requesting an independent board chair.

Source: Glass Lewis, 2022.

Case study: Industrial company

In 2022, shareholders proposed that a Canadian industrial firm provide a report on policies and practices related to relations with Indigenous communities, including recruitment and career advancement, internal education, and procurement.

In line with our proxy guidelines, our proxy service provider recommended a vote in favour of the proposal, which was also supported by company management.

The proposal passed with more than 99% support.

Source: Glass Lewis, 2022.

IMPORTANT INFORMATION

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