

SIMC Sustainable Investing Approach



JANUARY 2022

For over 50 years, SEI Investments Company's mission has been to help clients achieve continued success by developing consistently relevant solutions through an outstanding client experience. SEI Investments Management Corporation (SIMC), as the asset management arm of SEI, 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.

SIMC recognizes that sustainability is increasingly important to investors and that many seek to minimize negative sustainability impacts and/or maximize positive sustainability outcomes through their investments. Further, SIMC understands that environmental, social and governance (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. The approach laid out in this document applies to listed equities and fixed-income assets managed by SIMC.

SIMC seeks to incorporate ESG into its investment process through manager research, by enabling subadvisors that we hire to manage assets to consider ESG risks and opportunities in the investment selection process, and by striving to act as good stewards of our assets through shareholder engagement and proxy voting.

ESG in Manager Research

Underpinning SEI's investment solutions is our well-established foundation in manager research and selection, which includes a proprietary ESG scoring system. Every firm and investment strategy that is considered for our platform undergoes an ESG due diligence review and receives a score of Strong, Moderate or Weak; however, we have not established a minimum threshold to hire a firm or select a strategy. 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.

Investment Strategy Assessment

Investing

Analyze the strategy's integration of ESG factors, taking into account 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.

Fund Investment Integration

SIMC recognizes 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.

To the extent that it is consistent with their investment process, subadvisors and investment professionals who directly manage assets (in manager-of-manager funds and internally-managed funds) may embed such sustainability considerations in their investment process in order to help mitigate sustainability risk and improve long-term financial results for shareholders.

Sustainable Products and Solutions

At SEI, we view sustainable investment strategies along a spectrum that seeks to align investment objectives with social and environmental considerations.

Exclusionary

Excluding certain sectors, companies or practices based on specific screening criteria

- Avoiding sectors such as tobacco, weapons, fossil fuels
- Selecting a range of criteria aligned with faith-based beliefs
- May be known as negative screening, exclusionary screening, divestment, SRI

ESG Integration

Incorporating environmental, social and governance performance into analysis and selection

- Inclusion of ESG data into financial analysis
- Selecting investments with positive ESG characteristics relative to peers
- Screening against minimum standards of business practices based on international norms
- May be known as positive/best-in-class screening, norms-based screening, ESG investing

Impact

Targeting investments to generate a social or environmental impact alongside a financial return

- Investing in sustainable solutions, such as clean energy or sustainable agriculture
- Community investing to provide capital to local initiatives
- Financing businesses with a clear social or environmental purpose
- May be known as impact investing, thematic investing, community investing

SIMC manages certain funds that promote sustainability characteristics, such as alignment with religious values or avoidance of controversial activities. These funds are subject to criteria detailed in their respective prospectus.

Through its advisory businesses, SEI also provides clients with access to a range of solutions that promote sustainability characteristics or have sustainability objectives in Managed Account Solutions 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 exclusionary screening in Managed Account Solutions
- Investment strategies (SMAs and mutual funds) that adhere to exclusionary criteria, ESG integration approaches or impact investing objectives
- Separate account strategies that invest in ETFs that adhere to exclusionary criteria, ESG integration approaches or impact investing objectives

Investment Stewardship

As shareholders, our voices are meaningful to the companies in which we invest. SIMC's investment stewardship program seeks to support long-term management of sustainability risks and opportunities at the companies in which we invest through proxy voting and shareholder engagement.

Shareholder Engagement

SIMC works with third-party vendors to assist with shareholder engagement. These vendors help investors, such as the funds or managed accounts advised by SIMC, to manage risk and to increase corporate accountability. SIMC believes that proactive, professional and constructive engagement with companies should lead to a general improvement in standards with respect to sustainability risks.

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, labor rights and ethical business conduct.
- Thematic: Engagement with companies potentially exposed to risks and/or opportunities associated with sustainability megatrends and in support of the United Nations (UN) Sustainable Development Goals.

SIMC 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 SIMC can amplify its own voice as a shareholder.

Proxy Voting

SIMC maintains a Proxy Voting Committee comprised of representatives of SIMC's Investment Management Unit 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 to vote proxies on behalf of its clients in accordance with guidelines approved by SIMC's Proxy Voting Committee, with certain limited exceptions as outlined in the Proxy Policy. 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. So long as the proxy voting service provider votes in accordance with the guidelines, SIMC believes that there is an appropriate presumption that the manner in which SIMC voted was not influenced by, and did not result from, a conflict of interest.

Engagement service providers will at times provide to SIMC proxy voting recommendations that may conflict with the guidelines. In such circumstances, the Proxy Committee will convene to consider the recommendation, in accordance with the Conflict of Interest policy set forth in the Proxy Policy. For any proposal for which the Committee determines that SIMC does not have a material conflict of interest, the Committee may follow the recommendation of the engagement service provider and overrule the service's recommendation 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, including the Conflict of Interest Policy, are available on our [website](#).

Industry Collaboration

SIMC and its affiliates, as wholly-owned affiliates of SEI Investments Company, seek to be active participants in industry dialogue related to ESG and sustainable investing. SEI is a signatory to the UN Principles for Responsible Investment (UN PRI) and encourages our subadvisors to sign on to the UN PRI as well.

Additionally, SIMC 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+
- Canadian Investor Statement on Diversity and Inclusion
- Institutional Investors' Diversity Cooperative
- The Responsible Investment Association of Canada
- The Investment Consultants Sustainability Working Group (U.S. and U.K.)
- 10,000 Black Interns

Important Information

This material represents an assessment of the market environment at a specific point in time and is not intended to be a forecast of future events or a guarantee of future results. Positioning and holdings are subject to change. All information as of the date indicated. This information should not be relied upon by the reader as research or investment advice, (unless you have otherwise separately entered into a written agreement with SEI for the provision of investment advice) nor should it be construed as a recommendation to purchase or sell a security. The reader should consult with their financial professional for more information.

Statements that are not factual in nature, including opinions, projections and estimates, assume certain economic conditions and industry developments and constitute only current opinions that are subject to change without notice. Nothing herein is intended to be a forecast of future events, or a guarantee of future results.

Certain economic and market information contained herein has been obtained from published sources prepared by other parties, which in certain cases have not been updated through the date hereof. While such sources are believed to be reliable, neither SEI nor its affiliates assumes any responsibility for the accuracy or completeness of such information and such information has not been independently verified by SEI.

There are risks involved with investing, including loss of principal. The value of an investment and any income from it can go down as well as up. Investors may get back less than the original amount invested. Returns may increase or decrease as a result of currency fluctuations. Past performance is not a reliable indicator of future results. Investment may not be suitable for everyone.

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Sustainability guidelines may cause a manager to make or avoid certain investment decisions when it may be disadvantageous to do so. This means that these investments may underperform other similar investments that do not consider sustainability guidelines when making investment decisions. There can be no assurance goals will be met.

If a product or strategy is subject to certain sustainable investment criteria it may avoid purchasing certain securities when it is otherwise economically advantageous to purchase those securities, or may sell certain securities when it is otherwise economically advantageous to hold those securities.

Sustainability is not uniformly defined and scores and ratings may vary across providers.

PRISM (Preference Rating Investment Scoring Matrix) is a proprietary rating system used to assist in comparing and contrasting SEI's views on components of the evaluation process (including ESG) across strategies and sub-advisor firms. ESG is not uniformly defined and scores and ratings may vary across providers.

Information in the U.S. is provided by SEI Investments Management Corporation (SIMC), a wholly owned subsidiary of SEI Investments Company (SEI).