

Implementation Statement

for the year ending 31 December 2020

Introduction and purpose of this statement

The Trustee of the SEI Master Trust has prepared this implementation statement in compliance with the governance standards introduced under The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2019.

The Scheme's Statement of Investment Principles (SIP) was most recently updated on 28 September 2020. A copy of the current SIP is available on: <https://seic.com/en-gb/solutions/master-trust>.

This statement covers the period from 31 December 2019 to 31 December 2020 (the "Scheme Year") and should be read in conjunction with the following Statements of Investment Principles during that period:

1. Statement of Investment Principles approved by the Trustee on 12 September 2019 – this was the version in place at the start of the Scheme Year.
2. Statement of Investment Principles approved by the Trustee on 28 September 2020 – this was the version in place at the end of the Scheme Year.

The purpose of this implementation statement is to:

- ◆ demonstrate the extent to which, in the opinion of the Trustee, the policies and objectives set out in the SIP have been adhered to over the course of the Scheme Year;
- ◆ detail any reviews of the SIP the Trustee has undertaken, and any changes made to the SIP over the Scheme Year as a result of the review; and
- ◆ demonstrate the voting behavior carried out by, or on behalf of, the Trustee over the Scheme Year (including the most significant votes cast by, or on behalf of, the Trustee), and any use of the services of a proxy voter during the Scheme Year.

A copy of this implementation statement is available on: <https://seic.com/en-gb/solutions/master-trust>

We hope that this document proves interesting and helpful to you as participating employers and members of the Master Trust.

Conclusion

The Trustee believes, following the review carried out as part of preparing this Statement, that the SIP has been followed during the Scheme Year, for the reasons explained in this Statement.

Review of the Statement of Investment Principles

The SIP is reviewed (and if necessary revised) at least every three years and following any significant changes in investment policy.

During the Scheme Year, there was a review of the Statement of Investment Principles and an update to the policy on environmental social and governance factors (“ESG”). The review process involved the following:

- ◆ A review of the Fund Range and Default Investment Options with advisers at Trustee meetings in January 2020;
- ◆ Consideration of the SIP with advisers at Trustee meetings in July and September 2020;
- ◆ Obtaining formal advice from legal advisers in connection with the regulatory requirements relating to the SIP with effect from 1 October 2020.

The Trustee made the following key changes to the SIP following the review:

- ◆ Making additional disclosures in the SIP as a result of changes in the law;
- ◆ This included extending the Trustee’s policies on ESG developments, the extent to which non-financial matters are considered, and stewardship (i.e. voting and engagement changes). The Trustee adopted a policy of delegating responsibility for the consideration of ESG issues to the Investment Manager, SEI. SEI will take account of all financially material factors including ESG in the selection of investments and no exclusions are applied to investments based on non-financially material factors;

There were no changes to the investment strategy, objectives or fund range as part of this review of the SIP.

Plan Governance

During the Scheme Year the Trustee continued to have responsibility for the governance and investment of the Scheme’s assets whilst delegating the day-day aspects of investment management to their primary Investment Manager, SEI.

SEI is required to manage the Scheme investments in line with the principles and policies set out in the SIP.

There was a review of the investment strategy during the Scheme Year. However, no changes were made to the Scheme’s strategic asset allocation.

Implementation of the Statement of Investment Principles

In this section we summarise the most significant activity undertaken in relation to the SIP and in turn describe the actions and decisions that have been taken throughout the Scheme Year and the extent to which these align with the Trustee beliefs or policies stated within the SIP.

The SIP sets out Trustee policies on the following matters:

Relevant policy in SIP	The SIP policy	How and to what extent have the policies been followed?
<p>i. Investment objectives</p>	<p>Members are provided with appropriate Default Investment Options and individual fund alternatives.</p>	<p>The investment strategy of the Scheme has generally aligned with the policies described in the SIP.</p> <p>In particular, as part of the Trustee’s governance of the Scheme, the Trustee has reviewed quarterly investment reports from SEI to track performance against the investment objectives and, with the help of its advisers, has carried out an annual review of the strategy and performance of the Default Investment Options and wider fund range. The Trustee concluded that the strategy remains appropriate for the Default Investment Options and that the returns were consistent with the aims and objectives of each section.</p>
<p>ii. Implementation</p>	<p>The Trustee may add, change or remove any fund choices. The SEI Master Trust will only offer access to regulated investment vehicles such as registered UCITS or tax efficient life funds.</p>	<p>There were no changes to fund choices over the Scheme Year.</p> <p>Investment risks are monitored on an ongoing basis with the help of the investment advisers. The Trustee maintains a risk register in order to monitor such risks and this is reviewed at Trustee meetings. The register rates the likelihood of the risks arising and summarises any mitigations and additional actions. The Trustee also utilises its quarterly investment reports in order to monitor the volatility of its investment strategies.</p> <p>The Trustee has identified that sections of the Trust which continue to maintain a default investment option targeting annuity purchase at retirement could potentially benefit from transitioning members into a new Default Investment Option targeting either drawdown or full encashment through one or more Uncrystallised Funds Pension Lump Sum payments.</p> <p>The Trustee instructed a series of additional employer consultations during 2020 to obtain further evidence to confirm suitability prior to implementation.</p> <p>Those consultations were completed and reported on by the end of Q3 2020. The changes are to be communicated to members during 2021.</p>

<p>iii. Financially material considerations</p>	<p>The Trustee considers a wide-range of ESG factors, including corporate governance, human rights, labour and environmental standards, and believes that certain ESG factors can have an impact on financial performance.</p>	<p>In order to evolve its beliefs, the Trustee undertook investment training on responsible investment, including ESG during the Scheme Year.</p> <p>The Trustee has engaged with each of its overarching investment managers responsible for pooled funds to enable the Trustee’s policy on ESG factors to be taken into account and integrated into decision making processes when selecting, monitoring and removing underlying managers from the pooled funds, and when engaging with investee companies.</p> <p>The quarterly investment reports received by the Trustee from its overarching investment managers include commentary on the implementation of the Trustee’s policy in this area.</p>
<p>iv. Stewardship: Voting and Engagement</p>	<p>See ‘Voting and Engagement Policy’ below.</p>	
<p>v. Non-financial matters</p>	<p>The Trustee does not formally take into account any non-financial matters in the selection, retention and realisation of investments.</p>	<p>Members are encouraged to provide informal feedback to the Trustee on matters including investment options via the member survey. Such feedback is considered by the Trustee and, where appropriate, taken into account as part of any review of the available investment options.</p> <p>The feedback received from members during the Scheme Year did not indicate a need for the Trustee to change its approach to the selection, retention or realisation of investments.</p>
<p>vi. Conflicts of Interest</p>	<p>The Trustee is aware that actual and potential conflicts of interest can exist across all aspects of investment arrangements. The Trustee is satisfied that any conflicts that arise are managed in accordance with the regulatory requirements, a culture of integrity, and independent oversight and monitoring.</p>	<p>During the Scheme Year there were no matters concerning an actual or potential conflict of interest brought to the Trustee’s attention. Therefore, there were no instances where the Trustee needed to monitor and engage with the overarching investment manager to achieve the best long-term outcomes.</p>

<p>vii. Relationship with Investment Managers</p>	<p>The Trustee works with the overarching investment managers to seek to influence the underlying investment managers to align their investment strategies with the Trustee's investment policies, improve their practices and make decisions and operate in a manner that best generates medium to long-term financial and non-financial results for the SEI Master Trust, its members and beneficiaries.</p>	<p>The Trustee has carried out quarterly monitoring of its investment managers (including portfolio turnover and associated transaction costs) and has worked with investment managers to set the index benchmarks for these funds.</p> <p>Investment managers are formally reviewed on a triennial basis using criteria agreed by the Trustee board. The Trustee's review of external fund managers was completed at the November 2020 Trustee meeting and the Trustee subsequently confirmed it was comfortable with the service and capabilities of SEI in its ongoing role as fund manager.</p> <p>The Trustee annual review of manager fees concluded that fees paid to investment managers continue to be appropriate.</p> <p>The Trustee requires managers to align with the Trustee's investment strategy and approach to risk. If the managers' performance is not satisfactory, the Trustee will request an explanation of performance from such manager.</p>
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Overall, the Trustee has implemented the policies as described in the SIP during the Scheme Year.

The Trustee has not identified any areas where the Scheme's investments have diverged from the policies set out within the SIP.

A. Voting and Engagement Policy

The policy as set out in the SIP in respect of voting, stewardship and engagement is in summary as follows:

- i.** The Master Trust invests predominantly in SEI's Manager of Manager fund range, which is comprised of a broad range of equity, bond and multi-asset funds. The full list of funds is provided in the Appendix to this Implementation Statement.
- ii.** Voting decisions on stocks are delegated to the investment manager of the pooled funds held by the Scheme.
- iii.** SEI (the Scheme's primary Investment Manager) and the additional external investment managers of pooled fund have full discretion for undertaking engagement activities in respect of the investments.
- iv.** Where the investment manager is SEI, they have pooled their holdings in their funds with other investors and employed a specialist ESG provider for voting and engagement services.

The following steps were taken by the Trustee during the Scheme Year to maximise its influence over the way in which the votes have been cast:

- i. SEI reports on voting and engagement activity to the Trustee on a periodic basis together with its adherence to the UK Stewardship Code. The Trustee considers whether the approach taken was appropriate or whether an alternative approach is necessary.
- ii. The SIP dated 28 September 2020 sets out new policies in respect of asset manager arrangements. In relation to voting, stewardship and engagement, the Trustee assesses the Investment Managers' performance against objectives including how well each Manager is aligned with the SIP in terms of ESG factors.

The Trustee is of the opinion that this approach has been followed during the Scheme Year. In particular:

- ◆ The Trustee has received updates from SEI that set out:
 - How SEI has voted on all the shares where SEI has voting rights including number of votes for, against and abstentions. For votes against, details of the issue to which the vote relates are provided.
 - SEI's engagement priorities which for 2020 included priorities in each of the following categories:
 - Climate change;
 - Public health;
 - Environmental stewardship; and
 - Labour standards.

These align with the Trustee's own priorities.

- The number of companies engaged and the number of milestones achieved by engagement issue and a rating of its significance.
- ◆ The Trustee has considered SEI's voting practices and stewardship policies noting that they are a Tier 1 signatory to the UK Stewardship code and a signatory to the UN Principles for Responsible Investment.
- ◆ The Trustee has a process in place to review SEI's performance including ESG factors.

In light of the above and otherwise, the Trustee has considered their policy in regard to voting and stewardship and concluded that:

- SEI's voting and stewardship policies and their implementation remain aligned with the Trustee's views on these matters.
- The current policy is appropriate and no further action is required.

The Voting record is set out in Section B below.

B. Voting Record

All underlying securities in pooled funds that have voting rights are managed by SEI with SEI having the legal right to the underlying votes. SEI in turn use a Specialist ESG Provider as a proxy for voting and provide the Specialist provider with the holdings across all SEI's pooled funds. During the period from 31 December 2019 to 31 December 2020, across the Scheme's primary holdings¹ SEI voted as follows:

Fund Name	SEI Growth Fund	SEI Factor Allocation Global Equity Fund	SEI Moderate Fund	SEI Defensive Fund
ISIN	IE00B614TP06	IE00BKDM8D10	IE00B61N2T25	IE00B6145K75
Number of Votable Meetings	5253	580	850	609
Number of Votable Items	72680	8653	12250	7975
% of Items Voted	96%	98%	98%	98%
For	79%	77%	81%	74%
Against	18%	20%	16%	22%
Abstain/ Withheld/ Other	3%	3%	3%	4%
% of votes with management	80%	79%	81%	75%
% of votes against management	20%	21%	19%	25%
Voting Against/Abstain by Category				
Capital Related	5%	6%	4%	4%
Board/Directors/Governance	48%	51%	51%	53%
Remuneration Related	27%	23%	25%	23%
Shareholder Proposals	6%	7%	6%	6%
Other	14%	12%	14%	14%

¹SEI has shown voting data for the relevant quarters the assets were invested in and amongst the four funds that make up c75% of the overall Assets Under Management.

C. Significant Votes

A highlight of some of the significant votes undertaken on the Trustee's behalf during the Scheme Year are shown in the table below. Whilst many votes may have significant impact on the financial or non-financial performance of a company, the ones below have been drawn out as they are part of wider engagement that SEI has been conducting with the particular company and hence reflect the achievement of an engagement milestone.

The following information relates to significant votes taken over the course of the relevant Scheme Year, namely 1 January 2020 to 31 December 2020.

Significant Votes

Company Name	Held in Fund(s)	Theme	Description	Use of proxy voting?
Q1 2020 – No Voting Milestones				
Q2 2020				
Kellogg Company	Global Managed Volatility Global Select Equity Factor Allocation US Equity Dynamic Asset Allocation	Corporate Governance	Voted For the proposal to ‘Declassify the Board of Directors’.	Yes
Kroger co	Global Managed Volatility Global Select Equity US Large Companies Dynamic Asset Allocation Factor Allocation Global Equity Factor Allocation US Equity	Human Rights	Voted For the report on Human Rights Due Diligence Process in Operations and Supply Chain.	Yes
Diversified Healthcare Trust	US Small Companies	Corporate Governance	Voted For the proposal to ‘Declassify the Board of Directors’.	Yes
Granite Real Estate Investment Trust	Factor Allocation Global Equity	Corporate Governance	Voted For the proposal ‘Advisory vote on Executive Compensation Approach’.	Yes
Industrial Logistics Properties Trust	US Small Companies	Corporate Governance	Voted For the proposal to ‘Declassify the Board of Directors’.	Yes
Marathon Petroleum Corp	US Large Companies Dynamic Asset Allocation	Corporate Governance	Voted For the proposal to ‘Declassify the Board of Directors’.	Yes

Service Properties Trust	US Small Companies	Corporate Governance	Voted For the proposal to 'Declassify the Board of Directors'.	Yes
Bakkavor Group Plc	Quantitative UK Equity	Corporate Governance	Voted Against the reappointment of PricewaterhouseCoopers LLP as Auditors.	Yes
Vistra Energy Corp	US Small Companies Dynamic Asset Allocation Factor Allocation US Equity	Corporate Governance	Voted For the proposal to 'Declassify the Board of Directors'.	Yes
Q3 2020				
Citizens Financial Group Inc	US Large Companies Dynamic Asset Allocation	Corporate Governance	Voted For the proposal to 'Provide Right to Call Special Meeting'.	Yes
Q4 2020				
GMS Inc	Factor Allocation US Equity	Corporate Governance	Voted For the proposal to 'Declassify the Board of Directors'.	Yes
South State Corp	US Large Companies	Corporate Governance	Voted For the proposal to 'Declassify the Board of Directors'.	Yes

Trustee's conclusions on voting engagement

The Trustee has reviewed the above voting activity and concluded that no changes are required to the voting policy.

Appendix

SEI Master Trust Fund Range

SEI UK Equity Fund

SEI UK Core Fixed Interest Fund

SEI Global Fixed Income Fund

SEI Global Opportunistic Fixed Income Fund

SEI Factor Allocation Global Equity Fund

SEI Japan Equity Fund

SEI Global Select Equity Fund

SEI European (Excluding UK) Equity Fund

SEI Emerging Markets Equity Fund

SEI Pan European Small Cap Fund

SEI Pacific Basin (Excluding Japan) Fund

SEI US Large Companies Fund

SEI US Small Companies Fund

SEI Defensive Fund

SEI Moderate Fund

SEI Core Fund

SEI Growth Fund

SEI Aggressive Fund

SSgA UK Equity Index Fund

SSgA All World Equity Fund

SSgA Global Equity 50:50 Index Fund

SSgA Index Linked Gilts Over 5 Years Index Fund

SSgA UK Conventional Gilts Over 15 Years Index Fund

SSgA Sterling Liquidity Fund

Columbia Threadneedle Pensions Limited, UK Property Fund

BlackRock Market Advantage Strategies Fund

BMO Responsible UK Equity Growth Fund

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