

The Stewardship Code 2012

Statement of Compliance by SEI Investments Europe Limited

SEI New ways.
New answers.®

About SEI and its Stewardship Activities

SEI (NASDAQ:SEIC) is a leading global provider of outsourced asset management, investment processing and investment operations solutions. SEIC's innovative solutions help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth.

As of 30 June 2018, SEIC, through its subsidiaries and partnerships in which the company has a significant interest, manages \$331 billion in assets and has \$545 billion in client assets under administration. SEI serves clients, and conducts or is registered to conduct business and/or operations, from numerous offices worldwide.

SEI Investments Europe Limited ("SIEL") is a UK-based subsidiary which is wholly owned by a US parent company: SEI Global Investments Corporation ("SEIGC"). SIEL operates as a Distributor, Facilities Agent and, for institutional investors, an investment manager in the UK. The company's funds (Irish UCITs) are registered under the name of another entity within the SEI Corporate Group that is incorporated in Ireland: SEI Investments Global Limited ("SIGL"). The main parent company for all subsidiaries (such as SIEL and SIGL) is SEI Investments Company, which is also a US-based entity. The purpose of this document is to outline SIEL's eligibility to be a signatory to the UK Stewardship Code as the UK-based entity plays a significant role for the overall stewardship and ESG responsibilities.

SEI provides all its clients who invest in its Irish registered equity funds and a number of corporate bonds with an engagement and voting overlay service delivered through BMO Global Asset Management's (BMO) Responsible Engagement Overlay (REO) service. SIEL's Institutional business is the main division which manages the relationship with BMO and maintains appropriate oversight on their services and activities. The service provides constructive dialogue with companies whose stock and/or bond is prominently held within the SEI funds on corporate governance, social and environmental issues (the list of SEI funds covered by the overlay service is available in the Appendix). The service also includes voting by BMO on behalf of SEI's funds at shareholder meetings to ensure that companies respond to the expectations of shareholders as well as other stakeholders. Furthermore, SEI pools its holdings with those of BMO's in-house funds and BMO's other REO clients thus enabling BMO to cover securities in which SEI may only have a relatively small holding. SEI's Institutional team regularly meets with BMO's Governance and Sustainable Investments team to review the ongoing progress made for the Responsible Engagement Overlay, and also receives updates and reports on a regular basis for this. At least on an annual basis, SEI and BMO meet to discuss and agree on the priorities for REO and voting services for the following year.

In June 2018, SEI became a listed UN PRI signatory which demonstrates the company's active commitment towards responsible investing on behalf of its clients.

SEI and ESG

At SEI Investments, we believe that our business should be conducted in a manner that achieves sustainable growth and demonstrates a commitment to corporate social responsibility (CSR). We expect all employees to act responsibly, ethically and with integrity in our dealings with each other, our customers and the community as a whole. We are proud to be a signatory to the United Nations Principles for Responsible Investment (UN PRI), and we aspire to implement the six principles where consistent with our fiduciary responsibilities. To this end, the employees of SEI Investments will, to the best of our ability:

- Comply with all applicable laws and regulations
- Adhere to the highest standards of conduct in all of our business practices
- Conduct our business dealings to the highest standard of honesty, integrity, fairness and respect
- Invest in a diverse workforce, provide a supportive work environment and take reasonable and practical steps to protect the health and well-being of our workforce
- Collaborate with our clients and endeavour to accommodate their environmental, social and governance (ESG) initiatives and policies
- Consider ESG factors in our due diligence of business partners, both our investment sub-advisers and vendors
- Integrate consideration of ESG factors into our investment decision-making process
- Engage in constructive dialogue, as appropriate, on ESG issues with companies whose securities are prominently held within the SEI Funds
- Empower a Sustainable Investment Committee to coordinate and promote our sustainability efforts across our company
- Support the local communities in which we operate by acting responsibly and ethically, and by encouraging our workforce to participate in local charitable and volunteer activities
- Promote this policy, other ESG-related information and internal ESG and CSR initiatives to our employee base
- Report our progress on ESG initiatives annually to the UN PRI
- Evaluate implementation of our ESG initiatives as an evolving initiative

Further details on SEI's Corporate Social Responsibility Statement can be accessed via the following link:

<https://seic.com/en-gb/about-us/corporate-profile/corporate-social-responsibility>

The Stewardship Code

The current Stewardship Code (2012) aims to enhance the quality of engagement between institutional investors and companies to help improve long-term returns to shareholders and the efficient exercise of governance responsibilities. Engagement includes pursuing purposeful dialogue on strategy, performance and the management of risk, as well as on issues that are the immediate subject of votes at general meetings.

Institutional shareholders are free to choose whether or not to engage but their choice must be considered based on their preferred investment approach. Their managers or agents are then responsible for ensuring that they comply with the terms of the mandate as agreed.

The Financial Reporting Council (“FRC”) has encouraged institutional investors and asset managers to publish a statement on the extent to which they are in compliance with the Stewardship Code. This document sets out SIEL’s statement of compliance. The Stewardship Code comprises of 7 principles and set out below are the principles, the guidance from the FRC and SEI’s position in respect of each of them.

Principle 1

Institutional investors should publicly disclose their policy on how they will discharge their stewardship responsibilities

SEI Investments Europe Limited’s Position on Principle 1

SEI has partnered with BMO to provide consistent corporate governance standards in respect of all securities held within its Irish registered equity funds and a number of corporate bond funds. The partnership ensures consistency in voting and engagement across companies held in different regional funds. As the implementation is through an overlay, it does not affect the investment decisions of the underlying managers, who are free to select securities which they feel will best add value in the long run.

BMO’s services to SEI include all components that are required to support the UN Principles of Responsible Investment, while supporting voting policies that are consistent with standards of good practice within each country and the reporting requirements suggested by the UK Investment Management Association for voting disclosure. As per the agreement between SEI and BMO, the overlay services are detailed under three modules:

General Engagement Services:

BMO, on behalf of SEI, engage in dialogue with a range of companies within the funds. Prior to the engagement, the list of companies that BMO approach will be agreed with SEI. Where there is a business case for doing so, companies will be encouraged by BMO to move towards best practice in key areas of ESG. BMO also make a reasonable effort to stay up to date on local press stories within the markets it serves and promptly responds to SEI where there are any areas of concerns within the markets that impact our stewardship responsibilities. Each year, based on the track record of companies, BMO collate a ‘priority list’ of companies to be closely monitored and engaged with more frequently.

Voting:

BMO have been appointed by SEI as its proxy voting agent solely in relation to each company meeting, whether AGM or EGM or equivalent, to procure the exercise of all voting rights at each company meeting that are relevant for holdings within funds. BMO's voting policy is provided to SEI at least annually for review and takes into account the requirements of the UK Stewardship Code. With the exception of any company whose securities are listed on an exchange in a non-proxy jurisdiction, BMO have complete discretion on how it exercises the voting rights on SEI's behalf where nominated to act as the proxy voting agent. On the other hand, where there is a company whose securities are listed on an exchange in a jurisdiction where it is not permissible for BMO to be appointed as a proxy agent, BMO will either:

- i) Exercise such votes in accordance with the recommendations of the relevant company's management, unless advised otherwise by SEI

Or

- ii) Actively seek specific instructions from SEI on how to exercise the votes in question.

In addition, BMO may follow up with the investee company through a meeting to discuss issues which are material, and then report back to SEI.

BMO publicly reports on its voting activities and these voting reports may be accessed via the following URL:

<http://vds.issproxy.com/SearchPage.php?CustomerID=3660>

Reporting and Support Services:

As most of the key activities on engagement and voting are delegated to BMO, SEI is provided with detailed updates and documentation for each activity which enables us to continuously maintain the appropriate oversight. As per the contractual agreement with BMO the support services include:

- Access to a dedicated Reo Services Portal which includes all relevant and up to date information on Engagement and Voting services. SEI's Institutional Clients in the UK are granted access to this website;
- Quarterly meetings with BMO's dedicated relationship managers to review all relevant updates on Engagement and Voting activities;
- Quarterly reports which provide further details and insight into Engagement and Voting activities carried out on behalf of SEI. These include fund-specific reports and their associated voting activities, with an explanation for instances where voting was not in favour of the company's management. These reports are subsequently made available to SEI's Institutional Clients;
- Finally, SEI and BMO meet at least annually to discuss the state of their relationship and priorities for the following year. BMO also provide SEI with an annual questionnaire that lists out their upcoming engagement projects, for which SEI provides feedback and ranks the desired priorities for each engagement. If there are any ESG matters that are important to SEI but not mentioned in this questionnaire, SEI submits a request for them to be included as part of the engagement projects and assigns a priority for each.

Over the last 24 months some of the key areas of priorities for SEI's REO engagement have been

- Climate change
- Environmental standards
- Board effectiveness
- Diversity
- Labour standards
- Gender pay-gaps
- Corporate governance

SEI has also assigned BMO with specific priorities for these engagements, such as investigating emission management standards for airlines and automotive companies which would in turn have an impact on climate. SEI's institutional clients also request for specific ESG matters to be prioritised for BMO's engagement – tobacco is one example for this – and SEI continues to ensure that updates for these are received as part of the regular dialogue with BMO. Given what is of most importance to SEI and the recent trends – such as the conclusions set out by COP24, the increased focus on gender pay-gaps and ethical business conduct – the themes listed above will continue to be among the top priorities for BMO's global engagements on behalf of SEI.

The general policy which BMO follows for discharging their stewardship responsibilities, including voting policies, are set out in the document which can be found in the document attached to the following link:

<https://www.bmogam.com/gb-en/institutional/wp-content/uploads/2018/10/cm11660-responsible-ownership-policy.pdf>

Principle 2

Institutional investors should have a robust policy on managing conflicts of interest in relation to stewardship and this policy should be publicly disclosed.

SEI Investments Europe Limited's Position on Principle 2

Engagement and voting responsibilities are outsourced to BMO, who ensure that there is no conflict between SEI, its clients and the stewardship responsibilities. Any engagement or voting decisions made by BMO are independent of SEI. The only area where SEI has any input is in highlighting any additional areas of engagement with the investee companies which may not have been picked by BMO. As described in the section for Principle 1, SEI maintains continuous oversight on the activities carried out by BMO on our behalf.

BMO's Conflicts of Interest Policy, which is reviewed and updated annually, can be accessed via the following link:

<https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2018/10/conflicts-of-interest.pdf>

BMO's Corporate Governance guidelines, which include further details on how they manage conflicts of interest can be accessed via the following link:

<https://www.bmogam.com/gb-en/intermediary/wp-content/uploads/2018/10/cm16299-policy-document-corporate-governance-guidelines.pdf>

SEI has a detailed Conflict of Interest Policy for all staff, under the company's Corporate Governance Code, which outlines how conflicts of interest are managed and resolved. The policy identifies areas where potential conflicts might arise, and outlines the aspects of prevention, management, disclosure and how employees must report potential conflicts internally. The key areas that it covers include Insider Trading, Receiving Gifts and Outside/Political activities carried out by employees. The broader Code of Conduct covers key areas such as Fair Dealing, Delegation of Authority, Public Disclosures and Compliance with Law. This policy is reviewed annually and is accessible by staff through the company intranet. SEI's employees are also provided with in-house training to understand, manage and resolve potential conflicts of interest.

SEI's Corporate Governance Code can be accessed via the following link:

<https://seic.com/investor-relations/corporate-governance/code-conduct>

Principle 3

Institutional investors should monitor their investee companies

SEI Investments Europe Limited's Position on Principle 3

The monitoring of the companies held within SEI funds by BMO comprises of the following:

- Voting on all of SEI's holdings, and engaging with companies, when relevant, on financial, strategic, governance, social, ethical and environmental themes. In order to implement this, BMO makes use of a number of external research tools, along with its own direct analysis of the companies in its investment holdings, to identify companies for further engagement and outreach.
- A proprietary in-house database that provides detailed documentation and a clear audit trail of BMO's engagement with companies. This forms the basis of the Confidential Reo report which SEI provides to all its clients on a quarterly basis. This report highlights the number of individual engagements, the specific issues engaged upon, as well a quarterly list of positive engagement outcomes.
- With regards to voting, BMO maintains a record of all votes and reasons for voting against management or for voting with management in contentious situations. This voting record is provided to SEI clients on a quarterly basis. BMO also communicates to the chairmen of investee companies with regard to specific resolutions that BMO has voted against in company general and extraordinary meetings to ensure that the company's board is aware of BMO's specific concerns.
- Attending company general meetings is not a normal part of BMO's engagement, as BMO conducts most of its engagement with companies on a 1:1 basis, or collectively with other

investors. However BMO will attend a company's general meeting in cases where BMO judges this to be the most effective means of communicating to the company.

- BMO, in consultation with SEI, draw up annually, and review at periodic intervals, a 'priority list' of companies that are to be closely monitored and engage with them pro-actively on a regular basis. Where relevant, BMO encourage companies towards best practice in all the key areas of ESG.

SEI has also partnered with Sustainalytics to receive quarterly reports on their controversial weapons screening, which is in turn used by SEI's investment management team to impose restrictions on SEI funds and ensure that they exclude any investments in cluster munitions and anti-personnel mines.

Principle 4

Institutional investors should establish clear guidelines on when and how they will escalate their activities as a method of protecting and enhancing shareholder value.

SEI Investments Europe Limited's Position on Principle 4

As a Manager of Managers SEI believes that an overlay approach provides the best opportunity to engage and vote consistently across its funds without constraining the available manager universe. This is based on the belief that an informed and constructive dialogue with investee companies will better help identify and evaluate ESG risks. SEI's funds are manager of managers products as each of the sub funds has multiple managers. Many fund of funds from other investment managers invest using sub funds that have single managers only and thus don't follow a manager of managers approach at the fund or asset class level. This is a key distinction which sets SEI apart from many of its competitors in the fund of funds space. As a result SEI does not exclude any company from the fund unless clients specifically request such an arrangement on a segregated basis. The exception to this is the exclusion of companies involved in the development, production and trade of cluster munitions and anti-personnel mines, which are a priori excluded from any SEI fund.

Through the Reo service, BMO look to identify and flag anomalies or breaches of good business or practices that might call for engagement or intervention. They also have regular dialogue with SEI, at least on a quarterly basis, to discuss any conflicting situations that warrant attention. Engagement with companies generally takes place exclusively on a one-to-one basis and where escalation is necessary, the engagement with companies takes place with the top-level representatives of their leadership team.

Details on how SEI incorporates ESG into its manager research and selection process can be accessed via the following link:

<https://seic.com/knowledge-center/how-responsible-investing-fits-our-manager-research-process>

Principle 5

Institutional investors should be willing to act collectively with other investors where appropriate.

SEI Investments Europe Limited's Position on Principle 5

As part of the engagement and voting activities, SEI pools its holdings with those of BMO's own in-house funds and its other Reo clients. This allows BMO to cover securities where SEI alone may only have a small holding and provides greater clout when trying to get the attention of senior members of investee companies.

In addition, BMO collaborates with a number of investor bodies in delivering the Reo service including:

- Association of British Insurers (ABI) Investment Committee;
- ABI Remuneration & Share Schemes Panel;
- Quoted Companies Alliance (QCA) Corporate Governance Committee;
- Investment Association;
- Global Investor Governance Network (GIGN);
- International Corporate Governance Network (ICGN);
- Asian Corporate Governance Association (ACGA);
- Council of Institutional Investors (CII);
- 30% club (on board diversity);
- UN Principles for Responsible Investment (PRI); and
- UN Global Compact.

Principle 6

Institutional investors should have a clear policy on voting and disclosure of voting activity

SEI Investments Europe Limited's Position on Principle 6

BMO aims to vote on all securities held within SEI equity holdings. BMO has developed voting and corporate governance guidelines that are customised to match the specific legal, regulatory, ownership and governance environments of over 20 individual jurisdictions around the world. These guidelines outline factors that will lead to BMO not voting in favour of director candidates or other management resolutions

At the start of each year, BMO sends a copy of its Corporate Governance Operational Guidelines to each company held in SEI's portfolios, which outlines their views and voting strategy for all key governance issues. Through this pre-vote engagement, BMO aims to highlight the most common governance concerns in each given market and invite companies to contact them if there are special circumstances that should be borne in mind when voting at their meetings. After any shareholders' meeting, BMO will write again to explain the reasons for the votes if any were cast in opposition to management's recommendations. This also provides further opportunities to raise key corporate governance and sustainability issues not specifically addressed in the ballot.

The voting guidelines are available to all clients and the outcome of the voting activities is reported to SEI clients on a quarterly basis.

Principle 7

Institutional investors should report periodically on their stewardship and voting activities.

SEI Investments Europe Limited's Position on Principle 7

SEI, in conjunction with BMO, publishes reports of its engagement and voting activities on a quarterly basis. The publications include:

- the Confidential Reo report which sets out details of the engagement work on the securities held within SEI funds; and
- The Voting reports setting out the voting activity over the quarter in respect of SEI funds and whether the vote was cast in favour or against the issue.

These are made available through printed copies and online.

With regard to external assurance, BMO has obtained an independent opinion from KPMG Audit Plc on its proxy voting activities based on the standards of the AAF 01/06 Guidance issued by the Institute of Chartered Accountants in England and Wales.

SEI Investments Europe Limited contact for matters relating to the UK Stewardship Code:

Steven Charlton, Head of Solutions

UKInstitutionalSolutions@seic.com