**Risk Factors Comparison 2024-02-20 to 2023-02-21 Form: 10-K**

**Legend:** **New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

We believe that the risks and uncertainties described below are those that impose the greatest threat to the sustainability of our business. However, there are other risks and uncertainties that exist that may be unknown to us or, in the present opinion of our management, do not currently pose a material risk of harm to us. The risk and uncertainties facing our business, including those described below, could materially adversely affect our business, results of operations, financial condition, capital position, liquidity, competitive position or reputation, including by materially increasing expenses or decreasing revenues, which could result in material losses or a decrease in earnings. Risks Related to Our Business Model Our revenues and earnings are affected by changes in capital markets and significant changes in the value of financial instruments. A majority of our revenues are earned based on the value of assets invested in investment products that we manage or administer. A decrease in the value of these assets, whether due to general market movements or as a consequence of various products' unique investment performance, would cause a decline in our assets under administration or management, and a corresponding decline in our revenue and earnings. **And, in certain investment programs, a portion of our clients' cash is swept into insured deposit accounts at third party banks on which we earn fees, which fees may be significant. A material change in interest rates could affect our profitability.** Significant fluctuations in securities prices may also influence an investor' s decision to invest in and maintain an investment in a mutual fund or other investment products. **Declining or adverse economic conditions and adverse changes in investor, consumer and business sentiment generally result in reduced business activity, which may decrease the demand for our products and services.** Geopolitical events, market volatility, illiquid market conditions and other disruptions in the financial markets ~~, such as the November 2022 " gilts crisis " in the United Kingdom,~~ may make it extremely difficult to value or monetize certain financial instruments, particularly during periods of market displacement. Subsequent valuations of financial instruments in future periods, in light of factors then prevailing, may result in significant changes in the value of these instruments. Additionally, periods of extreme market dislocation may require us to monetize our assets or those of our clients at a significant loss. As a result, our revenues and earnings derived from assets under management or administration, or our profitability or value as a firm, could be adversely affected. We are exposed to product development risk. We continually strive to increase revenues and meet our customers' needs by introducing new products and services as well as maintaining and improving our existing products and services. As a result, we are subject to product development risk, which may result in loss if we are unable to develop and deliver products to our target markets that address our clients' needs, that are developed on a timely basis, or that reflect an attractive value proposition. We are also subject to the risk that new products and solutions we develop may not function as expected or may be prone to error or disruption, which may result in material losses or harm to our reputation and ability to market such solutions. The majority of our technology product development risk pertains to the evolution of the SEI Wealth ~~Platform~~ **PlatformSM** , TRUST 3000 **®, our platform for the Investment Managers segment,** and our other proprietary technology platforms. The development and introduction of new products and services in the markets in which we operate requires continued innovative efforts on our part and may require significant time and resources as well as ongoing support and investment. Substantial risk and uncertainties are associated with the introduction of new products and services, including the implementation of new and appropriate operational controls and procedures, shifting client and market preferences, the introduction of competing products or services and compliance with regulatory requirements. Product development in the asset management arena has had significant growth in newer areas where investment criteria and performance metrics have not yet been fully defined or developed, such as Environmental, Social and Governance, or " ESG " products, Sustainable Investing products, and Tax Harvesting programs. New products often must be in the market place for three or more years in order to generate track records required to attract significant asset inflows. A failure to continue to innovate, to introduce successful new products and services, or to manage effectively the risks associated with such products and services, may impact our market share and may cause our revenues and earnings derived from assets under management and administration to decline. We may not achieve significant revenue from new products or services for years, if at all. New products and services may not be profitable, and even if they are profitable, operating margins for some new products and services may not be as high as the margins we have experienced historically. If we fail to develop new or enhanced products or services at an acceptable cost or on a timely basis, or if our development strategies are not accepted by our clients, we may recognize significant financial losses. Further, if we fail to deliver products and services which are of sound economic value to our clients and our target markets, or are unable to support the product in a cost- effective and compliant manner, we may face reputational damage and incur significant financial losses. We rely on third parties to provide products and services that may be difficult to replace or which could cause errors or failures in the services we provide. We rely on third parties we do not control to provide us with products and services, including software development, licensed software, software as a service, cloud services, hosting, web hosting, and the Automated Clearing House (ACH) network which transmit transaction data, process chargebacks and refunds, and perform clearing services in connection with our settlement activities. In the event these third parties fail to provide these services adequately or in a timely manner, including as a result of errors in their systems or events beyond their control, or refuse to provide these services on terms acceptable to us or at all, and we are not able to find and implement timely suitable alternatives, we may no longer be able to provide certain services to customers, which could expose us and our clients to information security, financial, compliance and reputational risks, among others, and have a material adverse effect on our results of operations and financial condition. In addition, if we are unable to renew our existing contracts or licenses with key vendors, technology providers or service providers, we might not be able to replace the related product, application or service at all or at the same cost, which would negatively impact our offerings and our results of operations. Pricing pressure from increased competition and disruptive technology may affect our revenues and earnings. The investment management industry is highly competitive and has relatively low barriers to entry. In recent years, we have experienced, and continue to experience, pricing pressures from the introduction of new, lower- priced investment products and services and the growth of passive investing, as well as from competitor firms offering automated portfolio management and other services based on technological innovations. These new investment products and technological innovations available to both institutional and retail investors have led to a general trend towards lower fees in some segments of the investment management industry. We believe price competition and pricing pressures in these and other areas will continue as investors continue to reduce the amounts they are willing to pay and financial services firms seek to obtain market share by reducing fees or margins. Financial technology companies and other non- traditional competitors may not be subject to banking regulation, or may be supervised by a national or state regulatory agency that does not have the same resources or regulatory priorities as those regulatory agencies that supervise more diversified financial services firms such as us, or the financial services regulatory framework in a particular jurisdiction may favor financial institutions that are based in that jurisdiction. These types of differences in regulatory status and framework may result in losing market share to competitors that have a lower cost of compliance due to being less regulated than we are or not subject to regulation, especially with respect to unregulated financial products. Over time, certain sectors of the financial services industry have become more concentrated, as institutions involved in a broad range of financial services have left businesses, been acquired by or merged into other firms, or have declared bankruptcy. Such changes could result in our remaining competitors gaining greater capital and other resources, such as the ability to offer a broader range of products and services and geographic diversity, or new competitors may emerge. Our investment management platforms include investment management programs and back- office investment processing outsourcing services and are generally offered on a bundled basis. The breadth of our business solutions allows us to compete on a number of factors including: • the performance of our investment products; • the level of fees charged; • the quality of our investment processing services; • our reputation and position in the industry; • our ability to adapt to disruptive technology developments or unforeseen market entrants; and • our ability to address the complex and changing needs of our clients. Increased competition on the basis of any of these factors could have an adverse impact on our competitive position resulting in a decrease in our revenues and earnings. **Additionally, the trend toward direct access to automated, electronic markets will likely continue as additional markets move to more automated trading platforms. We have experienced and will likely continue to experience competitive pressures in these and other areas in the future.** Our earnings and cash flows are affected by the performance of LSV. We maintain a minority ownership interest in LSV which is a significant contributor to our earnings. We also receive partnership distribution payments from LSV on a quarterly basis which contribute to our operating cash flows. LSV is a registered investment advisor that provides investment advisory services to institutions, including pension plans and investment companies. LSV is a value- oriented, contrarian money manager offering a deep- value investment alternative utilizing a proprietary equity investment model to identify securities generally considered to be out of favor by the market. Volatility in the capital markets or poor investment performance on the part of LSV, on a relative basis or an absolute basis, could result in a significant reduction in their assets under management and revenues and a reduction in performance fees. Consequently, LSV' s contribution to our earnings through our minority ownership, as well as to our operating cash flows through LSV' s partnership distribution payments, could be adversely affected. Consolidation within our target markets may affect our business. Merger and acquisition activity within the markets we serve could reduce the number of existing and prospective clients or reduce the amount of revenue and earnings we receive from retained clients. Consolidation activities may also cause larger institutions to internalize some or all of our services. These factors may negatively impact our ability to generate future growth in revenues and earnings. External factors affecting the fiduciary management market could adversely affect us. The utilization of defined benefit plans by employers in the United States **, Canada and the United Kingdom** has been steadily declining. A number of our clients have frozen or curtailed their defined benefit plans resulting in decreased revenues and earnings related to this market segment. We have also experienced increasing fee sensitivity and competition for certain fiduciary management services due to investor preferences toward lower- priced investment products including passive management approaches. The current growth strategies of our Institutional Investors segment include entering new global markets and placing greater emphasis on defined contribution and not- for- profit organizations fiduciary management sales opportunities. These strategies may not be successful in mitigating the impact of lower revenues and earnings caused by these external factors which could adversely affect our revenues and earnings. We may experience software defects, development delays or installation difficulties, which would harm our business and reputation and expose us to potential liability. A significant portion of our revenue is dependent upon our ability to develop, implement, maintain and enhance sophisticated software and computer systems. We may encounter delays when developing new applications and services. Further, the software underlying our services may contain undetected errors or defects when first introduced or when new versions are released. We may also experience difficulties in installing or integrating our technology on systems or with other programs used by our clients. Likewise, our clients may make a determination to delay or cancel the integration of our new applications and services. Defects in our software, failure to adequately maintain and enhance our software products, errors or delays in the processing of electronic transactions or other difficulties could result in interruption of business operations, delay in market acceptance, additional development and remediation costs, diversion of technical and other resources, loss of clients or client data, negative publicity or exposure to liability claims. Although we attempt to limit our potential liability through disclaimers and limitation of liability provisions in our license and client agreements, we cannot be certain that these measures will successfully limit our liability. Risks Related to Our Technology We are exposed to data and cyber security risks. Like other global financial service providers, we experience millions of cyber- attacks on our computer systems, software, networks and other technology assets on a daily basis. Cyber security and information risks for financial institutions have significantly increased in recent years in part because of the proliferation of new technologies, the use of the internet and mobile telecommunications technologies to conduct financial transactions, and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign state actors, in some circumstances as a means to promote political ends. In addition to the growing sophistication of certain parties, the commoditization of cyber tools which are able to be weaponized by less sophisticated actors has led to an increase in the exploitation of technological vulnerabilities. Any of these parties may also attempt to fraudulently induce employees, customers, clients, vendors or other third parties or users of our systems to disclose sensitive information in order to gain access to our data or that of our employees or clients. Cyber security and information security risks may also derive from: • human error, • fraud, or malfeasance on the part of our employees or third parties, • accidental technological failure, or • our failure to introduce security patches provided by vendors in a timely manner. In addition, third parties with whom we do business, their service providers, as well as other third parties with whom our customers do business, are sources of cyber security risk to us, particularly when their activities and systems are beyond our own security and control systems. A cyber- attack, information breach or loss, or technology failure of a third party could adversely affect our ability to effect transactions, service our clients, manage our exposure to risk, expand our businesses, or significantly harm our reputation. There is no guarantee that the strategies we have deployed that are designed to protect against threats and vulnerabilities will be effective or provide recoverability of our systems or our data or that of our clients given the techniques used in cyber- attacks are complex and frequently change. A successful penetration or circumvention of the security of our systems or the systems of a vendor, governmental body or another market participant could cause serious negative consequences, including: • significant disruption of our operations and those of our clients, customers and counterparties, including losing access to operational systems; • misappropriation of our confidential information or that of our clients, counterparties, vendors, employees or regulators; • damage to our technology infrastructure or systems and those of our clients, vendors and counterparties; • inability to fully recover and restore data that has been stolen, manipulated or destroyed, or to prevent systems from processing fraudulent transactions; • violations by us of applicable privacy and other laws; • financial loss to us or to our clients, vendors, counterparties or employees; • loss of confidence in our cyber security measures; • dissatisfaction among our clients or counterparties; • significant exposure to litigation and regulatory fines, penalties or other sanctions; and • harm to our reputation. Any of the foregoing factors could expose us to liability for damages which may not be covered by insurance; but may result in the loss of customer business, damage to our reputation, regulatory scrutiny or civil litigation. The failure to upgrade or maintain our computer systems, software and networks could also make us susceptible to breaches and unauthorized access and misuse. We may be required to expend significant additional resources to modify, investigate or remediate vulnerabilities or other exposures arising from data and cyber security risks. Furthermore, even if not directed at us specifically, attacks on other financial institutions could disrupt the overall functioning of the financial system. As a result of the importance of communications and information systems to our business and our reliance on the services provided to us by third parties, we could also be adversely affected if attacks affecting our third- party service providers impair our ability to process transactions and communicate with clients and counterparties. Given our global footprint and the high volume of transactions we process, the large number of clients, partners, vendors and counterparties with which we do business, and the increasing sophistication of cyber- attacks, a cyber- attack or information security breach could occur and persist for an extended period of time without detection. We expect that any investigation of a cyber- attack would be inherently unpredictable and that it would take time before the completion of any investigation and before there is availability of full and reliable information. During such time we would not necessarily know the extent of the harm or how best to remediate it, and certain errors or actions could be repeated or compounded before they are discovered and remediated, all or any of which would further increase the costs and consequences of a cyber- attack. While many of our agreements with partners and third- party vendors include indemnification provisions, we may not be able to recover sufficiently, or at all, under such provisions to adequately offset any losses. In addition, although we maintain insurance coverage that may, subject to policy terms and conditions, cover certain aspects of cyber and information security risks, such insurance coverage may be insufficient to cover all losses. The cost of managing cyber and information security risks and attacks along with complying with new and increasingly expansive regulatory requirements could adversely affect our business. We are exposed to risk of the disclosure and misuse of personal data. We store and process large amounts of personally identifiable information of our customers. It is possible our security controls over personal data, our training of employees on data security, our vendor due diligence and oversight processes, and other practices we follow may not prevent the improper disclosure or misuse of personal data that we or our vendors store and / or manage. Improper disclosure or misuse of personal data could harm our reputation, lead to legal exposure, or subject us to liability under laws that protect personal data, resulting in increased costs or loss of revenue. Perceptions that the collection, use, and retention of personal information is not satisfactorily protected could inhibit sales of our products or services. Additional security measures we may take to address customer concerns may cause higher operating expenses or hinder growth of our products and services. We are exposed to risk of outages, data losses, and disruptions of services. We maintain and process data for our clients that is critical to their business operations. The products and services used to process that data is increasingly complex, and maintaining, securing, and expanding this infrastructure is expensive. It requires that we maintain an Internet connectivity infrastructure and storage and compute capacity that is robust and reliable within competitive and regulatory constraints that continue to evolve. Inefficiencies or operational failures, including temporary or permanent loss of customer data, damaged software codes, delayed or inaccurate processing of transactions, insufficient Internet connectivity, or inadequate storage and compute capacity, could diminish the quality of our products, services, and user experience resulting in contractual liability, claims by customers and other third parties, regulatory actions, damage to our reputation, and loss of current and potential users, each of which may adversely impact our consolidated financial statements. The costs necessary to rectify these problems may be substantial and may adversely impact our business **. The trend toward direct access to automated, electronic markets and the move to more automated trading platforms has resulted in the use of increasingly complex technology that relies on the continued effectiveness of the programming code and integrity of the data to process the**

**trades. We rely on the ability of our employees, our consultants, our internal systems and third- party systems to operate our different businesses and process a high volume of transactions. Unusually high trading volumes or site usage could cause our systems to operate at an unacceptably slow speed or even fail. Disruptions to, destruction of, instability of or other failure to effectively maintain our information technology systems or external technology that allows our clients and customers to use our products and services could harm our business and our reputation. There can be no assurance that our business contingency and security response plans fully mitigate all potential risks to us** . We are exposed to intellectual property risks. Our continued success also depends in part on our ability to protect our proprietary technology and solutions and to defend against infringement claims of others. We primarily rely upon trade secret law, software security measures, copyrights and confidentiality restrictions in contracts with employees, vendors and customers. Our industry is characterized by the existence of a large number of trade secrets, copyrights and the rapid issuance of patents, as well as frequent litigation based on allegations of infringement or other violations of intellectual property rights of others. A successful assertion by others of infringement claims or a failure to maintain the confidentiality and exclusivity of our intellectual property may have a material adverse effect on our business and financial results. We are dependent upon third- party service providers in our operations. In connection with our ongoing operations, we utilize the services of third- party suppliers, which we anticipate will continue and may increase in the future. These services include, for example, outsourced development, processing and support functions, and other professional services. Third- party financial entities and technology systems upon which we rely are becoming more interdependent and complex. For example, in recent years, there has been significant consolidation among clearing agents, exchanges and clearing houses and increased interconnectivity of multiple financial institutions with central agents, exchanges and clearing houses. This consolidation and interconnectivity increases the risk of operational failure, on both an individual and industry- wide basis, as disparate complex systems need to be integrated, often on an accelerated basis. A failure by a third- party product or service provider may impair our ability to provide contractual services to our clients on a timely basis, to process transactions for our clients accurately, or to meet our regulatory obligations. If a third- party service provider is unable to provide services, we may incur significant costs to either internalize some of these services, find a suitable alternative, or to compensate our clients for any losses that may be sustained as a consequence of the actions or inactions of our third- party services providers. In the event of a breakdown or improper operation of a direct or indirect third- party' s systems or processes, or improper or unauthorized action by third parties, including consultants and subcontractors, we could suffer financial loss, a disruption of our businesses, regulatory sanctions or damage to our reputation. Risks Related to Our Investment Products and Solutions Our investment management business may be affected by the poor investment performance of our investment products or a client preference for products other than those which we offer or for products that generate lower fees. Poor investment returns in our investment management business, due to either general market conditions or underperformance (relative to our competitors or to benchmarks) by funds or accounts that we manage or investment products that we design or sell, affects our ability to retain existing assets and to attract new clients or additional assets from existing clients and could affect the management and incentive fees that we earn on assets under management. To the extent that our clients choose to invest in products that we do not currently offer, we will suffer outflows and a loss of management fees. Further, if, due to changes in investor sentiment or the relative performance of certain asset classes or otherwise, clients invest in products that generate lower fees, our investment management business could be adversely affected. Our investment advisory contracts may be terminated or may not be renewed on favorable terms. We derive a substantial portion of our revenue from providing investment advisory services. The advisory or management contracts we have entered into with clients, including the agreements that govern many of SEI' s investment funds, provide investors or, in some cases, the independent directors of applicable investment funds, with significant latitude to terminate such contracts, withdraw funds or liquidate funds with limited notice or penalty. We also manage U. S. mutual funds under management contracts that must be renewed and approved annually by the funds' respective boards of trustees, a majority of whom are independent from SEI. Our fee arrangements under any advisory or management contracts may be reduced (including at the behest of a fund' s board of trustees). In addition, if a number of our clients terminate their contracts, liquidate funds or fail to renew management contracts on favorable terms, the fees we earn could be reduced, which may cause our assets under management, revenue and earnings to decline. We rely on the services of third- party sub- advisers. We serve as the investment advisor for many of the products offered through our investment management programs and utilize the services of investment sub- advisers to manage the majority of these assets. A failure in the performance of our due diligence processes and controls related to the supervision and oversight of these firms, as well as errors, fraudulent activity, or noncompliance with relevant securities and other laws and regulations by those firms, could cause us to suffer financial loss, regulatory sanctions or damage to our reputation. We are dependent upon third- party approvals. Many of the investment advisors through which we distribute our investment offerings are affiliated with independent broker- dealers or other networks, which have regulatory responsibility for the advisor' s practice. As part of the regulatory oversight, these broker- dealers or networks must approve the use of our investment products by affiliated advisors within their networks. Failure to receive such approval, or the withdrawal of such approval, could adversely affect the marketing of our investment products. We are dependent on third- party pricing services for the valuation of securities invested in our investment products. The majority of the securities held by our investment products are valued using quoted prices from active markets gathered by external third- party pricing services. Securities for which market prices are not readily available are valued in accordance with procedures applicable to that investment product. These procedures may utilize unobservable inputs that are not gathered from any active markets and involve considerable judgment. If these valuations prove to be inaccurate, our revenues and earnings from assets under management could be adversely affected. Risks Related to Our Legal, Regulatory and Compliance Environment The financial services industry is subject to extensive regulations that impact our business. Legal, regulatory and compliance risk includes the risk of legal or regulatory sanctions, material financial loss including fines, penalties, judgments, damages and / or settlements, or loss to reputation we may suffer as a result of our failure to comply with laws, regulations, rules, related self- regulatory organization standards and codes of conduct applicable to our business activities. This risk also includes contractual and commercial risk, such as the risk that a counterparty' s performance obligations will be unenforceable. It also includes compliance with privacy, anti- money laundering, anti- corruption and terrorist financing rules and regulations. As a major financial services firm, we are subject to extensive regulation by U. S. federal and state regulatory agencies and securities exchanges and by regulators and exchanges in each of the major markets where we conduct our business. Our parent company, SEI Investments Company, is regulated by the FFIEC as a significant service provider to the financial industry and subject to SEC oversight as a publicly traded company. Our various business activities in the United States are conducted through entities such as an investment advisor, broker **-** dealer, commodity pool operator, transfer agent, investment company, national bank and trust company which may be registered with or regulated by the SEC, FINRA, CFTC, NFA, DOL, OCC, and the PA Department of Banking. In addition, some of our foreign subsidiaries are registered with, and subject to the oversight of, regulatory authorities primarily in the United Kingdom, Ireland, Canada, Luxembourg, South Africa, and the Cayman Islands. Many of our clients are subject to substantial regulation by federal and state banking, securities, insurance or employee benefit authorities. Compliance with existing and future regulations, responding to and complying with regulatory activity (new requirements, examinations and supervisory activity) affecting our financial intermediary clients and their service providers could have a significant impact on our operations or business or our ability to provide certain products or services. We offer financial services technology products and services that also are subject to regulation by the federal and state securities and banking authorities, as well as foreign regulatory authorities, where applicable. Existing or future regulations that affect these products could lead to a reduction in sales of these products or an increase in the cost of providing these products. There can also be significant differences in the ways that similar regulatory initiatives affecting the financial services industry are implemented in the United States and in other countries. For example, when adopting rules that are intended to implement a global regulatory standard, a national regulator may introduce additional or more restrictive requirements, which can create competitive disadvantages for financial services firms such as ours that are subject to those enhanced regulations as a consequence of multi-jurisdictional operations. In the United States, the Bank Secrecy Act, as amended by the USA PATRIOT Act of 2001 and the Anti- Money Laundering Act of 2020, imposes significant obligations on financial institutions to detect and deter money laundering and terrorist financing activity, including requiring banks, bank holding companies and their subsidiaries, broker-dealers, futures commission merchants, introducing brokers and mutual funds to implement anti- money laundering programs, verify the identity of customers that maintain accounts, and monitor and report suspicious activity to appropriate law enforcement or regulatory authorities. Outside the United States, applicable laws, rules and regulations similarly require designated types of financial institutions to implement ~~anti-~~ **compliance programs to address regulatory requirements related to** money laundering ~~programs~~ **, financial crime and the financing of terrorist activities** . Failure to implement comprehensive anti- money laundering programs across our globally- regulated businesses poses regulatory risk including fines for noncompliance. We ~~must comply with~~ **are also subject to sanctions, such as regulations and** economic sanctions ~~and embargo~~ programs administered by the **U. S. government, including the U. S. Treasury Department' s** Office of Foreign Assets Control (OFAC) and **the U. S. Department of State, and** similar ~~national and multinational bodies and~~ **sanctions programs imposed by foreign** ~~governmental~~ **governments** ~~agencies outside the United States~~ **or global or regional multilateral organizations. In addition** , ~~as well as~~ **we are subject to** anti- corruption **laws, such as the U. S. Foreign Corrupt Practices Act** and **the U. K. Bribery Act, in the jurisdictions in which we operate.** ~~anti~~ **Anti** - **corruption** ~~money laundering~~ laws **generally prohibit offering, promising, giving or authorizing others to give anything of value, either directly or indirectly, to a government official or private party in order to influence official action or otherwise gain** ~~and -~~ **an** ~~regulations throughout the world~~ **unfair business advantage, such as to obtain or retain business** . We can incur higher costs and face greater compliance risks in structuring and operating our businesses to comply with these requirements. Furthermore, a violation of a sanction or embargo program or anti- corruption or anti- money laundering laws and regulations could subject us and our subsidiaries, and individual employees, to regulatory enforcement actions as well as significant civil and criminal penalties. Our businesses are also subject to privacy and data protection information security legal requirements concerning the use and protection of certain personal information. These include those adopted pursuant to the Gramm- Leach-Bliley Act and the Fair and Accurate Credit Transactions Act of 2003 in the United States, the General Data Protection Regulation (GDPR) in the EU, Canada' s Personal Information Protection and Electronic Documents Act, the Cayman Islands' Data Protection Law, and various other laws. Privacy and data security legislation is a priority issue in many states and localities in the United States, as well as foreign jurisdictions outside of the EU. These laws impose mandatory privacy and data protection obligations, including providing for individual rights, enhanced governance and accountability requirements and significant fines and litigation risk for noncompliance. Many other jurisdictions have adopted or are proposing to adopt standards similar to the GDPR. In addition, several jurisdictions have enacted or proposed personal data localization requirements and restrictions on cross- border transfer of personal data that may restrict our ability to conduct business in those jurisdictions or create additional financial and regulatory burdens to do so. Many aspects of our businesses are subject to legal requirements concerning the use and protection of certain customer information. These include those adopted pursuant to the Gramm- Leach- Bliley Act and the Fair and Accurate Credit Transactions Act of 2003 in the U. S., as well as the privacy and cybersecurity laws referenced above. We have adopted measures designed to comply with these and related applicable requirements in all relevant jurisdictions. Well- publicized allegations involving the misuse or inappropriate sharing of personal information have led to expanded governmental scrutiny of practices relating to the use or sharing of personal data by companies in the United States and other countries. That scrutiny has in some cases resulted in, and could in the future lead to, the adoption of stricter laws and regulations relating to the use and sharing of personal information. These types of laws and regulations could prohibit or significantly restrict financial services firms from sharing information among affiliates or with third parties such as vendors, and thereby increase compliance costs, or restricting the use of personal data when developing or offering products or services to customers. These restrictions could inhibit our development or marketing of certain products or services, or increase the costs of offering them to customers. The fees and assessments imposed on our regulated subsidiaries by federal, national, state and foreign regulatory authorities could have a significant impact on us. The frequency and scope of regulatory reform in the current regulatory environment may lead to an increase in fees and assessments resulting in increased expense, or an increase or change in regulatory requirements which could affect our operations and business **. A failure to address conflicts of interest appropriately could adversely affect our business and reputation. As a global financial services firm that provides products and services to a diversified group of clients, including public and private entities, financial institutions and individuals, we face potential conflicts of interest in the normal course of business. For example, potential conflicts can occur when there is a divergence of interests between us and a client, among clients, between an employee on the one hand and us or a client on the other, or situations in which we may be a creditor of a client. Moreover, we utilize multiple business channels, including those resulting from our acquisitions, and continue to enhance the collaboration across business segments, which may heighten the potential conflicts of interest or the risk of improper sharing of information. We have policies, procedures and controls that are designed to identify and address potential conflicts of interest, and we utilize various measures, such as the use of disclosure, to manage these potential conflicts. However, identifying and mitigating potential conflicts of interest can be complex and challenging and can become the focus of media and regulatory scrutiny. It is possible that potential conflicts could give rise to litigation or enforcement actions, which may lead to our clients being less willing to enter into transactions in which a conflict may occur and could adversely affect our businesses and reputation** . Our investment management operations may subject us to legal liability for client losses. Our fund and trust management and administration operations are complex activities and include functions such as recordkeeping and accounting, security pricing, corporate actions processing, compliance with investment restrictions, daily net asset value computations, account reconciliations, and required distributions to fund shareholders. Failure to properly perform operational tasks or the misrepresentation of our services and products could subject us to regulatory sanctions, penalties or litigation and result in reputational damage, liability to clients, and the termination of investment management or administration agreements and the withdrawal of assets under our management. In the management and administration of funds and client accounts, we use models and other tools and resources to support investment decisions and processes, including those related to risk assessment, portfolio management, trading and hedging activities and product valuations. Errors in the design, function, or underlying assumptions used in these models and tools, particularly if we fail to detect the errors over an extended period, could subject us to claims of a breach of fiduciary duty and potentially large liabilities for make- whole payments, litigation, and / or regulatory fines. We are subject to litigation and regulatory examinations and investigations. The financial services industry faces substantial regulatory risks and litigation. Like many firms operating within the financial services industry, we are experiencing a difficult and continuously evolving regulatory environment across our markets. Our current scale and reach as a provider to the financial services industry, the increased regulatory oversight of the financial services industry generally, new laws and regulations affecting the financial services industry and ever- changing regulatory interpretations of existing laws and regulations, have made this an increasingly challenging and costly regulatory environment in which to operate. Examinations or investigations could result in the identification of matters that may require remediation activities or enforcement proceedings by the regulator. The direct and indirect costs of responding to these examinations, or of defending ourselves in any enforcement investigation or litigation could be significant. Additionally, actions brought against us may result in settlements, awards, injunctions, fines and penalties. Litigation or regulatory action could also harm our reputation with clients and prospects, have an adverse effect on our ability to offer some of our products and services, or impede our ability to maintain operations in certain jurisdictions. Risks Related to Our Business Generally If our management fails to develop and execute effective business strategies, and to anticipate changes affecting those strategies, our results could suffer. Our business strategies significantly affect our results of operations. These strategies relate to: • the products and services we offer; • the geographies in which we operate; • the types of clients we serve; • the counterparties with which we do business; and • the manner in which we deploy our capital resources to take advantage of perceived opportunity in the short and long-term. If management makes choices about these strategies and goals that prove to be incorrect, do not accurately assess the competitive landscape, the head winds and tailwinds affecting our business, or fail to address changing regulatory and market environments, then our growth prospects may suffer and our earnings could decline. Our growth and prospects also depend on management' s ability to develop and execute effective business plans to address these strategic priorities, both in the near term and over longer time horizons. Management' s effectiveness in this regard will affect our ability to develop and enhance our resources, control expenses and return capital to shareholders. Each of these objectives could be adversely affected by any failure on the part of management to: • devise effective business plans and strategies; • effectively implement business decisions; • institute controls that appropriately address the risks associated with business activities and any changes in those activities; • offer products and services that are appropriately priced, meet the changing expectations of clients and customers and are delivered in ways that enhance client satisfaction; • allocate capital in a manner that promotes long- term stability to enable us to build and invest in market- leading technologies and products, even in a highly- stressed environment; • adequately respond to regulatory requirements; • appropriately address shareholder concerns; • react quickly to changes in market conditions or market structures, or • develop and enhance the operational, technology, risk, financial and managerial resources necessary to grow and manage our business. Additionally, our Board of Directors plays an important role in exercising appropriate oversight of management' s strategic decisions, and a failure by our Board of Directors to perform this function could also impair our results of operations. We may be unable to fully capture the expected value from acquisitions, divestitures, joint ventures, minority stakes or strategic alliances. In connection with past or future acquisitions, divestitures, joint ventures, minority stakes or strategic alliances, we face numerous risks and uncertainties combining, transferring, separating or integrating the relevant businesses, systems and personnel, including the need to combine or separate accounting and data processing systems and management controls and to integrate relationships with clients, trading counterparties and business partners. In the case of joint ventures and minority stakes, we are subject to additional risks and uncertainties because we may be dependent upon, and subject to liability, losses or reputational damage relating to systems, controls and personnel that are not under our control. In addition, conflicts or disagreements between us and any of our joint venture, strategic or minority partners may negatively impact the benefits to be achieved by the relevant venture. There is no assurance that any of our acquisitions or divestitures will be successfully integrated or disaggregated or that any of these transactions or our joint ventures, minority stakes or strategic alliances will yield the anticipated benefits, synergies or objectives. If we are not able to integrate or disaggregate successfully our past and future acquisitions or dispositions, or we do not fully realize the anticipated benefits, synergies or objectives of the transactions that we undertake, there is a risk that our results of operations, financial condition and cash flows may be materially and adversely affected. In addition, acquisitions that expand our geographic footprint often involve additional or increased risks that we may not mitigate, which, in turn could adversely affect our operations and profitability. These risks include, for example: • managing geographically separated organizations, systems and facilities; • integrating personnel with diverse business backgrounds and organizational cultures; • complying with non- U. S. regulatory requirements; • fluctuations in currency exchange rates; • enforcement of intellectual property rights in some non- U. S. countries; • difficulty entering new non- U. S. markets due to, among other things, consumer acceptance and business knowledge of these new markets; and • general economic and political conditions. Growth of our business could increase costs and regulatory risks. Providing a platform for new businesses, integrating acquired businesses, and partnering with other firms involve a number of risks and present financial, managerial, and operational challenges. We may incur significant expenses in connection with further expansion of our existing businesses or in connection with strategic acquisitions or investments, if and to the extent they arise from time to time. Our overall profitability would be negatively affected if investments and expenses associated with such growth are not matched or exceeded by the revenues that are derived from such investment or growth. Expansion may also create a need for additional compliance, risk management and internal control procedures, and often involves the hiring of additional personnel to monitor such procedures. To the extent such procedures are not adequate to appropriately monitor any new or expanded business, we could be exposed to a material loss or regulatory sanction. Moreover, to the extent we pursue strategic acquisitions, we may be exposed to a number of risks, including additional demands on our existing employees; additional or new regulatory requirements, operating facilities and technologies; adverse effects in the event acquired goodwill or intangible assets become impaired; and the existence of liabilities or contingencies not disclosed to or otherwise known by us prior to closing a transaction. These risks could result in decreased earnings and harm to our competitive position in the investment management industry. Certain of our business initiatives, including expansions of existing businesses, may bring us into contact, directly or indirectly, with individuals and entities that are not within our traditional client and counterparty base and may expose us to new asset classes and new markets. These business activities could expose us to new and enhanced risks, greater regulatory scrutiny of these activities, increased credit- related, political and operational risks, and reputational concerns regarding the manner in which these assets are being administered or held. We are exposed to operational risks. We are subject to the risk of loss, or of harm to our reputation, resulting from manual, inadequate or failed processes or systems. We are exposed to operational risk across the full scope of our business activities, including revenue- generating activities (e. g., sales and trading) and support and control groups (e. g., information technology, accounting systems and trade processing). Our businesses are highly dependent on our ability to process and report, on a daily basis, a large number of transactions across numerous and diverse markets and asset classes in many currencies. Operational efficiency is modeled on defined and strict timelines which present inherent risk. In the event of a breakdown or improper operation of systems, human error or improper action by employees or consultants, we could suffer significant financial loss, regulatory sanctions or damage to our reputation. Additionally, we may introduce new products or services or change processes or reporting, including in connection with new regulatory requirements, resulting in new operational risk that we may not fully appreciate or identify. **Notwithstanding evolving technology and technology- based risk and control systems, our products and services ultimately rely on people, including our employees and those of third- parties with which we conduct business. As a result of human error or engagement in violations of applicable policies, laws, or procedures, certain errors or violations are not always discovered immediately by our controls, which are intended to prevent and detect such errors or violations. These can include calculation or input errors, inadvertent or duplicate payments, errors in software or model development or implementation, or errors in judgment, as well as intentional efforts to disregard or circumvent applicable policies, laws, rules or procedures. Human errors and malfeasance, even if promptly discovered and remediated, can result in material losses and liabilities for us. We have devoted significant resources to develop our risk management capabilities and expect to continue to do so in the future. Nonetheless, our risk management strategies, models and processes, including our use of various risk models for assessing market, credit, liquidity and operational exposures and other analysis, may not be fully effective in mitigating our risk exposure in all market environments or against all types of risk, including risks that are unidentified or unanticipated.** The primary responsibility for the management of operational risk is with the business segments; the business managers maintain processes and controls designed to identify, assess, manage, mitigate and report operational risk. Oversight of operational risk is provided by the ~~Operations~~ **Enterprise Risk Management function, the Enterprise** Risk Committee, legal entity boards, jurisdictional risk officers, committees and senior management. This governance structure may not adequately assess or address operational risk, which could lead to significant financial loss and reputational harm. Disruptions of operations of other participants in the global financial system could prevent us from delivering our products and services. The operations and systems of many participants in the global financial system are interconnected. Many of the transactions involving our products and services rely on multiple participants in the global financial system to move funds and communicate information to the next participant in the transaction chain. A disruption for any reason of the operations of a participant in the global financial system could impact our ability to obtain or provide information or cause funds to be moved in a manner to successfully deliver our products and services. Although we work with other participants to avoid any disruptions, there is no assurance that such efforts will be effective. Such a disruption could lead to our inability to deliver products and services, reputational damage, lost clients and revenue, loss of clients' and their customers' confidence, as well as additional costs, all of which could have a material adverse effect on our business, results of operations and financial condition. Our businesses may be adversely affected if we are unable to hire and retain qualified employees. Our performance is largely dependent on the talents and efforts of highly- skilled people; therefore, our continued ability to compete effectively in our businesses, to manage our businesses effectively and to expand into new businesses and geographic areas depends on our ability to attract new talented and diverse employees and to retain and motivate our existing employees. Factors that affect our ability to attract and retain such employees include our compensation and benefits, and our reputation as a successful business with a culture of fairly hiring, training and promoting qualified employees. Declines in our profitability, or in the outlook for our future profitability, as well as regulatory limitations on compensation levels and terms, can negatively impact our ability to hire and retain highly- qualified employees. Competition from within the financial services and technology industries and from businesses outside the financial services and technology industries for qualified employees has often been intense. ~~Recently, employment~~ **Employment** markets ~~have~~ **continue to** ~~grown~~ - **grow** in competitive intensity leading to higher costs. Changes in law or regulation in jurisdictions in which our operations are located that affect taxes on employees' income, or the amount / composition of compensation, may also adversely impact our ability to hire and retain qualified employees in those jurisdictions. As a global financial services and technology company, we are subject to limitations on compensation practices (which may or may not affect our competitors) by regulators worldwide. These limitations, including any imposed by or as a result of future legislation or regulation, may require us to alter our compensation practices in ways that could adversely affect our ability to attract and retain talented employees. Our operations depend on the competence and integrity of our employees and third parties. Our ability to operate our businesses efficiently and profitably, and to offer products and services that meet the expectations of our clients, is highly dependent on the competence and trustworthiness of our employees and contractors, as well as those of third parties on which our operations rely, including vendors, custodians and financial intermediaries. Our businesses could be materially and adversely affected by a significant operational breakdown or failure, theft, fraud or other unlawful conduct, or other negative outcomes caused by poor judgement, human error or misconduct on the part of one of our employees or contractors or those of a third party on which our operations rely. We are a holding company and, therefore, may not be able to receive dividends or other payments in needed amounts from our subsidiaries. We are organized as a holding company, a legal entity separate and distinct from our operating entities. As a holding company without significant operations of its own, our principal assets are the shares of capital stock of our subsidiaries. We rely on dividends and other payments from these subsidiaries to meet our obligations for paying dividends to shareholders, repurchasing our common stock and paying corporate expenses. Certain of our subsidiaries are subject to regulatory requirements of the jurisdictions in which they operate or other restrictions that may limit the amounts those subsidiaries can pay in dividends or other payments to us. No assurance can be given that there will not be further changes in law, regulatory actions, or other circumstances that could restrict the ability of our subsidiaries to pay dividends or otherwise make payment to us. Furthermore, no assurance can be given that our subsidiaries may be able to make timely payments to us in order for us to meet our obligations. Changes in, or interpretation of, accounting principles could affect our revenues and earnings. We prepare our consolidated financial statements in accordance with generally accepted accounting principles. A change in these principles can have a significant effect on our reported results and may even retrospectively affect previously reported results (See Note 1 to the Consolidated Financial Statements for more information). Changes in, or interpretations of, tax rules and regulations may adversely affect our effective tax rates. Unanticipated changes in our tax rates could affect our future results of operations. Our future effective tax rates could be adversely affected by changes in tax laws or the interpretation of tax laws. We are subject to possible examinations of our income tax returns by the Internal Revenue Service and state and foreign tax authorities. We regularly assess the likelihood of outcomes resulting from these examinations to determine the adequacy of our provision for income taxes; however, there can be no assurance that the final determination of any examination will not have an adverse effect on our operating results or financial position. Currency fluctuations could negatively affect our future revenues and earnings as our business grows globally. We operate and invest globally to expand our business into foreign markets. Our foreign subsidiaries use the local currency as the functional currency. As these businesses evolve, our exposure to changes in currency exchange rates may increase. Adverse movements in currency exchange rates may negatively affect our operating results, liquidity, contract values and financial condition. Changes in interest rates may affect the value of our fixed-income investment securities. We own Government National Mortgage Association (GNMA) mortgage- backed securities for the sole purpose of satisfying applicable regulatory requirements imposed on our wholly- owned limited purpose federal thrift subsidiary, SPTC. The valuations of these securities are impacted by fluctuations in interest rates. The effect of a rising interest rate environment may negatively impact the value of these securities and thereby negatively affect our financial position and earnings. We are subject to financial and non- financial covenants which may restrict our ability to manage liquidity needs. Our $ 325. 0 million five- year senior unsecured revolving credit facility (Credit Facility) contains financial and non- financial covenants. The non- financial covenants include restrictions on our ability to execute transactions with affiliates other than wholly- owned subsidiaries or to incur liens or certain types of indebtedness as defined in the agreement. In the event of default, we have restrictions on paying dividends and repurchasing our common stock. We have one financial covenant, the Leverage Ratio, which restricts the level of indebtedness we can incur to a maximum of 2. 25 times earnings before interest, taxes, depreciation and amortization (EBITDA). We believe our primary risk is with the financial covenant if we were to incur significant unexpected losses that would impact the EBITDA calculation. This would increase the Leverage Ratio and restrict the amount we could borrow under the Credit Facility. A restriction on our ability to fully utilize our Credit Facility may negatively affect our operating results, liquidity and financial condition. We may become subject to stockholder activism efforts that each could cause material disruption to our business. Certain influential institutional investors and hedge funds have taken steps to involve themselves in the governance and strategic direction of certain companies due to governance or strategic related disagreements between such companies and such stockholders. If we become subject to such stockholder activism efforts, it could result in substantial costs and a diversion of management' s attention and resources, which could harm our business and adversely affect the market price of our common stock. In addition, third party organizations that place ESG ratings on companies may create brand impact as a result of a rating that we do not control. We rely on our executive officers and senior management. Most of our executive officers and senior management personnel do not have employment agreements with us. The loss of these individuals may have a material adverse effect on our future operations. ~~The departure of the United Kingdom from the European Union could negatively affect our business, results of operations and operating model. It remains uncertain how the departure of the United Kingdom from the European Union (EU), which is commonly referred to as " Brexit, " will, ultimately, affect financial services firms that conduct substantial operations in the EU from legal entities that are organized in or operating from the United Kingdom. Legislation and regulations enacted as a consequence of Brexit, as well as political tensions between the EU and the United Kingdom as a consequence of Brexit, could lead to declines in market liquidity and activity levels, volatile market conditions, a contraction of available credit, changes in interest rates or exchange rates, weaker economic growth and reduced business confidence all of which could adversely impact our business. Given the potential negative disruption to regional and global financial markets, and depending on the extent to which we may be required to make material changes to our EU operations beyond those currently planned, our results of operations and business prospects could be negatively affected.~~ We may incur losses if our risk management and business continuity strategies, models and processes are not fully effective in mitigating our risk exposures in all market environments or against all types of risk. We seek to monitor and control our risk exposure through a risk and control framework encompassing a variety of separate but complementary financial, credit, operational, compliance and legal reporting systems, internal controls, management review processes and other mechanisms. Our risk management process seeks to balance our ability to profit from our business activities, with our exposure to potential losses and liabilities. While we employ a broad and diversified set of risk monitoring and risk mitigation techniques, those techniques and the judgments that accompany their application cannot anticipate every economic and financial outcome or the specifics and timing of such outcomes. As our businesses change and grow, and the markets in which we operate evolve, our risk management strategies, models and processes may not always adapt with those changes. Some of our methods of managing risk are based upon our use of observed historical market behavior and management' s judgment. As a result, these methods may not predict future risk exposures, which could be significantly greater than the historical measures indicate. In addition, the use of models in connection with risk management and numerous other critical activities presents risks that such models may be ineffective, either because of poor design or ineffective testing, improper or flawed inputs, as well as unpermitted access to such models resulting in unapproved or malicious changes to the model or its inputs. Market conditions in recent years have involved unprecedented dislocations and highlight the limitations inherent in using historical data to manage risk. Thus, we may, in the course of our activities, incur losses. Despite the business contingency, disaster recovery and security response plans we have in place, there can be no assurance that such plans will fully mitigate all potential risks to us. Our ability to conduct business may be adversely affected by a disruption in the infrastructure that supports our business and the communities where we are located, which are concentrated in the Philadelphia metropolitan area, London and Dublin. This may include a disruption involving physical site access, cyber or information security incidents, terrorist activities, disease pandemics, catastrophic events, natural disasters, severe weather events, electrical outage, environmental hazard, computer servers, communications or other services used by us or third parties with whom we conduct business. Although we employ backup systems for our data, those backup systems may be unavailable following a disruption, the affected data may not have been backed up or may not be recoverable from the backup, or the backup data may be costly to recover, which could adversely affect our business. We may incur losses as a result of unforeseen or catastrophic events, including the emergence of a pandemic, extreme weather events or other natural disasters. The occurrence of unforeseen or catastrophic events, including the emergence of a pandemic, extreme terrestrial or solar weather events or other natural disasters, could create economic and financial disruptions, and could lead to operational difficulties (including travel limitations) that could impair our ability to manage our businesses and may adversely affect our operations, financial condition, and results of operations. The ~~COVID- 19 pandemic has impacted and may continue to impact our business operations, including our employees, customers, partners and communities, and there is substantial uncertainty in the nature and degree of its continued effects over time. The COVID- 19 pandemic and governmental responses to the pandemic have had, and continue to have, a severe impact on global economic conditions, including: • significant disruption and volatility in the financial markets, • disruption of global supply chains, • closures of many businesses, leading to loss of revenues and increased unemployment, and • the potential to cause the institution of social distancing and sheltering- in- place requirements in the United States and other countries. Although global economic conditions have been improving with the changing nature of the COVID- 19 pandemic, any ongoing negative economic impacts arising from the pandemic or any prolongation or worsening of the pandemic, including as a result of additional waves or variants of the COVID- 19 disease or the emergence of other diseases that have similar outcomes, could have significant adverse effects on our businesses, results of operations and financial condition. The~~ extent to which **an event** ~~the COVID- 19 pandemic~~ negatively affects our businesses, results of operations and financial condition, as well as its regulatory capital and liquidity ratios, will depend on future developments that are uncertain and cannot be fully predicted, including: • the ultimate scope and duration of the ~~pandemic~~ **event** ; • the effectiveness and acceptance of vaccines, other treatments, and their availability in certain regions; • actions taken by governmental authorities and other third parties in response to the ~~pandemic~~ **event** ; and • the effect that the **event** ~~pandemic or any prolongation of the pandemic~~ may have on the pace of economic growth, inflation and the cost of the labor market. Increased geopolitical unrest and other events could adversely affect the global economy or specific international, regional and domestic markets, which may cause our revenue and earnings to decline. Geopolitical risks, including those arising from trade tension and / or the imposition of trade tariffs, European fragmentation, **military conflicts** ~~unrest in the Middle East~~ and terrorist activity, political conflict and economic sanctions involving Russia, China and other countries, as well as acts of civil or international hostility, are increasing. In particular, the military conflict ~~and escalating tensions~~ between Russia and Ukraine **, the war between Israel and Hamas in the Gaza region, and the attacks on Western military and commercial targets in the Middle East and related reprisals,** have **resulted in** and may continue to **increase** ~~result in~~ geopolitical instability and adversely affect the global economy or specific markets, which could continue to have an adverse impact or cause volatility in the financial services industry generally or on our results of operations and financial conditions. In addition, these geopolitical tensions can cause an increase in volatility in commodity and energy prices, creating supply chain issues, and causing instability in financial markets. Sanctions imposed by the United States and other countries in response to such conflict could further adversely impact the financial markets and the global economy, and any economic countermeasures by the affected countries or others, could exacerbate market and economic instability. While we do not have any operations in Russia or any clients with significant Russian operations and we have minimal market risk related to securities of companies either domiciled or operating in Russia, the specific consequences of the conflict in Ukraine and its potential spread on our business is difficult to predict at this time. In addition to inflationary pressures affecting our operations, we, and the infrastructure we rely upon, may also experience an increase in cyberattacks against us and our third- party service providers from Russia or its allies. Any such events, and responses thereto, may cause significant volatility and declines in the global markets, disruptions to commerce (including to economic activity, travel and supply chains), loss of life and property damage, and may adversely affect the global economy or capital markets, as well as our products, clients, vendors and employees, which may cause our revenue and earnings to decline. Our exposure to geopolitical risks may be heightened to the extent such risks arise in countries in which we currently operate or are seeking to expand our presence. Climate change concerns and incidents could disrupt our businesses, adversely affect the profitability of certain of our investments, adversely affect client activity levels, adversely affect the creditworthiness of our counterparties, or damage our reputation **. There continues to be increasing concern over the risks of climate change and related environmental sustainability matters** . Climate change may cause extreme weather events that disrupt operations at one or more of our or our customer' s or client' s locations, which may negatively affect our ability to service and interact with our clients, and also may adversely affect the value of certain of our investments, including our real estate investments. Climate change, as well as uncertainties related to the transition to a lower carbon dependent economy, may also have a negative impact on the financial condition of our clients, which may decrease revenues from those clients and increase the credit risk associated with loans and other credit exposures to those clients. Additionally, our reputation and client relationships may be damaged as a result of our involvement, or our clients' involvement, in certain industries or projects associated with causing or exacerbating climate change, as well as any decisions we make to continue to conduct or change our activities in response to considerations relating to climate change. New regulations or guidance relating to climate change and the transition to a lower carbon dependent economy, as well as the perspectives of legislative bodies, shareholders, employees and other stakeholders regarding climate change, may affect whether and on what terms and conditions we engage in certain activities or offer certain products, as well as impact our business reputation and efforts to recruit and retain employees and customers. **The risks associated with, and the perspective of regulators, governments, shareholders, employees and other stakeholders regarding, climate change are continuing to evolve rapidly, which can make it difficult to assess the ultimate impact on us of climate change- related risks and uncertainties. We are subject to risks relating to environmental, social, and governance (ESG) matters that could adversely affect our reputation, business, financial condition, and results of operations, as well as the price of our stock. We are subject to increasing scrutiny from clients, investors, regulators, elected officials, shareholders and other stakeholders with respect to ESG matters. Our various stakeholders hold diverse and often conflicting views on ESG topics, including the role of ESG in the investment process. This increases the risk that any action or lack thereof with respect to ESG matters will be perceived negatively by at least some stakeholders. Views on ESG practices, particularly those related to climate issues, have also become political issues, which can amplify these risks. Any adverse publicity or reaction in connection with ESG issues could damage our reputation, ability to attract and retain clients and employees, compete effectively, and grow our business. A growing interest on the part of investors and regulators in ESG factors, and increased demand for, and scrutiny of, ESG- related disclosures by companies and asset managers, has increased the risk that we could be accused of making inaccurate or misleading statements regarding our ESG efforts or initiatives, commonly referred to as " greenwashing. " Further, certain government officials have suggested that ESG-related investing practices may result in breaches of fiduciary duty or violations of law, including antitrust laws. Such perceptions or accusations could damage our reputation, result in litigation or regulatory enforcement actions, and adversely affect our business. Regardless of the outcome of any governmental enforcement or litigation matter, responding to such matters is time- consuming and expensive and can divert the attention of senior management. Certain U. S. states have adopted laws or regulations that provide that asset managers that have adopted policies that restrict investing in certain industries or sectors, such as traditional energy, may not be permitted to manage money belonging to these states and their pension funds. If such a state deems our policies to contain such restrictions, whether accurate or not, it could impair our ability to access capital from certain clients and investors. A lack of harmonization globally in relation to ESG laws and regulations leads to a risk of fragmentation across global jurisdictions. This may create conflicts across our global business, which could impact our competitiveness in the market and damage our reputation resulting in a material adverse effect on our business. We may, from time to time, communicate certain initiatives, targets, or goals regarding environmental matters, diversity, responsible sourcing, or other ESG matters. These initiatives, targets, or goals could be difficult and expensive to implement, and we may not be able to accomplish them within the timelines we announce or at all. Our reputation, business, financial performance, and growth could be adversely affected if stakeholders react negatively to the targets or goals that we set, or if our ESG- related data,**

**processes, and reporting are incomplete or inaccurate, or if we fail to achieve progress with respect to ESG targets or goals.**