

2024

Snapshot on Investment Managers' Sustainability Practices

The Latest Data and Five-Year Trends

★ Segal Marco Advisors

Contents

1	Introduction
3	Key Findings
5	Investment Managers' Support for ESG
8	Environmental Policies and Practices
18	Social Policies and Practices
34	Governance Policies and Practices
49	Author Contact Information
50	About Segal Marco Advisors

Introduction

Many institutional investors consider environmental, social and governance (ESG) factors as part of their investment process. They're interested in ESG, which can provide insight into a company's long-term sustainability.

Since 2020, Segal Marco Advisors' Sustainable Investing Committee has conducted an annual survey of our top 100 managers by client assets to learn about their internal ESG policies and practices.

In July 2024, the Sustainable Investing Committee invited 100 investment firms to participate in this year's survey. The response rate was 75 percent.

The survey questions focused on the firms' policies and practices, not the underlying investments. Each of the surveyed firms has a longer story to tell on sustainability, and this report does not capture the full scope of internal focus on sustainability among investment managers. Instead, the results provide the current state of play on the topics selected by Segal Marco Advisors among the surveyed investment management firms.

The report covers the 2024 findings. It also provides comparative data from the previous four surveys. This report was previously named *Survey of Investment Managers on Internal ESG Policies*. The title was updated in 2024 along with the name change of the ESG Committee to the Sustainable Investing Committee.



Key Findings

These are among the key findings of the 2024 *Snapshot on Investment Managers' Sustainability Practices*:

- Support for ESG is strong.
- Most firms have not made a net-zero commitment.
- Close to two-thirds of firms track their emissions.
- Although most firms do not have a majority of their offices in LEED-certified buildings, the trend is moving in that direction.
- While most firms continue to allow remote or hybrid work, there's an increase in the percentage of firms returning to the office.
- White men are still the majority in firms' workforces.
- Diversity is increasing among new hires, leadership and firms' boards of directors.
- More firms are giving employees an opportunity to gain an ownership stake.



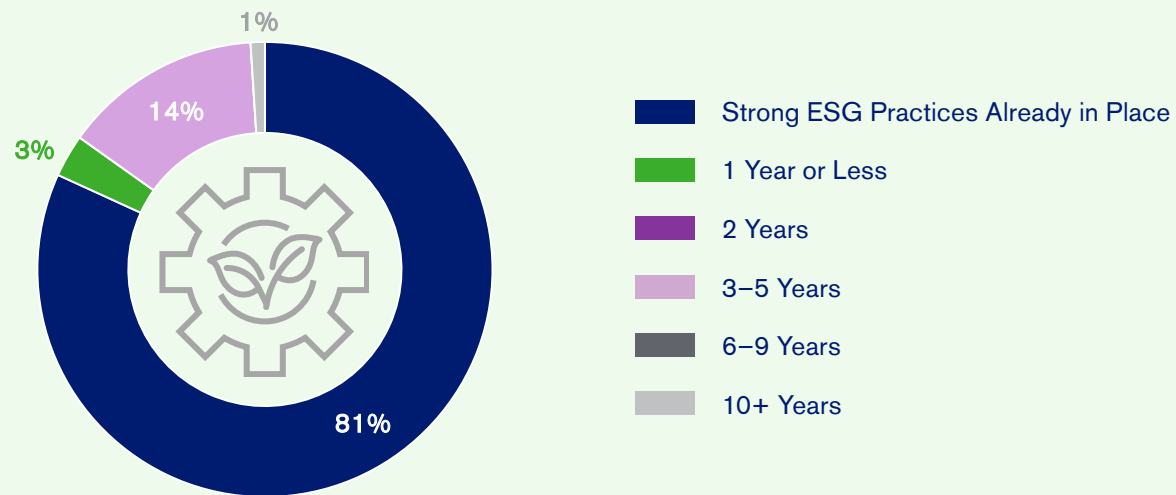


Investment Managers' Support for ESG

We asked investment managers, "How many years do you estimate it will take for your firm to achieve strong internal ESG business practices?" A large majority of respondents (81 percent) said strong ESG policies and practices are already in place at their firms. That represents an increase from last year's response of 78 percent.

A majority of firms make their ESG data publicly available.

More than Three-Quarters of Investment Managers Surveyed Say They Have Strong ESG Practices; Most of the Remaining Firms Think It Will Take as Many as Five Years to Reach That Point*



* The total exceeds 100% due to rounding.

Source: Segal Marco Advisors' 2024 *Snapshot on Investment Managers' Sustainability Practices*

Over Half of Firms Publish Detailed, Regular ESG Reports That Are Publicly Accessible*



* The total exceeds 100% due to rounding.

Source: Segal Marco Advisors' 2024 *Snapshot on Investment Managers' Sustainability Practices*

To gauge whether and to what extent our top managers have been impacted by the wave of anti-ESG sentiment in particular regions of the country, we included several new questions in the 2024 survey. Their responses indicate steady if not growing conviction in the utility of ESG data:

- More than three-quarters of respondents (76 percent) reported that ESG factors are essential, while 21 percent reported they are nice to have. No respondent replied that they are unnecessary. A few of the surveyed firms (3 percent) chose not to answer the question.
- Similarly, 52 percent said their firm's perspective on the importance of ESG factors had not shifted in the past three years, while 44 percent said ESG has become more important.



Environmental Policies and Practices

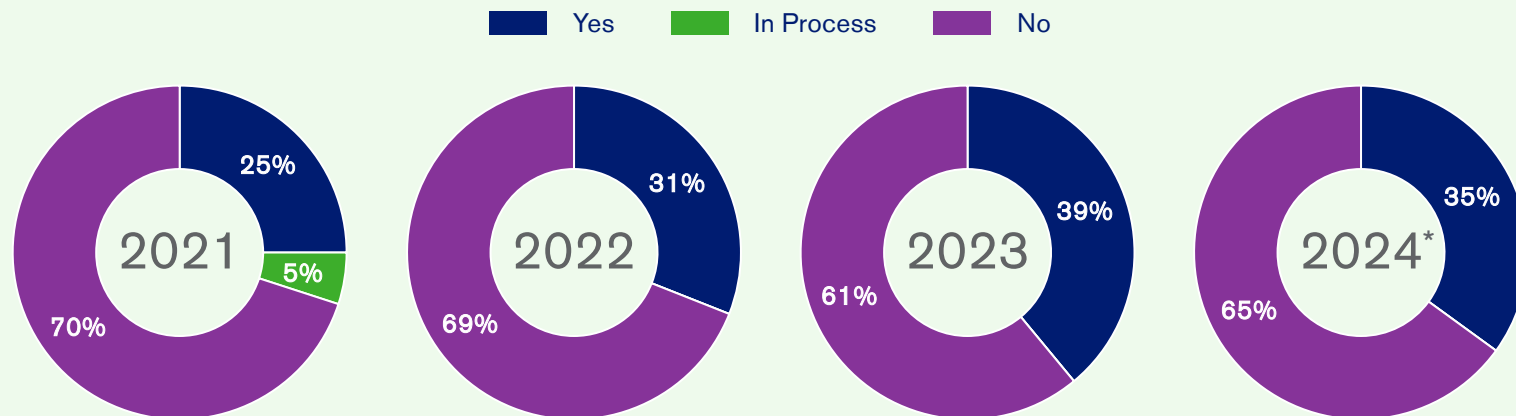
The environmental component of ESG focuses on how companies affect the planet. It encompasses factors such as energy use, carbon emissions and pollution.

Net-zero commitment

A majority of firms have not made a net-zero commitment as of this year. This finding is consistent with the past four surveys. (We first asked the question in 2021.) Moreover, between 2023 and 2024 the percentage of firms that have made a net-zero commitment declined 4 points.

The Percentage of Firms that Have Made a Net-Zero Commitment Increased 10 Points Between 2021 and 2024, but Nearly Twice as Many Firms in 2024 Have Not Made That Commitment as Have Made That Commitment

Has your firm made a net-zero commitment?



* Total does not equal 100% due to rounding.

Source: Segal Marco Advisors' 2021–2024 *Snapshot on Investment Managers' Sustainability Practices*

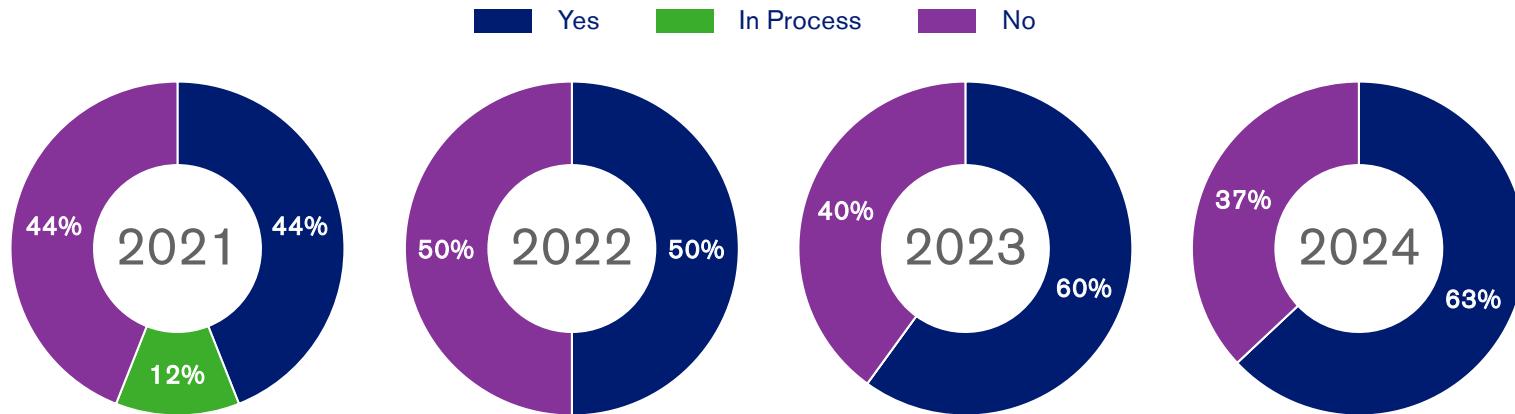
Emissions tracking

Since we started asking about emissions tracking in 2021, there has been a steady increase in the percentage of firms tracking their own emissions. In 2024, close to two-thirds of firms do that, up 1 point from the prior year.

A majority of firms track emissions of at least some companies in which they invest on behalf of their clients. The percentage that do so for all companies in which they invest did not change from 2023 to 2024

Since 2023, a Majority of Firms Have Been Tracking Their Own Emissions

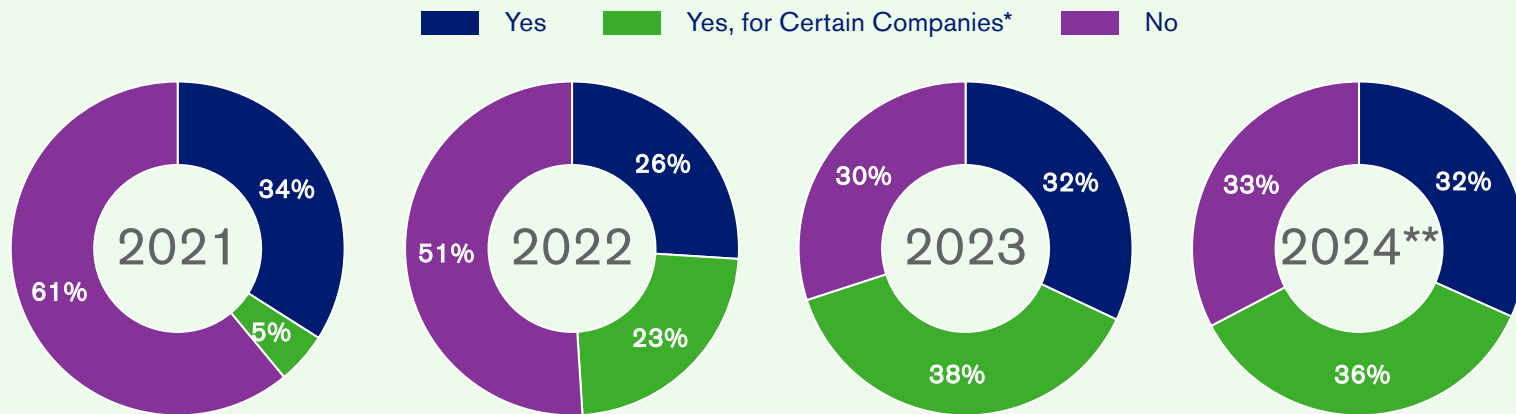
Does your firm track its own emissions?



Source: Segal Marco Advisors' 2021–2024 Snapshot on Investment Managers' Sustainability Practices

The Percentage of Firms Tracking Emissions for Clients Has Been Growing Since 2021, Reaching 66 Percent in 2024

Does your firm track emissions of the companies in which they invest on behalf of clients?



* Tracking is done for specific clients as requested.

** Total does not equal 100% due to rounding.

Source: Segal Marco Advisors' 2021–2024 *Snapshot on Investment Managers' Sustainability Practices*



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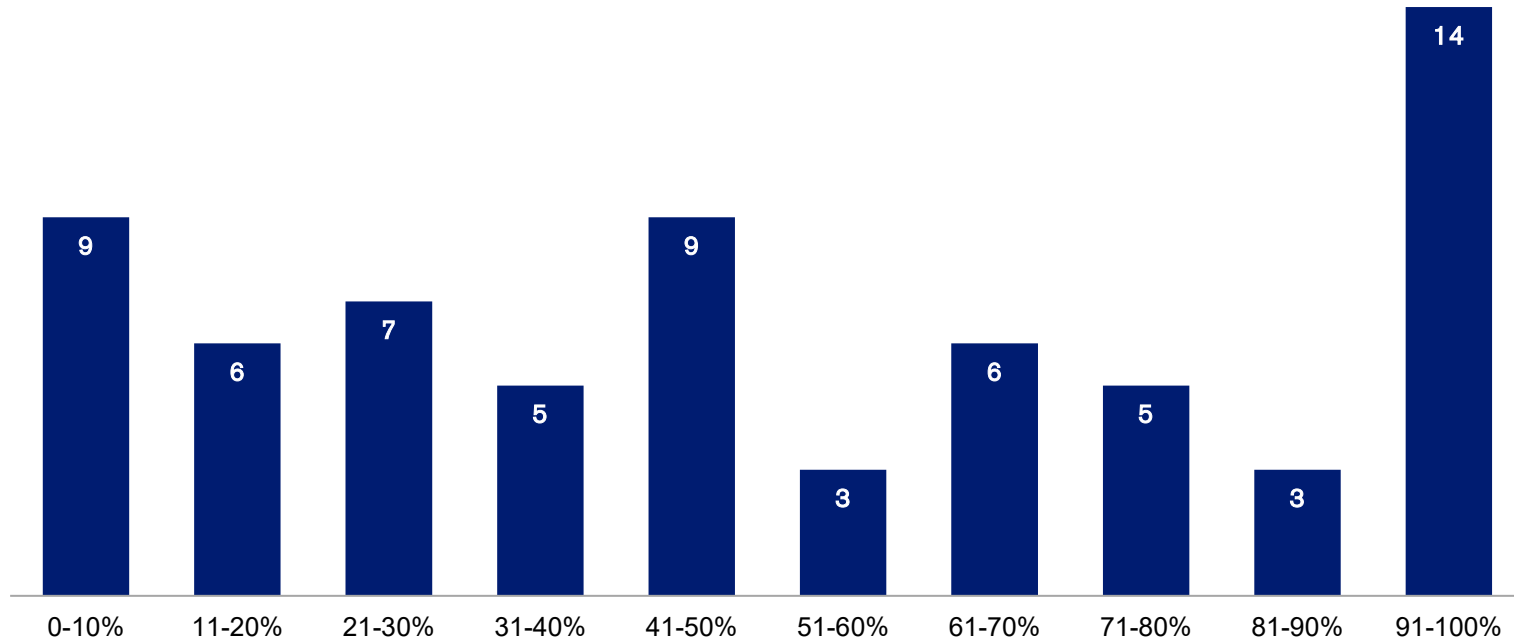
Site : XXX
Turbine : XXX
Model : XXX
Manufacturer : XXX

Installation

Offices in LEED-certified buildings

Although most firms do not have a majority of their offices in LEED-certified buildings, the trend is moving in that direction.

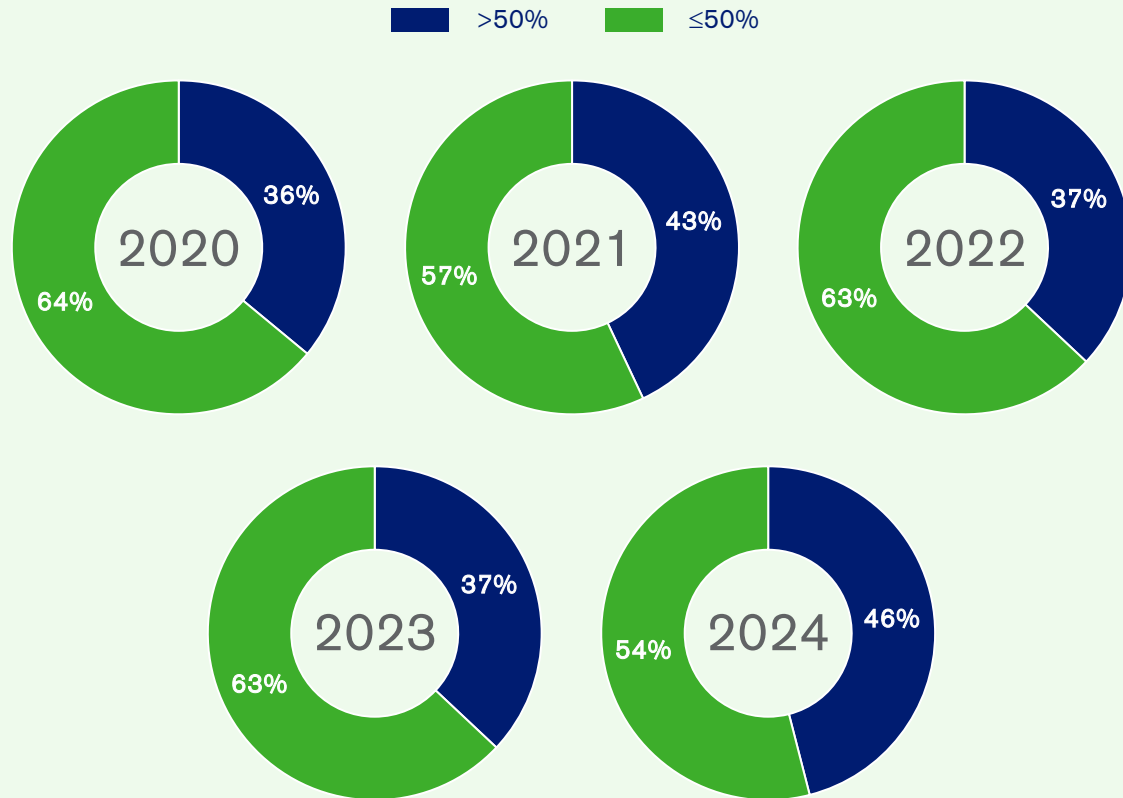
In 2024, Although Just Over Half of Firms Have 50 Percent or Fewer Offices in LEED-Certified Buildings, Just Over One-Fifth of Firms Have More than 90 Percent of Offices in Buildings with That Certification



Source: Segal Marco Advisors' 2024 *Snapshot on Investment Managers' Sustainability Practices*

Between 2023 and 2024, There Was a 9-Point Increase in the Percentage of Firms with at Least 50 Percent of Their Offices in LEED-Certified Buildings

Offices Located in LEED-Certified Buildings



Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*

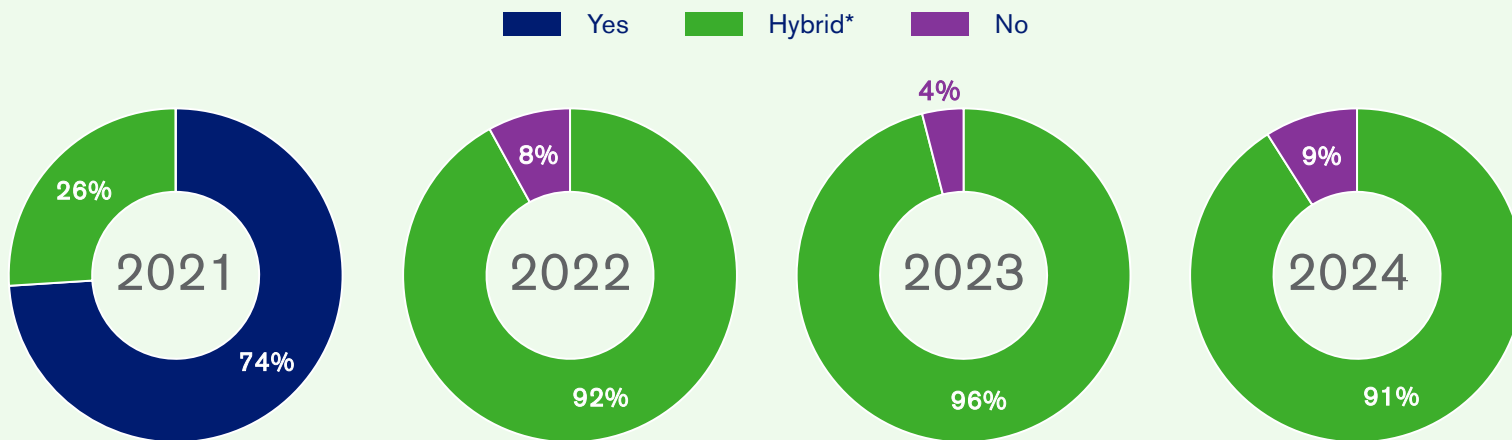


Remote and hybrid work

In the years since the COVID-19 pandemic sent workers to home offices, we've seen most of our top managers maintain policies on remote work. Our 2024 survey reveals that some firms are bucking that trend, with an uptick in the percentage of firms returning to the office: 9 percent of respondents reported staff are no longer working remotely, up from 4 percent last year. All remaining respondents said offices are open and employees work from both there and home. Most firms do not intend to change this policy.

Since the COVID-19 Pandemic, a Large Majority of Firms Have Offered Remote and, Increasingly, Hybrid Work Options

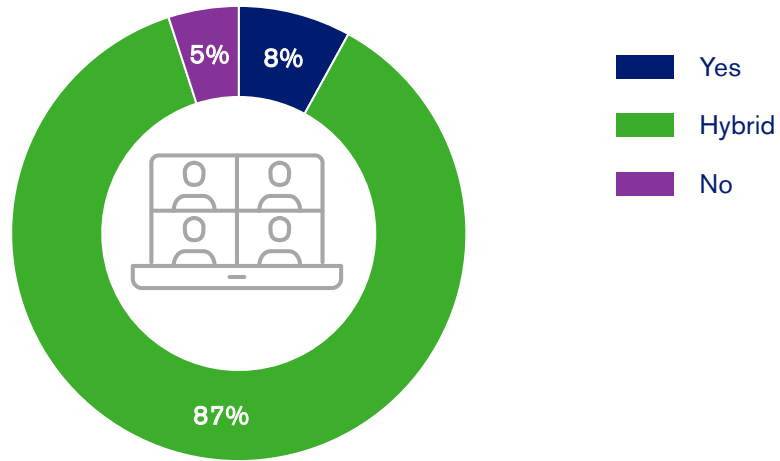
Is your staff working remotely?



* Portion of workforce is working remotely and/or office is open on a voluntary basis.

Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*

A Large Majority of Firms That Allow Remote or Hybrid Work in 2024 Intend to Continue That Policy



Source: Segal Marco Advisors' 2024 *Snapshot on Investment Managers' Sustainability Practices*



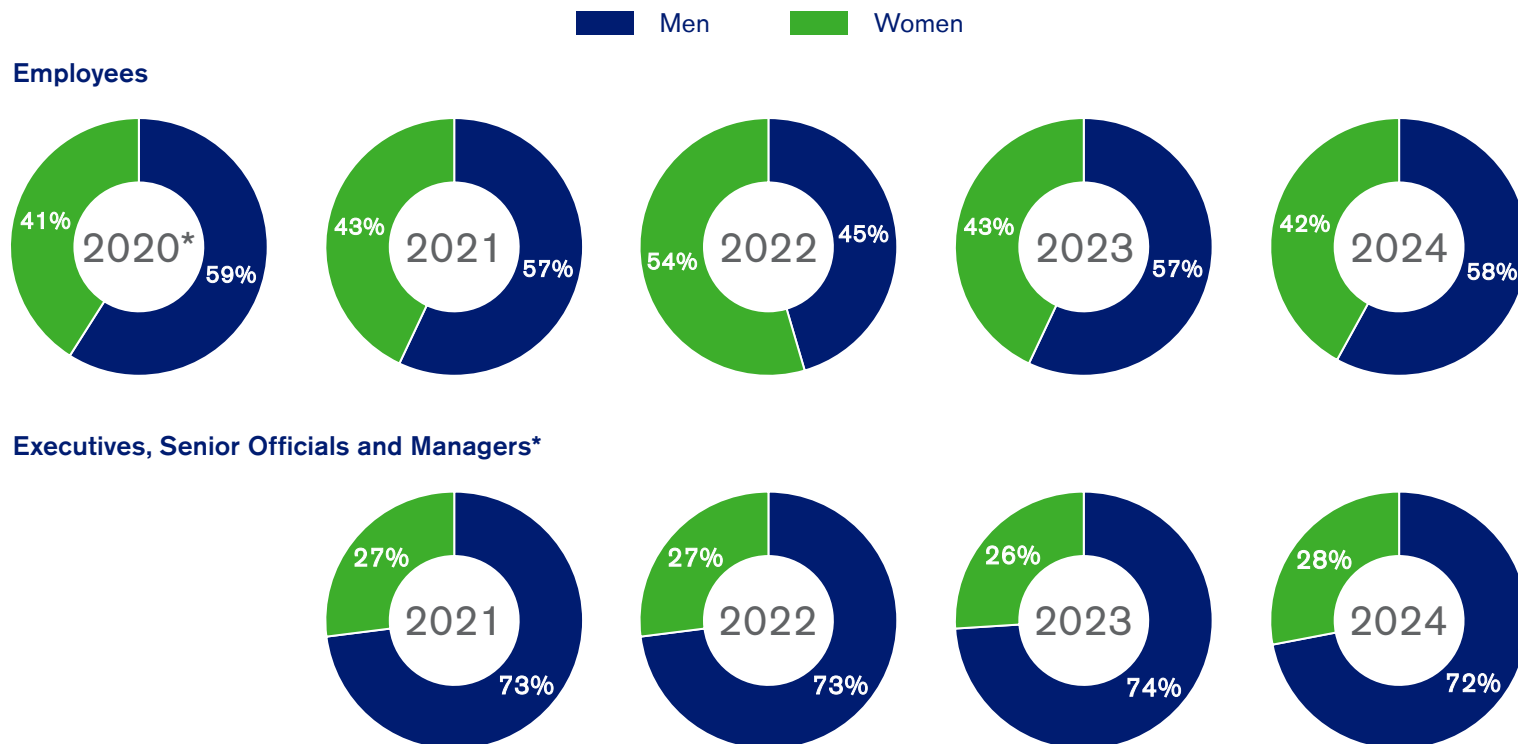
Social Policies and Practices

The social component of ESG covers the impact companies have on people, particularly their employees. It encompasses a range of factors, including workforce polices and opportunities, pay equity and diversity, equity and inclusion (DEI) initiatives.

Workplace demographics

Men continue to represent the majority of the workforce at the surveyed firms. They are 58 percent of employees and 72 percent of executives, senior officials and managers.

Between 2023 and 2024, the Percentage of Women in Firms' Workforces Dropped 1 Point and the Percentage of Women Leaders Increased 2 Points

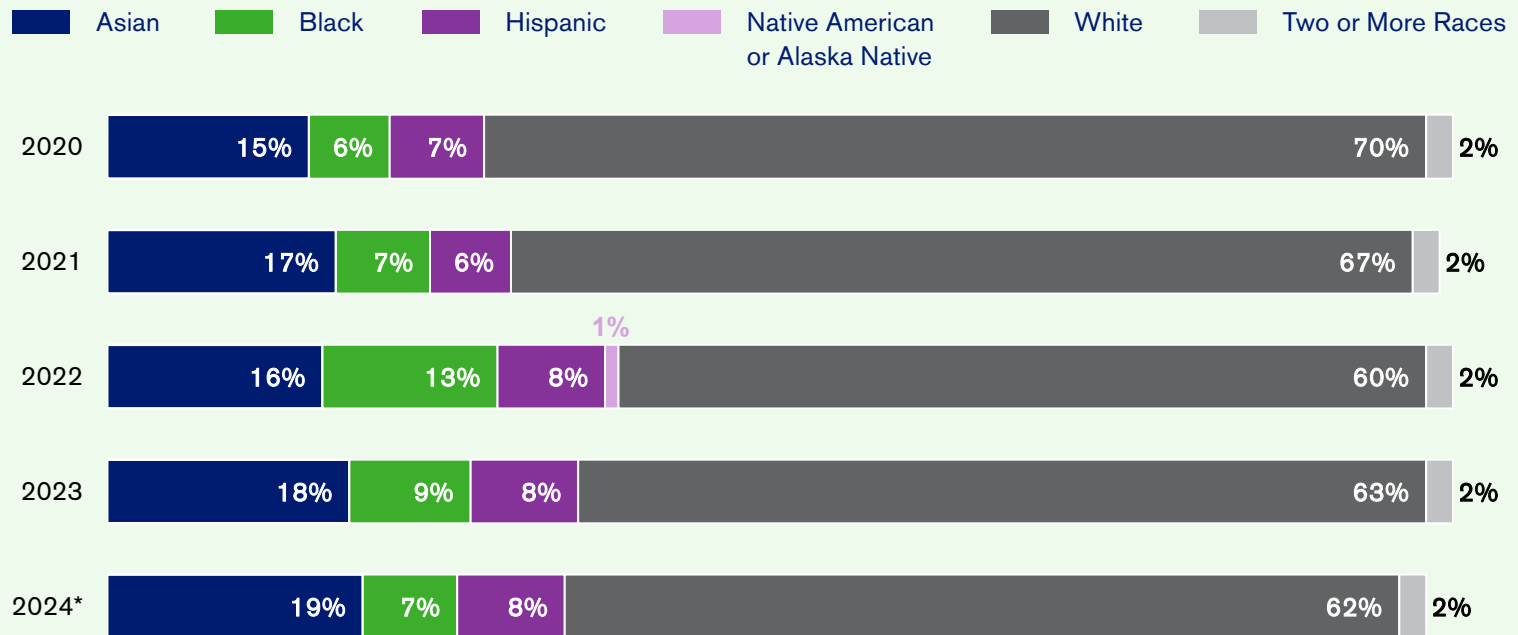


* We did not collect information about executives, senior officials and managers in 2020.

Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*

In 2024, the racial composition of the workforce is similar to 2023. Representation of Black employees has decreased, from 13 percent in 2022 and 9 percent in 2023 to 7 percent in 2024.

Since 2020, the Percentage of the Workforce Who Are White Has Declined, and the Percentage Who Are Asian Has Increased



Note: Fewer than 1% of employees were identified as Native Hawaiian or Pacific Islander.

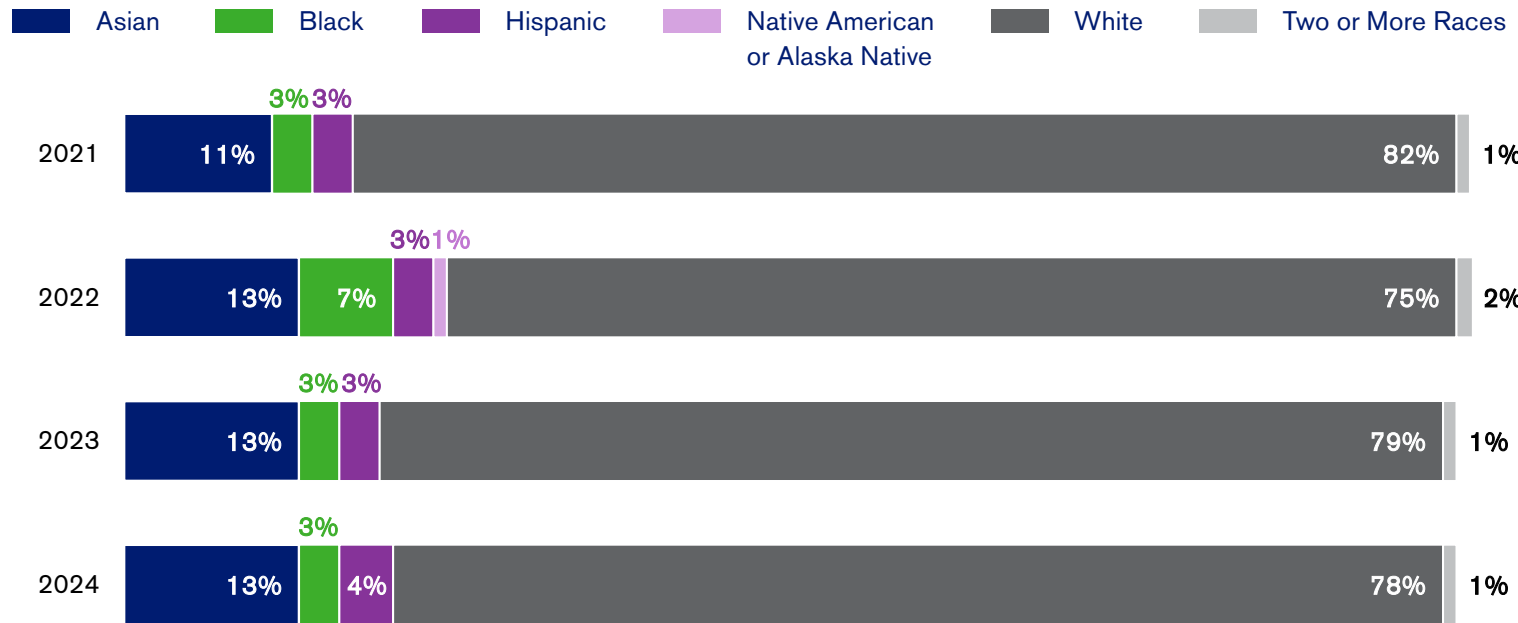
* Total does not equal 100% due to rounding.

Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*



As is the case for women, employees who are racial minorities continue to be underrepresented in senior-level positions. In 2024, all racial minorities represent 22 percent of leaders, which is in line with 2023 data.

The Percentage of Leaders Who Are White Declined 4 Points Since 2021; Among Other Races, Only the Percentage of Leaders Who Are Hispanic Increased 1 Point Between 2023 and 2024



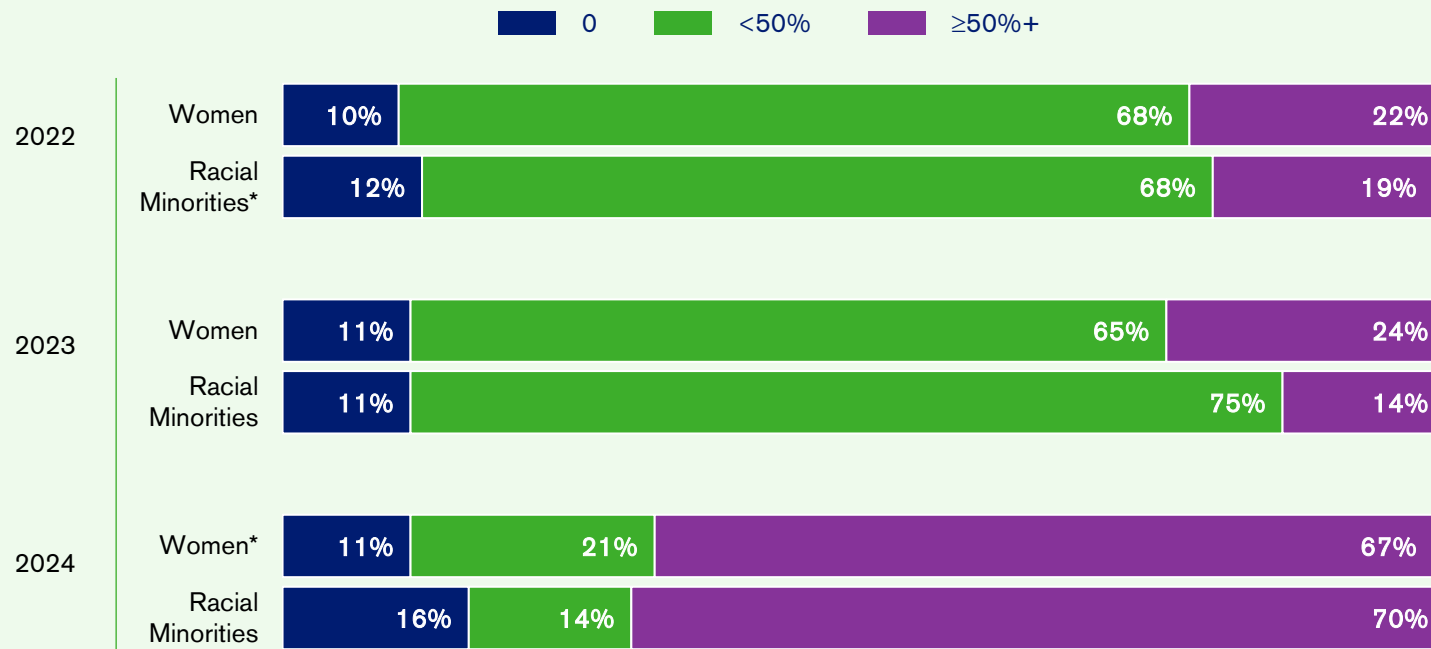
Notes: We did not collect information about executives, senior officials and managers in 2020. Fewer than 1% of the leaders at the surveyed firms were identified as Native Hawaiian or Pacific Islander.

Source: Segal Marco Advisors' 2021–2024 *Snapshot on Investment Managers' Sustainability Practices*

Conversely, there is improvement in terms of diversity of new hires for both women and racial minorities. In 2024, 67 percent of firms reported at least 50 percent of new hires are women and 70 percent are racial minorities, up from under 50 percent in 2022 and 2023.

From 2023 to 2024, the Percentage of Firms Reporting Diversity in New Hires Increased Exponentially

Percent of Diversity New Hires



* Total does not equal 100% due to rounding.

Source: Segal Marco Advisors' 2022–2024 *Snapshot on Investment Managers' Sustainability Practices*

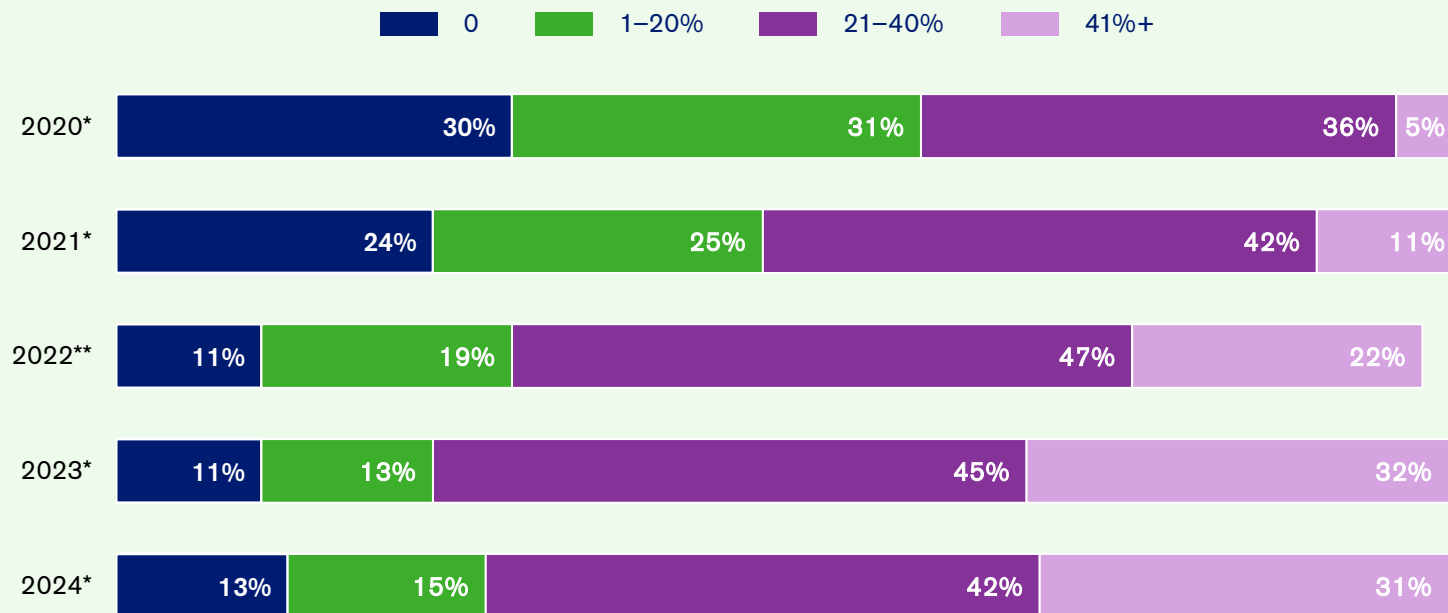


Diversity on boards of directors

There has been a decrease in women on firms' boards of directors. In 2024, 13 percent of firms reported they have no women on their board of directors, up from 11 percent in 2023.

From 2020 to 2023, the Percentage of Firms That Have Women Directors Increased, but Declined in 2024

Percentage of Women Directors



* Total exceeds 100% due to rounding.

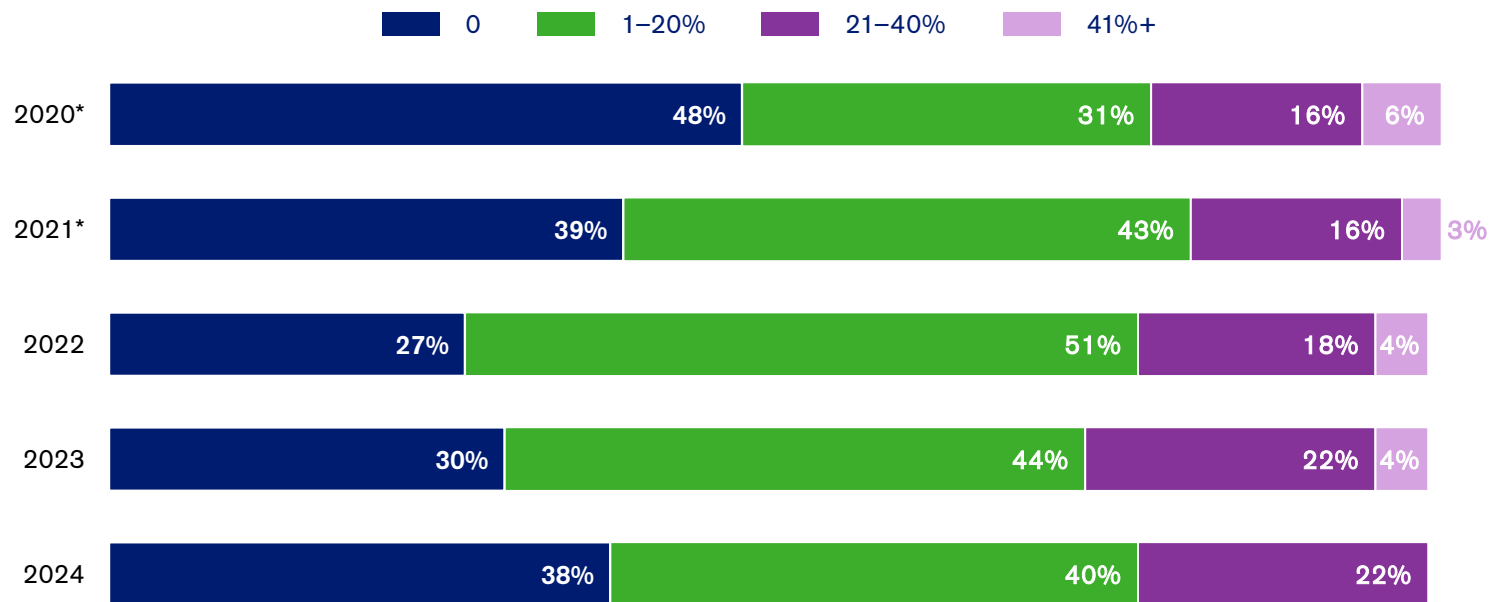
** Total does not equal 100% due to rounding.

Source: Segal Marco Advisors' 2020-2024 *Snapshot on Investment Managers' Sustainability Practices*

In contrast, between 2020 and 2024, the percentage of firms with racial minorities on their boards of directors increased from 52 percent to 62 percent. In 2020, a majority of the firms had fewer than 10 percent of board members who are racial minorities. In 2024, a majority of the firms have 17 percent racial minorities on their boards.

Representation of Racial Minorities on Boards of Directors Has Increased

Percentage of Racial Minorities on the Board of Directors



* Total exceeds 100% due to rounding.

Source: Segal Marco Advisors' 2020-2024 *Snapshot on Investment Managers' Sustainability Practices*

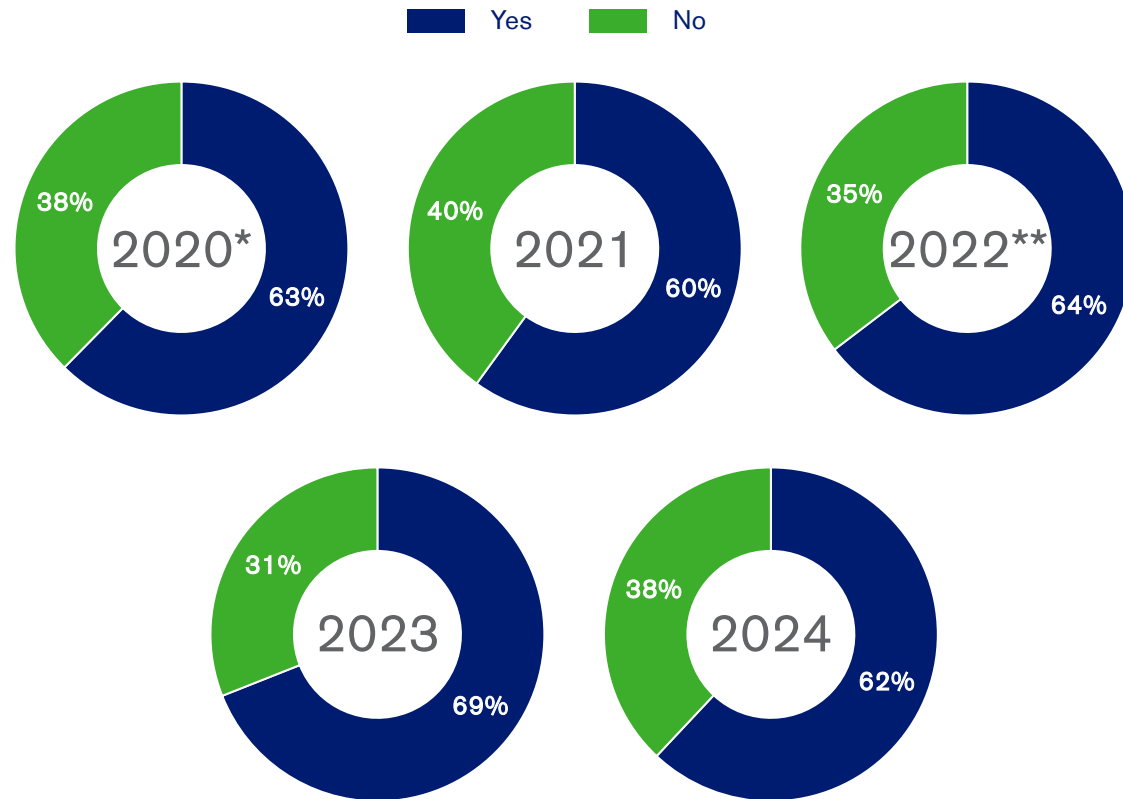


Gender pay equity

In 2024, only 62 percent of firms have assessed gender pay equity. Of those, 75 percent found no pay gap.

Although a Majority of Firms Have Assessed Gender Pay Equity, the Percentage Declined 8 Points Between 2023 and 2024

Has your firm assessed gender pay equity?



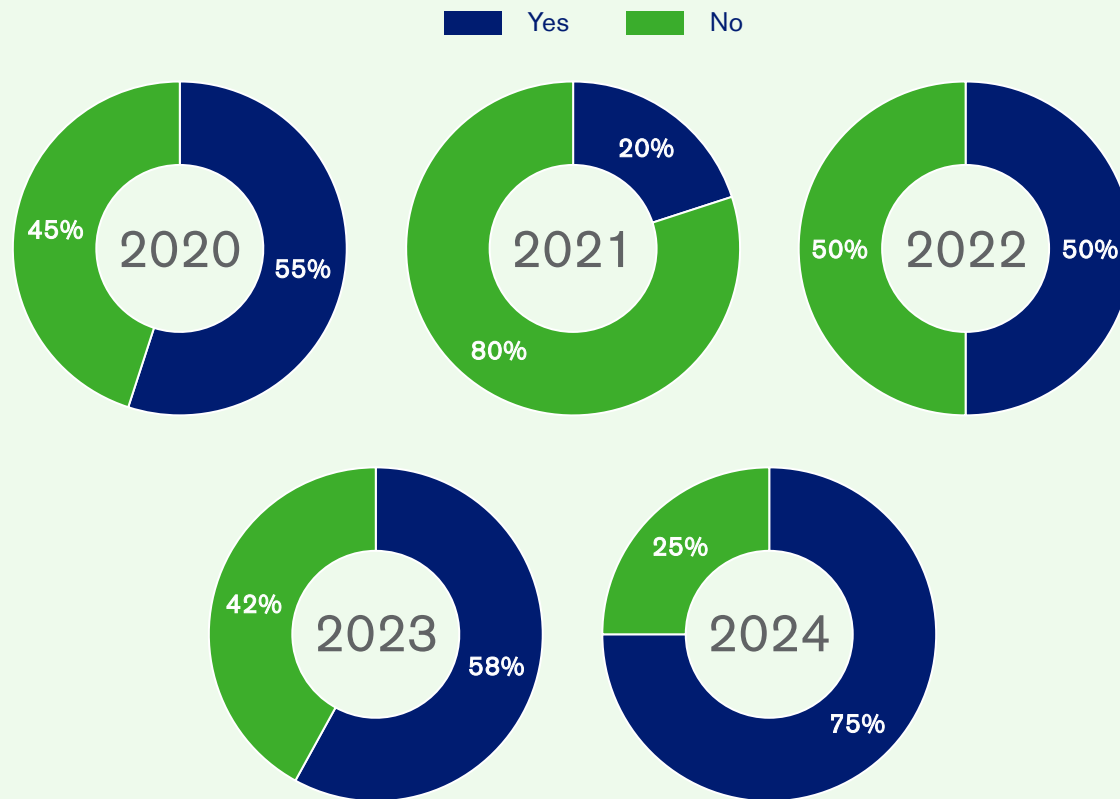
* Total exceeds 100% due to rounding.

** Total does not equal 100% due to rounding.

Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*

The Percentage of Firms with No Gender Pay Gap Increased 17 Points Between 2023 and 2024 to 75 Percent

If your firm assessed gender pay equity, did it find a zero gap?



Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*



DEI and ESG strategy

A large majority of respondents (80 percent) said DEI is integrated into the firm's ESG strategy.

Most Firms Have Partially or Fully Integrated DEI Goals into Their Overall ESG Strategy

DEI is fully integrated and a key component of our ESG strategy.



DEI is partially integrated with specific standalone initiatives.



Including DEI is under consideration but not currently integrated.



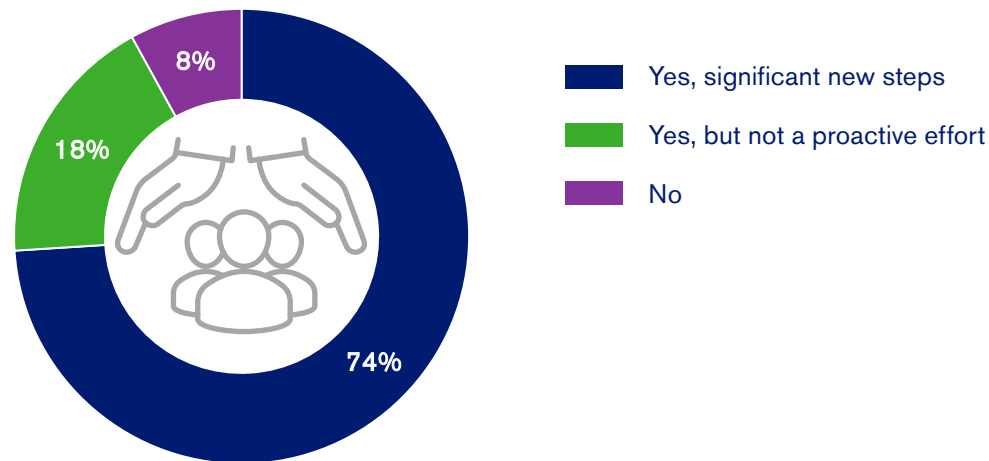
We do not include DEI in our ESG strategy.



Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*

We asked firms whether they had taken any new steps to improve DEI efforts. Nearly three-quarters of the firms that answered the question indicated they have taken significant steps. Perhaps because a large majority of firms have already taken steps, a smaller percentage feel they should be doing more on DEI. Looking ahead, most respondents indicated they feel their firms will be making DEI more of a priority in the future.

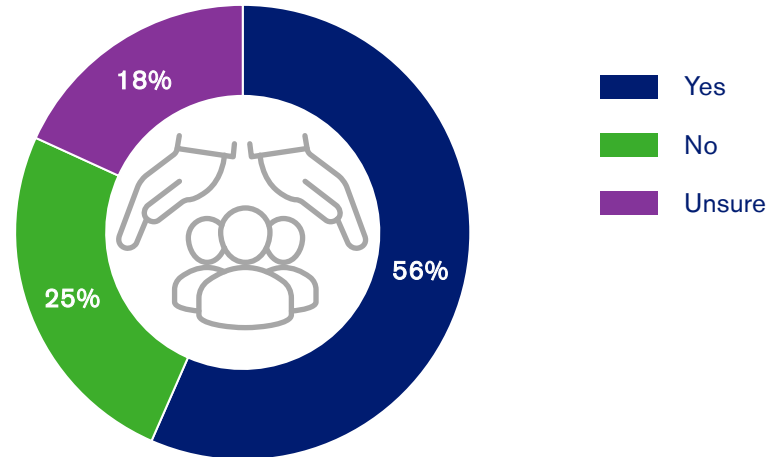
Most Firms Say They Have Taken Significant New Steps to Improve Their DEI Efforts



Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*



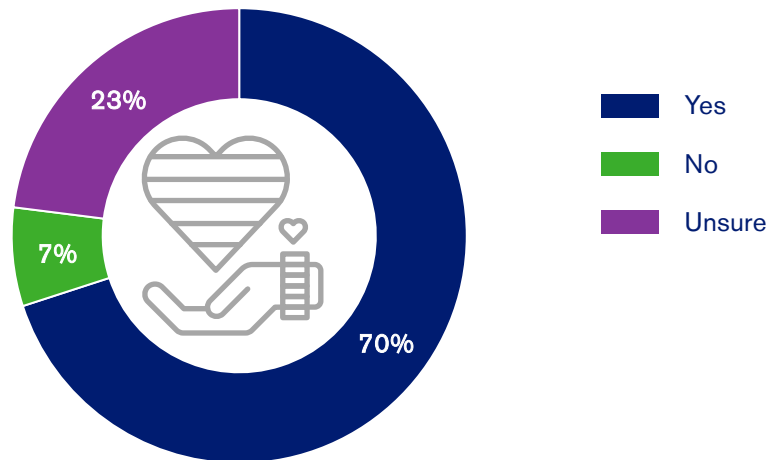
With Respect to DEI, Most Firms Feel They Should Be Doing More*



* Total does not equal 100% due to rounding.

Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*

While a Large Majority of Respondents Feel Their Firms Will Be Making DEI More of a Priority in the Future, Almost One-Quarter Are Unsure



Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*

A large majority of the surveyed firms offer several employee development programs — and have done so for all five survey years. Other programs offered include onboarding, professional development, leadership development, early career rotations, executive education, online courses, educational workshops and international assignments.

Similarly, a large majority of the firms have offered numerous employee wellness programs since the survey began five years ago. The notable exception is job sharing, which a relatively small percentage of firms offer. That percentage dropped 5 points between 2023 and 2024. Other wellness programs offered include physical and mental health programs, metabolic screenings, healthy lifestyle education, fitness, mental health, nutrition, ergonomics resources, on-site workout facilities, childcare and other family support, as well as inclusive business resource groups/networks.

Almost All Firms Offer Fee Assistance with Professional Certification Testing; Internship Programs Are Close to Being Ubiquitous Among the Firms Surveyed



Tuition Reimbursement



Fee Assistance with Professional Certification Testing (CFA, CAIA)



Mentorship Program



Internship Program











Other

	Tuition Reimbursement	Fee Assistance with Professional Certification Testing (CFA, CAIA)	Mentorship Program	Internship Program	Other
2020	93%	98%	69%	95%	38%
2021	94%	98%	79%	99%	41%
2022	87%	95%	74%	91%	32%
2023	92%	99%	80%	89%	27%
2024	87%	99%	79%	93%	41%

Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*



Between 2020 and 2024 the Percentages of Firms Offering Selected Wellness Programs, Particularly Those Related to Work Schedules, Declined

	 Ability for Staff to Work Remotely	 Flexible Schedule	 Job Sharing	 Paid Maternity Leave	 Paid Paternity Leave	 Volunteer Days	 Networking for Underrepresented Groups	 Other
2020	93%	83%	23%	91%	85%	77%	69%	44%
2021	95%	82%	20%	94%	93%	74%	72%	34%
2022	91%	86%	21%	96%	91%	81%	74%	36%
2023	95%	85%	24%	99%	96%	82%	74%	34%
2024	93%	76%	19%	96%	93%	76%	71%	51%

Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*



Governance Policies and Practices

The governance component of ESG focuses on aspects of how companies oversee themselves, including their board of directors and policies to manage risks.

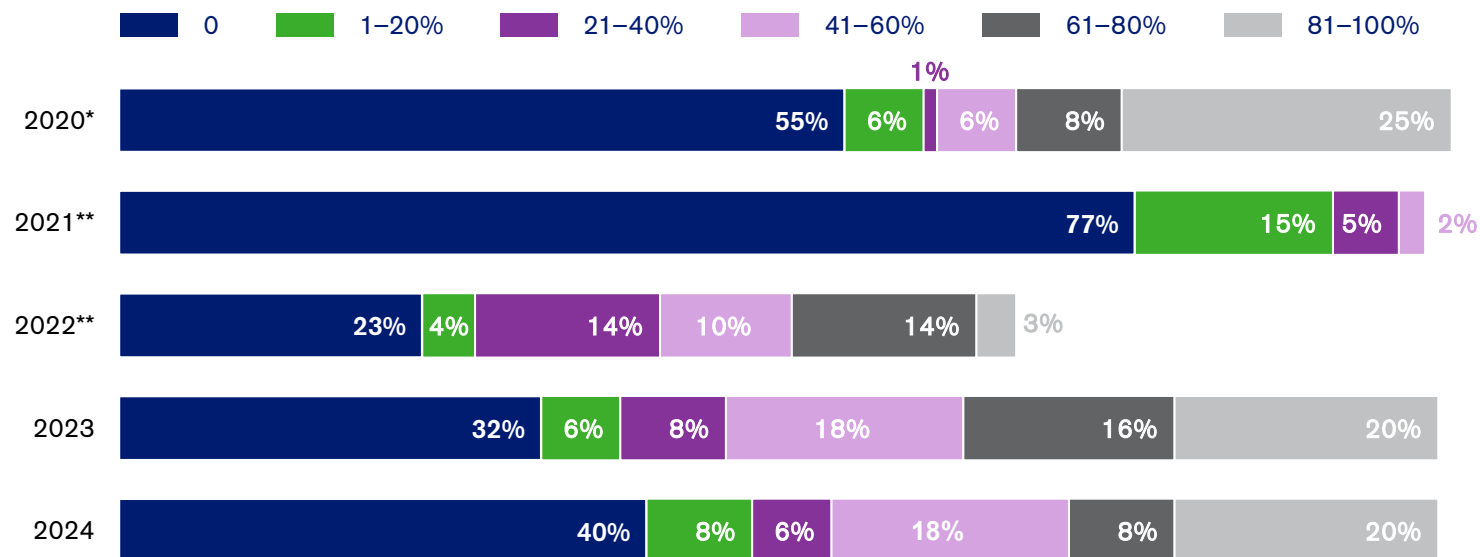
Independent directors on boards

Segal Marco's view is that publicly traded companies should have an independent director because independent directors are in the best position to oversee management on behalf of the investors.

Over the last five years, the percentage of firms reporting that they don't have any independent directors on their boards has been mostly declining. Between 2023 and 2024, the percentage of firms with more than 60 percent independent directors declined from 36 percent to 28 percent.

From 2020 to 2022, the Percentage of Firms That Have Independent Directors Increased, but Declined in 2023 and 2024

Percentage of Independent Directors



* Total exceeds 100% due to rounding.

** Total does not equal 100% due to rounding.

Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*

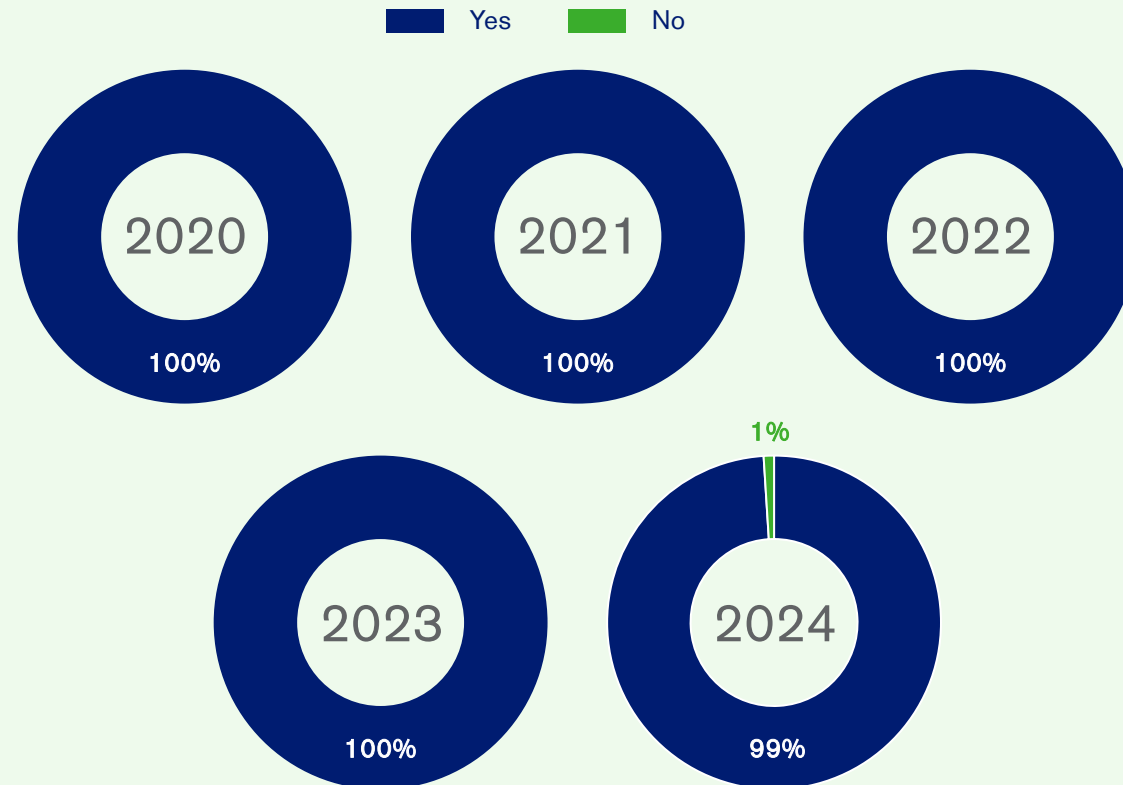
Code of ethics

In 2024, almost all of the surveyed firms have a code of ethics. Moreover, the firms in the survey have had a code of ethics since at least 2020, when we conducted the first ESG survey.

The number of firms reporting no annual code of ethics violations nearly doubled from 2023 to 2024. However, some firms each year reported having at least 10 code of ethics violations.

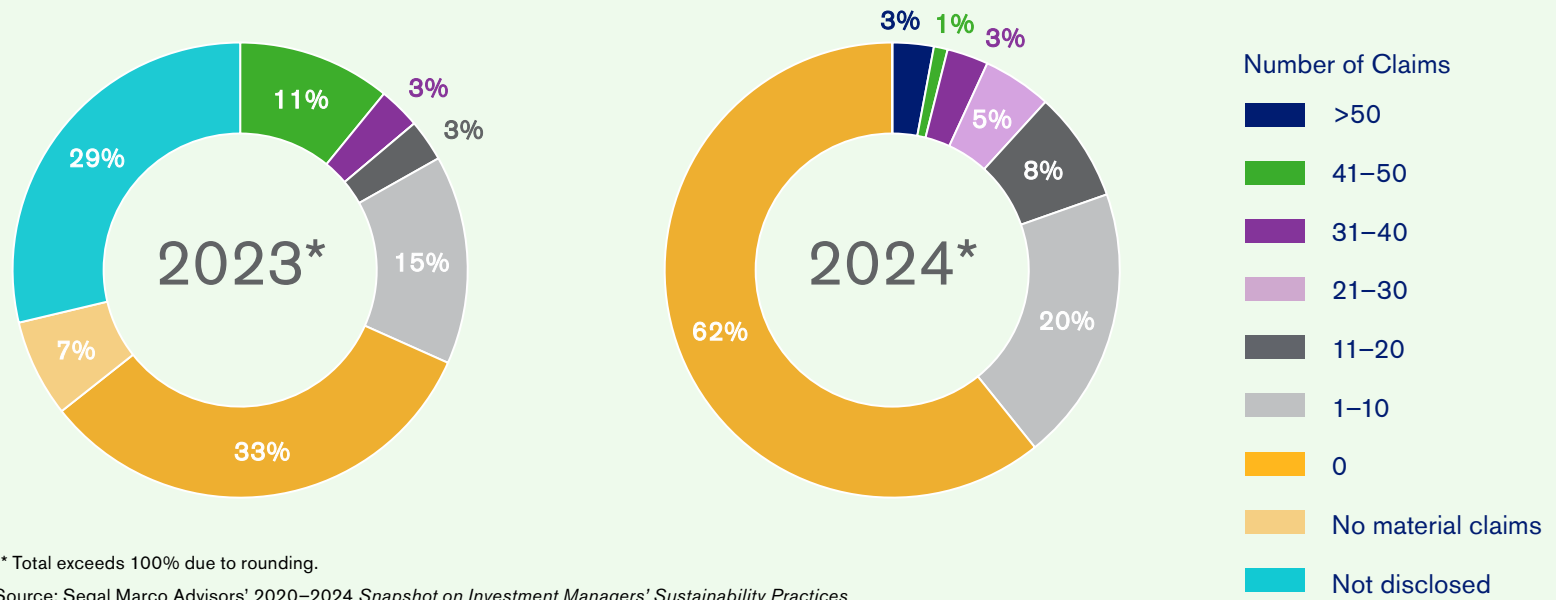
A Code of Ethics Is Ubiquitous

Does your firm have a code of ethics?



Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*

The Percentage of Firms That Had No Claims of Code of Ethics Violations in the Past Year Nearly Doubled Between 2023 and 2024

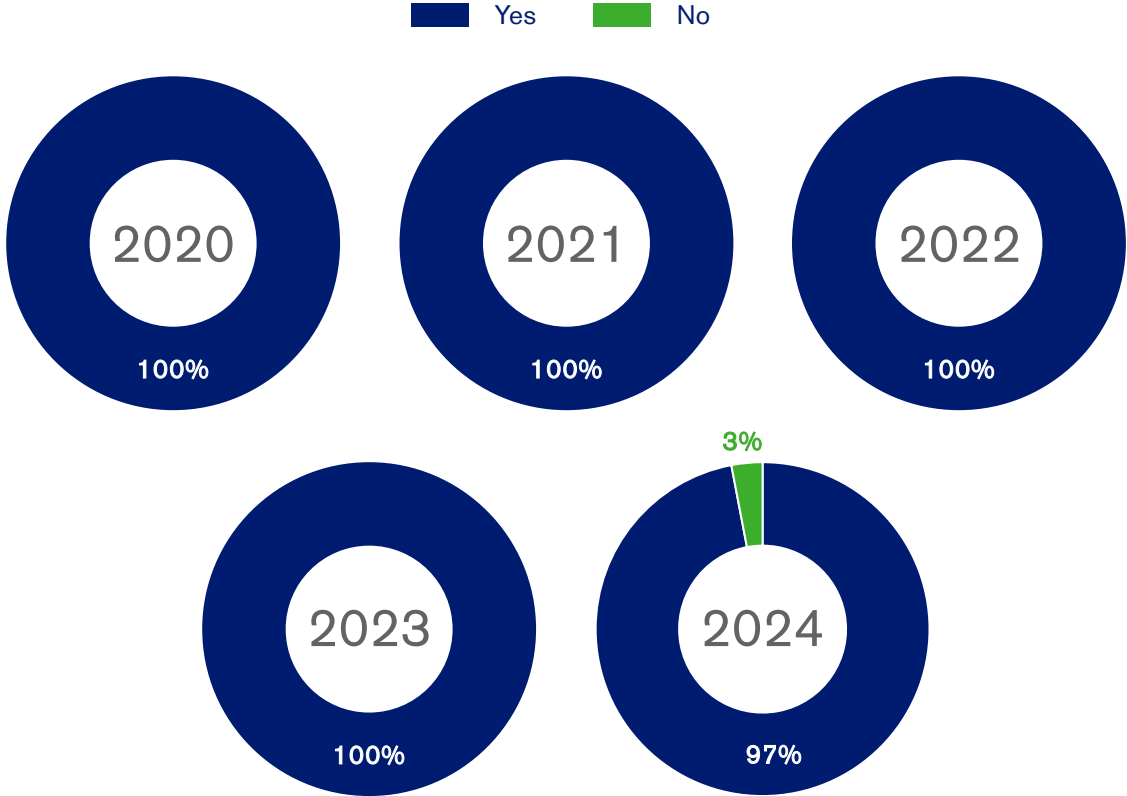


Governance policies

A large majority of firms have policies on cybersecurity, disaster recovery and succession planning.

In 2024, Almost All Almost All Firms Have Cybersecurity Training in Place, but the Percentage Dropped 3 Points Since 2023

Does your firm have cybersecurity training in place for employees?

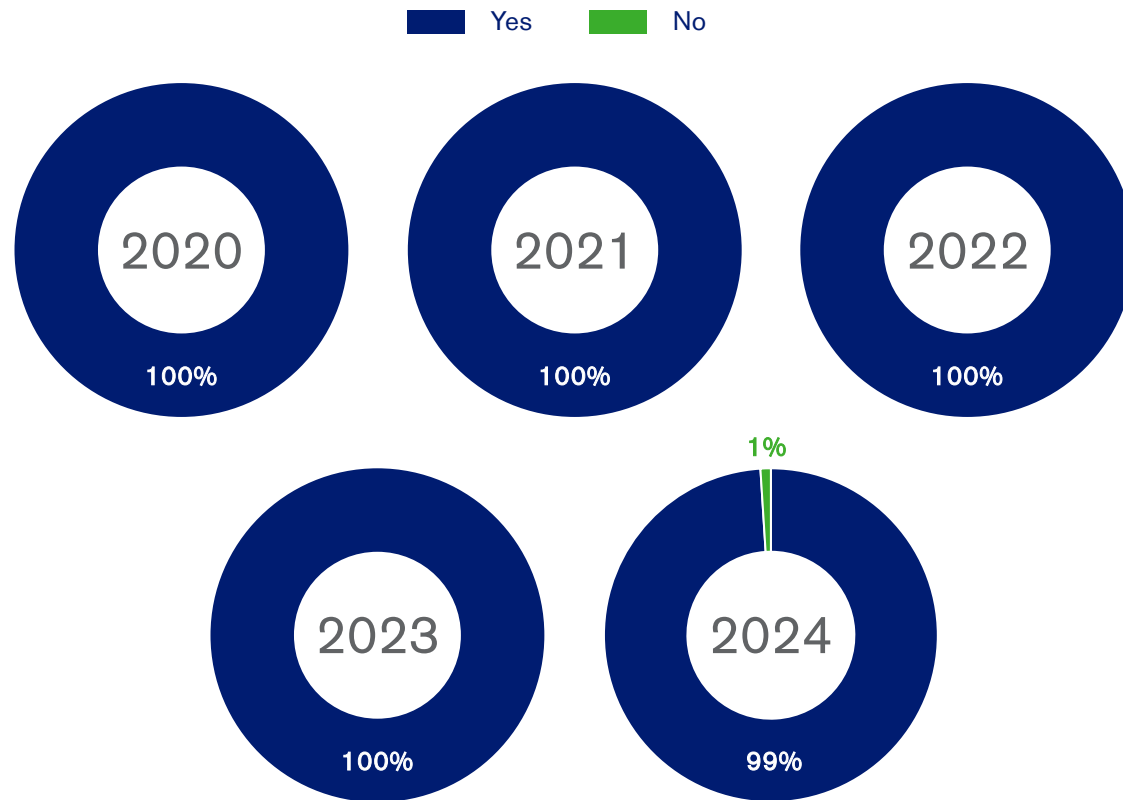


Source: Segal Marco Advisors' 2020–2024 Snapshot on Investment Managers' Sustainability Practices



In 2024, Almost Every Firm in the Survey Has a Disaster Recovery Plan, but the Percentage Dropped a Point Since 2023

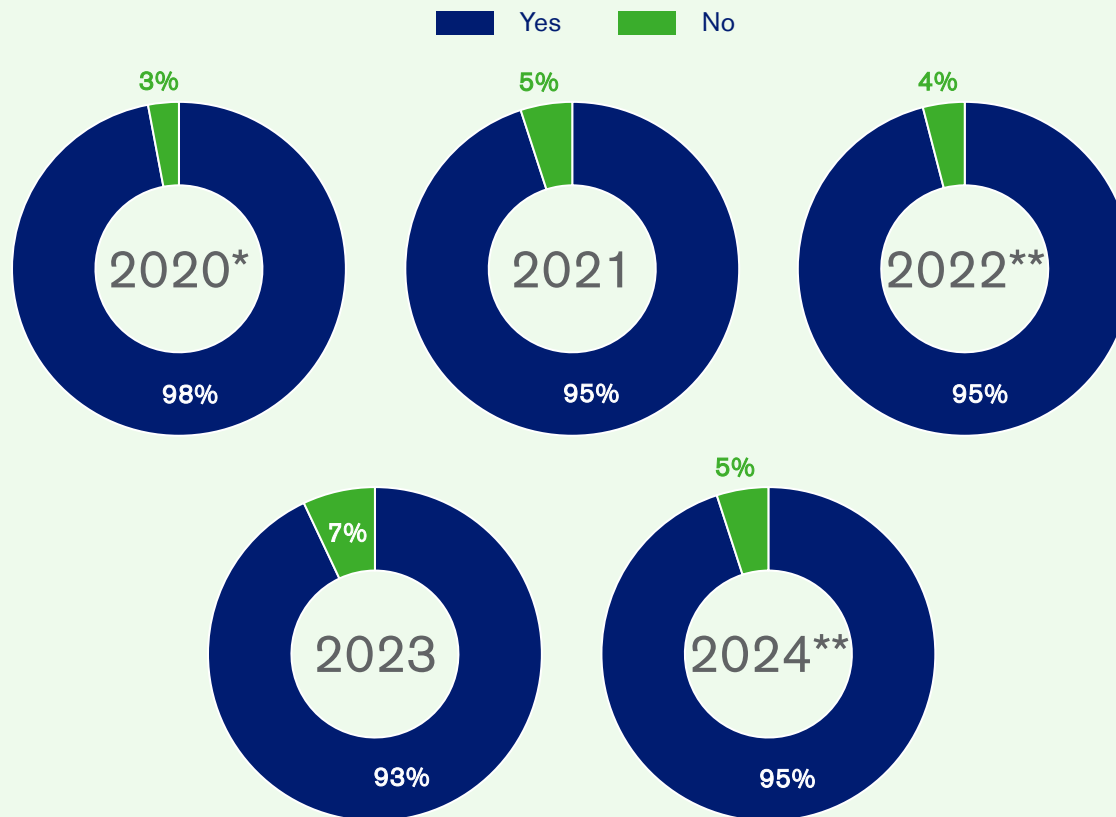
Does your firm have a disaster recovery plan?



Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*

Almost All Firms Have a Succession Plan in Place, but the Percentage Has Declined Since 2020

Does your firm have a succession plan in place?



* Total exceeds 100% due to rounding.

** Total does not equal 100% due to rounding.

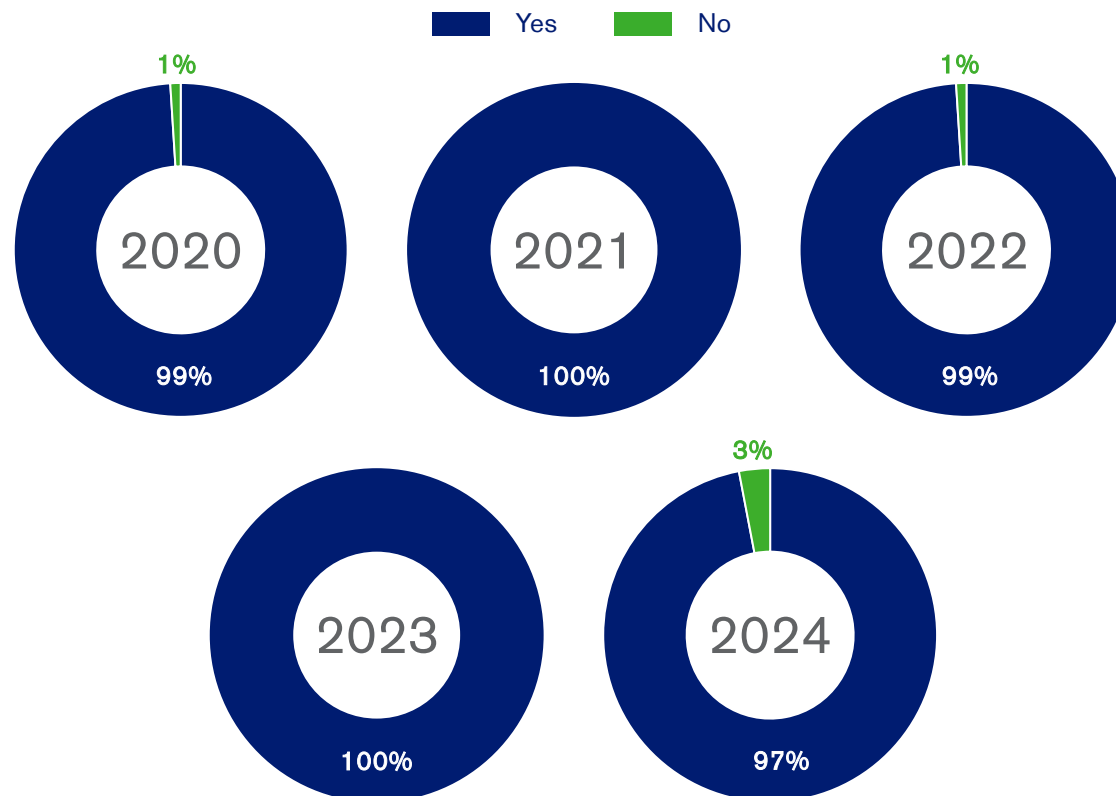
Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*

Nearly all firms in the survey have sexual harassment policies. However, the percentage of firms with private arbitration for sexual harassment claims, which can discourage alleged victims from speaking publicly or obtaining private legal counsel, has been trending downward. In 2024, the portion of firms with such policies dropped 2 points to 15 percent.

That change may be a response to the Ending Forced Arbitration of Sexual Assault and Harassment Act of 2021, a federal law that went into effect in 2022, which gives people alleging harassment or sexual assault the freedom to choose the legal path to pursue for possible recourse: arbitration or a lawsuit.

A Large Majority of Firms Have Workplace Sexual Harassment Policies, but the Percentage Dropped 3 Points Between 2023 and 2024

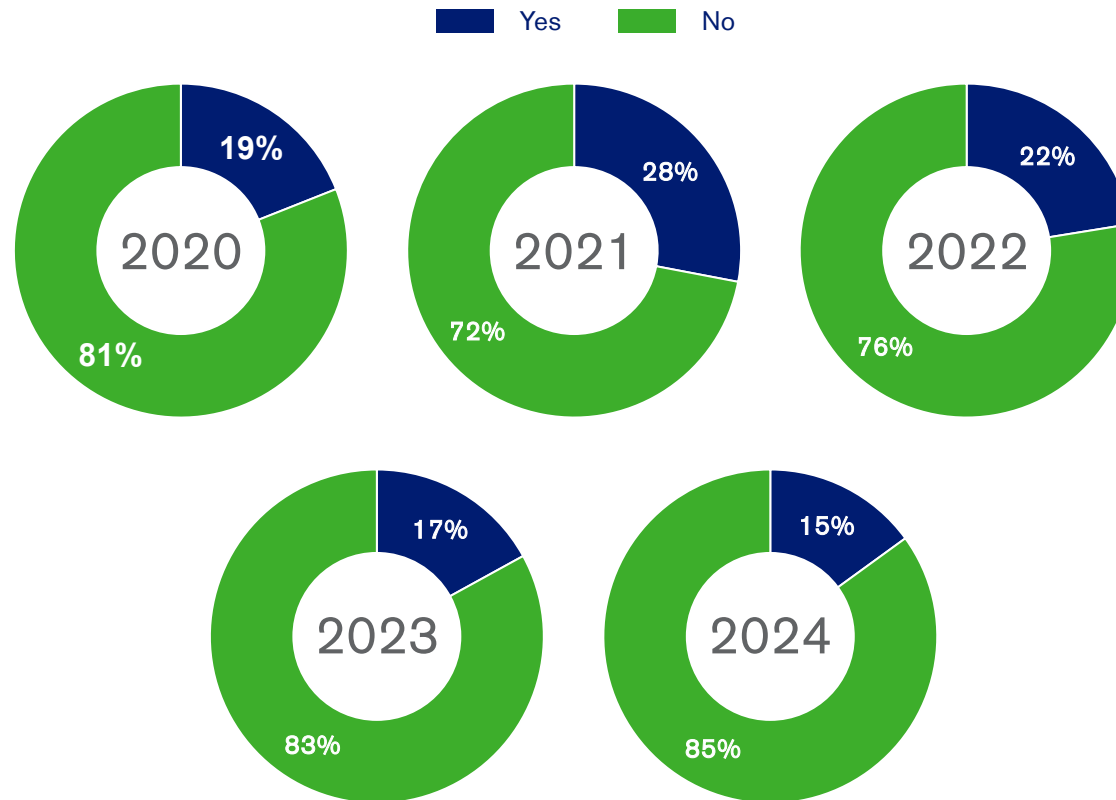
Does your firm have workplace sexual harassment policies?



Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*

Private Arbitration of Harassment Claims Is Uncommon Among the Surveyed Firms and Has Been Steadily Declining Since 2021

Does your firm use private arbitration of harassment claims?



Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*



Specialty designations

Certain associations offer specialty designations. For example, the National Minority Supplier Development Council certifies Minority Business Enterprises, which are for-profit businesses that are at least 51 percent owned, managed and controlled by a member(s) of a qualified minority group, including Asian-Indian, Asian-Pacific, Black, Hispanic or Native American. The Women's Business Enterprise National Council certifies Women Business Enterprises, which are at least 51 percent owned, controlled, operated and managed by one or more women.

In Every Survey Year, Very Few Firms Indicated Having a Specialty Designation

Specialty Designations	2020	2021	2022	2023	2024
Minority Business Enterprise	3	2	0	0	1
Women's Business Enterprise	5	2	1	3	2
Veteran's Business Enterprise	2	1	0	0	0
Small Business Enterprise	0	0	0	0	1
Other	0	0	0	0	5

No firms have the disadvantaged business enterprise designation.

Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*

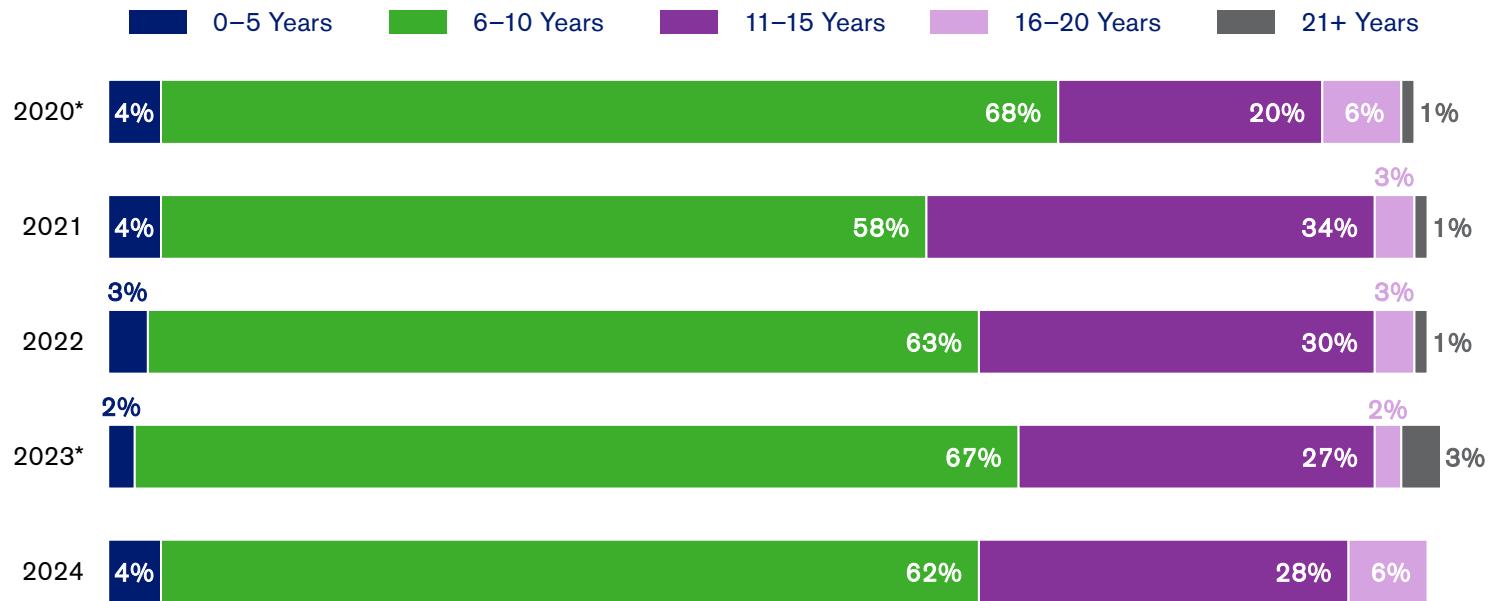


Tenure

Long employee tenure is an indicator that an organization has a good culture. Conversely, short tenure, which is related to high turnover, suggests an organization’s culture isn’t compelling for employees.

Segal Marco found the overall average tenure among our top managers is just under nine years. Most respondents (67 percent) reported an average staff tenure of less than 10 years.

In Each Survey Year, a Majority of Respondents Reported an Average Tenure of Firm Staff Under 10 Years



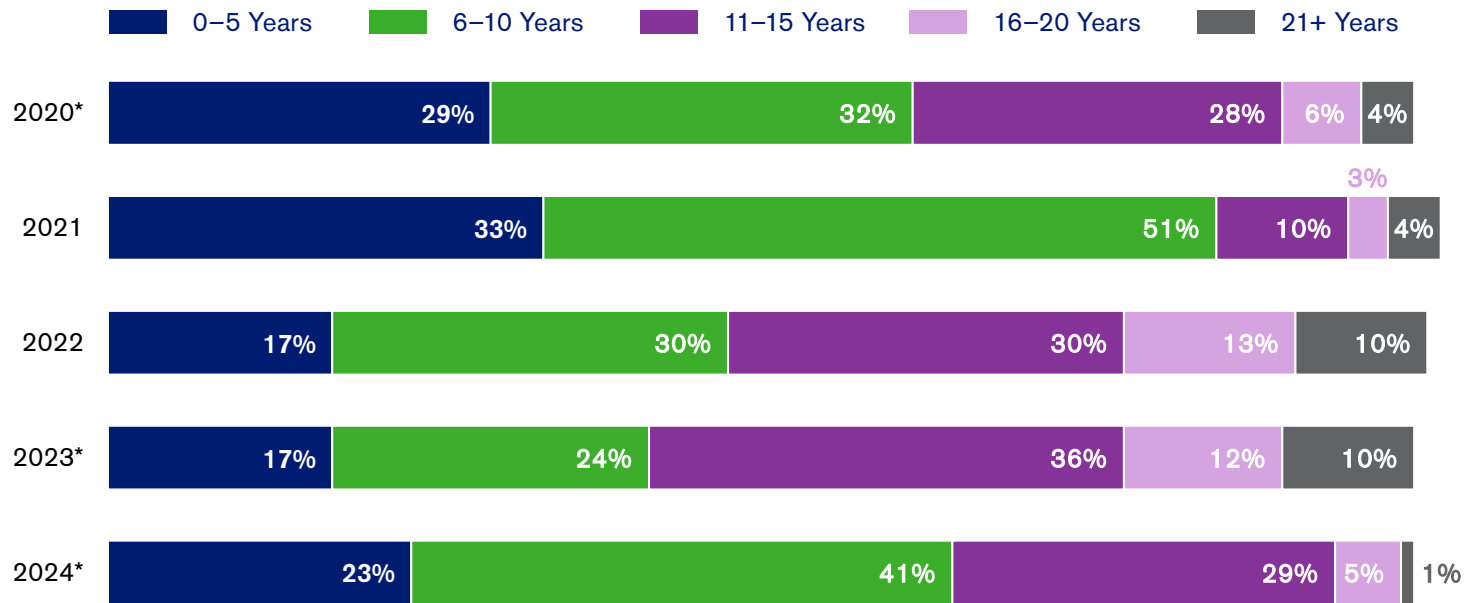
* Total does not equal 100% due to rounding.

Source: Segal Marco Advisors’ 2020–2024 *Snapshot on Investment Managers’ Sustainability Practices*

Turnover

In 2024, a majority of respondents reported an employee turnover rate under 10 percent. That's consistent with the rate reported in 2020 and 2021 and represents an improvement over 2022 and 2023, when the majority of respondents reported an employee turnover rate up to 15 percent. The change is likely attributable to the relative softening of the job market.

There Was an Uptick in the Turnover Rate from 2023 to 2024



* Total does not equal 100% due to rounding.

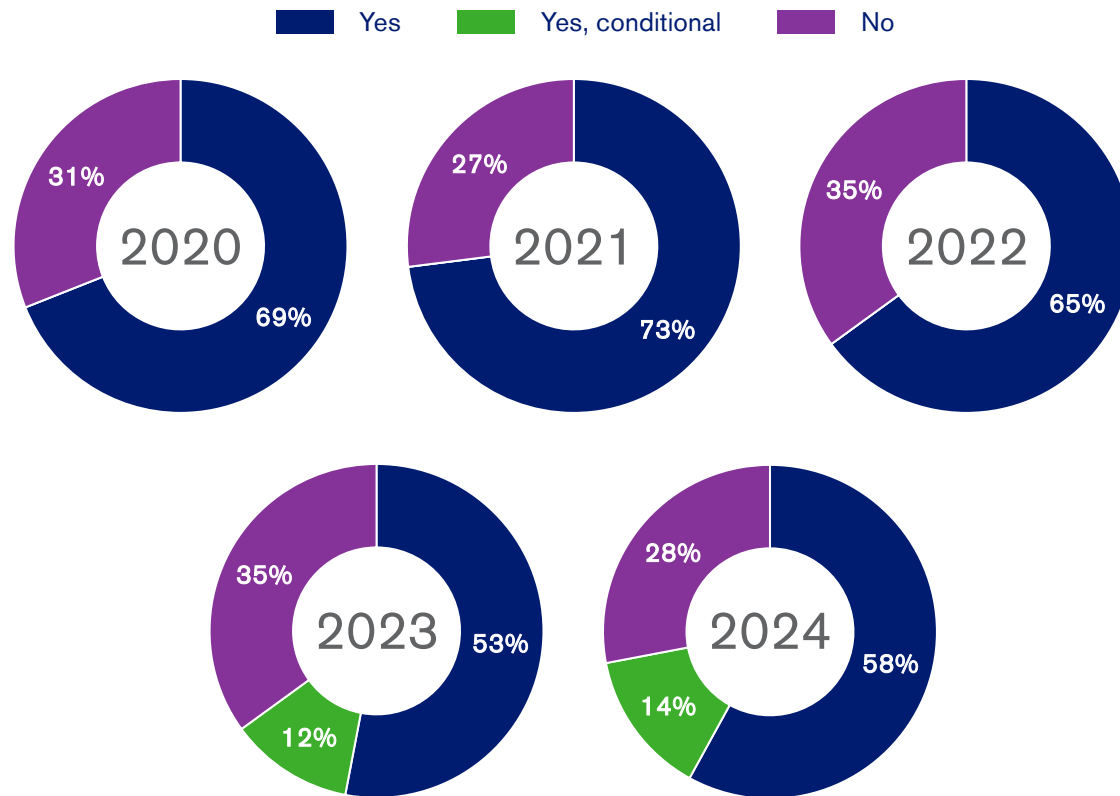
Source: Segal Marco Advisors' 2020-2024 *Snapshot on Investment Managers' Sustainability Practices*

Ownership stake for employees

Perhaps as a recruitment and/or retention strategy, more firms are giving their employees an opportunity to gain ownership stakes in their firms. Seventy-two percent of respondents reported they provide that opportunity, an increase of 7 percentage points from the prior year.

A Majority of Firms Give Employees an Opportunity to Gain an Ownership Stake, a Percentage That Increased 5 Points Between 2023 and 2024

Do employees have an opportunity to gain an ownership stake in the firm?



Source: Segal Marco Advisors' 2020–2024 *Snapshot on Investment Managers' Sustainability Practices*

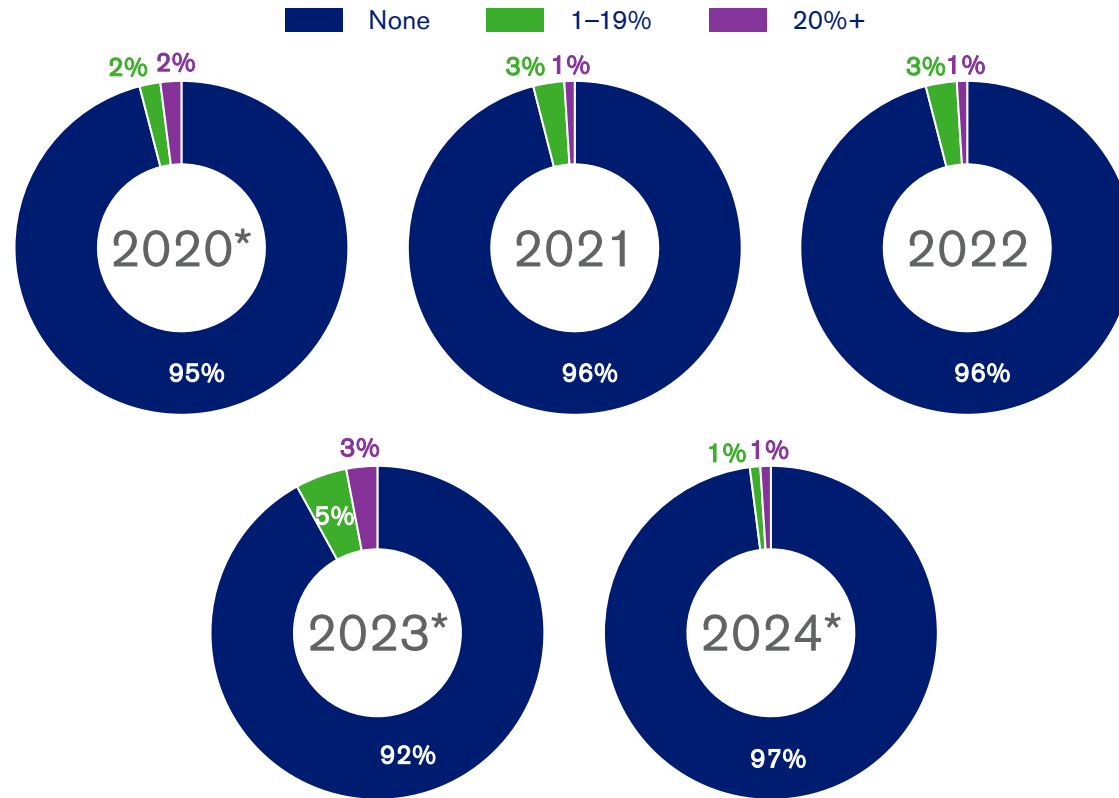
Collective bargaining

We ask what percentage of a firm's workforce is covered by a collective bargaining agreement because some institutional investors, such as multiemployer plans and public sector employers and retirement systems, are interested in that information.

At a large majority of firms, none of the workforce is covered by collective bargaining agreement. That pattern has not changed over the five survey years.

In 2024, 3 Percent of Firms' Workforces Are Covered by a Collective Bargaining Agreement

What percentage of the workforce is covered by a collective bargaining agreement?



* Total does not equal 100% due to rounding.

Source: Segal Marco Advisors' 2020-2024 *Snapshot on Investment Managers' Sustainability Practices*



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Segal Marco Advisors is an employee-owned, independent investment consulting firm serving more than 450 clients in the U.S. with combined advisory assets exceeding \$600 billion.

We've been providing investment advice for 55 years and counting to institutional investors, including multiemployer plans, state and local governments, private companies, nonprofit organizations, endowments, foundations and financial intermediaries.

Our investment consulting team has access to up-to-date proprietary analyses prepared by an in-house research team that has deep subject matter expertise.

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