

Sustainability Ratings of Investment Managers

Overview

Segal Marco Advisors maintains a proprietary scorecard that evaluates the sustainability policies and practices of equity, fixed income, and alternatives investment managers.

The results provide Segal Marco and its clients with a touchstone to benchmark and compare different investment strategies and managers, as well as a process to measure progress over time. Segal Marco introduced the the Sustainability Ratings in 2022.

Methodology

Segal Marco Advisors requests that its recommended managers complete an annual questionnaire on the firm's sustainability policies and practices. Recommended managers are those that prevailed through Segal Marco's Seven Principles due diligence process for evaluating investment managers and strategies.

The questionnaire covers practices and policies for each rated strategy. Questions focus on the integration of sustainability issues within the investment process and practices, as well as team expertise, affiliations and organization.

Segal Marco's Sustainable Investing Committee conducts the survey on behalf of the firm. The Committee is charged with integrating sustainability issues and perspectives across Segal Marco's operations and manager due diligence functions.

Evaluation areas

- Depth of sustainability integration
- Sustainability training and expertise
- Sustainability commitments
- Proxy voting record
- Corporate engagement practices
- Managers receive a tailored set of questions depending on their asset class (i.e. equity, fixed income, alternatives, and target date funds)



Investment Strategies
Evaluated on
Sustainability in 2024

309
Equity Strategies

96
Alternatives
Strategies

120
Fixed Income
Strategies

Scoring and tiers

Each investment strategy is assigned an individual score based on responses to the questionnaire. The strategy's score then determines its rank among three tiers based on a comparative review of all managers in each asset class. Equity managers are also tiered on a comparative review relative to each sub-asset class (i.e., Large Cap, Mid Cap, Small Cap, International, etc.).

The tiering is determined through statistical analysis. Parameters for each tier are set following a normal distribution; managers that score one standard deviation or more above the mean rank in Tier 1, managers that score one standard deviation or more below the mean rank in Tier 3, and any manager to score within one standard deviation above/below the mean rank in Tier 2.

Relative ranking

Through Segal Marco Alpha Research's dedicated due diligence process, managers and strategies are evaluated within the Seven Principles framework. Embedded within the principles and processes, managers are evaluated on Sustainability practices through a qualitative lens. The Sustainability Rating enhances the due diligence process to provide a relative ranking on a firm and strategy's approach to sustainability for those clients seeking best-in-class sustainability performance.

Learn More

For more information on how we can help you achieve your objectives and create better financial outcomes, contact us directly at 212.251.5000 or esgcommittee@segalco.com.

About Segal Marco Advisors

Segal Marco Advisors is one of the largest U.S. based investment consultancies, with over 600 clients and advisory assets exceeding \$600 billion. In addition to financial consulting and discretionary services, Segal Marco provides proxy voting and corporate governance services.

Segal Marco's analysis is based on data provided by managers and is believed to be reliable, but accuracy and completeness cannot be guaranteed. This analysis is intended for general education only and not as investment advice. It is not intended for use as a basis for investment decisions, nor should it be construed as advice designed to meet the needs of any particular investor. On all matters involving legal interpretations and regulatory issues, investors should consult legal counsel.

