



Corporate Sustainability Report

October 2021

 Segal Marco Advisors

Introduction

Segal Marco Advisors has long promoted sustainable solutions in its work with clients. We research and work with investment managers who can provide lasting results for clients while taking on acceptable levels of risk. In addition, we assist clients in developing portfolios in a way that considers and supports their long-term goals — not just current trends or performance.

As the importance of environmental, social and governance (ESG) investing has come to the forefront for many investors, our deep expertise in providing sustainable solutions for clients has never been more critical. Our research team has long emphasized evaluation of ESG factors in its processes. Our ESG Committee as well as our Diversity, Equity and Inclusion (DEI) Steering Committee and Women's Leadership Council further represent our firm's commitment in this area. Continuing work on corporate governance engagement is another way we support our clients' needs.

Especially in this time, as the COVID-19 pandemic has affected us in so many ways and a renewed focus on racial justice has been ignited, we can view our work as part of a broader framework. We are investors who don't live in a vacuum — we are citizens and members of communities, and our choices can support broader goals. A sustainable company is one that combines the best practices and results for our clients, for our employees and for our community.

A Note from Our CEO

Despite the many challenges of 2020 amid a global pandemic, Segal Marco Advisors made tremendous strides in our continuing efforts to manage our organization in a sustainable way. We transitioned seamlessly to a fully remote-unless-necessary environment on March 16, 2020 and have maintained this posture through October 2021. While this resulted in a short-term, but substantial lowering of our energy usage, we expect it will have long-lasting effects on how we conduct our business, resulting in a more permanent reduction in our carbon footprint.

Importantly, we also took this opportunity to focus additional attention on the health and well-being of our most important asset: our people. From employee reach outs to establishing new Business Resource Groups to engaging employees in daily fitness breaks, we have worked tirelessly to enhance the entirety of the experience of being a part of the Segal Marco family.

We are extremely proud of a number of actions to increase our longstanding focus on supporting DEI many of which are included in this report. At a Segal Group level, we established a Women's Leadership Council, hired a Talent Acquisition Officer with a focus on increasing diversity, and established DEI standards in our goal-setting process for managers. At Segal Marco, our DEI Working Group has increased our outreach to emerging and diverse asset managers and is assisting clients in making tangible strides to incorporate these in their investment programs. Our Management Team and other senior members of the organization have been holding virtual meetings with leadership of many of the largest asset management firms to exchange ideas on how our industry can collectively improve our diversity and inclusivity. Our ESG Committee has conducted far-reaching surveys of the asset manager community to determine not only how they are incorporating these factors into their security selection process, but also how they are seeking to manage their own businesses in ways that are consistent with the best sustainability practices.

With much more detail in this second annual Segal Marco Advisors Corporate Sustainability Report, I want to close by thanking you for your interest in and support of our organization. Together we can meet the challenges of our complex world and look forward to a more sustainable future.





A Look Inside Segal Marco Advisors

The tenure of our people — including our leaders — is among the longest of our peers. What keeps them here?

Careers, not jobs

Segal Marco takes its lead from Segal, our parent company, which was established in 1939. In August 2019, Segal Marco celebrated 50 years since the founding of our investment consulting business. What started as one project by one consultant to serve one client now serves more than 800 client portfolios through a staff of more than 120. Doing that well requires continuity.

These client relationships are all supported by a corporate culture that celebrates the highest standards of quality, accuracy and innovation. But it's more than that.

As our Chair Emeritus said, “It is the advantage of doing interesting work for interesting and caring clients.”

Leadership and skills training for staff and managers

Segal takes training its people seriously, so that those who reach senior positions are best equipped to take on their roles. Segal offers managers the Managing@Segal (MAS) program. It is designed for level 1 managers (those new to management) or level 2 senior (officer) level managers.

Support for accreditation study

Segal Marco supports several accreditation programs for employees. We offer a reward and reimbursement program for employees to study for the Chartered Financial Analyst (CFA) designation. The program offers cost reimbursement as well as rewards for passing exams and achieving the CFA Designation. Segal Marco also offers a reimbursement program (exams and study materials) for the Chartered Alternative Investment Analyst (CAIA) program, and the firm supports staff who pursue the Certified Employee Benefits Specialist (CEBS) designation.

Beyond accreditations, Segal Marco's employee study benefits also include tuition reimbursement for approved classes that are directly applicable to an employee's position or intended career path.



Employee career paths and succession planning programs

Continuous strength in leadership is vital for a consulting firm's success. To that end, Segal Marco reviews succession planning semi-annually. It's not just senior leaders who get help in planning their careers in the firm — all employees can use Segal's resources for charting the planned course of their careers. We assess employees on career and role potential as well as learning agility and performance. Based on the assessment, the human resources team works with managers to ensure that development plans are in place for the next steps in employee careers and future advancement.

Employee benefits to support the whole of each team member

We provide a wide range of employee benefits:

- Health benefits options
- Wellness program that includes reimbursement for gym memberships, fitness programs, smoking cessation and health assessment programs
- Everyday well-being reimbursement program that can be used for financial planning, closing costs on a first-home purchases and certain other legal fees such as adoption
- Vacation and other paid time off
- Employee assistance program
- Student loan assistance
- Research and study leave/sabbatical program
- Remote work arrangements
- Retirement programs, including pension and defined contribution plans with employer match and profit sharing
- Ergonomics to ensure healthy office work spaces
- Newly enhanced onboarding programs

Each of these programs helps to keep our people engaged in providing our clients with the best advice and service possible.



KEY (Knowledge Empowers You)

At Segal Marco, KEY is a grassroots group developed by staff and led by a six-member committee that spans functions and a variety of regional offices. KEY organizes activities aimed at helping Segal Marco staff gain new skills, share ideas and provide a better understanding of what Segal Marco offers clients. These development opportunities span Segal Marco's services and include client service, investment operations, research and consulting.

KEY presents to Segal Marco staff every month. Presentation topics have included DEI, an introduction to alpha research and consulting case studies. Both senior and junior members of these teams present, and staff are encouraged to ask questions.





Knowledge leads to empowerment. We all become better professionals when given the opportunity to enhance career and personal development, which, in turn, creates improved value for clients. KEY is a grassroots professional development initiative created to help employees learn from their Segal Marco colleagues through sharing ideas, understanding roles and brainstorming effective solutions that meet client objectives. I am so proud of KEY's success to date since its beginning in January 2021. Each subsequent month, we achieved over 50 percent staff attendance, demonstrating not only leadership's support but the eagerness of junior colleagues to participate in career development opportunities."

Vanessa Vargas Guijarro
Vice President, New York

Work from home during the COVID-19 pandemic

The COVID-19 pandemic has affected many aspects of the way we work at Segal Marco, as it has for most companies around the world. In 2020, as the pandemic began to sweep the United States, Segal Marco staff went into what we call Remote Unless Necessary (RUN) mode. Because there can be no pause or cessation of client work for any reason in our business, Segal Marco has long maintained and updated a business continuity plan to enable the firm to continue to provide services to clients in the event of a natural and other disasters, including a global health crisis like COVID-19. This included a major expansion of Segal Marco's work from home (WFH) policies.

As a result of the firm's significant investment in technology, our transition was seamless. We've been delivering uninterrupted services to our clients since March 16, 2020 — the company continued to RUN like clockwork. Senior management met regularly with business operations, including our information technology and information security professionals, to coordinate our response to the changing operating environment and ensure that we are able to meet and exceed our obligations to clients. Neither Segal Marco nor its parent, Segal, received any financial assistance from federal, state or local governments. Because of our firm's financial strength, we were able to continue operations at full capacity without relying on any outside financial support.





New ways to do business

Use of new videoconferencing tools, such as Microsoft Teams and Zoom, ensured that staff could hold meetings virtually. Segal Marco supported staff in setting up their home offices as a way to ease this transition and make sure everyone had the secure tools they needed to be just as productive in a RUN environment.

Work was not the same as before, but Segal Marco staff did not miss a step. In fact, in some ways, we were even more efficient and productive in this virtual world. In our Research Group, we did almost 1,000 virtual manager meetings to assure that we both assessed current strategies and considered new ones. The Research Group also made 67 “recommended” ratings in 2020. Senior professionals at many asset management firms were more accessible than ever and our research process took advantage of this feature of WFH.

One positive effect of RUN was on our firm’s environmental impact. Business travel was slashed to a minimum, with consultants and research staff holding almost all meetings virtually. By not traveling for business or for even for daily commutes, our staff’s environmental and carbon footprint was greatly reduced.

Regarding financial operations, the firm implemented several new initiatives aimed at tightening our practices to better serve clients and function well in an all-virtual world. They include bolstering electronic billing and collections, an improved monthly financial forecast and new liquidity financial reporting, among others.

Taking care of physical and mental health in a pandemic

Such dramatic changes to our work life, along with the stress and health challenges of the pandemic, made navigating our personal lives more challenging. Segal Marco put in place programs and events to aid staff with heightened stress in their lives.

We made telehealth appointments available for both physical and psychological well-being. Managers checked in regularly with their staff. A new internal online site called “The Village” was launched to promote and incorporate “social listening” on a variety of issues surrounding how we are living and working today.

Staff members participate in a daily morning “workout break” that not only gets everyone out of their chairs and moving, but also fosters community and positive reinforcement among participants. The company launched the Segal CIRcular, a daily information bulletin assembled by the firm’s Center for Information Resources (CIR) with external news of the day across health, retirement and investments, as well as internal news. Firmwide events, such as a holiday scavenger hunt, helped Segal Marco staff members celebrate together while being apart.

Segal Marco CEO John DeMairo provided regular updates on company developments related to RUN and the pandemic. Segal CEO David Blumenstein hosted a series of “Kitchen Table Talks” — virtual companywide staff meetings discussing a range of topics relating to RUN, staying focused on clients while taking care of mental and physical well-being and other topics, including the company’s response to social issues.





I'm still impressed at how our entire Segal Marco team was able to seamlessly transition into a fully remote work environment, virtually overnight. We never lost focus on our clients' needs and were able to help them navigate through uniquely challenging times."

John Marco
Senior Vice President, Denver

Diversity, equity and inclusion at Segal

Both Segal Marco Advisors and Segal are committed to diversity, equity and inclusion in all aspects of our business. We recognize that it's a business imperative to acknowledge the uniqueness of all employees and promote tolerance and acceptance of each other's differences and backgrounds. Segal's commitment to diversity, equity and inclusion is embedded in our corporate [values and vision](#).

Segal is committed to creating an environment in which everyone can feel valued and respected. We are also committed to guaranteeing fair treatment, access, opportunity and advancement for all employees.

The potential benefits of a diverse workforce are many. They include greater potential innovation, a larger pool of job candidates, improved competitiveness for new business, greater ability to attract and retain talent, and a better chance to stay relevant to younger workers.

Segal's DEI steering committee

To direct the firm's fast-growing efforts on DEI, the firm has created a dedicated steering committee, which includes a cross section of leaders throughout the firm. The committee drives the company's DEI activities and initiatives as well as communicates to staff on what the firm is doing in this area. It oversees our policies, practices and action plans as well as identifies diversity sources for outreach and networking.

To formalize its efforts, the DEI Steering Committee developed a policy and procedure guide outlining our DEI policy and our affirmative action policy as well as specific goals and objectives related to recruitment, hiring, promotions and staff development activities.



The overall
DEI program
has the full
support of senior
management and
business leaders.



DEI initiatives

Segal has undertaken a number of initiatives to bolster its commitment to DEI and demonstrate it for staff, including:

- Business Resource Groups (BRGs) aimed at exploring common shared characteristics or experiences among staff
- A formal mentorship program to support staff learning and development goals
- A formal internship program
- Companywide bias awareness training for all employees

The overall DEI program has the full support of senior management and business leaders. It will expand to include additional activities in coming months and years.

Business resource groups

BRGs are organized groups of employees who share an interest or an affiliation. BRGs may be formed for diversity or for special interest reasons.

BRGs must:

- Support the advancement of diversity and inclusion
- Have broad appeal among employees (not just for a select few)
- Be workplace-related
- Support Segal's vision, values, policies and practices

New BRGs that support life and well-being at Segal

Since Segal introduced BRGs, staff members have created three such groups.

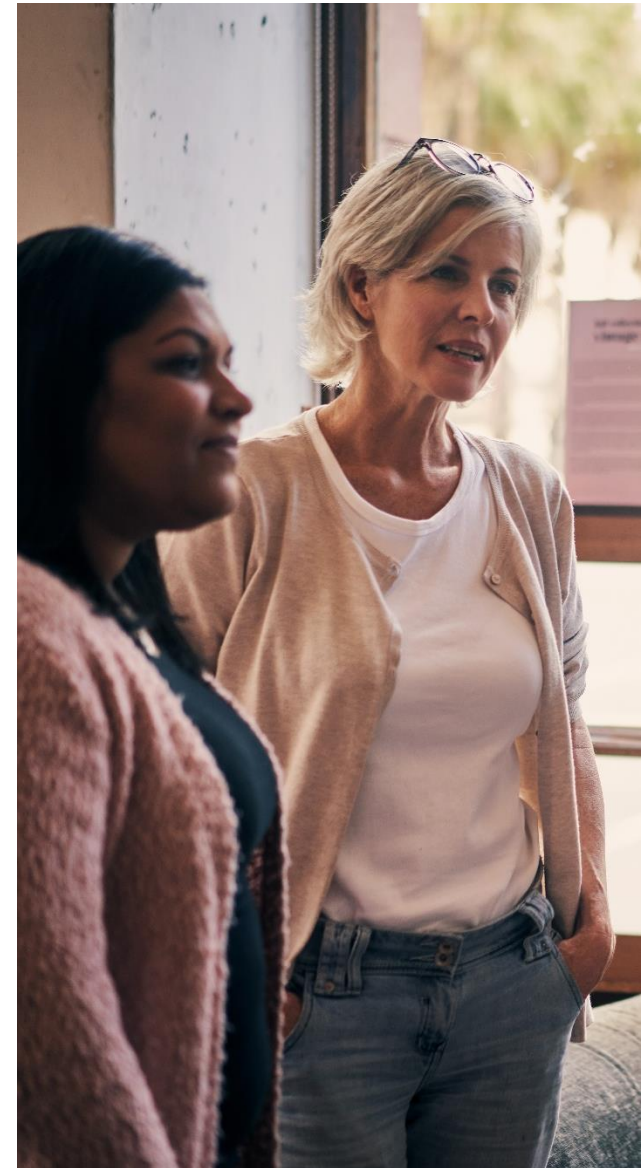
The **Women's Leadership Council (WLC)**, launched in December 2019, focuses on:

- Hosting activities that will strengthen leadership and opportunity for women at Segal
- Providing a forum for all staff who want to help women achieve career success, develop skills and deliver business results
- Serving as one of the ways Segal can attract and retain a strong multicultural workforce

The WLC has hosted several internal events, including a panel featuring women who attained senior positions in their fields as well as networking sessions. For Women's History Month in March, members of the WLC participated in short, daily challenges aimed at empowering and connecting women, such as practicing gratitude, acknowledging accomplishments and learning something new. The WLC conducts interviews with senior women staffers that are posted to Segal's intranet. The WLC also maintains a resource library online with articles on topics relating to women's leadership and empowerment at work.

Pride@Segal is a group that supports a diverse and inclusive environment at Segal to help establish Segal as a leader in the lesbian, gay, bisexual, transgender, intersex, queer and/or questioning, asexual/ally and others (LGBTQIA+) area.

Segal CARES — an acronym for Caregiver Resources, Engagement and Support — was created, in part, due to the increased responsibilities for caregivers during the pandemic. However, the group's long-term goal is to connect, support and advocate for all caregivers at Segal.





Other DEI programs

Segal's formal **mentorship program** is a key aspect of the DEI initiative. The program encourages all employees to consider participating in mentoring, either as a mentor or a mentee. As part of the guidelines for mentoring, Segal emphasizes that everyone involved should not only gain an awareness of diverse perspectives but that mentors should be bridges to enable their mentees to access opportunities, resources and support. Employee participation in Segal's mentorship program grew by 35 percent in 2020 compared to 2019, and is still growing.

Segal's formal **internship program** also aims to promote and support DEI within the company. The internship program exists to provide undergraduate and graduate students with meaningful business experience to enhance their academic training and prepare for postgraduate careers. Segal encourages all business units to consider the use of student interns. The firm emphasizes the importance of diverse intern hiring and recruitment and actively targets students with large populations of underrepresented minorities and women for intern recruitment.

Workplace 2023 is a new Segal taskforce that builds on the firm's DEI initiative to develop a strategy for creating and sustaining a more equitable and inclusive workplace, as well as for vendor sourcing and client interest in comprehensive DEI data. The taskforce is overseen by a committee comprising a cross section of leaders from every division within Segal and Segal Marco.

DEI is a priority in our recruiting

To target and attract a diverse talent base, we have developed and implemented recruiting and outreach strategies as part of our annual workforce analysis and planning.

We engage in affirmative action to employ qualified women, minorities, disabled individuals and protected veterans and to advance their careers.

Our recruiting efforts include contacting minority, female, veteran and disability professional organizations, as well as maintaining relationships with the Department of Labor and the U.S. Veterans Administration.

We maintain ongoing relationships with colleges and universities that have diverse student populations. In 2021, we introduced a new, national college recruiting program that will enhance consistency and collaboration in our efforts to identify and attract diverse and inclusive talent.

We participate in job fairs held by the International Association of Black Actuaries and the Organization of Latino Actuaries, which seek to further

the education of, and employment of, black and Latino actuarial professionals and students worldwide. Segal Marco also posts its jobs through organizations such as Women Investment Professionals, Toigo Foundation and others.

We create internship opportunities and career education relationships for high schools in underserved communities by working with organizations like Genesys Works. We're expanding that outreach.

To assist in recruiting protected veterans and individuals with disabilities, we use multiple job boards, including AskEarn.org, Career Builder and DiversityJobs.com in addition to Indeed, LinkedIn and Monster.

Periodically, we review job descriptions to ensure they accurately reflect the job functions, are appropriately inclusive and do not screen out, by their description, a disproportionate number of women, minorities, individuals with disabilities or protected veterans.

We consider all qualified candidates for employment without regard to their:*

- Age
- Citizenship status
- Color
- Creed
- Criminal record
- Disability or medical condition
- Ethnicity
- Gender
- Gender identity or expression
- Genetic information
- Marital status
- National origin
- Protected veteran or military status
- Race
- Religion
- Sex
- Sexual orientation

* This list is not all inclusive.

“I believe that diversity and inclusion is not only a business imperative essential to Segal’s and our clients’ success, but is a social imperative — the foundation of building a just society where all people are respected and valued.”

—David Blumenstein
CEO, Segal

Supplier program

The business relationships we establish for servicing our clients are another reflection of our commitment to equal opportunity and diversity.

As part of our procurement process, Segal has a supplier program that identifies and seeks to do business with enterprises owned by minorities, women, veterans and persons with a disability, as well as small business enterprises. Currently, we are working with at least a dozen diverse suppliers, and we’re continuing to develop new minority supplier relationships.

Taking action to promote racial justice

In the wake of the death of George Floyd, Segal CEO David Blumenstein posted a note on LinkedIn stating that there is no place for racism at Segal or anywhere else. It included this statement: “I believe that diversity and inclusion is not only a business imperative essential to Segal’s and our clients’ success, but is a social imperative — the foundation of building a just society where all people are respected and valued.”

The outcry for racial justice sparked Segal to offer ways for staff to take action. Segal supports Jobs with Justice, a group that fights for working people at the intersection of civil rights and corporate accountability. In the summer of 2020, Segal set up a matching program for employee contributions to Jobs with Justice. Segal’s DEI Steering Committee offered ideas for websites that linked to organizations to which staff could contribute, education pieces about racism, including bias in the workplace, and videos to help staff better understand issues surrounding race in America.



Our company's intentional work with diversity, equity and inclusion is critical to our success. By continuing to expand our commitment to DEI, both internally and with our manager research, we are deepening what we can offer to both our clients and our staff."

Rosa Limas
Vice President, Chicago



Investing with diverse asset managers

As part of Segal Marco's commitment to incorporating DEI into all aspects of our work, we continue to develop our expertise and breadth in emerging and minority-owned managers. While these managers still only make up a small fraction of the larger asset management industry — in fact, only \$1.3 trillion of the \$69 trillion of assets under management worldwide is managed by women or minority-owned firms — it is by increasing outreach that this dynamic can be changed. With a renewed focus on DEI across the investment industry, interest in these firms is growing quickly among investors. There are several hurdles to achieving greater diversity, not the least of which is the generally smaller asset bases that are often used as reasons to eliminate these managers from consideration. By our efforts to broaden our database of attractive candidates, we hope to overcome such hurdles and increase the proportion of client assets that are managed by diverse asset managers.

Alpha research and DEI investing

Our alpha research team has incorporated DEI into its research of investment management firms and products in two important ways. First, the research team performs due diligence and reviews diverse and emerging asset managers across all asset classes, continually developing our own proprietary database of managers. We seek best-in-class investment strategies while applying a consistent due-diligence framework aimed at identifying and supporting differentiated talent.

To source diverse asset managers, the research team has used many techniques, including attending diverse manager-focused conferences, participating in industry panel discussions and educational forums and one-on-one meetings. Such events have been impacted recently by the COVID-19 pandemic, but our efforts continue in modified virtual settings.

Technology continues to be a main tool for sourcing and screening managers, as tools such as eVestment, TopQ+, and Preqin — a few of the asset manager databases used by the research team — have enhanced the transmission and evaluation of information and data. Videoconference tools, such as Zoom or Microsoft Teams, among others, continue to facilitate an increased level of prospecting and due diligence meetings in a virtual setting. The extensive experience and deep networks of Segal Marco's research team have helped the team source diverse and emerging managers.

Second, each asset manager on whom we perform due diligence is asked to demonstrate their commitment to ESG and DEI at a firmwide level. The research team's reviews of strategies that are pending recommendation include an evaluation of the commitment to diversity and inclusion by both the firm and the investment team. ESG considerations are also a critical aspect of our review of the strategy and process of a product under review for a recommendation.





Diversity Investing Working Group

Although Segal Marco (and its predecessor firms) have been involved in sourcing diverse asset managers for over 25 years, we felt that we should be taking more decisive action. In late 2018, Segal Marco formed the Diversity Investing Working Group (DIWG), a group dedicated to the research, advocacy and incorporation of small, emerging and minority-owned organizations in the client portfolios under advisement.

DIWG has sought to infuse the existing research process with key considerations of diversity, leveraging the full scale of the firm's platform. As part of this initiative, the DIWG includes a diverse group of analysts representing each major asset class to ensure proper evaluation and to facilitate advocacy and inclusion of these managers throughout the investment decision-making process.

The mission of the group is to:

- Raise awareness of the emerging and diverse representation in Segal Marco's manager coverage universe and within client portfolios.
- Maintain accountability through sustainable measures and robust data collection.
- Expand opportunities for emerging and diverse managers in a holistic manner through advocacy and action.
- Facilitate inclusion of these managers in portfolio implementation to add value to our clients.

The DIWG's goal is to increase the level of due diligence to diverse/emerging firms and decision makers/stakeholders through our current rating model and heighten the activity in manager search opportunities, ultimately increasing the amount of capital being allocated to emerging/diverse firms.

The DIWG addressed this mission through a variety of initiatives. A major piece of the DIWG's work has been in enhancing Segal Marco's data collection, tracking and screening tools for these managers.

The DIWG led educational sessions for research and consulting on diverse and emerging managers, and led the effort to bring more of these managers to "recommended" status on the firm's research platform. The group regularly speaks with media on this topic and published an article on our firm's [website](#).



ESG research expertise and ESG Committee

Having an ESG focus has been an important part of our research team's work for many years. Segal Marco Advisors is a signatory to the [Principles of Responsible Investment](#) (PRI), and a forerunner firm was one of the first consultant signatories when the PRI was founded.

We have integrated ESG evaluation into our manager due-diligence process, and our analyst team has considered a firm's commitment to ESG principles in manager recommendation proposals since the early days of the establishment of these concepts. Research has performed many ESG-related manager searches over the years on behalf of a variety of clients, from public funds to endowments and foundations. Further, diverse and emerging managers have been an element of our research team's scope of work dating back over 25 years.

Recently, we have continued to build on our ESG capabilities through a dedicated ESG Committee. Segal Marco's ESG Committee bolstered the firm's already deep knowledge base and research of investment firms on topics relating to diversity and ESG.



The ESG Committee comprises a cross section of colleagues with expertise that collectively covers all asset classes and service offerings at Segal Marco. The ESG Committee conducts an annual survey on the internal ESG policies and practices of Segal Marco's top 100 money managers selected by assets held of our clients. The 2020 survey results showed the gender and racial composition of firms' leadership skewed heavily white and male, while the numbers for overall staff inched more closely towards equality, particularly on gender. In other topics covered, the Committee found only 62 percent of firms reported that they have examined whether a pay gap exists between men and women serving in the same roles.

Notably, only four of the 50 firms that assessed gender pay equity reported a percentage difference in pay. Five reported no pay gap and the rest of the respondents gave no answer or only partial answers, such as reporting only on the UK operations where public reporting on gender pay equity is required. Sixty-nine percent of respondents give employees the ability to gain ownership stakes in the firm. [The detailed results are available on our website.](#)

In 2021, the ESG Committee began surveying equity money managers on ESG considerations in their investment process. We expect to score strategies on ESG performance later this year and will extend our ESG score assessment to other asset classes.

ESG Survey of Investment Managers

An Internal Perspective

Segal Marco Advisors requested its top 100 managers by assets complete a questionnaire of the firm's internal Environmental, Social and Governance (ESG) policies and practices. The survey's 24 questions focused on the practices of the firm, not of the underlying investments. The response rate for the survey was 81 percent. Each of the surveyed firms has a longer story to tell on ESG and this report does not capture the full scope of internal focus on ESG among investment managers. Instead, the results provide the state of play on the topics as selected by Segal Marco among the selected investment management firms today.

Q1. Percentage of Offices Located in LEED-Certified Buildings

Average 42%

Q2. Prevalence of Select Practices at Responding Firms

Automatic electrical switches	12.3%	43.2%	75.3%
Print reduction plan with tracking mechanism			
Carbon offset program for airline travel with tracking mechanism			

Q3. Percentage of Firms with Workplace Sexual Harassment Policies

98.77%

1.23%

Q4. Percentage of Firms with Private Arbitration of Harassment Claims

81.25%

18.75%

■ Yes ■ No

Q5. Percentage of Firms with a Code of Ethics

100%

2 / ESG Survey of Investment Managers



Proxy voting and engagement at Segal Marco

Segal Marco's Proxy Voting and Corporate Governance Practice has a long history of weighing in on ESG issues. In 2020, we led and assisted clients on 51 engagements with companies on ESG issues; 23 of which were implemented following negotiations. Another 11 proposals went through a vote, and two of them received a majority vote of shareholders. The topics we vote on span from electing corporate board directors to reporting on environmental metrics such as emissions reporting to human capital management. Segal Marco helped draft the AFL-CIO Proxy Voting Guidelines and provides educational sessions and resources to the National Conference on Public Employee Retirement Systems.

Diversity and inclusion are topics of major importance to our clients, as evidenced in a recent survey of Segal Marco consultants on the topic. The survey showed that 82 percent of consultants have at least one client with a diverse trustee board. Close to half (48.5 percent) of consultants surveyed said that their clients have hired diverse and/or emerging managers as part of non-dedicated diverse or emerging client mandates. Further, over one-quarter (26.5 percent) of consultants surveyed said that their clients undertook diverse or emerging manager searches in the past year.



Segal Marco Advisors has long been committed to research of managers' ESG policies and expertise. With the work of the ESG Committee, we're expanding our work in this area as ESG becomes more important to our clients."

JingLin Huang
Associate Director, Boston

Compliance

Segal Marco's internal compliance effort has several components that span every aspect of the organization. In 2021, the Office of Compliance was relaunched as the Enterprise Governance, Risk and Compliance Committee. The committee engages in ongoing and annual compliance reviews of our policies and procedures to determine their adequacy and effectiveness of their implementation. It identifies risks by performing detailed quarterly reviews of enterprise risks and identifies key risk mitigation and remediation plans applicable to such risks, such as conflicts and protection of client assets audits. The committee also reviews significant areas of our business operations, such as policies and procedures surrounding the oversight and review of recommended third-party managers, cybersecurity and the calculation of fees and allocation of expenses.

Each of parent company Segal's businesses undergoes a quality audit of policies and procedures each year. The quality audit is supervised under the direction of the Quality Committee of the firm's board of directors. For Segal Marco, the quality audit assesses a number of aspects of the business, including whether performance reports are being created as they should be, research-rating procedures are being followed, and proxy votes have been cast in a consistent way. In addition to the internal quality audit, Segal Marco retains an independent third-party SEC compliance firm to assess our firm's compliance and make recommendations on how it can be improved.

Regulations in the investment consulting business are continuously changing; having an effective compliance function helps us stay current. Compliance at Segal Marco isn't just about meeting legal obligations — a top-notch compliance function can help us serve our clients most effectively.





Disaster recovery and security policies: Peace of mind for clients and employees

Segal Marco's ability to respond effectively to emergencies ensures that both our clients' information and our employees are safe and also that we can resume business operations to support our clients as quickly as possible. Our ability to implement these procedures was certainly apparent in our seamless transition to working from home due to the COVID-19 outbreak. Implementing and complying with strong security policies protects our employees and the critical data that we use to support our clients.

If there is a disaster-recovery issue in a particular office, our facilities disaster-recovery efforts revolve around staff working remotely (at home or another office). Business continuity relies on programs that enable two-way communication between the company and employees (using an automated notification system).

Depending on the total time that an office will be unavailable, we evaluate engaging alternate sites to support the business units.

Segal employs a range of policies to ensure that offices remain secure and employees are safe. We use a centrally controlled card access system that is deployed for access to our offices and to other critical areas (file rooms and data rooms). In addition to the card access system, all entrances to our space from a public corridor are monitored 24/7 via a closed circuit television system. Our security policy also includes detailed instructions/procedures for physically securing the space as well as securing laptops and other devices and also critical information during and after business hours.

A sustainable world

Segal Marco must operate in a changing world in order to be effective advisors for our clients. With a focus on a sustainable future, we both encourage and require our people to focus on minimizing any lasting footprint and paying forward best practices that will help ensure a robust and healthy future. These include:



Environmental
Responsibility



Support
of Labor



Community
Engagement



Environmental responsibility

Segal Marco aims to treat the environment respectfully. While our employees must travel regularly and use energy and materials in their work, we strive to reduce our impact on the environment as much as possible.

Segal Marco staff are discouraged from traveling excessively. The firm maintains several regional offices, and by using people in those regions, we can eliminate much of the travel by our staff. In addition, Segal Marco sponsors a work-incentive program for mass transit use, which includes pre-tax payment for train/bus/parking. Staff use ride-sharing services to attend conferences or for larger company meetings. Client and internal team meetings are often conducted by video and audio conferencing as another way to keep our environmental footprint smaller.

In addition to travel, Segal Marco advocates environmental responsibility by encouraging staff to print documents double-sided and by offering battery recycling containers in offices. Our offices use energy efficiency programs, which include automatic light shutoffs and solid-waste recycling.





Support of labor

Segal Marco has a long history of labor-friendly policies. We believe in supporting organized labor wherever we can and do so in several ways.

A portion of Segal Marco's staff is collectively bargained and affiliated with the United Food and Commercial Workers union. Before the transactions between Segal Rogerscasey and Marco Consulting Group, some Marco staff were organized under the UFCW, and Segal Marco has maintained this agreement with the union. By keeping a unionized staff, we are able to understand the issues faced by our multiemployer clients and are better able to create solutions that work for them.

In addition, we sponsor initiatives like Heartland Labor Capital Strategies Summer Fellowship, a joint fellowship of Heartland Capital Strategies and Georgetown University's Kalmanovitz Initiative for Labor and the Working Poor. The mission of the fellowship is to identify and educate college-age people as a new generation of capital stewards and responsible investors and to construct a diverse talent pipeline.

Segal Marco has been honored by labor organizations for our work with the multiemployer community. The North America Building Trades Union (NABTU) awarded Segal Marco an A+ rating on their Investment Consultant Report Card.

Community engagement

In addition to serving our clients, Segal Marco employees are members of their broader community. As such, we encourage them to be engaged citizens and to give back to the community when possible.

Segal Marco employees are involved with numerous charitable organizations. Segal Marco employees volunteer with and donate to organizations ranging from local schools to religious and cultural organizations. These include Habitat for Humanity, Catholic Charities, the Jewish Community Center of Manhattan and Mercy Home for Boys and Girls. Several Segal Marco staffers serve on boards of organizations, including Women Investment Professionals, the International Foundation of Employee Benefit Plans and the Mercy Home for Boys and Girls.

Segal also offers company matching funds for certain organizations. As previously mentioned, Segal sponsored matching funds for employee contributions to Jobs with Justice in the summer of 2020. Segal has facilitated similar donation programs after other natural disasters and for other causes.

Many Segal Marco staff members support the Mikva Challenge, a Chicago-based organization that creates opportunities for young people to get involved with policy and civic decision-making in their communities.

Segal Marco participates in community events, such as the J.P. Morgan Corporate Challenge, as well as in holiday food and clothing drives.

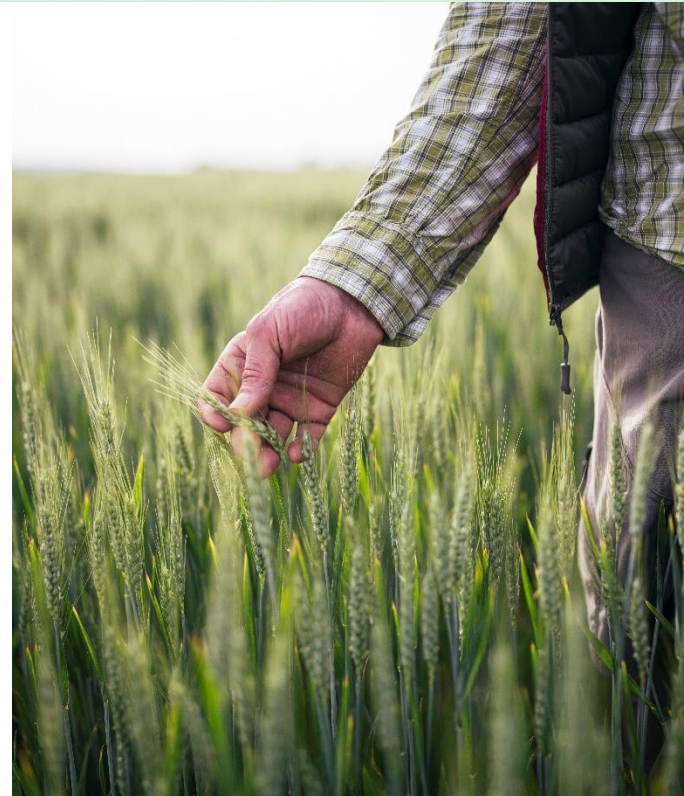


Segal Marco employees are involved with numerous charitable organizations, and several staffers serve on boards

Conclusion

Sustainability has always been critically important to our work. The pandemic and the recent racial justice movement have shown us how crucial is that commitment to sustainability as well as how important it is to continue and expand it.

We continue to believe that sustainable practices are ones that will be most beneficial to our employees, our firm and the communities we live in. Growing a diverse workforce, continuing to deepen our commitment to ESG investing and corporate engagement, supporting work with diverse managers and ensuring our staff is safe, productive and healthy in a pandemic all are examples of our commitment to sustainability.



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