



TPF ESG Investing Overview

Interest and investment in Environmental, Social and Corporate Governance (ESG) equities continues to gain traction among investors of all generations. Texas Presbyterian Foundation (TPF) remains dedicated to these principles as we strive to have a positive impact on the partners we serve, as well as the communities where we live and work.

ESG Basics

But what is ESG? This term refers to a specific class of investing known as “sustainable” investing. It is a blanket term for investments that seek positive returns and long-term impact on society, and the performance of the business. The graphic below provides a brief overview of ESG construction:



TPF has a primary fiduciary responsibility to invest our partners’ portfolios in a strategic manner that will provide long-term, risk-adjusted returns to support their mission. However, we also have a great responsibility to promote sustainability and protect the environment. TPF seeks to invest in equities representing companies with the highest standards in governance.

ESG and the TPF Portfolios

TPF and our Investment Committee have partnered with Segal Marco Advisors for more than 18 years to select and hire investment managers. The predecessor organizations of Segal Marco Advisors were early signors of the United Nations’ Principles for Responsible Investment (UN PRI). Segal Marco Advisors has incorporated ESG as an integral portion of the seven-principle manager selection process since 2008. They have multiple teams designed to ensure institutional adherence to ESG requirements.



Specifically, the Segal Marco Advisors ESG Committee does the following:

- Implements a rating system to score managers on ESG
- Surveys managers on their internal ESG practices on an annual basis
- Constructs Segal Marco Advisors' response to regulatory developments on ESG

In addition, the Segal Marco Advisors' Research Team surveys managers on key ESG internal policy and practice. The surveys include the topics of diversity in work force by job category, human capital management practices, environmental stewardship policies, governance framework, and operational flexibility.

To promote fair governance and sustainability across our portfolio, TPF employs a Corporate Governance Screen. The factors that comprise this Governance screen include:

- Board Composition and Internal Governance
- Audit
- Charter/Bylaws
- Anti-Takeover Provisions
- Executive and Director Compensation
- Ownership
- Director Education
- Regulatory

TPF annually reviews the individual holdings against the Governance screen. These screens, along with the Segal Marco ESG Committee and Research Team ensure that we provide both high quality and socially conscious investments. TPF votes all proxies in accordance with Christian principles and the Governance screens.