

Wyoming Investment Policy Statement Draft ESG Language 7-11-2023

3.5 Environmental, Social, and Governance or “ESG”. All Individuals are fiduciaries bound by the Prudent Investor Rule. Accordingly, all Individuals shall act in the best financial interest of beneficiaries while evaluating managers, vendors, asset allocations and investment potential in order to obtain the highest total return on a risk adjusted basis ~~risk-adjusted total rate of return~~ while adhering to applicable rules of law. Fiduciary decisions can only be based on pecuniary factors, meaning they have been prudently determined and are expected to have a positive effect on the risk-adjusted return of investments, based on appropriate investment horizons consistent with the funds’ objectives and investment policies while adhering to compliance, statutory and regulatory guidance. Pecuniary factors do not include the furtherance of environmental, social, governance, political, or ideological interests. Non-pecuniary factors do not provide confidence in increased returns or lower risk; conversely, they may be cause for alarm and concern. Non-pecuniary diversions from fiduciary responsibilities will most likely result in lower returns and increased risk, resulting in less funding being available to the State of Wyoming in general. In addition, Wyoming shall prefer vendors that do not adhere to the implementation of foreign treaties or policies which are not ratified by the U.S. Congress.

The State Treasurer’s Office may respond to an investment partner when it is acting in a non-pecuniary manner and the State Treasurer’s Office identifies a potential detrimental outcome to the highest total return on a risk adjusted basis ~~highest risk-adjusted return~~ or loss to the State’s revenue in general, by communicating these concerns to management, its board or other responsible individuals. This may include but is not limited to: requests to change policies; voting of proxies to force change; and divestment and/or replacement with competitive alternatives. Ultimately, all partners must adhere to the Standard of Care of being a fiduciary and in accordance with the policies outlined in this IPS.