WILSHIRE ASSOCIATES INCORPORATED

ESG POLICY

(September 2019)

Since its founding in 1972, Wilshire Associates has evolved from an investment technology firm into a global advisory company specializing in investment products, consulting services, and technology solutions. We have worked throughout our history to maintain a strong commitment to our clients and retain a position of leadership in providing innovative ideas to the investment industry. As investment practices evolve and client interest in Environmental, Social and Governance (ESG) issues grows, we will continue to deliver customized solutions to the specific needs of each client. Our consideration of ESG issues applies to both the business activities of the firms we interact with as well as our own internal practices.

A growing body of research has demonstrated that poorly managed ESG risks, such as natural resource efficiency, human capital / labor management, and board independence can have a material impact on asset values. The potential repricing of externalities, such as climate change, could contribute to future tail-risk and could lead to increased drawdown risk, volatility, and impaired assets. As our understanding of ESG risks evolves, we are able to incorporate this information into our investment framework and analysis.

In responding to client needs, we can advise on a broad spectrum of approaches including: integrating ESG information into traditional investment analysis; stewardship best practices, such as proxy voting; thematic or impact investments; and values-based investing, which may involve divestment.

As a signatory to the Principles for Responsible Investment (PRI) since 2016, Wilshire upholds our commitment through:

a) **Education** – We educate both clients and associates on the relationship between ESG issues and risk / return for different asset classes, industries and markets by conducting research, disseminating information, and facilitating workshops.

b) **Customization** – Wilshire’s investment and advisory services are customized in accordance with the client’s mission and beliefs about the materiality of ESG risks and opportunities - there is no one-size-fits-all approach. We differentiate ourselves by designing and recommending customized ESG solutions across the broad spectrum of approaches. For example, we can help advise clients on partially managing ESG risks in passive equity portfolios, for modest cost, by systematically tilting exposure away from potentially at-risk securities.

c) **Research** – Managers with well-defined processes for identifying, valuing and managing ESG risks and opportunities capital may be better positioned to protect from losses and produce more resilient returns. We are integrating ESG considerations into our research of both public and private market strategies by asking managers questions about the 3 P’s: their Policy, People and Process for managing ESG risks and
opportunities. We have started to analyze managers’ ESG information and our assessment will be included in our final research reports.

d) **Resources** – Wilshire continues to invest in its ESG resources and capabilities. Led by our Vice President for Responsible Investment, a firm-wide ESG and Diversity committee, designed to provide coordination of ESG initiatives, monitor emerging trends and share best practices across the firm, meets regularly. The committee comprises senior members of staff, representing various areas of the firm’s business including Consulting; Private Markets; Funds Management and Legal and Compliance, among others. The Committee oversees both the drafting and updating of this Policy, as well as firm’s commitment to the PRI, including completion of the annual transparency report available here: [https://www.unpri.org/signatories/wilshire-associates-incorporated/2686.article](https://www.unpri.org/signatories/wilshire-associates-incorporated/2686.article)

**Drafted by Wilshire Associates’ ESG and Diversity Committee**

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