



Responsible Gun Policy

Top 10 Frequently Asked Questions

1. **What is the Connecticut State Treasurer's Responsible Gun Policy?**

A framework for guiding sound financial decisions and responsible corporate behavior on guns. Specifically, the Responsible Gun Policy informs and guides the State Treasurer's work related to investments, borrowing and banking transactions. The policy includes three core components:

- ***Divestment***: Prohibits the investment of the state's pension funds in public securities of "civilian firearms manufacturing companies" and includes flexibility to invest in gun safe technologies.
- ***Disclosure***: Encourages companies to adopt safe gun policies and requests banks and financial institutions that wish to work with the Office of the Treasurer to disclose their policies on guns.
- ***Decision-making***: Weighs a financial institution's gun policy as one factor, among many, when the Office of the Treasurer contracts for banking and financial services.

2. **Why is the Connecticut State Treasurer implementing a policy on guns?**

The costs and risks associated with gun violence are urgent. In Connecticut alone, the cost of gun violence averages \$1.2 billion a year and claims nearly 180 lives annually. As the chief financial officer for the State of Connecticut, the State Treasurer is uniquely positioned to help mitigate the social and economic impact of gun violence through the financial relationships and business operations of the Office.

DIVESTMENT

3. **What is the Treasurer's investment role for the State of Connecticut?**

As the principal fiduciary, the State Treasurer oversees the investments of the Connecticut Retirement Plans and Trust Funds (CRPTF), which consist of six pension funds and nine trust funds. The Treasurer is responsible for investing **more than \$36 billion** in assets for approximately 212,000 state and municipal employees, teachers, retirees and survivorships who are pension plan participants and beneficiaries, as well as for trust funds that support academic programs, grants, and initiatives throughout the State.

4. **What are the investment risks of civilian firearms manufacturers?**

From an investment perspective, civilian gun manufacturers face significant legal and reputational risks that have an impact on company profitability and long-term shareholder value. Often a volatile investment, these securities present unnecessary financial and business risks associated with the products manufactured. The U.S. Supreme Court's decision to allow the families of Sandy Hook victims to proceed with their claims against Remington Arms underscores these risks.

5. How can the State Treasurer divest from civilian firearms manufacturers?

As State Treasurer, the costs and risks of gun violence are a matter of significant financial concern, and the business of guns is becoming an increasingly risky proposition. Under Connecticut statute, the State Treasurer is empowered to consider the social, economic and environmental implications of specific investments. The Treasurer will propose amendments to the current Investment Policy Statement, with appropriate public notice prior to consideration and approval by the Investment Advisory Council.

Following amendment of the Investment Policy Statement, fund managers will be instructed to reallocate investments into comparable substitutes in a similar industry that have the same risk and return characteristics as civilian gun manufacturing companies.

6. What is the Investment Advisory Council?

The Connecticut General Assembly created the Investment Advisory Council (IAC) to establish investment guidelines and review the investments made by the State Treasurer. The membership of the IAC consists of the Secretary of the Office of Policy and Management (ex-officio); State Treasurer (ex-officio); five public members appointed by the Governor and legislative leadership (all of whom shall be experienced in matters relating to investments); three representatives of the teachers' unions; and two representatives of the state employees' unions.

7. What is the scope of civilian firearms manufacturing companies, the State's exposures & impact on CT companies?

Many civilian firearms manufacturers are privately owned and are not publicly traded companies. According to the MSCI Index, the largest independent global provider of market indexes, there are **17 companies** that are directly involved — fully or in part — in the manufacturing of civilian guns and ammunition.

The Connecticut Retirement Plans and Trust Funds (CRPTF) currently **hold \$30 million of equity investments in 5 companies** involved in the manufacture of ammunition for the civilian market (Northrop Grumman, Olin Corp., Daicel Corp., Clarus Corp., and Vista Outdoor). These investments represent .08% of the CRPTF's portfolio.

While the CRPTF currently does not own investments in Sturm, Ruger & Company, a publicly traded civilian firearms manufacturer headquartered in Southport, CT, the Responsible Gun Policy will prohibit consideration of future investments with this company unless they move to advance smart gun technology. Other manufacturers, such as Colt (based in West Hartford, CT), are privately-held and would not be impacted by divestment.

The CRPTF is currently invested in Northrop Grumman, a multi-billion dollar global security company which wholly-owns Adaptive Optics Associates Xinetics (AOX) in East Hartford. Since Northrop Grumman is also in the civilian firearms ammunition manufacturing market, its securities would be subject to the Responsible Gun Policy and as such, \$28 million currently invested in Northrop Grumman would be reallocated to an economically equivalent substitute.

DISCLOSURE

8. What types of disclosure will be required by the Connecticut State Treasurer's Responsible Gun Policy?

To begin the conversation, the State Treasurer has written banks inquiring about civilian firearms industry business relationships and on bank gun policies. Banks and financial institutions seeking to work with the Office of the State Treasurer will be asked to describe their gun policies, specifically outlined in their responses to Requests for Proposals (RFPs.)

9. What gun policies is the State Treasurer's Office looking to see from banks and financial institutions?

The Connecticut Treasurer's Office wants to know where a company stands on guns in the civilian market. A growing number of companies, banks and investors—who evaluate risks everyday—have created new practices and policies related to civilian firearms. For example, Citibank implemented a policy for its retail clients, which requires background checks, age limits, and bans the sale of high-capacity magazines and bump stocks.

DECISION-MAKING

10. What types of decisions will be guided by the Connecticut State Treasurer's Responsible Gun Policy?

As Connecticut's chief financial officer, the Treasurer makes business decisions involving billions in borrowing and cash transactions with many of the largest financial institutions in the world. Specifically, the Office of the Treasurer manages \$152 billion in cash transactions a year and administers a \$25 billion bond program. As part of this work, the Treasurer is charged with maintaining bank deposits and hiring underwriters for bond sales.

As part of the Responsible Gun Policy, the Treasurer will consider an entity's gun policies as one factor, among many, when awarding financial and banking business on behalf of the State of Connecticut.