THE U.S. IMPACT INVESTING ALLIANCE
Private Capital for Public Good

July 1, 2020

Office of Regulations and Interpretations
Employee Benefits Security Administration, Room N-5655
U.S. Department of Labor
200 Constitution Avenue NW
Washington, DC 20210
Attention: Financial Factors in Selecting Plan Investments Proposed Regulation

Re: Proposed Rule - RIN 1210-AB95

To Whom It May Concern:

Thank you for the opportunity to provide comment on the proposed rule. The U.S. Impact Investing Alliance ("the Alliance") and our members have significant concerns with the Department of Labor's changes to the fiduciary standard for ERISA-regulated retirement plans.

The Alliance is an organization committed to catalyzing the growth of impact investing in the United States. Members of our boards and councils include individual and institutional investors collectively owning hundreds of billions of dollars of invested assets, in addition to asset and fund managers collectively managing trillions of dollars in assets. We define impact investing broadly to include those investments that create financial returns alongside measurable and positive social, economic or environmental impacts across asset classes.

The Alliance is concerned that the proposed rule will place an unnecessary burden on fiduciaries and have a chilling effect on ESG investments. While further consideration of the proposed rule is needed, it could have the effect of arbitrarily requiring additional analysis of ESG products going beyond good business practice, thereby increasing costs for plan beneficiaries. This added red tape would be an overreach by the Department of Labor, considering that robust academic and market research has demonstrated that performance on ESG metrics positively correlates to long-term financial performance.[1,2] For these reasons, limiting the offering of ESG funds restricts financial opportunities for ERISA-regulated retirement plans and exposes them to undue risk.

Beyond our substantive objections to the proposed rule, the Alliance is deeply concerned by the Department of Labor moving forward with a non-essential rulemaking in the midst of the COVID-19 pandemic and related economic crisis. Even absent the pandemic, the proposed changes have complex implications for plan beneficiaries and fiduciaries requiring substantially more time to analyze than the 30 days offered for public comment.

We echo the sentiments of several Members of Congress who have urged the Administration to suspend all rulemaking not directly related to the pandemic and recovery. Relevant stakeholders are facing a myriad of disruptions due to the pandemic and related health and economic concerns. A 30-day comment period is exceedingly short for this topic during a time of significant strife.

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[1] Oxford University and Arabesque Partners, "From the Stockholder to the Stakeholder: How Sustainability Can Drive Financial Outperformance," March 2015.
[2] The Journal of Portfolio Management, "Foundations of ESG Investing: How ESG Affects Equity Valuation, Risk, and Performance," July 2019.

Further, we urge regulators to do their part in maintaining stability wherever possible during this health and economic crisis. **The Alliance calls on the Department of Labor to suspend the rulemaking until well after the COVID-19 pandemic and economic crisis have passed.** Thank you for your consideration of our request.

Sincerely,

Fran Seegull
Executive Director, U.S. Impact Investing Alliance