GREEN CENTURY

Submitted via regulations.gov

July 23, 2020

Office of Regulations and Interpretations
U.S. Department of Labor, Room N-5655
200 Constitution Avenue NW
Washington, DC 20210
RE: Proposed Rule on Financial Factors in Selecting Plan Investments (RIN 1210-AB95)

To whom it may concern:

On behalf of Green Century Capital Management, I welcome the opportunity to provide this comment letter on the "Financial Factors in Selecting Plan Investments" (RIN 1210-AB95) (the "Proposal"). I strongly oppose the proposed rule.

Green Century Capital Management offers the first family of fossil fuel free, responsible, and diversified mutual funds in the U.S. Our sustainable investment strategy is a key reason investors chose to save for their future with us. Analyzing and evaluating environmental, social, and governance (ESG) factors are central to our fiduciary responsibility to our investors.

The Proposal reveals a fundamental misunderstanding of how professional investment managers use ESG criteria as an additional level of due diligence and analysis in the portfolio construction process. Investment managers increasingly analyze ESG factors precisely because they view these factors as material to financial performance.

In the US SIF Foundation's 2018 survey of sustainable investment firms in the United States, 141 money managers with aggregate assets of more than $4 trillion responded to a question on their motivations for incorporating ESG criteria into their investment process. Three-quarters of these managers cited the desire to improve returns and to minimize risk over time. Fifty-eight percent cited their fiduciary duty obligations as a motivation.

In a July 2019 study, *Foundations of ESG Investing: How ESG Affects Equity,* by Morgan Stanley Capital International, demonstrated that an improvement in company's "ESG characteristics has led to increasing valuations over time," which includes access to lower costs of capital. Now, in the midst of a pandemic, the benefits of evaluating company ESG performance as a factor in their financial performance has never been clearer.

In a 2020 Morningstar article, *Sustainable Funds Weather the First Quarter Better Than Conventional Funds*, the author notes that for Q1 2020, "Seven out of 10 sustainable equity funds finished in the top halves of their Morningstar Categories, and 24 of 26 environmental, social, and governance-tilted index funds outperformed their closest conventional counterparts."

Additionally, numerous studies show compelling data that consideration of ESG criteria in investment analysis generally produces investment performances comparable to or better than non-ESG investments. There is no doubt that funds that use ESG criteria are consistent with long-term retirement objectives.

The Proposal will likely dissuade fiduciaries, even against their better judgment, from offering options for their plans that consider ESG criteria in addition to more traditional financial criteria. As a result, it will unfairly, and harmfully, limit plan participants' options and diversification opportunities.

I respectfully request that the Proposal be withdrawn.

Thank you for your consideration of these comments.

Sincerely,

Leslie Samuelrich,
President