GREENVEST™ Socially and Environmentally Responsible Investing

David Schreiber_CFP®_
Greenvest/Vanderbilt Financial Group (VFG)
22 Mill St, Suite 303
Arlington,MA 02476
781-640-2182
david@greenvest.eco

July 17, 2020

Office of Regulations and Interpretations US Department of Labor
Room N-5655
200Constitution Ave NW Washington, DC 20210

RE: Proposed rule on Financial Factors in Selecting Plan Investments (RIN 1210-AB95)

To whom it may concern:

I write to provide comments in response to the Department of Labor's proposed rule, "Financial Factors in Selecting Plan Investments" (RIN 1210-AB95) (the "Proposal").

I am an investment adviser representative working directly with retail clients and as well as advising a number of qualified retirement plans. My assets under management come to about $25,000,000. My clients come to me and stay with me because I am a specialist in sustainability and recommend investments carefully screened for their environmental, social and governance qualities in addition to their financial performance. This has practice has resulted in reduced risk and therefore more consistent returns for my clients.

The Department of Labor fails to articulate a rational connection between the relevant facts and the proposed rule. The Proposal reveals a fundamental misunderstanding of how professional investment managers use environmental, social and governance (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.

The proposed rule seems to assume that ESG strategies sacrifice financial returns. This assumption is easily refuted both by the experience of my clients as well as a clear history of out-performance as demonstrated by a comparison of the returns of the S&P 500 index with the Domini Social Index since its inception over 30 years ago. Furthermore for the last 10 years a version of the DSI excluding fossil fuel exposure has shown an even greater out-performance.

The proposed rule assumes that ESG considerations are not material to corporate success but the the Business Roundtable Statement on Corporate Purpose demonstrates broad issuer acceptance of materiality as integral to corporate long-term success. More obviously a company which pays attention to its environmental impact is more likey to avoid expensive law-suits; a company which treats its employees fairly will reduce expenses related to employee turnover and recruitment as well as enjoy greater loyalty and productivity.

The Proposal is likely to have the perverse effect of dissuading fiduciaries, even against their better judgment, from offering options for their plans that consider ESG factors as part of the evaluation of material financial criteria. As a result, it will unfairly, and harmfully, limit plan diversification and perhaps compel plan participants to choose options that are either more risky or less profitable.

I respectfully request that the Proposal be withdrawn. Thank you for your consideration of these comments.

I am respectfully,

David Schreiber

David Schreiber, CFP.