Presbyterian Mission
Mission Responsibility
Through Investment

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July 29, 2020

VIA ELECTRONIC FILING

Office of Regulations and Interpretations
Employee Benefits Security Administration, Room N-5655
U.S. Department of Labor
200 Constitution Ave. N.W.
Washington, DC 20210

Re: RIN 1210-AB95, "Financial Factors in Selecting Plan Investments"

Dear Assistant Secretary Wilson,

The Department of Labor's proposed rule, "Financial Factors in Selecting Plan Investments", set forth in the Notice of Propose Rulemaking would impose significant analytical and documentation burdens on fiduciaries of benefit plans governed by the Employee Retirement Income Security Act (ERISA) wishing to select (or all individuals to select) investments that use environmental, social and governance (ESG) factors in investment analysis or that provide ESG benefits. We strongly oppose this proposed rule and urge the Department to withdraw it.

The Presbyterian Church (U.S.A.) (PCUSA) is a major Protestant denomination with nearly 1.5 million members. Our General Assembly believes the church's investments should promote its mission goals and reflect its ethical values such as caring for the environment and advocating for human rights. The Committee on Mission Responsibility Through Investment (MRTI) was created almost 50 years ago to implement this policy and has engaged hundreds of corporations on a variety of ESG issues.

The PCUSA, through MRTI, has engaged with companies on ESG issues since the early 1970s. We are a founding member of the Interfaith Center on Corporate Responsibility (ICCR) and support, and signed, their comment letter submitted. Additionally, we have reviewed Ceres letter submitted on this subject on June 30 and support their recommendations. We are concerned that the proposed rule would dissuade fiduciaries from assessing ESG risks and opportunities in their investments.

Consideration of ESG factors in investing has achieved widespread acceptance both in the U.S. and globally in recent years. The proposed rulemaking ignores the fact that investment managers consider ESG factors appropriately in line with fiduciary and financial considerations. Much research shows a positive link between ESG funds and financial performance.

The widespread consideration and acceptance of ESG issues in investing decisions is evident in BlackRock's announcement earlier this year that it would make sustainability "integral to portfolio construction and risk management". This illustrates the mainstream appeal of ESG integration. To this point, it is unclear when a defined contribution plan's investment alternative would be deemed to include ESG assessments in its investment mandate. Many portfolio and fund managers integrate ESG considerations when making investment and voting decisions, though they do not claim to promote ESG benefits or follow an ESG-specific approach. (BlackRock's announcement earlier this year that it would make sustainability "integral to portfolio construction and risk management" illustrates the mainstream appeal of ESG integration). The DOL should make clear that the proposed rule does not apply in such cases.

Additionally, the definition of when ESG factors are considered non-financial is very narrow, given the growing evidence regarding the link between such factors and financial performance. This research is ongoing and rapidly evolving, and the DOL should not require fiduciaries to prove that ESG factors are deemed material under "generally accepted investment theories" when those theories may not be up to date.

I urge the DOL to withdraw the Proposed Rule and appreciate the opportunity to provide input on this important matter.

Sincerely,

Rob Fohr
Director of Faith-Based Investing and Corporate Engagement
Presbyterian Church U.S.A.