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General Comment

There is nothing inherently wrong with injecting ESG factors into an investment methodology but if the outcome of it is lower returns, higher volatility, ineffective benchmarking, and higher expenses, then prudence is not being exercised. Criticisms and accusations that ESG investing is being singled out for heightened scrutiny has always been highly questionable. Every methodology, in matters where a fiduciary relationship has been established, should. ESG is just another "layer" of principles in a subjective methodology. Methodologies that produce outcomes that demonstrate prudence, loyalty, and free of conflicts of interest is the goal here not favoring or criticizing the variables baked into any specific methodology.
A retirement plan fiduciary, without a personal, political, or social bias, should be attempting to produce outcomes in the best economic interests of their participants already, so the DOL should be rather incredulous about any party that believes that more explicit references to ESG in the final regulation is required.
There is no doubt that we should be concerned about climate change, man-made or not. Fiduciaries and money managers make relative security selection decisions based on their perceptions about market dislocations, future likelihoods and past outcomes, investment mandates, correlation and volatility data, costs, and the technical patterns of all that was just mentioned, just to name a few.
In the same spirit of how a fiduciary makes a decision using "likelihood" as a variable, I would inspire anyone reading this to consider which conclusion seems more likely?

Are the parties that are using the "improving investment portfolio resilience against the potential financial risks with impacts often associated with climate change" logic doing so in the best economic interests of retirement plan participants OR do they have a political or profit agenda to access the retirement marketplace, which will approaching 10 trillion dollars not far off in the future, and are incorporating ethic/moral signaling in their marketing plan to do so?

A fiduciary is "at risk" when they have insufficient expertise to identify and incorporate ANY factor that should be included into their methodology that is supposed to evidence a prudent and loyal outcome which can jeopardize the likelihood of retirement plan participants not achieving their desired lifestyle in retirement. Perhaps the DOL should be far more concerned with the veracity of the parties who believe that they have "created a perception that fiduciaries are at risk if they include ESG factors in their financial evaluations" then their own image and the possibility of that belief.

We have no control over the effects (not to be confused with man-made possible causations) of climate change but principals, tools, and factors can be established so they can be incorporated into methodologies that evaluate and understand which investments and companies are more conscious of contributing to climate change. However, doesn't it seem rather disingenuous for retirement plan fiduciaries to mislead retirement plan participants into believing that they can incorporate climate change considerations which is currently an unquantifiable variable in ESG considerations.

ESG considerations in one’s methodology to determine investments, such as the sustainability commitment to biodiversity and its processes and preparedness, for example, is a very worthy endeavor. So is quantifying behaviors that effect equality in the workplace, health and safety, and anti-child labor. It is also about time that ethical behavior, board diversity and conflicts of interests, executive compensation, and shareholder’s rights are looked at with regards to governance but is it possible to do so for climate change?

Perhaps additional causation of the confusion can be inferred by an odd “passage” in 29 CFR Part 2550 (when one considers what the DOL is supposed to be enforcing: “Taking climate change into account, such as by assessing the financial risks of investments for which government climate policies will affect performance and account for the risk of companies that are unprepared for the transition, can have a beneficial effect on portfolios by reducing volatility and mitigating the longer-term economic risks to plans’ assets.”

It seems unrealistic, misleading, and beyond the scope of a retirement plan fiduciary to assess any risk outcome caused by government climate policies that are clearly influenced by “forces” that they are neither privy to nor can quantify. Government climate policies are not determined by how they affect the tax-deferred compounding return crescendo of assets in retirement plans nor its retirement income decumulation phase. Perhaps this is a matter of a civil engagement such as election voting.