

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: Proxy Voting and Shareholder Rights NPRM

Rule Number: RIN 1210-AB91

Dear Secretary Scalia,

Thank you for giving me the opportunity to comment on the new Department of Labor rule regarding fiduciaries making proxy decisions based solely on economic considerations. As you may be aware, earlier this summer, I wrote to express my support for the rule that limits ESG funds playing a role in private pensions. I write, once again, as a Certified Public Accountant and investment professional to show my support for the new rule by reiterating that ESG funds have no place in our private pensions and proxy decisions should only be made to ensure maximum returns for clients.

The new rule aptly states that fiduciaries and proxy advisor firms may be “unwittingly allow[ing] plan assets” to be used for environmental or social purposes, thereby unnecessarily increasing plan expenses and creating lower returns. As an accountant, I have seen firsthand the importance of private pensions as well as the harm that these proxy-firms do when they vote with ESG investing at the crux of their decisions. I have clients who work their entire lives to save carefully and are able to retire because of the way their pensions have been invested. They are able to live out the rest of their lives safe in the knowledge that there is enough money in the bank for their family. I also have clients that do not have this luxury because they have advisors and firms who have de-emphasized maximizing returns. They have struggled to get by in retirement, to no fault of their own. This new proxy-voting rule is for these people and their pensions.

As I stated in my previous letter, ESG funds tend to strongly underperform other investment vehicles and options. [Analysis](#) of ESG funds shows that many offer only a portion of the returns standard index funds do; with the SUSA fund trailing the S&P 500 by some 37 points for a decade. It is unacceptable to allow these proxy-votes to go ahead when they are voting with ‘thoughts and feelings’ instead of the facts. There is a time and place to be considerate about environmental and social issues, but this is not it. When you are making decisions regarding other people’s money, maximizing returns should be the only consideration.

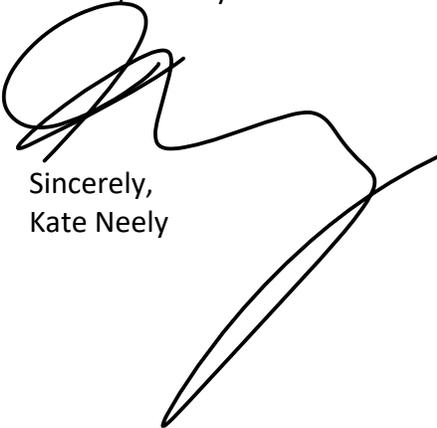
While I commended the Department of Labor for these steps, I believe there are additional elements of the rule that must be clarified to ensure that a tangible change is made. Two firms dominate the proxy-advisory firm market: Institutional Shareholder Services (ISS) and Glass

Lewis. They run a dangerous duopoly and harm competition. It is wrong to put the money of so many in the hands of so few. I urge the Department of Labor to dig further into the conflicts of interest with these companies and hold them accountable for their actions. By dominating the market, they avoid much needed scrutiny.

In addition, I would push the Department of Labor to go one step further to make clear your intentions on how to address robo-voting. I believe this section of the rule does not go far enough and I encourage the DOL to consider outlawing this type of voting altogether. Without clarification of this part of the rule, we allow automated actions to slip through the cracks and, in turn, it hurts the people the rule is courageously trying to help.

In my previous letter I argued the Department of Labor has a responsibility and opportunity to protect from this meddling by finalizing and ratifying its ESG investing rule. This continues to ring true. The DOL must clarify this proxy voting rule to ensure that impactful oversight is implemented, particularly as it relates to robo-voting.

Thank you for your time.

A handwritten signature in black ink, appearing to read 'Kate Neely', with a long, sweeping underline that extends to the right.

Sincerely,  
Kate Neely