

July 27, 2020

Office of Regulations and Interpretations US 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:

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

Praxis Mutual Funds, a fund family of Everence Financial, is committed to providing competitive, financially-sound investment products to individuals and institutions seeking to provide for their future in a manner that reflects their faith and values. For over 25 years, we've provided investment vehicles that have successfully integrated social screens and an increasingly sophisticated understanding of environmental, social, and governance risk data. These processes have been prudent, fact-based, and mindful of our fiduciary responsibility to our clients.

We write today not only as a provider of proven ESG financial products, but on behalf of the 350 employees of Praxis/Everence Financial and the more than 30,000 Praxis investors, who own their accounts as an important expression of who they are and the religious values they hold. We believe ESG factors can be, and have been, integrated into the investment process not only consistent with existing guidance and fiduciary understandings but in ways that can enhance those efforts. For years, we've competed head-to-head with a wide range of funds and been selected by plan fiduciaries who are building prudently managed, well-diversified plans.

From our perspective, the Department of Labor has failed to articulate a connection between the relevant facts about the use ESG factors by investment managers and the proposed rule. The Proposal reveals a fundamental misunderstanding of how professional investment managers currently 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.

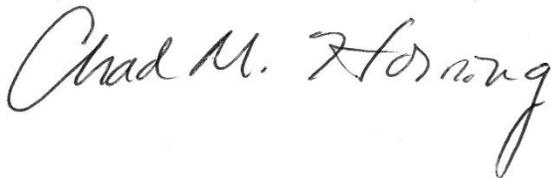
In the US SIF Foundation's 2018 survey of sustainable investment firms in the United States, 141 money managers with aggregate assets of more than \$4 trillion responded to a question on their motivations for incorporate ESG criteria into their investment process. Three-quarters of these managers cited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

In summary,

- We believe the proposal is out of step with professional investment managers who increasingly analyze ESG factors precisely because of the risk, return, and fiduciary considerations. In July, an official from the American Funds, a firm not known for embracing unconventional approaches to investment management, revealed the firm's intention to integrate ESG factors into their investment process for all their funds.
- The proposed rule cites no sources for its contention that ESG factors are not material to investment performance. The proposal seems to be built on opinion, not facts, which regularly point toward the materiality of these factors in the performance of companies.
- The proposal would place a substantial burden on fiduciaries wishing to offer prudently selected ESG-themed investments to their participants. The proposal unduly targets ESG-themed investments for additional scrutiny when their risk profiles are like other equivalent investments.
- We believe the Proposal will 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.

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

Sincerely,



Chad Horning
President
Praxis Mutual Funds