



**Mennonite  
Education  
Agency**

The education agency of  
Mennonite Church USA

Submitted via regulations.gov

July 28, 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:

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").

The Mennonite Education Agency Investment Committee performs investment management duties on behalf of Mennonite Education Agency Inc (MEA). Nineteen schools, colleges, universities, seminaries, congregations, area conferences and other programs within Mennonite Church USA have partnered with MEA for the management and investment of certain financial assets owned by the institutions. As of June 30, 2020, assets under management totaled just under \$160 million.

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. 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 incorporating 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 duty obligations as a motivation.

Numerous studies show that the consideration of ESG criteria in investment analysis generally produces investment performances comparable to or better than non-ESG investments. There is no doubt funds that use ESG criteria are consistent with long-term retirement objectives.

With more than 1,500 employees at member MEA institutions, faculty and staff participate in retirement programs, including ERISA-governed retirement plans. Many of these plans offer investment options within the ESG category that reflect the institutions', as well as the faculty and staff's faith and values. We believe the faculty and staff should not be denied this opportunity to choose ESG options.

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We believe 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

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 criteria in addition to more traditional financial criteria. As a result, it will unfairly, and harmfully, limit plan participants' options and diversification opportunities.

We respectfully request that the Proposal be withdrawn.

Thank you for your consideration of these comments.

MENNONITE EDUCATION AGENCY INVESTMENT COMMITTEE

A handwritten signature in cursive script, appearing to read 'JB Miller', written in black ink.

JB Miller  
Chair