

July 30, 2020

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

Re: Financial Factors in Selecting Plan Investments
Proposed Regulation (RIN 1210-AB95)

Dear Director Canary:

As a signatory of the PRI¹, we at Stone Harbor Investment Partners LP (“Stone Harbor”) are writing to request an extension of the comment period from 30 days to 90 days for public comments on the notice of proposed rulemaking entitled “Financial Factors in Selecting Plan Investments” (“Proposal”). The Employee Benefits Security Administration (“EBSA”) announced its proposed regulation on June 23, 2020.

PRI signatories are committed to integrating all financially material factors, including ESG factors, into their investment processes. This is a risk management strategy aimed at integrating factors such as climate change and human capital management that evidence shows that a material economic impact on asset prices, especially when taking into account the risks that long-term universal investors like pension plans face.

The Proposal mischaracterizes ESG integration and is likely to lead to confusion for ERISA fiduciaries and cost to plan savers. If the Proposal is finalized in its current form, we are concerned that fiduciaries will struggle to fulfill their obligations to integrate all material risk factors while also trying to respond to the language in the Proposal that appears aimed at preventing fiduciaries from taking account of these same risks.

We encourage the DOL to provide additional opportunities and time to collect information to ensure that the Department and practitioners have a shared understanding of the impact of the rule and how fiduciaries will be required to act in response to it.

Together with other PRI Signatories, we have taken a strong interest in submitting comments on the Proposal. We are concerned, however, that 30 days is insufficient due to pandemic-related productivity challenges, economic challenges, and asset price volatility that asset owners and investors are trying to manage. We believe that 90 days will provide a reasonable opportunity for interested parties to submit comments.

Thank you for taking our views into consideration.

Yours sincerely,

Stone Harbor Investment Partners LP

¹ The PRI is the world’s leading proponent of responsible investment. They work to understand the investment implications of environmental, social and governance (ESG) factors and to support an international network of investor signatories in incorporating these factors into their investment and ownership decisions. Globally, more than 3000 investors, with more than \$100 trillion in assets under management, have signed onto the principles aimed at facilitating integration of environmental, social and governance factors into investment decisions.