Dear Director Canary,

Integrating environmental, social and governance (ESG) factors into investment activities is essential to fulfilling fiduciary obligations to engage in appropriate risk management. The Proposed Rule fundamentally misconstrues the importance and role of ESG integration in reducing risk and increasing returns. Further, the Proposed Rule is likely to lead to confusion and costs for retirement plan fiduciaries. I, therefore, urge you to retain existing guidance and not move forward with a final rule.

Despite the Proposed Rule's stated goal of providing clarity for ERISA fiduciaries, it instead creates confusion due in part to a failure to distinguish ESG integration and Economically Targeted Investing (ETI). ETI's are investments that aim to provide financial returns as well as collateral, non-financial benefits. For example, ETAs often advertise job creation or climate impact as goals of investment.

A policy by the DOL that simply clarified that fiduciaries must integrate material factors into their investment actions and that ESG factors may be material, would be appropriate. I am greatly concerned, that the remaining components of the proposal create confusion and are likely to cause fiduciaries to believe they are not permitted to consider material ESG factors in their investment analysis.

This rule bucks the prevailing trend among fiduciaries. In proposing this rule, EBSA fails to cite any examples of ESG investing impairing returns. And there seems to be an intention to force
this through without adequate rule or ample time for public comment.

Again, I urge you to retain existing guidance and not move forward with this ill-conceived final rule.