



December 9, 2021

Ali Khawar
Acting Assistant Secretary US Department of Labor Room N-5655
200 Constitution Avenue NW Washington, DC 20210

RE: Proposed rule on Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights (RIN 1210-AC03)

Dear Mr. Khawar:

I appreciate the opportunity to comment on the Department's proposed rule, "Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights" (RIN 1210-AC03). Natural Investments is a federally Registered Investment Advisor that managed over \$1.6 billion in assets for retail and institutional clients nationwide. Our advisors have exclusively managed ESG investments since 1985 and our leaders have written three seminal books on the field since 1990: *Investing from the Heart*, *Investing with Your Values*, and *The Resilient Investor*.

Given how the issues surrounding ESG criteria in ERISA plans have swayed in the political winds for decades, this proposed rule is long overdue. The Department could use this opportunity to clearly state that considering environmental, social and governance (ESG) criteria in retirement investments is material, prudent, and in accord with longstanding notions of fiduciary responsibility. While there may be financial professionals and investors who are not familiar with how ESG investing works, they lack of understanding should not be used as an excuse to prevent experts financial professionals from integrate ESG criteria into investment decisions. The industry and academic research are crystal clear that ESG factors correlate either neutrally or positively with financial performance, so there are no longer credible objections to avoid ESG criteria as if they were extraneous to the purpose of maximizing share value. Companies that assess ESG risks have been shown to be more successful than those that don't, and investment products that integrate ESG criteria into the selection of their underlying holdings are equally attractive on financial terms to those that do not.

Now that 1 of every 3 dollars of professionally-managed investment assets integrate some form of ESG criteria, it is apparent that this approach is not marginal but gradually become core best practice for both conventional and socially responsible investment managers and advisers. Many state coffers and retirement plans have successfully engaged in ESG investing while upholding the expectation of maximizing value for beneficiaries. Those who claim that these investors have political agendas or are acting to achieve non-pecuniary results do not understand the field; if they did, they would understand that the sorts of risks ESG expert address directly link to financial factors. ESG investing is simply good investing, there should not be any restrictions placed upon its use either as a default or optional component of a retirement plan. Our hope is that this rule will allow the investment professionals and investors to make the decisions about what companies to hold and why, they do not need additional reporting and analysis requirements for ESG investments as some sort of federal government protection to assure "proper" investments are being selected.



Many companies and investors know that certain issues currently or will directly influence financial performance, and the Department should intentionally leave this language broad and not weigh in on specific ESG issues or provide specific examples that could limit interpretation of what successful ESG investing is.

Finally, I appreciate that the proposed rule will properly adjust how asset owners exercise shareholder rights, such as proxy voting. Asset owners should definitely be required to vote their proxies and maintain records of their votes, it is an essential privilege and responsibility that needs to be publicly disclosed.

Thank you for your consideration of these comments.

Sincerely,

Michael Kramer, Managing Partner

Natural Investments

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