

Submitted via regulations.gov

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Ali Khawar
Acting Assistant Secretary
Office of Regulations and Interpretations
US Department of Labor
Employee Benefits Security Administration
Room N-5655
200 Constitution Avenue NW
Washington, D.C. 20210

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

Dear Mr. Khawar:

On behalf of Vert Asset Management, thank you for the opportunity to provide the following comments in response to the Department of Labor's Proposed Rule, "Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights" (RIN 1210- AC03).

If adopted, the Proposed Rule would remove the arbitrary and burdensome barriers established by the current rules and provide necessary clarification for ERISA-regulated fiduciaries in their consideration of environmental, social, and governance (ESG) issues.

Vert Asset Management is a dedicated ESG asset manager. We work in close consultation with academic experts and experienced portfolio managers to create investment products that work for the wealth management community. Vert combines ESG research and a disciplined rules-based process to deliver funds that achieve investors' twin goals of sustainability and market rates of return.

We commend the Department of Labor for proposing this rule and recognizing the importance of considering environmental, social, and governance criteria in retirement investments. The Proposed Rule is a welcome development for us as financial service providers to work within the remit of the DOL with retirement plan sponsors:

- The Proposed Rule would provide necessary clarification that fiduciaries should consider climate-related and other ESG factors just as they would any other potentially relevant economic factor.
- The Proposed Rule would appropriately remove barriers to considering ESG factors when selecting default investment vehicles.



- The Proposed Rule's clarification of the "tie-breaker" test would appropriately allow fiduciaries to consider collateral benefits without making the unrealistic determination that investment choices are "economically indistinguishable".
- The Proposed Rule clarifies how fiduciaries can exercise their stewardship responsibilities with conscientious proxy voting.

The Proposed Rule represents a clear understanding that environmental, social, governance issues can potentially affect economic value. It is not a preferences-based strategy. ESG integration as the consideration of risk factors as part of prudent fiduciary management and a strategy that takes these risks into account in investment actions.

Thank you for the opportunity to comment and share our investment management perspective on the "Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights."

Sincerely,

Sarah Adams
Chief Sustainability Officer
Vert Asset Management