

# PUBLIC SUBMISSION

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Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights

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Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights

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## Submitter Information

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## General Comment

Re: RIN 1210-AC03

Department of Labor – Employee Benefits Security Administration

29 CFR Part 2550

Prudence and Loyalty in Selecting Plan Investments and Exercising Shareholder Rights

December 13, 2021

I am submitting this letter to address the proposal from the U.S. Department of Labor (DOL) on removing barriers put in place by the prior administration that would have limited plan fiduciaries' ability to consider climate change and other environmental, social and governance (ESG) issues as risk factors affecting workers' financial security when fiduciaries select retirement plan investments and exercise shareholder proxy voting rights.

I generally agree with and support the Department's approach to this amendment. I especially believe that rewording the rule to focus on using a risk/reward analysis rather than tie-breaker analysis for funds is appropriate to ensure that stakeholders' needs and desires are adequately met - as stated in your justification, the rule is designed to serve and protect investors' interests, and restricting certain types of analyses on investments - especially those designed to limit long-term risk - does not serve investors.

The Department stated that it is beyond the scope of the rule to require fund managers to solicit sponsors' or participants' preferences but that you were seeking feedback on the similar European approach. I believe that soliciting preferences could be useful and creates a more democratic approach, however, below I elaborate on the approach that I believe is more consumer-oriented, and easier for investors.

I would argue that it is not beyond the scope of this rule to protect investor interests by requiring or strongly encouraging that plans offer the option for ESG screened funds. ESG funds have been in place for years and many have proven to outperform the S&P 500 and other indices.

As an American worker, I want to have retirement savings, but I also want my savings to be generated by investing in companies that create good working standards and do their part to mitigate climate change and protect the environment for future generations of Americans. However, when I go to select my investment

options through my company's 401k, there are no ESG fund options. I first encountered this problem a decade ago, and it is still the case today, despite a decade of data on the good financial performance of many ESG funds.

Because many companies, including some federal agencies, will match an employee's contribution, these 401k and other investment plans are an important part of most Americans' wealth - and sometimes a citizen's only interaction with the stock market. To only provide American citizens with options to invest the traditional way, most Americans are essentially forced to save for retirement by lending our money to corporations that are suppressing union efforts, polluting our waterways that supply our drinking water, or lobbying for weaker environmental protections while creating pollution that worsens our children's asthma.

The US constitution clearly states its purpose - to "promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity". Our general welfare is not solely based on money, but it is tied to the actions of those entities that control the money in our nation. By only providing us options to invest in corporations that have a narrow focus on making money without protecting our general welfare and our environment that supports that welfare, we are propagating a system that does not align with the stated purpose of the constitution of the United States.

My recommendation therefore is to add text to the rule that requires investment plans to provide the option of at least one fund that includes only corporations that meet minimum ESG requirements and also performs well economically. Protect our rights to be able to invest in our own future and our children's future.