PROGRESSIVE
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Submitted via regulations.gov
July 29, 2020
Office of Regulations and Interpretations
US Department of Labor
Room N-5655
200 Constitution Avenue NW
Washington, DC 20210

RE: Proposed rule on Financial Factors in Selecting Plan Investments (RIN 1210-AB95)

To whom it may concern:

I write to provide comments in response to the Department of Labor's proposed rule, "Financial Factors in Selecting Plan Investments" (RIN 1210-AB95) (the "Proposal").

I am speaking on behalf of Progressive Asset Management, a group comprised of Financial Advisors registered with Securities America. For the past 30 years we have used SRI/ESG as an overlay to the financials of a company when considering a company or mutual fund for inclusion on our approved list of investments for individual clients. We currently have approximately $250m in AUM spread across 4 advisors. Although the majority of our clients are individuals, we consider ourselves fiduciaries and we do have the additional fiduciary duty over several ERISA plans.

The Proposal reveals a fundamental misunderstanding of how professional investment managers use environmental, social and governance criteria as an additional level of due diligence and analysis in the portfolio construction process. Investment managers increasingly analyze ESG factors precisely because they view these factors as material to financial performance. In the US SIF Foundation's 2018 survey of sustainable investment firms in the United States, 141 money managers with aggregate assets of more than $4 trillion responded to a question on their motivations for incorporating ESG criteria into their investment process. Three-quarters of these managers cited the desire to improve returns and to minimize risk over time. Fifty-eight percent cited their fiduciary duty obligations as a motivation.

Numerous studies show that the consideration of ESG criteria in investment analysis generally produces investment performances comparable to or better than non-ESG investments. There is no doubt that funds that use ESG criteria are consistent with long-term retirement objectives.

The Proposal is likely to have the perverse effect of dissuading fiduciaries, even against their better judgment, from offering options for their plans that consider ESG criteria in addition to more traditional financial criteria. As a result, it will unfairly, and harmfully, limit plan participants' options and diversification opportunities.

I respectfully request that the Proposal be withdrawn or at the very least an extension of time for further comment and consideration be implemented.

Thank you for your consideration of these comments.

Sincerely,

Catherine Cartier
Progressive Asset Management