Pennyfarthing Investment Management, L.L.C

6 South East Street
Amherst, Massachusetts 01002

September 17, 2020

U.S. Department of Labor
Employee Benefits Security Administration

Re: Proposed Proxy Voting ERISA Rule dated August 31, 2020

ERISA plan fiduciaries have an obligation to act for the benefit of plan participants and beneficiaries. The voting of proxies is a plan asset that enhances value and reduces the risk of investments.

The proposed rule would prohibit the voting of proxies when the matter is judged not have investment impact, would require siding with management's recommendations unless an opposing vote is judged to significantly benefit the investment, and would allow refraining from voting proposals deemed unlikely to make a material impact on the plan's investments.

The proposed rule would, via these three pathways, encourage fiduciaries to default to a position of "doesn't matter".

Because analysts are not omniscient, there is a diversity of opinions among investors about how environmental, social and governance (ESG) issues impact investment value. ESG proposals win their places on proxy ballots via shareholder petitions, often in opposition to management's efforts to exclude them when compromise, mediation and mitigation efforts are unsuccessful. If ERISA fiduciaries were to sit these issues out, they waste the power of their plans' votes. The rule as proposed would tip the scales toward management when it comes to almost any shareholder initiative, outside of those relating to corporate events.

To carve out a path for plan fiduciaries to say "no, that doesn't matter" with regard to ESG issues is negligence. Better would be a rule that says "yes, it might well matter" and require due diligence for a prudent decision in the form of a vote.

Financial accounting, the standards for how a company's financial transactions are tracked, we know to be largely backward-looking. Less quantifiable and/or non-financial factors also influence an investment's value. Investment analysts are increasingly examining ESG factors as matters that keep an investment on track and prevent its derailment. Clearly, so much matters.

The proposed rule, enabling the power to ignore, would allow ERISA plans to discard their votes from all but corporate events. This would tip the scales toward managements' turning away from ESG issues. In this way, the proposed rule wastes proxy votes and is inherently value-destructive.

Sincerely,

Eric W. Bright, CFA

President, Pennyfarthing Investment Management, L.L.C.