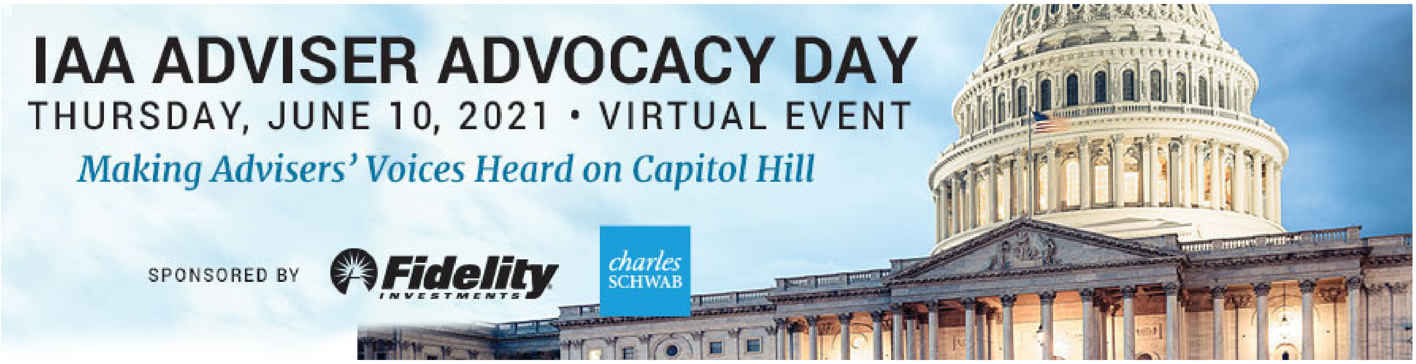

Policy Should Not Restrict Sustainable Investing

An increasing number of investment advisers engage in sustainable – ESG – investing strategies and consider ESG factors an integral part of a prudent investment process.

This is driven, in no small part, by advisers' risk management and desire to maximize return for their clients over a long-term horizon, as well as by growing investor interest in sustainable investing.

It also reflects an expanding recognition that ESG risks that will directly affect the financial markets are only likely to increase in coming years. Total U.S.-domiciled assets under management using sustainable investing strategies rose from $12 trillion at the start of 2018 to $17.1 trillion at the start of 2020, a 42 percent increase.

We strongly support prudent risk management by investment advisers as well as informed investor choice, and oppose actions by policymakers that would limit the ability of investment advisers to consider sustainability factors or pursue sustainable investment strategies on behalf of their clients. A case in point is the Department of Labor's December 2020 ESG rule, which we believe would have a chilling effect on the use of sustainable investments for retirement investors. We are pleased that President Biden has called for the DOL to reconsider the rule and that the DOL has announced it will not enforce the rule pending further review.

Investment advisers must have the flexibility to consider a wide range of factors in analyzing investments to achieve their clients' goals, and to make decisions that they, in their expert judgment, reasonably believe advance the best interest of their clients. In this regard, a bill has recently been introduced in the House and Senate – the **"Financial Factors in Selecting Retirement Plan Investment Act"** – that would repeal the DOL ESG rule and amend ERISA to clarify that plans may consider ESG when making investment decisions. We support this bill.

In addition, we support more consistent, comparable, and reliable ESG disclosures by corporate issuers in order to provide more transparency to investors and to facilitate analysis of issuers by investment advisers so we can better meet the needs of our clients.

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