ASBC, BUSINESS LEADERS, AND INVESTORS APPLAUD ANNOUNCEMENT BY THE DEPARTMENT OF LABOR ON ESG INVESTING

WASHINGTON, DC, USA, March 11, 2021 /EINPresswire.com/ -- American Sustainable Business Council (ASBC) applauds the announcement that the US Department of Labor will not be enforcing an ERISA-regulated fund final rule which restrained fund managers from considering environmental, social and governance (ESG) factors when considering investments. This is a meaningful first step in eventually rolling back the fund rule, which prevents the use of ESG criteria as a method of material investor consideration.

Organizational and business members of ASBC alike supported this decision by the Department of Labor. “We are heartened that the Department of Labor will be rejecting Trump-era rules that were part of a transparent and highly politicized attack on shareholder resolutions and ESG investing,” said Josh Zinner, CEO of the Interfaith Center on Corporate Responsibility. "The rules -- which would have limited the ability of ERISA fiduciaries to invest based on ESG criteria, and blocked the voting proxies in favor of shareholder resolutions on environmental, social, and governance issues -- were promulgated despite scant evidentiary support and despite overwhelming opposition from investors.”

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> *Josh Zinner, CEO of the Interfaith Center on Corporate Responsibility*

The Trump-era fund rule on “Financial Factors in Selecting Plan Investments” has been highly opposed from across the investor and retirement fund management community, not only because of its unclear use of the term ESG, but also because of its prohibitive nature, not allowing ESG criteria to inform critical material risk factors. ASBC provided several useful resources for its members and allies to comment on the rule beginning in 2020.

Quotes from Select ASBC Partners

Closed Loop Partners
“The Biden administration’s recognition that using environmental and social factors to evaluate an investment is critical to helping investors maximize returns and reduce risk.”
Ron Gonen, CEO, Closed Loop Partners

Green Retirement
"Sustainable and responsible investing, which puts at its center the way that companies treat people and planet, is the future of investing. We, at Green Retirement, have seen how much value our plan sponsors and their employees place on being able to see how the money they’re saved for retirement is protecting that very future that they’re saving for. We welcome this move by the Biden administration to show that they are committed to listening to the growing number of investors who are demanding more than just financial performance from their investments. It is high time that we put to rest the myth that sustainable and responsible investing is harmful to financial performance. Our clients who are divested from fossil fuels and invested in climate solutions feel vindicated by this Biden administration move to reverse the Trump ruling. Socially responsible investing is one of the most effective tools in the investor’s arsenal to address climate change, resource scarcity, and income inequality. We are glad to see the Biden administration adhere to its election promise of working on solutions for climate change and environmental justice by rescinding this Trump ruling."
Rose Penelope L. Yee, CPFA, CHSA, CEO, Green Retirement

JSA Sustainable Wealth Management
“In my opinion, and in the opinion of many professional investment managers and retirement plan fiduciaries who wisely incorporate ESG factors in their careful analysis of securities and plan offerings, the DOL has been out of step. The past proposal by the DOL to revise the fiduciary standard for ERISA-governed retirement plans was an interference to our work, and was made without evidence and not in the spirit of serving participants and beneficiaries of plans. We are seeking to improve returns and minimize risk over time. Environmental factors, good corporate governance and company qualities of fairness, diversity and transparency are all factors that we must measure when analyzing the long-term success of publicly traded companies. The DOL should not create burdens for fiduciaries to carry out their responsibilities by singling out ESG criteria for requiring additional documentation and analysis. These ESG criteria are applied with a great deal of careful disciplined objective research. Instead, the DOL should be focusing more on investor education and behavior, which can often be dominant factors in real long-term performance by participants. I would suggest that the DOL consider encouraging ESG investments to be added as components of qualified default investment alternatives (QDIAs) so that participants are more assured that environmental, social and corporate governance risk factors are considered.”
Jeffrey Scales, CFP®, AIF®, Managing Principal, JSA Sustainable Wealth Management

Trillium Asset Management

“This decision by the Department of Labor demonstrates how dramatically out of step the Trump Administration was when it came to the realities of ESG investing. Fiduciaries understand that integrating ESG factors into the investment process is important and can help incentivize corporations to build successful businesses that serve the interests of employees, suppliers, customers, communities, ecological health, and investors.”
Matt Patsky, CEO, Trillium Asset Management

The American Sustainable Business Council looks forward to continued work in our community, elevating the voices from across the sustainable investment community to support strong policy solutions which facilitate ESG disclosure and continued ESG factor integration across all business networks.

The American Sustainable Business Council (ASBC) partners with business organizations and companies to advocate for solutions and policies that support an equitable, sustainable, stakeholder economy. ASBC represents over 250,000 sustainable businesses in a wide range of industries and geographies.
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