GROOM LAW GROUP

News

Kreps Reviews Final DOL ESG Rule With Bloomberg Law

ATTORNEYS & PROFESSIONALS

Michael Kreps
mkreps@groom.com
202-861-5415

PUBLISHED

11/28/2022

SOURCE

Bloomberg Law

SERVICES

Employers & Sponsors

- Retirement Programs
- Fiduciary & Plan Governance

Retirement Services

- Investment of Plan Assets

Michael Kreps, principal and co-chair of Groom's Retirement Services Group, spoke with *Bloomberg Law* to discuss the DOL's environmental, social, and corporate governance ("ESG") final rule (read Groom's summary here).

In the article, "Biden's Climate-Friendly 401(k) Rule Unties Hands on Wall Street," in discussing how asset managers have historically treated ESG, *Bloomberg Law* describes Kreps' account that "with one of several mitigating factors out of the way, asset managers can let loose a bit."

"Think of funds that aren't specifically ESG-branded but, without a doubt, managers are taking into account ESG factors," Kreps said.

Following the article's coverage of restrictions and penalties by state governments regarding ESG-specific investing in public pension plans, *Bloomberg Law* recounted Kreps stating "with that in mind, a green light on green investing from Labor regulators will only do so much to calm the nerves of jittery workplace 401(k) plan sponsors."

"Plan sponsor fiduciary behavior is driven by what they believe to be the lowest risk—what is prudent and what will keep them out of litigation," Kreps said. "Those are the driving concerns. The DOL's views on the relevance of certain investment-related factors is certainly something they think about, but regulators aren't the driver of which investments are chosen and which are not."

To read the article, click here.