RIVERWATER PARTNERS

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August 12, 2022

Ms. Vanessa A. Countryman, Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

RE: File Nos. S7-11-22 and S7-16-22

Dear Ms. Countryman:

Riverwater Partners LLC is an independent, employee-owned, registered investment advisory firm based in Milwaukee, Wisconsin, serving families, nonprofits, and institutions. As fiduciaries and active stewards, we represent the interests of our clients, which include superior financial returns and positive societal impact. It is our belief, and evidence shows, that companies that incorporate a sustainability lens into long-term corporate strategy offer all stakeholders, including our clients, the opportunity to achieve superior financial and social outcomes due to reduced risk and increased opportunity. We define sustainability as including environmental, social, and governance (ESG) factors.

Riverwater supports the goal of Proposed Rules S7-11-22 and S7-16-22: to ensure that investors are not misled by fund names and marketing that suggest a focus on ESG if none exists (greenwashing). We therefore believe it is important that there be meaningful transparency regarding the incorporation of environmental, social, and governance (ESG) information and stewardship into a fund/advisor's investment practice.

Riverwater Partners' mission is: ***To make the world a better place by growing wealth through sustainable investing.*** It is our belief that these are the two goals of every investor seeking "ESG" investments. They wish to make a return on their investment and ensure that society and the environment are protected/improved.

There are many ways to define and achieve the second goal; indeed, the variety of methods used by ESG investors/funds demonstrates this. Some believe in excluding companies/industries whose products/services are considered harmful, i.e., pornography, tobacco, even fossil fuels. Others believe a better path to making the world a better place is by owning shares of these types of companies in order to have a seat at the table to promote change via dialogue, shareholder resolution, and proxy voting. Some believe in owning companies with best-in-class ESG policy and practice, while others believe in owning companies newer to the ESG journey and stewarding them toward improvement.

It is also important to distinguish between alpha-generating and beta-generating ESG integration and stewardship. Alpha refers to the performance of a specific company/security while beta refers to the performance of the economy/market overall. A diversified investment portfolio is impacted by both alpha and beta. While alpha can generate outsized return in individual securities, beta tends to have the greatest impact on overall portfolio performance over time. Beta depends on global economic performance, which depends on healthy social and environmental systems. Fiduciaries typically own diversified portfolios to reduce overall portfolio risk; therefore, it is imperative that ESG integration and stewardship focus not only on the risks posed to individual portfolio holdings, but that they also focus on the risks posed to all portfolio holdings by virtue of the potential externalities resulting from a lack of attention to ESG factors by corporations generally.

For these reasons, we believe that the proposed Rules' strict categorization of fund/advisor ESG policy and practice (and recommended disclosure) may not actually serve the intended goal of offering investors transparent and authentic information to select investments/advisors that are more likely to help them achieve their goals to make the world a better place and grow wealth.

Instead, Riverwater suggests a disclosure framework that allows funds/advisors to articulate the methods used to incorporate an "ESG" lens into their process. Investors can then choose a fund/advisor whose practice aligns best with their view of how best to achieve their goals.

The US SIF has suggested, and we concur, that disclosure include the following:

- An overview of fund/advisor strategy
- How the fund/advisor incorporates ESG criteria into investment decision making
- The use of 3rd party data, scoring or ratings, if applicable
- The use of an index and how the index uses ESG criteria, if applicable
- The impact objective of the fund/advisor, if applicable
- How the fund/advisor engages with portfolio companies and other appropriate players (government agencies, NGOs, fellow investors) on ESG issues

Additionally, US SIF and the proposed Rules suggest that if climate change is a significant or main consideration of the fund/advisor, disclosure of the greenhouse gas (GHG) footprint and the weighted average carbon intensity be included, as defined in the Proposal. We do not concur that this one ESG factor should be singled out for disclosure, given there are many others that investors find equally important. Also, until there is more consistent reporting on GHG by corporations, accurate disclosure of GHG footprint and carbon intensity will be challenging.

The growth in assets under management (AUM) dedicated to ESG has followed the growth in interest by investors aiming to align their investments with their values. It is imperative that funds/advisors employ transparent and authentic disclosure about their ESG practice to allow investors to achieve their goals to make the world a better place by growing wealth through sustainable investing.

Thank you for your consideration.

Kind regards,

Cindy Bohlen, CFA	Greg Wait, CEBS	Adam Peck, CFA
Chief Mindfulness Officer	Partner	Founder, Chief Investment Officer