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**EPA Hearing “Control of Air Pollution From Motor Vehicles: Tier 3 Motor Vehicle Emission and Fuel Standards”
EPA-HQ-OAR-2011-0135; FRL-9799-6
Chicago, IL, April 29, 2013**

Remarks of Anita Green, Manager of Socially Responsible Investing, Wespath Investment Management

My name is Anita Green and I represent Wespath Investment Management, located in Glenview, IL. Our organization was founded 105 years ago and manages pension assets for over 91,000 United Methodist clergy and lay employees around the world and the investment assets of many United Methodist-affiliated institutions. With \$19 billion under management, we represent the single largest pool of denominational investment assets in the U.S. In addition, we also administer a health benefits program for United Methodist clergy and lay employees. Thank you for the opportunity to present our perspective as an institutional investor.

Wespath’s investment philosophy acknowledges that management of environmental, social, and corporate governance factors are important to the long-term success of the companies in which we invest. As a fiduciary, we support policies that promote long-term appreciation rather than short-term gain. As a church investor, we have never believed it was necessary to compromise our values to achieve our investment goals.

Today I am also speaking on behalf of Ceres, which mobilizes a network of investors, companies and public interest groups to accelerate and expand the adoption of sustainable business practices and solutions to build a healthy global economy.

Wespath and Ceres are strong supporters of EPA’s proposed Tier 3 regulations.

Wespath has reviewed positions on both sides of Tier 3, and has considered the potential long-term financial implications to our investments, which is material to fulfill our promises to our stakeholders. In our view, Tier 3 standards will be beneficial to several sectors where we hold investments, including the auto manufacturers, auto parts manufacturers, trucking companies, health care providers, and health insurance companies. We also invest in many oil refining companies, which have expressed concern over the impact of Tier 3 on their operations. Overall, we believe the potential for negative impact in the oil sector is limited, and outweighed by the collective benefit to other sectors.

We appreciate that EPA is addressing vehicles and fuels as an integrated system, which is the most cost effective way to realize meaningful reductions in pollutants such as ozone, particulate matter, and toxins, all of which have significant and costly public health impacts. We believe that adopting the proposed Tier 3 standards will have the following positive results with very little downside risk:

- 1. Job creation**
- 2. Health benefits that produce net economic gains**
- 3. Sustain the United States’ leadership position in vehicle and emission control technology**



1. Job creation

The fact that a wide range of stakeholders have spoken in favor of the proposed standards speaks to the broad economic benefits. The standards are supported by trade associations such as the Alliance of Automobile Manufacturers, Global Automakers, the American Trucking Association, and the Manufacturers of Emission Controls Association. Public companies whose shares we hold that have also made supportive statements include General Motors, Honda, Toyota,

Daimler Chrysler, Ford, Donaldson Company, Tenneco, BorgWarner, and Corning. These companies believe that the standards are in their long-term best interests and will promote their future growth, and we agree.

In terms of job creation, refinery upgrades are expected to generate over 24,000 installation jobs during the first three years of the program, and 5,300 permanent jobs.ⁱ It is also anticipated that the development and production of Tier 3 technology will result in additional jobs in the auto and emission control industries.ⁱⁱ

2. Health benefits that produce net economic gains

We must bear in mind that the impact of auto emissions is felt beyond the auto and oil sectors. There are significant health care impacts associated with air pollution-related illnesses, which serve to increase costs to health care organizations and health insurance companies, many of which are publicly-traded and held by investors like Wespath.

On a net basis, the economic benefits of the standards are estimated to exceed the costs. According to EPA, by 2030, the annual monetized health benefits of the Tier 3 standards will be between two and seven times as much as costs; \$8 and \$23 billion as compared to an overall annual cost of \$3.4 billion.

Tier 3 is estimated to prevent as many as 23,000 cases of respiratory illness in children, 22,000 asthma attacks and 2,400 premature deaths each year.ⁱⁱⁱ In addition, reductions in pollution-related illnesses will increase productivity; the adoption of Tier 3 will allow Americans to avoid missing 1.8 million days of school and work each year by 2030.^{iv}

3. Sustain the United States' leadership position in vehicle and emission control technology

Many companies have told us that without clear policy signals from Washington, innovation stalls and capital sits on the sidelines. Setting strong standards will be the signal companies are looking for to begin production that incorporates new technologies. This will ripple throughout the supply chain, allowing manufacturers to bring new and more efficient products to market. Further, many in the industry have said that the Tier 3 standards are necessary to enable auto companies to meet the new fuel economy and greenhouse gas standards, which will spur innovation and growth in the auto industry.



In conclusion, let me say that for many years, we have encouraged companies to realize what we believe are the competitive benefits of better fuel economy. Wespath supports Tier 3, because we believe the standards will help create and/or retain the shareholder value of our investments, while also offering environmental and social benefits – a powerful combination. Ceres agrees that the standards will be a positive driver for American industry and the economy.

Thank you for this opportunity to share the viewpoint of Ceres and Wespath Investment Management.

ⁱ “Economic Analysis of the Implications of Implementing EPA’s Tier 3 Rules.” *Navigant Economics*. June 2012. Pg v. http://www.ectausa.com/061212-Economic-Analysis-of-the-Implications-of-Tier-3-Sulfur-Reduction-Final_embargoed.pdf

ⁱⁱ *Ibid*, Pg. 27

ⁱⁱⁱ *Ibid*, Pg. 3

^{iv} “EPA Proposes Tier 3 Motor Vehicle Emission and Fuel Standards.” *US Environmental Protection Agency*. Mar 2013. Pg 3. <http://www.epa.gov/otaq/documents/tier3/420f13016a.pdf>