

June 25th, 2020

California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Major Investor Support for Updated Advanced Clean Truck (ACT) Proposal

Dear Chair Nichols and CARB Board Members,

We are investors with over \$363.87 billion in assets under management and advisement, and believe that addressing climate change and reducing greenhouse gases (GHGs) is essential to safeguarding our investments. We write today to express our support for the strengthened Advanced Clean Truck (ACT) rule as an essential climate policy, following our [December 2019 letter](#) advocating for a more ambitious ruling. The current pandemic represents an unprecedented public health and economic crisis. However, it also underscores the need for businesses to mitigate the health and economic risks their employees, operations, and supply chains face from climate change. Despite the fact that California met its 2020 greenhouse gas (GHG) emissions reduction target early, transportation emissions continue to rise. Reducing emissions from transportation will be crucial for meeting the state's 40% by 2030 and 80% by 2050 GHG targets. The current ACT proposal will enable this sector to shift at the pace and scale needed to meet the climate challenge.

As investors with significant exposure to companies across all sectors, we strongly believe that bold action on climate is fundamental to enabling a stable and productive economy. The transportation sector is the largest emitting sector in the United States, responsible for 29% of GHGs in 2017.¹ In California, transportation is responsible for over 50% of GHGs when counting upstream emissions from petroleum refining and oil production.² We see an ambitious ACT rule that accelerates the deployment of medium and heavy-duty electric trucks as crucial for allowing corporations to mitigate the risks posed by climate change, secure competitive advantage, and respond to new opportunities for innovation and cost savings.

The proposed rule will be essential for meeting California's target of 80% GHG reductions by 2050 and will have global implications. The recent Intergovernmental Panel on Climate Change's Special Report calls for net zero GHG emissions by 2050 if we are to limit warming to below 1.5°C. The ACT rule will set a policy model for the country and will drive the decarbonization of the broader truck market by requiring the development of supply chains and economies of scale. Given the potential impact of this rule and the vanishing window for avoiding the worst impacts of climate change, we support a rule that maximizes sales of zero emission trucks that are already or will soon be more cost effective over the life of the vehicle.

Ambitious electric vehicle deployment will help mitigate the economic risks of climate change and position California, businesses in the state, and truck manufacturers to compete in a world that is shifting towards cleaner vehicles. A global policy shift is already well underway: China, the world's largest auto market, is planning to require that 60% of all autos sold in 2035 be new energy vehicles, a number of other countries and subnational actors have set similar sales

¹ EPA. 2017. Sources of Greenhouse Gas Emissions. <https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>

² California Air Resources Board. California Greenhouse Gas Emissions for 2000 to 2017. https://ww3.arb.ca.gov/cc/inventory/pubs/reports/2000_2016/ghg_inventory_trends_00-16.pdf

goals or have plans to ban vehicles with traditional internal combustion engines (ICE) before mid-century. The proposed ACT rule will accelerate the sales of electric trucks that are more cost-effective than ICE alternatives, leading to vast economic benefits for California and its businesses.

Recognizing this, many corporations are already making significant investments in electric trucks and more have set ambitious goals around fleet electrification - from Amazon, FedEx and UPS to IKEA, PepsiCo and Anheuser-Busch InBev. Ambitious sales requirements will feed commercial demand and improve the business case for electric trucks, allowing truck manufacturers and companies to capture savings from economies of scale. Encouraging early adoption through sales requirements will put California fleets at an advantage. Leadership in electrification will be key to staying competitive in this new era. As the market-shifting impact of this rule spreads beyond California to other parts of the country, it will generate further GHG reductions and transportation cost savings that will help safeguard our domestic investments.

We urge you to expeditiously adopt the updated ACT rule. We understand that the COVID-19 pandemic creates challenges around the rulemaking process, but as California responds to the crisis, this rule will ensure the long-term health of the state's economy and citizens. It will also set a policy model for addressing climate risks and realizing the economic value of tackling the GHG emissions from medium- and heavy-duty vehicles.

Thank you for your time and consideration.

Sincerely,

As You Sow
Boston Common Asset Management
Capricorn Investment Group, LLC
Domini Impact Investments, LLC
Friends Fiduciary Corporation
Hannon Armstrong
Impax Asset Management
Inherent Group, LP
Macroclimate LLC
Mercy Investment Services, Inc.
Miller/Howard Investments
New York City Comptroller's Office
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