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Dear Ratings Agency Leaders:

Ratings agencies' use of false ESG predictions harms States' credit ratings and stock holdings, threatening States' ability to pay for roads and schools, as well as pensions for police officers, firefighters, teachers and other employees. Ratings agencies' credit ratings have relied

on false ESG predictions of “transition risk” and retracted predictions of “physical risk.” “Transition risk” claims are based on the proven-false ESG predictions of (i) a rapid global transition away from oil, gas, and coal, and (ii) government policies penalizing carbon emissions. “Physical risk” predictions include retracted ESG studies or scenarios that projected massive economic damages from weather changes. Based on these supposed risks, ratings agencies downgraded oil and gas companies and upgraded companies embracing ESG. In reality, neither the United States nor other countries with high emissions have enacted net-zero laws, companies focused on fossil-fuel production have flourished, key physical-risk studies and predictions have been retracted, and companies basing strategy on ESG (such as automakers switching to electric vehicles) have lost tens of billions of dollars. The ratings agencies’ use of ESG is so subjective and inconsistent that while American companies were downgraded, ratings were affirmed for state-owned Chinese companies that are worse by every objective ESG metric. Ratings agencies should use objective and consistent methodologies instead of using false and retracted ESG predictions, and should reverse downgrades that were based on those false predictions.

States raise these concerns as constructive partners, and with a record showing that such engagement works. In 2022, state and federal officials, including state financial officers, from Utah, Idaho, and Kentucky wrote to S&P Global Ratings objecting to its publication of ESG credit indicators for States and their political subdivisions, explaining that subjective, non-financial scores have no place in an assessment of a government’s ability to repay its debts.¹ In August 2023, S&P discontinued its alphanumeric ESG credit indicators.²

That outcome shows that ratings agencies can and do respond when States identify methodological concerns, and that good-faith dialogue produces more objective ratings for issuers and investors alike. We appreciate that responsiveness. But the underlying problem has not been resolved: as described below, speculative ESG predictions continue to influence ratings and related products. The principle that guided those earlier letters—that credit ratings should rest on objective financial analysis rather than politically contingent judgments—guides this letter as well.

I. Ratings Agencies’ Use of False ESG Predictions Harms States

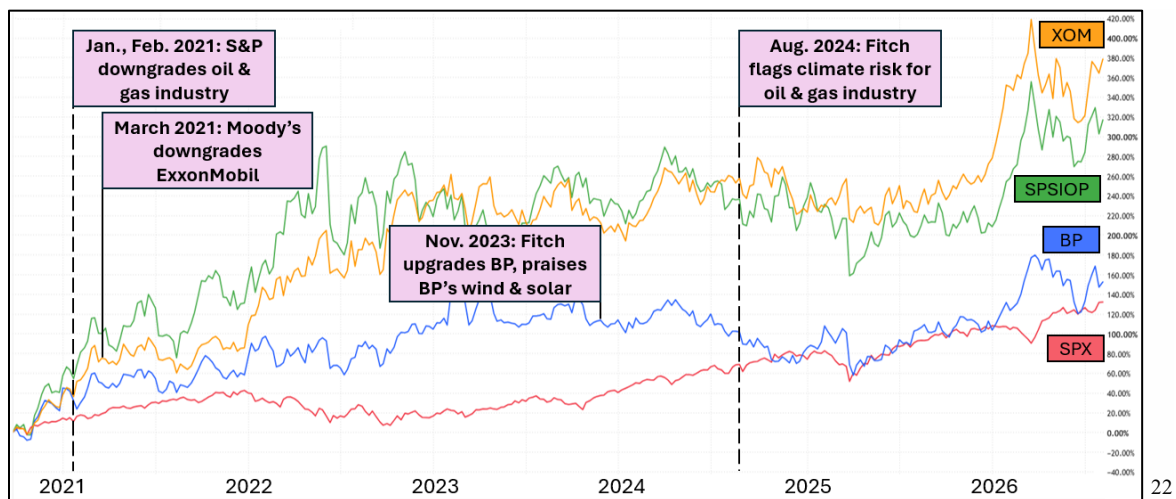
Ratings agencies’ use of false “transition risk” predictions or retracted “physical risk” studies harms States by leading to unwarranted downgrades of their bonds, as well as decreasing the value of States’ shares in downgraded companies.

S&P incorporates transition risk into its State credit ratings.³ For example, S&P cited transition risks when giving Alaska, New Mexico, and Pennsylvania a “negative” outlook in 2021, and warned of risks to other fossil-fuel-producing States.⁴ S&P has cited transition risks as an issue for New Mexico and North Dakota.⁵ S&P also has used transition risks to weigh down ratings for fossil-fuel-dependent political subdivisions in Alaska, South Carolina, and Texas.⁶

Moody’s also has penalized States based on ESG. It gave Louisiana a “highly negative” environmental score, due to “financial and economic dependency on oil and gas” and a projected “carbon transition.”⁷ Moody’s says transition risk is a “hit” to ratings for Alaska, North Dakota, and Wyoming.⁸ Moody’s has speculated that “aggressive mitigation strategies” could harm “energy-producing regions” in the U.S.⁹

Fitch claims its ESG Relevance Scores are “increasingly important rating factors,”¹⁰ and its assigned scores for some States (like Oklahoma) have a “negative impact on [the State’s] credit profile.”¹¹ Fitch also has considered transition risk when rating States such as Alaska and West Virginia.¹² Fitch now is factoring its “Climate Vulnerability Signals” (Climate.VS) into State ratings,¹³ and Climate.VS considers transition risks and physical risks¹⁴ to penalize industries including oil, coal- and gas-fired power, pork, and beef.¹⁵

Ratings agencies’ reliance on false ESG predictions also hurts State retirement systems in three ways. **First**, States have invested billions of dollars in publicly traded companies, including through index funds.¹⁶ When ratings agencies decrease credit scores based on false ESG predictions rather than financial factors, the targeted companies must pay more for credit and have reduced ability to borrow money and invest in expansion. As a result, the value of States’ holdings in those companies decreases. For example, States have invested billions of dollars in American energy companies that S&P downgraded based on false ESG predictions.¹⁷ States are also indirectly harmed by the resulting increase in gas prices when energy companies’ credit costs are increased and borrowing capacity is limited, leading to reduced oil and gas production and greater price swings during periods of supply disruption. **Second**, companies that respond to ratings agency pressure to make unwise investments based on false ESG predictions lose money, harming States’ investment returns. For example, Fitch upgraded BP in part for wind and solar investments,¹⁸ but BP’s wind and solar investments subsequently lost billions.¹⁹ BP has underperformed the oil and gas sector and is now trying to refocus on oil and gas.²⁰ By contrast, ratings agencies downgraded oil and gas companies such as Exxon in 2021 based on the ESG risk of investing in their core business of fossil fuel production.²¹ Yet the oil and gas sector, and Exxon in particular, have dramatically outperformed the market, demonstrating that the ratings agencies’ ESG predictions are nearly the polar opposite of reality:



Similarly, S&P praised Hyundai’s and Kia’s EV investments,²³ but automakers have lost tens of billions on EVs,²⁴ and Hyundai and Kia have been forced to slash their EV prices.²⁵ **Third**, States also hold shares of S&P Global and Moody’s Corporation,²⁶ and those holdings could be harmed by the ratings agencies’ ESG commitments. Both agencies have recognized that a loss of credibility in their ratings could harm their stock values,²⁷ and S&P and Moody’s lost credibility by basing ratings on speculative ESG predictions and refusing to later correct those ratings.²⁸

II. “Transition Risk” ESG Predictions Have Been Proven False

Ratings agencies’ false ESG predictions about transition risk have been proven wrong. Contrary to the false ESG prediction of decreased fossil-fuel use,²⁹ the IEA now indicates that oil, gas, and coal use will increase for the foreseeable future under current policies.³⁰ Contrary to the false ESG prediction of governments “abrupt[ly]” changing their policies to align with climate goals,³¹ governments are abandoning net-zero policies or ignoring existing pledges.³²

The ratings agencies each falsely predicted that fossil-fuel use would decrease dramatically as part of a looming energy transition. S&P downgraded the oil and gas sector based on a “peak hydrocarbon demand” date that would “continue to accelerate,”³³ and S&P continues to sell assessments of a company’s “preparedness for the transition to a low-carbon economy.”³⁴ Moody’s downgraded an oil and gas company for failing to “adjust[] to a lower-carbon economy,”³⁵ and Moody’s still proclaims that “transition risk” is “integral to the risk landscape.”³⁶ Fitch bases its Climate.VS metric on the UN-developed Inevitable Policy Response (IPR),³⁷ which predicted that oil demand would peak in 2026/2027,³⁸ leading to massive losses for oil and gas companies.³⁹ Yet the IEA now indicates that oil, gas, and coal use will increase for the foreseeable future, with oil and gas demand increasing through at least 2050.⁴⁰

The ratings agencies each falsely predicted that governments will crack down on emissions, creating transition risk. S&P downgraded the entire oil and gas sector based on predicted “stricter regulations.”⁴¹ Moody’s downgraded an oil and gas company based on an “emerging threat” of governments creating harsh emissions restrictions.⁴² Fitch relies on the UN’s IPR,⁴³ which falsely predicted (i) that an “abrupt” and “disruptive” series of governmental policies cutting emissions was “inevitable” by 2025,⁴⁴ (ii) massive gains for automakers embracing EVs,⁴⁵ and (iii) massive losses for energy companies.⁴⁶

The agencies claim to adjust ratings based on new information,⁴⁷ but have not made changes in light of the proven falsity of these ESG predictions. S&P and Moody’s have not reversed downgrades based on transition risk, despite S&P’s acknowledgment of the “growing gap” between government pledges and actual policies.⁴⁸ Fitch still relies on IPR,⁴⁹ which now admits its 2025 predictions were wrong, but says its “policy outlook” is “largely unchanged.”⁵⁰

III. “Physical Risk” ESG Predictions Are Based on Retracted Studies

Ratings agencies’ physical risk predictions cite (1) a study about projected economic harms that has been retracted, and (2) a climate scenario that has been retracted.

A 2024 *Nature* study projecting catastrophic economic losses from the physical effects of climate change was retracted after other scientists exposed fatal errors in the study.⁵¹ But S&P still publishes scenarios relying on the retracted study,⁵² and sells products containing scenarios “harmonized” with projections based on the retracted study.⁵³ Moody’s still uses the retracted study to project a GDP loss of more than \$40 trillion.⁵⁴

Ratings agencies also rely on a retracted physical-risk climate scenario. The Representative Concentration Pathway 8.5 scenario (RCP 8.5) projected catastrophic physical damage from climate change, but it was officially retired and deemed “implausible” earlier this year.⁵⁵ Yet Moody’s still uses RCP 8.5 for modeling,⁵⁶ and uses it to claim increased risks to

States.⁵⁷ S&P still uses RCP 8.5 in a dataset⁵⁸ that is apparently used by S&P Global Ratings.⁵⁹ A “Sustainable Fitch” website claims that RCP 8.5 demonstrates significant risk to U.S. cities.⁶⁰

IV. Ratings Agencies’ ESG Methodologies Are Subjective and Inconsistent

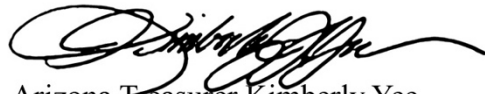
The ratings agencies have downgraded U.S. companies but affirmed ratings for Chinese state-owned companies, showing the subjectivity and inconsistency of ESG methodologies. S&P downgraded the oil and gas sector and American oil and gas companies based on ESG risks, but reaffirmed its A+ rating for two Chinese state-owned oil and gas companies, saying that those companies were “likely to fare better than their international peers.”⁶¹ Concluding that Chinese state-owned companies are *better* positioned on ESG than American companies is nonsensical by any objective standard. Environmentally, China emits far more than any other country;⁶² socially, the Chinese Communist Party (CCP) is a prolific human rights abuser;⁶³ and governance cannot get worse than being directed by the CCP, which reverses corporate transactions, forces corporate restructuring, and sends executives into exile.⁶⁴ Similarly, Fitch has indicated no ESG risk for Chinese state-owned companies.⁶⁵

V. Questions

In light of the foregoing concerns, please answer the following questions:

1. Explain in detail how your ratings agency has incorporated transition risk or physical risk into its ratings for the undersigned States, their political subdivisions, and companies, including in the examples listed in the endnote.⁶⁶
 - a. Explain in detail what changes (if any) your ratings agency has made in light of recent developments showing that ESG predictions of transition risks were false, and that predictions of physical risks were based on retracted projections.
 - b. Explain in detail why you have not reversed downgrades or other negative credit actions based on transition risk, despite the IEA’s conclusion that under current policies, coal will remain the leading source of electricity through 2040 and oil and gas demand will increase through at least 2050.⁶⁷
2. Explain in detail how your ratings agency has relied on the 2024 *Nature* study or RCP 8.5 in your ratings agency’s credit ratings for States, political subdivisions, and companies.
 - a. Explain in detail what changes (if any) your ratings agency has made in recognition of the retraction of the 2024 *Nature* study and the RCP 8.5 scenario.
3. *Fitch*: Explain in detail why Fitch continues to rely on the IPR in the process of rating States and political subdivisions, even after the IPR’s predictions have been proven wrong.
 - a. Explain in detail whether and how Fitch “periodically assess[ed] the reasonableness of the IPR,” and provide a copy of those assessments.
4. *Moody’s / S&P*: Explain in detail why your ratings agency made ESG commitments that hurt its credibility, despite recognizing that losing credibility could harm shareholder value.
 - a. Explain in detail why your ratings agency did not disclose those ESG commitments as potential conflicts of interest in required SEC filings.

Sincerely,



Arizona Treasurer Kimberly Yee



Arkansas Auditor Dennis Milligan



Indiana Comptroller Elise Nieshalla



Indiana Treasurer Dan Elliott



Kansas Treasurer Steven Johnson



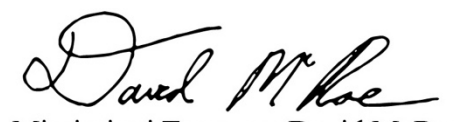
Kentucky Auditor Allison Ball



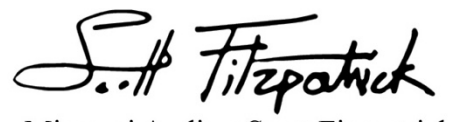
Kentucky Treasurer Mark Metcalf



Louisiana Treasurer John Fleming



Mississippi Treasurer David McRae



Missouri Auditor Scott Fitzpatrick



Missouri Treasurer Vivek Malek



Nebraska Auditor Mike Foley



Nebraska Treasurer Joey Spellerberg



North Carolina Auditor Dave Boliek



North Dakota Treasurer Thomas Beadle



Ohio Treasurer Robert Sprague



Oklahoma Treasurer Todd Russ



Pennsylvania Treasurer Stacy Garrity



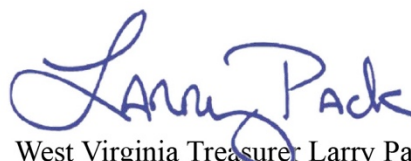
South Carolina Treasurer Curtis Loftis



Utah Auditor Tina Cannon



Utah Treasurer Marlo Oaks



West Virginia Treasurer Larry Pack

Endnotes

¹ See, e.g., https://treasurer.utah.gov/wp-content/uploads/04-21-22-Utah-Letter_SP-Global_ESG-Indicators.pdf (Apr. 21, 2022 letter from Utah's Governor, Lieutenant Governor, Attorney General, Treasurer, Auditor, legislative leaders, and congressional delegation);

<https://sto.idaho.gov/Portals/0/xBlog/uploads/2022/5/19/FinalLetterMay18.pdf> (May 18, 2022 letter from Idaho’s Governor, Attorney General, Treasurer, Controller, legislative leaders, and congressional delegation); <https://treasury.ky.gov/Documents/KY%20Constitutional%20Officers%20Letter%20to%20S&P%20.pdf> (June 29, 2022 letter from Kentucky’s Treasurer, Auditor, Secretary of State, Attorney General, and Commissioner of Agriculture).

² <https://www.reuters.com/sustainability/sustainable-finance-reporting/sp-global-drops-esg-alphanumeric-scale-2023-08-08/>; <https://sto.idaho.gov/About/Current-News/ArticleID/101/Idahos-voice-was-heard> (S&P Global Ratings ceasing publication of ESG credit indicators).

³ See, e.g., <https://www.alacrastore.com/s-and-p-credit-research/a-2812822> (“In our consideration of ‘E’ factors that influence state credit ratings, climate transition risk is most prevalent in states with high fossil fuel production and energy generation, particularly when states draw significant economic or financial resources from these carbon-intensive industries.”) (article available for purchase)

⁴ <https://www.alacrastore.com/s-and-p-credit-research/a-2629068> (p. 3, 6, 8–9) (negative outlook on Alaska, New Mexico, and Pennsylvania; “Oil- and other mineral-producing states face ongoing risk from increasing regulations of carbon emissions and an accelerating energy transition to renewable energy. Over time, we expect these evolving credit risks to exert negative pressure on state operating environments.”; “Evolving Industry And Political Risks Are Escalating With No End In Sight”) (article available for purchase)

⁵ https://www.nmdfa.state.nm.us/wp-content/uploads/2024/10/Credit_Opinion-NM.pdf (p. 2) (Moody’s weighing down New Mexico’s rating based on “[a]bove-average exposure to environmental risks, including carbon transition”); <https://ndlegis.gov/sites/default/files/pdf/newsletter/moodys-nd-credit-rating-june-2025.pdf> (p. 2, 7) (Moody’s weighing down North Dakota’s rating based on “[r]eliance on oil and gas tax revenue,” and considering “exposure to carbon transition risks”)

⁶ See, e.g., <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3458940>;

https://www.santeecooper.com/About/Investors/easset_upload_file53799_83090_e.pdf (p. 3);

<https://www.spglobal.com/ratings/en/regulatory/article/us-local-governments-credit-brief-texas-school-districts-means-and-medians-s101670405> (“we view local economic dependency on the oil and gas sector as an energy transition factor that could potentially lead to long-term economic stagnation”)

⁷ <https://www.documentcloud.org/documents/25291311-424moodyscreditlouisiana/> (p. 1, 8)

⁸ <https://www.moodys.com/web/en/us/insights/physical-transition-risk/the-impact-of-climate-change-on-us-subnational-economies.html>

⁹ <https://www.moodys.com/web/en/us/insights/physical-transition-risk/the-impact-of-climate-change-on-us-subnational-economies.html>

¹⁰ <https://www.reuters.com/business/environment/climate-change-puts-sovereigns-downgrade-risk-study-finds-2023-08-06/>

¹¹ <https://www.fitchratings.com/research/us-public-finance/fitch-upgrades-oklahoma-idr-to-aa-outlook-stable-12-03-2026>

¹² <https://www.fitchratings.com/research/us-public-finance/fitch-upgrades-alaska-idr-to-aa-outlook-stable-12-09-2025> (Fitch weighing down Alaska’s rating based on the possibility of a “more rapid acceleration of the transition from carbon-based fuels”); <https://www.fitchratings.com/research/us-public-finance/state-of-west-virginia-11-12-2024> (Fitch weighing down West Virginia’s rating based on “structural trends in coal and natural gas markets”)

¹³ <https://www.fitchratings.com/research/us-public-finance/exposure-draft-climate-vulnerability-in-us-public-finance-rating-criteria-23-12-2025>; <https://www.fitchratings.com/research/us-public-finance/us-public-finance-local-government-rating-criteria-01-05-2026>; see, e.g., <https://www.fitchratings.com/research/us-public-finance/fitch-rates-alabama-34m-gos-41m-pcsa-pool-bonds-aa-outlook-stable-01-06-2026>

¹⁴ See, e.g., <https://www.fitchratings.com/research/us-public-finance/us-public-finance-local-government-rating-criteria-01-05-2026> (p. 30)

¹⁵ <https://www.fitchratings.com/videos/fitchs-climate-vulnerability-signals-22-08-2024>; see

https://your.fitch.group/rs/732-CKH-767/images/climate-vulnerability-in-corporate-ratings-discussion-paper_Fitch_10225313.pdf. Fitch still views those sectors as having ongoing material risks, despite evidence to the contrary. See <https://www.fitchratings.com/research/infrastructure-project-finance/fitch-ratings-updates-climate-vulnerability-signals-for-corporates-transition-risk-08-01-2026> (maintaining these views “despite lower signals”)

¹⁶ See <https://www.census.gov/newsroom/press-releases/2026/2025-aspp.html> (“In 2025, state and local governments invested \$6.49 trillion in short- and long-term assets in pension plans”);

<https://www.nasra.org/files/Public%20Fund%20Survey/FY24/Public%20Fund%20Survey%20Summary%20of%20Findings%20for%20FY%2024.pdf> (p. 15) (showing that the average public retirement system’s allocation to equities was 44% in 2024); *see, e.g.*, https://www.sec.gov/Archives/edgar/data/796848/000079684826000002/xslForm13F_X02/sec13f2026q1_infotable.xml (Teacher Retirement System of Texas, holding over \$500 million in S&P index funds); https://www.sec.gov/Archives/edgar/data/1007280/000100728026000009/xslForm13F_X02/form13f03312026.xml (Public Employees Retirement System of Ohio, holding over \$680 million in S&P index funds)

¹⁷ *See, e.g.*, <https://www.bloomberg.com/news/articles/2021-02-11/exxon-s-rating-lowered-by-one-notch-after-20-billion-loss> (S&P downgrading major American oil companies, based in part on “growing risks from energy transition due to climate change and carbon/GHG emissions”); https://www.sec.gov/Archives/edgar/data/796848/000079684826000002/xslForm13F_X02/sec13f2026q1_infotable.xml (Teacher Retirement System of Texas, holding over \$350 million combined in the downgraded companies); https://www.sec.gov/Archives/edgar/data/1007280/000100728026000009/xslForm13F_X02/form13f03312026.xml (Public Employees Retirement System of Ohio, holding around \$520 million combined in the downgraded companies); https://www.sec.gov/Archives/edgar/data/938076/000093807626000005/xslForm13F_X02/sec13fm26.xml (State Board of Administration of Florida Retirement System, holding over \$1.1 billion combined in the downgraded companies)

¹⁸ <https://www.fitchratings.com/research/corporate-finance/fitch-upgrades-bp-to-a-outlook-stable-29-11-2023> (favorably noting “transition investments” including offshore wind and solar developments); *cf.* <https://finance.yahoo.com/news/bp-corporation-north-america-inc-180610691.html> (stating that BP’s strategy “sufficiently mitigates the increasing challenge to its profitability and cash flow generation from the energy transition”)

¹⁹ *See* <https://www.bp.com/en/global/corporate/news-and-insights/press-releases/fourth-quarter-2025-trading-statement.html>; *see also* <https://www.morningstar.com/news/dow-jones/202601142174/bp-flags-5-billion-write-down-in-low-carbon-segment-warns-of-weak-oil-trading-update>

²⁰ <https://www.morningstar.com/news/dow-jones/202608042868/bps-oil-profits-surge-and-fossil-fuel-pivot-continues-with-plan-to-offload-us-biogas-unit-2nd-update> (noting BP’s continuing losses from its low-carbon businesses and BP’s continuing efforts to refocus on oil and gas)

²¹ *See, e.g.*, <https://www.spglobal.com/ratings/en/regulatory/article/210125-the-change-to-the-industry-risk-assessment-for-exploration-production-companies-and-what-it-means-for-issuer-s11808862> (article available for purchase); <https://www.bloomberg.com/news/articles/2021-02-11/exxon-s-rating-lowered-by-one-notch-after-20-billion-loss>; <https://www.moody.com/entity/273500/ratings/view-by-class>

²² <https://www.spglobal.com/ratings/en/regulatory/article/210125-the-change-to-the-industry-risk-assessment-for-exploration-production-companies-and-what-it-means-for-issuer-s11808862>; <https://www.bloomberg.com/news/articles/2021-02-11/exxon-s-rating-lowered-by-one-notch-after-20-billion-loss>; <https://www.moody.com/entity/273500/ratings/view-by-class>; <https://www.fitchratings.com/research/corporate-finance/fitch-upgrades-bp-to-a-outlook-stable-29-11-2023>; <https://www.investmentexecutive.com/news/research-and-markets/climate-driven-downgrade-risks-rise-fitch/>; <https://www.tradingview.com/chart/eEAsdO4B/?symbol=NYSE%3ABP>

²³ <https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/13224236> (acknowledging “[s]ofter consumer sentiment ... and a slowdown in the growth” of EV sales, but nevertheless upgrading ratings based on the belief that EV investments will promote a “competitive position amid the transition to electrification”)

²⁴ <https://money.usnews.com/investing/news/articles/2026-02-06/explainer-global-carmakers-book-55-billion-hit-from-ev-rollback>

²⁵ <https://www.prnewswire.com/news-releases/hyundai-lowers-price-on-2026-ioniq-5-ev-lineup-302572865.html>; <https://www.autoblog.com/news/hyundai-slashes-ioniq-5-prices-as-federal-ev-incentives-expire>; <https://www.autoblog.com/news/kia-ev6-just-became-one-of-the-cheapest-evs-after-a-huge-price-off>; *see* <https://www.kedglobal.com/electric-vehicles/newsView/ked202510020007>

²⁶ *See, e.g.*, https://www.sec.gov/Archives/edgar/data/938076/000093807626000005/xslForm13F_X02/sec13fm26.xml (State Board of Administration of Florida Retirement System, holding over \$114 million in S&P Global Inc and over \$60 million in Moody’s Corp)

²⁷ <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001059556/a3dcb952-7548-46c6-baf5-6f3ce43bbd01.pdf> (p. 11, 27) (acknowledging potential “reputational or credibility concerns stemming from incorporation of climate-related risks into [its] credit rating methodologies and credit ratings”); <https://d18rn0p25nwr6d.cloudfront.net/CIK-0000064040/14b2f55b-2d3e-4e43-9c7f-9c85d1625c0e.html> (p. 26)

- ²⁸ <https://ir.moody.com/press-releases/news-details/2021/Moodys-Announces-Participation-in-New-GFANZ-Alliance-Commits-to-Align-Products-and-Services-to-Achieve-Net-Zero-Greenhouse-Gas-Emissions-by-2050/default.aspx>; <https://press.spglobal.com/2021-09-21-S-P-Global-joins-the-Net-Zero-Financial-Services-Provider-Alliance,-part-of-the-Glasgow-Financial-Alliance-for-Net-Zero>; <https://web.archive.org/web/20250419051742/https://www.unpri.org/net-zero-financial-service-providers-alliance/commitment>; <https://www.unpri.org/about-PRI/what-principles-for-responsible-investment>; *see* <https://www.unpri.org/supporters>
- ²⁹ *See, e.g.*, <https://web.archive.org/web/20210319145458/https://www.unpri.org/news-and-press/un-supported-investor-group-finds-large-gap-between-stock-market-winners-and-losers-from-inevitable-policy-response-to-climate-change/5212.article>
- ³⁰ <https://www.iea.org/reports/world-energy-outlook-2025> (PDF p. 141, 151) (current policies scenario); *see id.* p. 17 (noting that the world is “thirsty for energy” and that fossil-fuel consumption continues to reach record highs)
- ³¹ *See, e.g.*, <https://web.archive.org/web/20191209203618/https://www.unpri.org/inevitable-policy-response/forecast-policy-scenario-equity-markets-impacts/5191.article>; *see also* <https://web.archive.org/web/20190922061925/https://www.unpri.org/climate-change/what-is-the-inevitable-policy-response/4787.article>; <https://public.unpri.org/pri-blog/the-policy-challenge-for-the-inevitable-response-to-the-climate-transition/8933.article>
- ³² *See, e.g.*, <https://zerotracker.net/> (showing over 80% of countries, including the three biggest emitters (China, India, and the United States), do not have a net-zero target “in law”); <https://empirereportnewyork.com/climate-action-and-affordability-can-and-must-go-hand-in-hand/> (New York Governor Hochul pushes for abandoning “costly,” “unattainable,” and “impossible” climate targets that it had previously maintained); <https://www.wxnews.org/new-york-public-news-network/2026-05-26/state-legislature-votes-to-roll-back-nys-landmark-climate-law> (New York state legislature rolling back climate targets and policies)
- ³³ <https://www.spglobal.com/ratings/en/regulatory/article/210125-the-change-to-the-industry-risk-assessment-for-exploration-production-companies-and-what-it-means-for-issuer-s11808862> (“The transition and the timing of peak hydrocarbon demand in our view, has and will continue to accelerate due to COVID-19 and the growing adoption of ESG investment mandates amongst global investors and financial institutions.”) (article available for purchase)
- ³⁴ <https://www.spglobal.com/ratings/en/products/entity-assessments>
- ³⁵ <https://www.ft.com/content/45d721ee-1036-11ea-a7e6-62bf4f9e548a?syn-25a6b1a6=1>; *see* <https://www.moody.com/entity/273500/ratings/view-by-class> (showing that Moody’s downgraded Exxon shortly after issuing this warning)
- ³⁶ <https://www.moody.com/web/en/us/insights/physical-transition-risk.html>
- ³⁷ *See, e.g.*, <https://www.fitchratings.com/research/infrastructure-project-finance/fitch-ratings-updates-climate-vulnerability-signals-for-corporates-transition-risk-08-01-2026>; <https://public.unpri.org/download?ac=16515> (p. 10) (“Ratings Agencies – Can integrate IPR into ratings analysis (Fitch already doing so)”)
- ³⁸ <https://public.unpri.org/the-inevitable-policy-response-2021-forecast-policy-scenario-and-15c-required-policy-scenario/8726.article>
- ³⁹ <https://web.archive.org/web/20210319145458/https://www.unpri.org/news-and-press/un-supported-investor-group-finds-large-gap-between-stock-market-winners-and-losers-from-inevitable-policy-response-to-climate-change/5212.article>
- ⁴⁰ <https://www.iea.org/reports/world-energy-outlook-2025> (PDF p. 141, 151) (current policies scenario)
- ⁴¹ <https://www.spglobal.com/ratings/en/regulatory/article/210125-the-change-to-the-industry-risk-assessment-for-exploration-production-companies-and-what-it-means-for-issuer-s11808862> (p. 2) (“In our opinion, stricter regulations, substitution, and secular shifts in industry supply/demand fundamentals will contribute to a more difficult operating environment for fossil fuel producers and will likely augment the risk of stranded assets and significant asset write-downs.”) (article available for purchase). S&P has claimed that it does not use ESG factors that are based on “potential future public policy decisions to levy carbon taxes,” but it appears to base ratings on other potential future public policy decisions. <https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/12085396>
- ⁴² Moody’s Investors Service Credit Opinion, Exxon Mobil Corporation, Apr. 10, 2020 (p. 2)
- ⁴³ *See, e.g.*, <https://www.fitchratings.com/research/infrastructure-project-finance/fitch-ratings-updates-climate-vulnerability-signals-for-corporates-transition-risk-08-01-2026>; <https://public.unpri.org/download?ac=16515> (p. 10) (“Ratings Agencies – Can integrate IPR into ratings analysis (Fitch already doing so)”)

⁴⁴ See, e.g., <https://web.archive.org/web/20191209203618/https://www.unpri.org/inevitable-policy-response/forecast-policy-scenario-equity-markets-impacts/5191.article>; see also <https://web.archive.org/web/20190922061925/https://www.unpri.org/climate-change/what-is-the-inevitable-policy-response/4787.article>; <https://public.unpri.org/pri-blog/the-policy-challenge-for-the-inevitable-response-to-the-climate-transition/8933.article>; but see <https://zerotracker.net/> (showing over 80% of countries, including the three biggest emitters (China, India, and the United States), do not have a net-zero target “in law”). Despite these issues, Fitch has said that the IPR is “plausible.” https://your.fitch.group/rs/732-CKH-767/images/climate-vulnerability-in-corporate-ratings-discussion-paper_Fitch_10225313.pdf (p. 5)

⁴⁵ See, e.g., <https://web.archive.org/web/20191209203618/https://www.unpri.org/inevitable-policy-response/forecast-policy-scenario-equity-markets-impacts/5191.article>; see also <https://web.archive.org/web/20190922061925/https://www.unpri.org/climate-change/what-is-the-inevitable-policy-response/4787.article>; <https://public.unpri.org/pri-blog/the-policy-challenge-for-the-inevitable-response-to-the-climate-transition/8933.article>; but see <https://www.reuters.com/business/autos-transportation/global-carmakers-book-55-billion-hit-ev-rollback-2026-03-12/>

⁴⁶ See, e.g., <https://web.archive.org/web/20191209203618/https://www.unpri.org/inevitable-policy-response/forecast-policy-scenario-equity-markets-impacts/5191.article>; see also <https://web.archive.org/web/20190922061925/https://www.unpri.org/climate-change/what-is-the-inevitable-policy-response/4787.article>; <https://public.unpri.org/pri-blog/the-policy-challenge-for-the-inevitable-response-to-the-climate-transition/8933.article>; but see <https://finance.yahoo.com/sectors/energy/thermal-coal/> (5Y chart showing roughly 300% gain); <https://finance.yahoo.com/sectors/energy/oil-gas-e-p/> (5Y chart, showing roughly 80% gain)

⁴⁷ See https://assets.ctfassets.net/03fbs7oah13w/5VIqMdtgXSCGkzpUqkeRPC/d7c0bb4e2d794e50f159f2b685e2f442/Exhibit_2.pdf (p. 5) (“Fitch’s credit ratings are typically monitored on an ongoing basis and the review process is a continuous one.”); https://www.moodys.com/uploadpage/Mco%20Documents/SP11557_MIS%20Code%20of%20Professional%20Conduct.pdf (p. 9–10) (Moody’s considers all relevant information and updates ratings at least every 12 months); <https://www.spglobal.com/ratings/en/credit-ratings/about/understanding-credit-ratings> (under “About Our Credit Ratings”: S&P ratings “evolve to reflect changes to market conditions or issuer-specific credit factors”)

⁴⁸ <https://www.esgtoday.com/guest-post-why-climate-risks-are-changing-so-few-corporate-ratings/>

⁴⁹ See, e.g., <https://www.fitchratings.com/research/infrastructure-project-finance/fitch-ratings-updates-climate-vulnerability-signals-for-corporates-transition-risk-08-01-2026>. Fitch has promised to “periodically assess the reasonableness of the IPR.” https://your.fitch.group/rs/732-CKH-767/images/climate-vulnerability-in-corporate-ratings-discussion-paper_Fitch_10225313.pdf (p. 3–4, 6). However, given Fitch’s role as a “strategic partner” of IPR, Fitch appears to be devoted to establishing IPR’s climate-transition fantasies as an alternative to the IEA’s data-driven scenarios. <https://www.ipe.com/major-investors-join-inevitable-policy-response-as-strategic-partners/10053939.article>

⁵⁰ https://ipr.transitionmonitor.com/cms/wp-content/uploads/2026/02/2026_IPR_Climate-Transition_Forecast_19022026_Final_.pdf (p. 3, 6) (“Following the 2024 mega election year, 2025 and COP30 did not deliver the policy ratchet IPR had predicted.”). IPR’s continuing refusal to acknowledge reality likely is linked to the fact that it relies heavily on surveying curated, unidentified climate transition experts. See <https://ipr.transitionmonitor.com/2026-02-25-panel-of-375-experts-predicts-net-zero-this-century-still-most-likely-outcome-consistent-with-limiting-global-warming-to-around-2c/>; https://ipr.transitionmonitor.com/cms/wp-content/uploads/2026/02/2026_IPR_Climate-Transition_Forecast_19022026_Final_.pdf (p. 9, 53–55)

⁵¹ <https://www.nature.com/articles/s41586-024-07219-0>

⁵² <https://www.spglobal.com/ratings/en/regulatory/article/sustainability-insights-probabilistic-distributions-of-global-temperatures-and-gdp-a-technical-guide-s101644785> (current as of Aug. 6, 2026); <https://www.spglobal.com/ratings/en/regulatory/article/sustainability-insights-why-planning-for-a-23c-warmer-world-is-critical-this-decade-and-next-s101644796> (current as of Aug. 6, 2026)

⁵³ <https://www.spglobal.com/sustainable1/en/solutions/climate-riskgauge> (citing NGFS) (current as of Aug. 6, 2026); <https://www.ngfs.net/ngfs-scenarios-portal/faq/> (showing the NGFS Phase V is based on the retracted article)

⁵⁴ <https://www.moodys.com/web/en/us/insights/physical-transition-risk/catastrophic-events-in-an-uncertain-future-a-pending-41-trillion-bill-for-businesses-and-governments-to-resolve.html> (citing NGFS Phase V) (current as of Aug. 6, 2026); see <https://www.moodys.com/web/en/us/insights/physical-transition-risk.html> (Moody’s page highlighting this article and repeating the “\$41 trillion” claim) (current as of Aug. 6, 2026)

⁵⁵ <https://gmd.copernicus.org/articles/19/2627/2026/>. Scientists had been pointing out the implausibility of RCP 8.5 for years. *See, e.g.*, <https://www.sciencedirect.com/science/article/abs/pii/S0360544217314597> (2017 article noting RCP 8.5’s “implausibility”); <https://issues.org/climate-change-scenarios-lost-touch-reality-pielke-ritchie/> (2021 article stating that RCP 8.5 was a significant failure of scientific integrity)

⁵⁶ <https://www.moody.com/web/en/us/solutions/capital-management/earnings-risk.html> (current as of Aug. 6, 2026)

⁵⁷ <https://www.moody.com/web/en/us/insights/banking/empowering-smarter-risk-decisions-how-spatial-areas-data-transforms-physical-risk-management.html> (dated Sep. 2, 2025, still posted as of Aug. 6, 2026)

⁵⁸ https://portal.s1.spglobal.com/survey/documents/SPG_S1_Physical_Risk_Methodology.pdf (p. 7) (dated May 2025, still posted as of Aug. 6, 2026)

⁵⁹ <https://www.spglobal.com/en/research-insights/market-insights/geopolitical-risk/climate-risk-sustainability> (“S&P Global Sustainable and S&P Global Ratings collaborate to integrate climate and economic modelling for assessing the physical climate risk financial impact.”) S&P also has other webpages relying on RCP 8.5. *See* <https://www.spglobal.com/sustainable/en/insights/weather-warning-assessing-countries-vulnerability-to-economic-losses-from-physical-climate-risks> (dated Apr. 27, 2022, still posted as of Aug. 6, 2026); <https://www.spglobal.com/content/dam/spglobal/mi/en/documents/general/SP-Trucost-Interplay-of-Transition-and-Physical-Risk-Report-05A-web.pdf> (p. 11) (current as of Aug. 6, 2026)

⁶⁰ <https://www.sustainablefitch.com/assets/special-reports/growing-protection-gap-for-physical-climate-risks.pdf> (p. 4) (dated Nov. 3, 2020, still posted as of Aug. 6, 2026)

⁶¹ <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/2591274>; <https://www.spglobal.com/ratings/en/regulatory/article/-/view/sourceId/11831230>. Moody’s also recently upgraded its outlook on CNOOC to “stable.” <https://www.moody.com/researchandratings/region/asia-pacific/hong-kong-sar-china/0420C5/005000019>

⁶² *See, e.g.*, https://edgar.jrc.ec.europa.eu/report_2024 (showing China emitting almost as much as the next four emitters combined)

⁶³ *See, e.g.*, <https://usun.usmission.gov/joint-statement-on-the-human-rights-situation-in-china/>

⁶⁴ *See, e.g.*, <https://www.nytimes.com/2021/04/12/technology/ant-group-alibaba-china.html>; <https://www.nytimes.com/2020/11/06/technology/china-ant-group-ipo.html>; <https://www.npr.org/2025/03/01/nx-s1-5308604/alibaba-founder-jack-ma-returns-5-years-after-largely-disappearing-from-public-view>

⁶⁵ *See, e.g.*, <https://www.fitchratings.com/research/corporate-finance/fitch-affirms-cnooc-limited-at-a-outlook-stable-20-04-2026> (no elevated Climate.VS risk, no elevated ESG risk); <https://www.fitchratings.com/research/corporate-finance/fitch-affirms-sinopec-at-a-outlook-stable-11-11-2025> (Climate.VS risk not listed; no elevated ESG risk)

⁶⁶ <https://www.alacrastore.com/s-and-p-credit-research/a-2629068> (S&P downgrading, threatening to downgrade, or weighing down credit ratings for multiple States, and stating that for fossil-fuel-producing States, “Evolving Industry And Political Risks Are Escalating With No End In Sight”) (article available for purchase); <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3458940> (S&P weighing down North Slope Borough (Alaska)’s rating due to “dependence on ... oil and gas”); https://www.santeecooper.com/About/Investors/easset_upload_file53799_83090_e.pdf (p. 3) (S&P weighing down South Carolina’s Public Service Authority’s rating due to “environmental transition risk”); <https://www.spglobal.com/ratings/en/regulatory/article/-/view/type/HTML/id/3499942> (S&P weighing down New Mexico’s rating due to reliance on oil production, because there could be “shifting federal policy priorities”); https://www.moody.com/research/Moodys-revises-Alaskas-outlook-to-negative-from-stable-affirms-Aa3-Rating-Action-PR_905955926 (Moody’s changing Alaska’s outlook to negative, stating that Alaska has “elevated exposure to climate change and high reliance on the state’s oil production industry”); https://www.nmdfa.state.nm.us/wp-content/uploads/2024/10/Credit_Opinion-NM.pdf (p. 2) (Moody’s weighing down New Mexico’s rating based on “[a]bove-average exposure to environmental risks, including carbon transition”); <https://ndlegis.gov/sites/default/files/pdf/newsletter/moodys-nd-credit-rating-june-2025.pdf> (p. 2, 7) (Moody’s weighing down North Dakota’s rating based on “[r]eliance on oil and gas tax revenue,” and considering “exposure to carbon transition risks”); <https://www.moody.com/web/en/us/insights/physical-transition-risk/the-impact-of-climate-change-on-us-subnational-economies.html> (Moody’s referring to Alaska, North Dakota, and Wyoming having a “hit associated with transition risk”); <https://www.fitchratings.com/research/us-public-finance/fitch-upgrades-alaska-idr-to-aa-outlook-stable-12-09-2025> (Fitch weighing down Alaska’s rating based on

the possibility of a “more rapid acceleration of the transition from carbon-based fuels”); <https://www.fitchratings.com/research/us-public-finance/state-of-west-virginia-11-12-2024> (Fitch weighing down West Virginia’s rating based on “structural trends in coal and natural gas markets”); <https://www.fitchratings.com/research/us-public-finance/fitch-upgrades-oklahoma-idr-to-aa-outlook-stable-12-03-2026> (Fitch weighing down Oklahoma’s rating based on a high “ESG Relevance Score”); <https://ieefa.org/resources/ieefa-update-moodys-adjusts-exxonmobil-credit-outlook-negative> (Moody’s downgrading its outlook on Exxon, based in part on transition risks); <https://www.spglobal.com/ratings/en/regulatory/article/210125-the-change-to-the-industry-risk-assessment-for-exploration-production-companies-and-what-it-means-for-issuer-s11808862> (S&P downgrading the oil and gas sector, in part based on transition risk) (article available for purchase); <https://www.bloomberg.com/news/articles/2021-02-11/exxon-s-rating-lowered-by-one-notch-after-20-billion-loss> (S&P downgrading major American oil companies, based in part on “growing risks from energy transition due to climate change and carbon/GHG emissions”); <https://www.investmentexecutive.com/news/research-and-markets/climate-driven-downgrade-risks-rise-fitch/> (Fitch stating that up to 20% of corporate issuers could receive a climate-related downgrade by 2035); <https://www.fitchratings.com/research/corporate-finance/fitch-affirms-bp-at-a-outlook-stable-13-05-2026> (Fitch assigning a “negative impact on the credit profile” to BP based on ESG score, but stating that BP could get a positive ratings action in part by “continuing to adequately address energy transition risk”); <https://www.fitchratings.com/research/corporate-finance/fitch-rates-whitehaven-coal-proposed-first-lien-senior-secured-notes-bbb-12-04-2026> (Fitch weighing down Whitehaven Coal’s bonds based in part on “energy transition risk”)

⁶⁷ <https://www.iea.org/reports/world-energy-outlook-2025> (PDF p. 141, 151) (current policies scenario)