JOHN M. SCHRODER
LOUISIANA STATE TREASURER

(225) 342-0010
www.latreasury.com

P.O. Box 44154
Baton Rouge, LA 70804

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Mr. Douglas L. Peterson
President and CEO
S&P Global Ratings
55 Water Street
New York, NY 10041

Ms. Martina L. Cheung
President
S&P Global Ratings
55 Water Street
New York, NY 10041

RE: ESG Credit Indicators and Louisiana's Credit Rating

Dear Mr. Peterson and Ms. Cheung,

I am writing today to firmly object to S&P Global Ratings' ("S&P") publication of ESG credit indicators as part of its credit ratings analysis for states. Credit ratings should be – and historically have been – based on the evaluation or assessment of the likelihood of default. I have grave concerns the ESG credit indicators put Louisiana at an unfair competitive disadvantage in the municipal market and will be used as a means to unjustly drive up the price of bonds supported by Louisiana taxpayers and ratepayers.

The State of Louisiana has not missed a debt payment or otherwise defaulted in modern times. Our constitutional and statutory protocols and debt limits virtually assure payments are made to bondholders. My five years as State Treasurer have seen five years of strong financial performance and significantly increased reserves. The same ESG indicators S&P now utilizes in its credit ratings process have been present during my entire term, yet our financial performance continues to improve. This proves that the significance of those ESG indicators is overstated. Louisiana's financial and credit profile supports a significantly higher rating than S&P gives Louisiana, in large part because of the drag imposed by the unnecessary application of ESG indicators.

S&P's use of ESG indicators to determine creditworthiness undermines the otherwise impartial credit rating systems and penalizes states like Louisiana with a thriving fossil fuel industry. Ratings already take into account a variety of different metrics including the economy, demographics, various risks and governance, so there is no need for additional metrics. The latest move by S&P changes the trajectory of the ratings system from gauging the ability to pay debt service to forcing alignment with political beliefs. S&P's ESG credit indicators are just another example of big business using economic force to control behaviors to drive a political agenda. Credit ratings of this design are clearly contrary to the true intent of such ratings.

I welcome the opportunity once again to discuss the constitutional and statutory provisions that are far more relevant to the State's ability to pay debt service than the ESG indicators on which S&P now relies.

Sincerely,

John M. Schroder

John M. Schroder
State Treasurer

JMS/ec