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West Virginia Blasts S&P ESG Scoring as 'Politically Subjective'

- **The rating company's ESG scorecard debuted at end of March**
- **Republicans, industry groups have opposed more ESG oversight**

West Virginia's Republican treasurer called on S&P Global Ratings to scrap a new system scoring U.S. states on their environmental, social and governance efforts, calling the ratings scale a "politically subjective" scheme that will force states to yield to "woke capitalists."

"This new ESG rating system is just the beginning of a new wave of judging states – and their people – not by valid financial metrics, but by the preferred political views and outcomes of a select global elite," West Virginia State Treasurer Riley Moore said in a statement released earlier this week. "The ESG movement is nothing but a slippery slope whereby our states and our people will be forced to bend the knee to the woke capitalists or suffer financial harm."

Moore's condemnation follows a similar rebuke from Utah officials and comes amid a broader culture-war brawl between Republicans and corporate America. Texas has threatened to ban state investments in businesses that cut ties with oil and gas companies because of ESG initiatives. Florida has stripped Walt Disney Co. of some of its self-governance privileges after the company objected to a new law that limits school instruction about gender identity and sexual orientation.

S&P's new system scores governments on categories like human rights, social integration, low-carbon strategies, climate measures and sustainable finance. The company released its first scorecard March 31.

S&P declined to comment.

West Virginia, a Republican-controlled state, received a negative social score and a moderately negative environmental score. The vast majority of states' ratings were neutral. West Virginia has an AA- bond rating from S&P, its fourth-highest.

"So despite our state's excellent financial position, our taxpayers could now be punished with higher borrowing costs simply because S&P doesn't like our state's industries and demographic profile," Moore said. "This ratings scheme will affect our state and its municipalities, and begs the question: at what point will this stop? Will individuals soon get ESG ratings as part of their credit scores? Where will it end?"

Institutional investors like BlackRock Inc. and pension funds are demanding greater clarity from companies on their efforts to diversify their workforces and address a changing climate. Meanwhile, GOP lawmakers and powerful industry groups, including the U.S. Chamber of Commerce, have opposed increased activity by financial watchdogs on ESG issues.

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