



IOWA DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

August 8, 2025
Science Based Targets Initiative
Re: Financial Institutions Standard

Dear Mr. Kennedy,

As the chief legal officers of our states, we write to express our concern about agreements made by companies that may violate Federal and State laws. Those agreements have harmed our economies and consumers through higher energy costs that has resulted in hardships for our citizens.

As many of us have explained to other organizations over the last several years, it is illegal for companies and organizations to enter into agreements to limit output of goods or services. From engagement with Climate Action 100+ and Net Zero Alliances, the actions take similar form—companies coordinate with an organization and agree to squeeze perceived bad actors to get to “net zero” by some future date. And engagement with Science Based Targets Initiative (“SBTi”) is no different.

Net zero programs are unrealistic and harm both American agriculture and industry. Making net zero a goal actively harms Americans, creates risk for energy independence, and increases the cost of food.

SBTi development was “[facilitated](#)” by “CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute, and the World Wide Fund for Nature.” Companies have their emissions reduction targets validated by SBTi. [According to SBTi](#), “[s]cience-based targets show companies and financial institutions how much and how quickly they need to reduce their greenhouse gas (GHG) emissions to prevent the worst effects of climate change.” And, “[t]hrough its wholly-owned subsidiary, SBTi Services, assesses and validates companies’ and financial institutions’ targets.”

On July 22, 2025, SBTi released its “[Financial Institutions Net-Zero Standard](#).” The standard [requires](#) “a fossil fuel transition policy requirement”

that “sets out clear steps and timelines for ceasing new financial activities and insurance services to the fossil fuel industry.” “Nearly 135 financial institutions across six continents hav[e] committed to set net-zero targets against it.” [According to SBTi](#), it requires its members that are commercially-operated, private, and public financial institutions that generate more than 5% of their revenue from financial activities to use that Standard when setting targets.

SBTi’s new standard [notes](#) that “the immediate cessation of financial support to . . . fossil fuel production capacity and the use of financial institutions’ influence to align companies with a net-zero transition are needed.” The Standard [requires](#) financial institutions to cease financing for fossil fuel, coal, oil and gas, and a net-zero transition for portfolio energy activities by 2050.” Financial institutions are further required to communicate their climate policies.

SBTi’s Standards are [like](#) those that the Net Zero Asset Managers Alliance and Net Zero Insurance Alliance required for financial institutions and insurance providers, the latter of which experienced an exodus of members after state attorneys general asked for documents relating to their engagement with the NZIA.

Yet old habits die hard, and new standards propped up by NGOs and the U.N. continue to push for net zero commitments, and some companies are willing to expose themselves to legal and reputational risk for validation by those NGOs and the United Nations.

We, the undersigned state attorneys general, continue to have grave concerns about these types of arrangements and commitments. SBTi and the financial institutions that commit to its Standards risk violating federal and state antitrust laws as well as state consumer protection laws. Some economic arrangements are illegal because they are unfair or unreasonably harmful to competition; the “good intentions” behind them are irrelevant.

As the [FTC recognizes](#), “an agreement among competitors not to do business with targeted individuals or businesses may be an illegal boycott, especially if the group of competitors working together has market power.” [Similarly](#), agreements to fix prices, which can be “[a]n agreement to restrict production, sales or output is just as illegal as direct price fixing.” More, the FTC has [found](#) that “horizontal agreement[s] to restrict output . . . that had no countervailing efficiencies that would benefit consumers” are unlawful.

“Individuals and companies that knowingly enter price-fixing agreements are routinely investigated by the FBI and other federal law enforcement agencies” as well as states attorneys general.

Members who submit goals to SBTi appear to have banded together to meet the new Standard to cut off funding and insurance to the oil and gas industry. The [purpose](#) of the Standard is to “align[] lending, investment, and underwriting decisions with climate goals [to] steer capital toward the solutions needed to decarbonize the real economy.” As did those who subscribed to the previous net-zero alliances, members [agree](#) that they will perform certain functions—here, shutting off funding and insurance to oil, gas, and coal expansion—to be validated by SBTi. But companies cannot collude to refuse access to their services, whether they do so in a smoke-filled room or launder that collusion through a third party.

More, companies that fail to meet goals, or who make goals that cannot be met, expose themselves to state consumer protection laws. These “greenwashing” claims are the result of misleading statements and failures to disclose material facts regarding the viability of an unachievable climate agenda. A company that seriously believed in its pledge to SBTi would likely need to be open with consumers about the actual probability that Earth’s economy would reach net-zero carbon emissions by 2050 absent near-universal government coercion or near-universal effort by the entire global populace.

Even before President Trump’s election, the United States was not on track to meet the Paris Agreement’s goals. Since President Trump’s election, he has started an [America First Climate Agenda](#) which includes withdrawing from the Paris Accords and other U.N. initiatives. Given the United States’s position, and the fact that other countries are not on the right track, a company touting your endorsement would need to disclose to consumers whether either its services or its promised efforts are compromised.

And [several states](#) have enacted laws that prohibit the state from entering contracts with companies that boycott the fossil fuel industry. In Texas, specifically, Attorney General Paxton [has advised that](#) “particular notice should be taken of whether a company is a member of the Net Zero Alliance or a signatory of any other similar entity that espouses a commitment to the furtherance of so-called Environmental, Social and Governance policies.” That puts at risk any contracts SBTi companies have with Texas, or investments made by Texas public investment funds. And the Lone Star State

is just the start—18 states have enacted anti-ESG laws that could affect companies who engage with SBTi on the Standard.

We have yet to mention [state laws](#) that make it illegal to base an insurance-coverage decision on something other than underwriting risk. As we previously noted to the NZIA, states such as Louisiana make it illegal to [engage in “discrimination that is not based on underwriting risk.”](#) A company that refuses coverage, increases insurance rates, or otherwise bends an underwriting decision based on an announced climate-change goal necessarily decides based on something other than risk. Indeed, Florida has already [announced](#) a formal investigation into your practices.

Given these concerns, please provide the following documents and information:

- All communications between you and members of SBTi related to commitments and how you would meet those commitments.
- All communications between you and members of SBTi related to how you helped develop the SBTi Financial Institutions Net-Zero Standard.
- A description of the relationship between SBTi, its member organizations, and any member organization’s American affiliate.
- A description of the core funding sources for SBTi’s organization, including which nonprofits or governmental entities provide funding for SBTi’s mission.
- Which insurance companies working within the SBTi framework are actively working to reduce emissions.
- Information from those insurers describing how their engagement with SBTi or a similar organization has influenced its decision to actively work to reduce emissions.
- Information from those insurers detailing the steps each one is taking to achieve that goal, including whether it refuses to insure or reinsure certain individuals or entities based on these goals and, if so, the identities of those individuals and entities.

Thank you in advance for your attention to this matter. Please convey your response to Iowa's Solicitor General Eric Wessan at eric.wessan@ag.iowa.gov. We look forward to your response before September 8, 2025.

Sincerely,



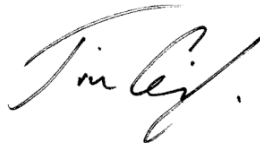
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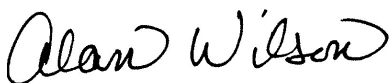
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