



STRENGTHENING BNP PARIBAS'S OIL AND GAS TARGETS: FROM LENDING TO CAPITAL MARKETS AND THE FULL VALUE CHAIN

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Summary

Well-designed medium- and long-term oil and gas targets supplement policies that immediately restrict financing for companies involved in the most climate-incompatible activities, in particular developing new fossil fuel projects. BNP Paribas has three 2030 targets for the oil and gas sector: separate credit exposure targets for upstream oil and upstream gas companies; and a financed emissions target for both oil and gas covering upstream, refining, and end-use parts of the value chain. These targets do not cover capital market issuances.

The credit exposure targets can accelerate real-world decarbonization by sending a clear signal to investors, executives and policymakers that oil and gas companies' access to capital will be increasingly restricted in the coming years. **Effectively restricting capital to the oil and gas sector, however, requires not just targets to reduce lending, but also targets to reduce the volume of capital market issuances to the sector. Both credit and capital markets targets should cover midstream and downstream in addition to upstream parts of the value chain.**

Targets based on financed or facilitated emissions are ineffective in reducing real-world emissions from portfolio companies as they can be met through rising corporate values. Consequently, BNP Paribas's financed emissions target is inadequate to drive the bank's decarbonization strategy.

BNP Paribas's oil and gas targets

BNP Paribas's oil and gas targets cover credit facilities, contingent liabilities (e.g. guarantees, Letters of Credit), and balance sheet securities. They are claimed to be benchmarked to the IEA Net Zero Emissions scenario.

1) Credit exposure reduction targets

- a) BNP Paribas had 2025 targets for oil, and oil and gas, baselined to 2020:
- 12% reduction for oil and gas; and
 - 25% reduction for oil.

The bank does not appear to have disclosed its 2020 credit exposure for either of these categories, but it states that its upstream oil exposure fell by 80% from 2022 to 2025 (€5.0B

to €1.0B), and gas exposure fell by 66% over the same period (€5.3B to €1.8B).¹ It can therefore be assumed that it has exceeded both these 2020 to 2025 targets.

b) BNP Paribas has 2030 targets for reducing its credit exposure to the upstream activities of oil and gas companies separately. The targets cover committed amounts for revolving loans, and are baselined to 2022:

- 30% reduction for gas;
- 80% reduction for oil.

The numbers cited above indicate that by the end of 2025, the oil target has already been met and the gas target has been greatly exceeded.

2) *Financed emissions*

BNP Paribas has one target covering absolute financed emissions for oil and gas combined.² It calls for a 70% cut between 2022 and 2030. It covers only drawn — and not the full committed — amounts for revolving loans.³ The target covers:

- Carbon dioxide and methane scope 1, 2 and 3 emissions measured in tCO₂e.⁴
- Upstream, refining and end-use activities.

The bank states it had cut its oil and gas financed emissions by 80% from Q3 2022 to the end of 2025.⁵

Analysis of targets

1) *Oil and gas credit exposure reduction targets*

BNP Paribas is one of only four, out of the 30 largest non-Chinese banks, to have adopted oil and gas financing volume targets.⁶ Targets based on financing volumes are important to ensure an actual decrease in bank financing for oil and gas companies. Yet BNP Paribas's targets have several significant limitations:

- i) They cover only lending and not capital market issuances. BNP Paribas announced in May 2024 that it would no longer participate in issuing conventional bonds for companies involved in oil and gas extraction.⁷ This exclusion does not, however, cover midstream and downstream parts of the value chain (or equity issuances).⁸ It should be noted that the NZBA, of which BNP Paribas was a member, required its members to set capital market targets for key sectors by 1 November 2025.⁹

¹ BNP Paribas, [2026 Universal registration document and annual financial report 2025](#), p.744

² The calculation uses a 3-year running average for EVIC.

³ BNP Paribas, [Strategy, risks & opportunities, net zero commitments](#), p.41, May 2024

⁴ BNP Paribas, [2026 Universal registration document and annual financial report 2025](#), p.746

⁵ From 27.3 MtCO₂e to 5.3 MtCO₂e (BNP Paribas, [2026 Universal registration document and annual financial report 2025](#), p.744).

⁶ The others are Société Générale, Crédit Agricole and ING. Société Générale targets an 80% reduction in exposure for upstream oil and gas combined. Crédit Agricole has an exposure target only for 2025. ING calls for only a 35% drop in credit exposure by 2030.

⁷ Reclaim Finance, [BNP Paribas and Crédit Agricole say no to bonds for the oil and gas sector](#), 31 May 2024

⁸ It also excludes green or sustainability-linked bonds.

⁹ UNEP Finance Initiative/NZBA, [Guidance for Climate Target Setting for Banks. Version 3](#), April 2025

- ii) The targets cover only the upstream segment of the oil and gas value chains. It is important to cover the whole value chain of both oil and gas, as is done for the bank's financed emissions target.
- iii) It is unclear how the targets are applied, e.g. in terms of which companies are covered, how the credit exposure metric is calculated, or how adjusters were applied to separate out clients' upstream oil and gas activities from each other and from other business lines.

2) Oil and gas financed emission reduction targets

Most major banks have set absolute financed emissions targets for oil and gas. BNP Paribas, like most other banks with these targets, calculates financed emissions using the formula promoted by the Partnership for Carbon Accounting Financials (PCAF). This attributes corporate emissions to banks by dividing the emissions by the corporations' enterprise value including cash (EVIC).¹⁰ This formula enables financed emission reductions to be achieved through increases in corporate value, rather than through reductions in real-world emissions.¹¹

The sharp rises in oil and gas company share prices after the Russian invasion of Ukraine in early 2022 caused steep drops in bank oil and gas sector financed emissions in subsequent years;¹² the surge in fossil fuel company values after the US-Israel attack on Iran will have a similar impact if these increased values are sustained.

In May 2024, BNP Paribas published its target to cut its absolute financed emissions for oil and gas by 70% between 2022 and 2030.¹³ By the end of that year, the bank had already achieved a 65% cut.¹⁴ By the end of 2025, it had exceeded its target with a cut of 80%.¹⁵

By baselining its financed emissions target to September 2022, BNP Paribas's financed emissions levels do not reflect the steep rise in oil and gas company values in the first half of 2022. However, in the absence of a disclosed attribution analysis, it is impossible to know how much the claimed drop in BNP Paribas's oil and gas financed emissions is due to a rise in the combined EVIC of its clients, how much is due to changes in the composition of the portfolio, and how much is due to real-world emission reductions by portfolio companies.

3) Other targets with important impacts on the oil and gas sector

BNP Paribas has also set targets for high oil- and gas-consuming sectors, including power generation, commercial real estate, automotive, and aviation.

- i) These targets are all based on physical emissions intensity, which is appropriate for these demand-side sectors.

¹⁰ EVIC is the sum of a company's market capitalization and its total debt.

¹¹ This problem is widely recognized by analysts (see Reclaim Finance, [Targeting Net Zero: The need to redesign bank decarbonization targets](#), pp.14-15, September 2024) and even by PCAF itself (see Reclaim Finance, [Avoided Emissions Reporting: A greenwashing bonanza for financial institutions?](#), May 2025, pp.6-11).

¹² Some examples of sharp drops in bank oil and gas sector financed emissions after the attack on Ukraine are Crédit Agricole – drop of 40% 2020-2022 compared with target of -30% 2020-2030 ([Crédit Agricole accelerates its climate commitments](#), 14 December 2023) and Deutsche Bank – drop of 29% in 2022 compared to a target of -23% 2021-2030 ([Deutsche Bank announces additional measures to reinforce net zero commitment](#), 2 March 2023). See also Reclaim Finance, [Targeting Net Zero: The need to redesign bank decarbonization targets](#), September 2024.

¹³ BNP Paribas, [Strategy, risks & opportunities, net zero commitments](#), p.44, May 2024

¹⁴ BNP Paribas, [2026 Universal registration document and annual financial report 2025](#), p.744

¹⁵ BNP Paribas, [2026 Universal registration document and annual financial report 2025](#), p.744

- ii) These targets cover only lending and do not include capital markets activities.
- iii) No targets have been set for petrochemicals, a major oil and gas consumer.

Recommendations

If BNP Paribas is serious in its claim to “be at the forefront of combatting climate change”,¹⁶ it must strengthen its oil and gas targets. Its priorities should be to set 2030 targets covering its capital markets activities and to bring midstream and downstream parts of the oil and gas value chain into the scope of its financial targets. Specifically:

1. BNP Paribas must set 2030 targets for capital markets issuances to oil and gas companies.
 - i) These targets must seek to reduce the volume of financing. They must not be based on PCAF’s “facilitated emissions” formula, which, like its financed emissions formula, has an inverse relationship between changes in emissions and in corporate value.
 - ii) These targets should be set at least at the same ambition level as the bank’s credit exposure targets.
2. Both lending and capital markets financing volume reduction targets should be set for each of the upstream, midstream, and downstream parts of the value chain, and also expressed as a combined target across the value chain.
3. Physical intensity targets for loans to fossil fuel demand-side sectors should be complemented with capital markets targets. Targets are needed for petrochemicals.¹⁷
4. The methodologies behind the targets and how progress toward meeting them is measured should be disclosed. Disclosures should include companies in scope; adjusters applied to companies to separate out their business activities and allocate them between different targets; how financing volumes are calculated and allocated for multiple-bank transactions. Reporting should include comprehensive attribution analyses that explain changes in headline numbers (e.g. exclusion of companies from portfolios vs reduction of financing to companies; emission intensity reductions from portfolio companies vs changes in portfolio composition; and changes in data quality).¹⁸
5. Absolute financed and facilitated emissions can be disclosed as a way of comparing portfolio emissions between banks at any moment in time, but should not be used for target setting.

¹⁶ [BNP Paribas unveils its first ‘climate analytics and alignment report’ and carbon intensity reduction reports by 2025](#), press release, 3 April 2022.

¹⁷ It will be technically and economically complex to achieve deep decarbonization in the petrochemicals sector. Setting petrochemical-specific targets can bring attention to the importance of this sector in emissions reduction strategies and push banks and their clients to develop strategies to reduce its emissions intensity.

¹⁸ Among those who have called for transparent and comprehensive climate targets attribution analyses are the Net-Zero Asset Owner Alliance, NGFS, and MSCI (NZAOA, [Understanding the Drivers of Investment Portfolio Decarbonisation](#), December 2023; NGFS, [Improving Greenhouse Gas Emissions Data](#), p.8, July 2024; MSCI, [Connecting Emissions Attribution with Climate Action](#), 16 May 2023). PCAF has also recognized the usefulness of attribution analyses (Reclaim Finance, [Avoided Emissions Reporting: A greenwashing bonanza for financial institutions?](#), p.11, May 2025).