



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

May 2026

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. Société Générale has two 2030 targets covering the oil and gas industry: a credit exposure target covering the upstream segment of the industry; and a financed-emissions target covering lending to the entire value chain (upstream, midstream, and downstream).

Credit exposure targets can help 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. **To effectively promote decarbonization, however, Société Générale must bring the midstream and downstream parts of the value chain into this target and add a target to reduce the volume of capital market issuances for oil and gas companies.**

Targets based on financed or facilitated emissions, as defined by the Partnership on Carbon Accounting Financials (PCAF), are ineffective in reducing real-world emissions as they can be met through rising corporate values.

Société Générale's oil and gas targets

Société Générale's oil and gas targets cover the lending side of the bank's activities and are baselined to 2019. They are claimed to be benchmarked to the IEA Net Zero Emissions scenario.

1) Credit exposure

Société Générale set two targets for reducing its credit exposure to upstream oil and gas activities:

- 50% reduction by 2025;
- 80% reduction by 2030.

The bank states it reduced its upstream oil and gas exposure by 76% by Q3 2025.¹

¹ Société Générale, [Universal Registration Document 2026](#), p.307

2) *Financed emissions*

The bank has one target covering oil and gas financed emissions (using the PCAF methodology for measuring financed emissions). The target:

- Calls for a 70% cut from 2019 to 2030;
- Covers scope 1, 2 and 3 emissions of upstream, midstream and downstream companies;
- Covers all reported GHGs and is measured in MtCO₂e.

The bank states it had cut its oil and gas financed emissions across the value chain by 68% by Q3 2025.²

Analysis of targets

1) *Oil and gas credit exposure*

Société Générale is one of only four of the 30 largest non-Chinese banks to have adopted a target to reduce the volume of financing for the oil and gas sector.³ This target is useful to ensure a reduction of the bank's support for oil and gas producers. Yet several limitations can be identified:

- a) The target covers only lending. Société Générale has not committed to reducing the volume of financing for oil and gas companies via capital market issuances, a significant source of financing for the oil and gas sector. This contrasts with the bank's coal targets, which aim to zero out all "new financial products and services". It should be noted that the NZBA, of which Société Générale was a member, required its members to set capital market targets for key sectors by 1 November 2025.⁴
- b) The target covers only the upstream segment of the oil and gas value chain. As noted by Société Générale,⁵ the IEA states that only 13% of oil sector GHG emissions and 20% of gas emissions are from upstream activities. This shows that it is critical to cover emissions from the whole value chain, as is done for the bank's financed emissions target.
- c) It is unclear how the target is applied, e.g. in terms of which companies it covers, how credit exposure is calculated, and what adjusters might be applied to companies to separate out their upstream oil and gas activities from other business lines. Société Générale has not clarified if the target applies to the full commitment amount on revolving loan facilities, or only the drawn amount.

2) *Oil and gas financed emission targets*

Most major banks have set absolute financed emissions targets for the oil and gas sector. Société Générale, like most other banks with these targets, calculates financed emissions using the formula promoted by PCAF. This attributes corporate emissions to banks by dividing

² Société Générale, [2026 Universal Registration Document](#)

³ The others are BNP Paribas, Crédit Agricole and ING. Crédit Agricole has an exposure target only for 2025. BNP Paribas has separate 2030 targets for the oil and gas sub-sectors. ING calls for a 35% drop in exposure by 2030.

⁴ UNEP Finance Initiative/NZBA, [Guidance for Climate Target Setting for Banks. Version 3](#), April 2025

⁵ Société Générale, [NZBA Progress Report 2024](#), July 2024, p.27

the emissions by the corporations' enterprise value including cash (EVIC). EVIC is the sum of a company's market capitalization and its total debt. This formula enables financed emission reductions to be partly or wholly achieved through increases in corporate value, rather than reductions in real-world emissions.⁶

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;⁷ the even sharper surge in fossil fuel company values after the US-Israel attack on Iran will have a similar impact if these increased values are sustained.⁸

Société Générale set its initial financed emissions target for oil and gas in October 2022 – a 30% reduction between 2019 and 2030.⁹ In 2023, the bank reported that by the end of the previous year it had already cut its oil and gas financed emissions by 40% from 2019 levels.¹⁰

In the absence of a disclosed attribution analysis, it is impossible to know how much the claimed drop in Société Générale's financed emissions is due to a rise in the EVIC of the companies in its oil and gas portfolios, 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. However given that the value of the S&P 500 Energy Index rose by 47% between EoY 2019 and EoY 2022,¹¹ while over the same period oil and gas sector emissions appear to have been basically flat,¹² it would seem likely that much of Société Générale's drop in financed emissions over this period is a statistical artifact produced by the growth in the value of the oil and gas companies in its portfolio.

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

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

- a) These targets are all based on physical emissions intensity, which is appropriate for these demand-side sectors.
- b) These targets cover only lending and do not include capital markets activities.

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

⁷ 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). Conversely bank oil and gas financed emissions would tend to have risen sharply in 2020 as a result of the drop in oil and gas company valuations due to COVID. BMO reported that the financed emissions from its oil and gas lending portfolio soared by 40% in 2020 – while the real-world emissions from the underlying companies were flat ([BMO Financial Group 2023 Climate Report](#), p.52). See also [Reclaim Finance, Targeting Net Zero: The need to redesign bank decarbonization targets](#), September 2024.

⁸ The value of the S&P 500 Energy index rose by 33% between the first day of the attack on Iran (Feb. 28) and the time of writing (April 15). The rise in the index peaked at 50%. The S&P 500 Energy index comprises the 22 largest publicly listed energy companies in the US.

⁹ Société Générale, [Supporting the energy transition: Societe Generale accelerates the alignment of its Energy sector portfolio](#), 24 October 2022

¹⁰ Société Générale, [In Transition: Climate and Alignment Report](#), p.63, December 2023

¹¹ Calculated from <https://www.spglobal.com/spdji/en/indices/equity/sp-500-energy-sector/#overview>

¹² McKinsey, [Global Energy Perspective 2023: CO2 emissions outlook](#), 24 January 2024

- c) No targets have been set for residential real estate or the petrochemicals sector, both of which are major oil and gas consumers.¹³

Recommendations

If Société Générale is serious about what it terms its “relentless pursuit of decarbonization”¹⁴ it must strengthen its oil and gas targets, with the two priorities being 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 targets. Specifically:

1. Société Générale must set 2030 targets for capital markets issuances to oil and gas companies.
 - a) These targets must aim to reduce the volume of financing, as is the case with the bank's oil and gas lending target. They must not be based on PCAF's “facilitated emissions” formula, which, as with its financed emissions formula, has an inverse relationship between changes in emissions and corporate value.
 - b) This target should be set at the same ambition level as the bank's credit exposure target (80% reduction from 2019).
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. It should be clarified that lending targets apply to the committed amounts on revolving loan facilities.
3. Physical intensity targets for lending to high-emission demand-side sectors should be complemented with capital markets targets. Targets need to be set for the residential real estate and petrochemicals sectors.¹⁵
4. The methodologies behind the targets and how progress toward meeting them is measured should be disclosed. This should include companies in scope; adjusters applied to companies to separate out their business activities and allocate them within different targets; how credit exposure and capital markets financing volumes are calculated and allocated for multiple-bank transactions. Reporting should include comprehensive attribution analyses showing factors behind 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).¹⁶
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.

¹³ See e.g. Zero Carbon Analytics, [Overview of the global petrochemical industry](#), 13 May 2024.

¹⁴ Foreword by CEO Slawomir Krupa in [In Transition: Climate and Alignment Report](#), December 2023.

¹⁵ 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.

¹⁶ Among those who have called for transparent and comprehensive financed emission targets attribution analyses are the UN-Convened Net-Zero Asset Owner Alliance, the Network on Greening the Financial System, and MSCI (NZAOA, [Understanding the Drivers of Investment Portfolio Decarbonisation: A discussion paper on emissions attribution analysis for net-zero investment portfolios](#), 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?](#), May 2025, pp. 11).