

Jean-Laurent Bonnafé

**BNP Paribas**

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Paris, 75009

France

11 December 2024

Dear Mr. Bonnafé,

I am writing to you following the launch of ShareAction's latest report on banks' target-setting '[Mind the strategy gap: how disjointed climate targets are setting banks up to miss net-zero. An assessment of the decarbonisation and sustainable finance targets set by Europe's largest banks](#)'. We are extremely grateful for the contributions of your sustainability and NGO engagement teams to our report and for all the positive engagement we have had with BNP Paribas this year, notably your positive response to our 2024 investor AGM statement, and Cécile Moitry's contribution as a panellist at our recent green finance roundtable.

We are approaching 2025, the five-year countdown to 2030 – a key milestone banks are working towards in their net-zero trajectories. Climate disaster continues to worsen at an alarming rate. Scientists from the World Weather Attribution (WWA) [report](#) that 2024 saw the deadliest swathe of extreme heat waves ever recorded, including in Europe, where in July alone there were at least 23 fatalities due to intolerable temperatures across Portugal, Spain, France, Italy and Morocco. Recent severe flooding in Valencia, Spain, has [affected](#) 74,400 people, resulting in an [estimated](#) death toll of over 200 people.

Banks play a critical role in averting unliveable climates by reducing their finance to fossil fuels and increasing finance to sustainable alternatives. There has never been a more important time for banks to ensure their net-zero strategies are underpinned by scientifically robust and complementary decarbonisation and sustainable finance targets, designed to have a real-world impact on the green transition of the global economy.

Our report shows that banks have made progress on setting an array of targets to reach net-zero by 2050. Positively, Europe's 20 largest publicly listed banks have all committed to net-zero by 2050, and most banks now report progress against their sectoral decarbonisation targets annually in relative and absolute terms. However, our report finds that banks' sustainable finance and decarbonisation targets are disconnected from each other, employing inconsistent designs, diverging accounting practices, and different timeframes. It is particularly concerning that so few sustainable finance targets are grounded in climate scenarios or the investment needs of specific sectors to transition. They lack both the scientific foundations and granularity

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that banks need to navigate complex transitions, overcome constraints on progress, and cultivate new opportunities for their services.

The incentive to artificially inflate targets rather than engage in the hard work of growing sustainable finance means the current generation of targets are unlikely to shift the necessary capital to meet their own net-zero goals, increasing the risk of a disorderly transition.

BNP Paribas should be commended for setting an array of sectoral sustainable finance targets which we highlight as leading practice in our report. For example, by 2025, the bank aims to have renewables make up at least 66% of its power-generation portfolio (a target grounded in the IEA NZ scenario), and electric vehicles at least 25% of its automotive portfolio. However, when it comes to overall ambition, BNP Paribas' sustainable finance targets are less ambitious relative to the bank's total assets compared to many of its peers. BNP Paribas's overarching sustainable finance target of €605 billion represents about 1.9% of the bank's total assets (whereas the median in our sample is 2.4%). Concerningly, BNP Paribas's sustainable financing ambitions seem to fall short of the ambition the IEA says is needed to stay within 1.5C. BNP Paribas is not on track to meet the \$10 to every \$1 ratio of clean energy to fossil fuel investment that the International Energy Agency says is needed by 2030. We predict that in 2030 the bank will have reached a ratio of 4.8:1 rather than 10:1 – falling in the lower half of our sampled banks.

We are calling on banks to set targets which are ambitious, transparent and coherent. We are making five asks of BNP Paribas:

1. **Ground its sustainable finance targets in a clear and robust methodology**, disclosing how sustainable finance targets are quantified relative to the bank's decarbonisation commitments or credible scenarios, whilst also acknowledging BNP Paribas's historical responsibility as one of [Europe's largest fossil fuel financiers](#). We commend BNP Paribas for setting its renewable energy target based on the IEA NZE, the same scenario used for its decarbonisation targets for the oil and gas sector. It should now disclose similarly robust methodologies for all its sustainable finance targets.
2. **Outline a strategy for increasing finance for enabling infrastructure and early-stage technologies** – BNP Paribas's renewable power target is not currently complemented by a target or disclosure related to enabling infrastructure, such as grids and storage, which puts the rollout of renewables at risk. Analysis shows that energy storage, along with grid infrastructure, should make up between 40 and 50 percent of sustainable investment into the power sector. BNP Paribas could demonstrate leading practice by setting further sustainable finance sectoral targets to complement its decarbonisation strategy.
3. **Ensure its decarbonisation and sustainable finance targets are set in a consistent and comparable way by:**
  - a. **Including the same products and services** – BNP Paribas currently includes capital markets in its sustainable finance targets but not its decarbonisation targets. Whilst BNP Paribas has announced it won't finance new oil and gas bonds, it should still account for the carbon emissions associated with facilitating capital to other high-carbon sectors.
  - b. **Applying the same accounting principles** – BNP Paribas should weight capital markets transactions at 100% across both decarbonisation and sustainable finance targets.

- c. **Using consistent time frames** – BNP Paribas has set its general sustainable finance targets as running to 2025, but the rest of their decarbonisation targets (commercial real estate, aluminium, steel, shipping, aviation) run to 2030.
- 4. **Demonstrate how these targets – now coherent and consistent – are leading to real-world impact** by disclosing:
  - a. **How BNP Paribas' emissions reductions are driven by clients' performance and changes in exposure, and how changes in exposure are driven by its sustainable finance** – BNP Paribas reports on progress against its decarbonisation targets annually, but it doesn't report on key drivers of decarbonisation performance such as clients' emissions and changes in exposure. In addition, the bank doesn't report on how its sustainable financing contributes to these changes in exposure.
  - b. **Which sectors, activities, and types of financing are in scope** of sustainable finance targets and the criteria used to define what constitutes sustainable finance. BNP Paribas discloses what types of financing and activities are covered in its sectoral targets related to energy. However, this is only partially disclosed in relation to its high-level sustainable finance targets, notably its target to provide €200 billion to support customers in their transition to a low-carbon economy.
  - c. **The real-world impact of the bank's sustainable financing, starting with energy** – we commend BNP Paribas for doing this, and ask that the bank now also report on the impact of its financing of enabling technologies to support the green energy transition.
- 5. **Complement these targets with robust sector policies which consider human rights and environmental impacts** (such as financing exclusions for companies expanding oil and gas).

Banks should be doing a lot more than they are currently doing to finance the transition to a green and just economy. But, as our report recognises, the success of banks' targets also relies on external factors. Banks should transparently highlight which parts of their strategy critically depend on the actions of others and use their influence to ensure capital flows to sustainable activities at the scale and pace needed to avert the climate crisis. We encourage BNP Paribas to set sector targets even in sectors facing regulatory challenges or other obstacles, and for the bank's leaders to highlight where and how these structural barriers could be alleviated in aid of more impactful sustainable financing. Importantly, target-setting is not a substitute for setting and adhering to robust sector policies, such as ending project and corporate finance for oil and gas companies with expansion plans.

We are committed to engaging with and supporting BNP Paribas in the development of its policies and targets, and hope that our constructive dialogue will continue throughout 2025. As a next step, we expect you to take material action on your sustainable finance strategies by the end of 2025 by adhering to the asks above, or ShareAction and investors may consider taking escalatory action in 2026.

I ask that you respond to [bankingteam@shareaction.org](mailto:bankingteam@shareaction.org) in writing by **15 February 2025**. I truly wish you and your team a wonderful Christmas break and look forward to building on our valuable relationship in the new year.

Warm regards,

Jeanne Martin  
 Head of Banking Programme  
 ShareAction