FROZEN GAS, BOILING PLANET:

How the French financial support to LNG fuels a climate disaster

RECLAIM Finance

Les Amis de la Terre France

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How the French financial support to LNG fuels a climate disaster

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EXECUTIVE SUMMARY

This briefing highlights the gap between the climate pledges of financial institutions and their continued support for liquefied natural gas (LNG) projects, with a specific focus on French banks and investors. It shows that financial institutions have supported the rapid expansion of LNG export and import terminals since the Russian invasion of Ukraine in 2022 and could play a key role in locking in new highly emitting LNG infrastructure.

Eight export terminal projects and 99 import terminal projects have been completed in the past two years, increasing the existing global export capacity by 7% and the global import capacity by 19%.[1] In addition, LNG developers are currently planning 156 new LNG terminal projects worldwide that will be constructed by 2030 — 63 export terminal projects and 93 import terminal projects.[2] However, the International Energy Agency (IEA) has been projecting an end to new LNG export terminals in its Net Zero Emissions by 2050 (NZE) scenario for two years now,[3] and any additional LNG infrastructure jeopardizes our chances of keeping global warming within tolerable limits while also increasing the risk of stranded assets. Numerous energy analyses further highlight the risk of overcapacity for import terminals.[4] This is particularly the case in Europe, where gas consumption is declining. Furthermore, each of the new projects is a block to the goals of the Paris Agreement and will lock in long-term dependence on fossil fuels, hampering the shift toward low-carbon economies.

We researched the financial services[5] provided to the top 150 LNG developers and attributed to LNG expansion.[6] These companies account for more than 90% of the global pipeline for planned new LNG capacity (proposed, under construction, or commissioning) by 2030.[7] We found that the 400 banks analyzed in this report provided US$213 billion to LNG expansion from 2021 to 2023, while the 400 investors assessed fueled this boom through US$252 billion in exposure as of May 2024.

Seven French banks were responsible for **US$14 billion of this overall financing[8] while the 11 French investors[9] that invested the most in LNG expansion held US$7 billion in assets of the top LNG developers as of May 2024. These amounts come from a relatively small number of financial institutions. Crédit Agricole (US$4.6 billion), BPCE/Natixis (US$3.7 billion), Société Générale (US$3.0 billion) and BNP Paribas (US$2.6 billion) are responsible for close to 100% of all the financing to LNG expansion provided by French banks between 2021 and 2023. Two French investors account for 77% of the total exposure by French investors in LNG expansion as of May 2024: US$4.5 billion was invested by Crédit Agricole/Amundi and US$1 billion by BPCE/Natixis' asset management branch Natixis Investment Managers (Natixis IM).**

Among the top companies supported by the main French banks and investors is the French company TotalEnergies. Société Générale is TotalEnergies' third biggest provider of external financing for the company's LNG expansion with US$253 million granted between 2021 and 2023 while Crédit Agricole/Amundi is the second biggest investor into TotalEnergies globally with US$2.8 billion invested in the company as of May 2024. TotalEnergies is at the forefront of LNG expansion, being the company with the highest number of LNG export projects (10 terminals) planned by 2030. Its expansion plans will more than double its liquefaction capacity and contribute to emitting more than 0.4 Gt of carbon dioxide equivalent (CO_2e) by 2030.

Our analysis shows that there is no sign the support of the main French banks and investors for LNG expansion drying up, although they are all members of the Net Zero Banking Alliance (NZBA) or Net Zero Assets Managers (NZAM) initiative, through which they all pledged to align their activities with a 1.5°C pathway and to achieve carbon neutrality by 2050 - except for BPCE/Natixis IM which is not part of the NZAM. The four banks completed no fewer than 74 transactions with LNG developers in support of LNG expansion in 2023. This support continued into 2024: along with other banks, BPCE/Natixis participated in the issuance of a US$1.5 billion bond by Venture Global LNG in July 2024 while, in March 2024, BNP Paribas and Crédit Agricole participated with other banks in the issuance of US$1.1 billion bond in favor of Sempra — both are among the biggest LNG export developers in the US.

Although the four French banks are among the bunch of banks which have a sector policy tackling LNG, they are not consistent enough to really curb their support to LNG expansion. First, none of the four policies cover the construction of LNG import terminals, even though these projects hinder the transition to low-carbon economies by reinforcing reliance on fossil fuels while increasing the financial risks associated with potentially stranded assets, as already noted above. These policies[10] only cover LNG export terminals, but even so, they have not completely ruled out financing for these projects.

- BNP Paribas and BPCE/Natixis exclude financing for LNG export terminals only when they are supplied by unconventional fossil gas fields. Société Générale only excludes the financing of LNG export terminals directly linked to the development of new fossil gas fields, along with those supplied by unconventional fossil gas fields or located in North America or in the Arctic region, while Crédit Agricole waives the financing of export terminals only if they are strictly dedicated to extraction projects.
- None of these policies address corporate financing, which is even more concerning than the loopholes at the project level, since corporate financing represents the largest share of overall fossil fuel finance.[11]

It is alarming to note the blatant gap between the banking and investment activities of Crédit Agricole and BPCE groups: whereas the two banks have a policy addressing LNG, Crédit Agricole/Amundi does not tackle LNG in its oil and gas policy while BPCE/Natixis IM has no policy on the matter whatsoever.

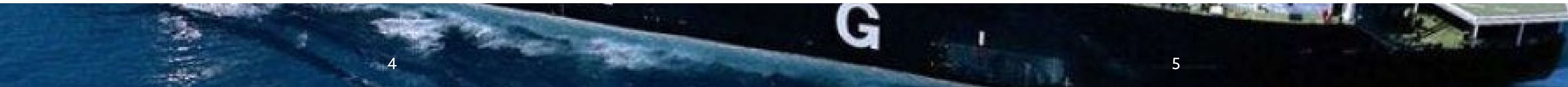
Reclaim Finance calls[12] for French banks to adopt comprehensive policies to:

- **End financial services for new LNG projects, especially export terminals, which contradict climate goals, and also for import terminals which hinder the development of renewable energy.**
- **End financial services for LNG export developers and commit to extending this exclusion to LNG import developers that fail to abandon LNG expansion plans in the near future.**

Reclaim Finance calls for investors to adopt comprehensive policies that:

- **Expect LNG companies in their portfolios to stop LNG expansion immediately.**
- **Stop new investments in companies developing new LNG export terminals, and that use existing holdings to engage and vote against strategic management-proposed items (for example, the re-election of directors, remuneration, and financial statements).**

Banks and investors should require LNG import terminal developers to adopt transition plans aligned with a 1.5°C pathway with no or low overshoot that includes no new LNG import terminals and that relies on minimal negative emissions, such as the IEA's NZE scenario.



METHODOLOGY

This country brief assesses financial flows (project financing and corporate financing) to and investments (bonds and equity) in the 150 largest LNG developers. The 150 largest LNG developers are selected on the prorated LNG capacities planned (proposed, under construction or commissioning) using Urgewald's 2023 Global Oil and Gas Exit List (GOGEL). These companies account for 90% of the global pipeline for new LNG capacities that are planned.

Financial flows to the top 150 LNG developers have been adjusted, through a joint research effort between Reclaim Finance and Friends of the Earth France, to represent the proportion of the LNG segment future activity in a company's overall business.

- Financial data from this report relies on 2021 to 2023 financial flows accorded by 400 banks worldwide[13] to the 150 largest LNG developers, using the extended dataset of the 2024 'Banking On Climate Chaos' report that compiles data from Refinitiv and Bloomberg LP. Financial flows include project and corporate financing, via corporate loans, revolving credit facilities and bond and equity issuances. Financial flows directly linked to green projects have been excluded.
- Investments made by the 400 most exposed investors in the 150 largest LNG developers as of May 2024, using Urgewald's 'Investing in Climate Chaos' database downloaded on 9 July 2024. Investments include bonds and equities held by financial institutions. All green bond holdings have been excluded. The equity holding as of 30 April 2024 of the Fonds Communs de Placement en Entreprise (Employee Investment Fund) of TotalEnergies, managed by Amundi, has been added to the Investing in Climate Chaos dataset.

Additionally, non-adjusted 2024 financial operations reported in this analysis have been extracted using the Bloomberg LP and IJ Global databases.

LNG emissions to 2030 have been calculated at project level and aggregated at corporate level using the Global Oil and Gas Exit List extended data. Emissions calculations rely on Robert Howarth's 2024 research paper 'The Greenhouse Gas Footprint of Liquefied Natural Gas (LNG) Exported from the United States',[14] with adjustments made on methane leakage rate per country using country's average methane leakage rate from Rystad Energy.[15]

The assessment of the policies by the financial institutions relies on Reclaim Finance's Oil & Gas Policy Tracker (OGPT). In this tracker, bank policies for the oil and gas sector are rated according to three main criteria, of which mainly two – 'Projects' and 'Expansion companies' – were used to provide an LNG-specific assessment for this report. The investor policies for the oil and gas sector were mainly assessed through the 'Expansion companies' criterion.

More details are available in our methodology.

INTRODUCTION

Since the Russian invasion of Ukraine in February 2022 and the subsequent spike in gas prices, liquefied natural gas (LNG) has come center stage. This fossil fuel has increasingly been promoted by the oil and gas industry as the key solution to maintain gas supply while ensuring energy security. Over the past few years, global markets have been flooded with a growing quantity of LNG,[16] driven by exports from the US, Australia, and Qatar.[17] Already, eight export terminal projects and 99 import terminal projects have been completed in the past two years, increasing the existing global export capacity by 7% and the global import capacity by 19%.[18] France is not exempt from this trend; in 2023, the country was Europe's largest LNG importer[19] and one new terminal in Le Havre is operating since 2023, adding to the four preexisting LNG import terminals.

Despite the risks of overcapacity and to the climate, LNG continues to be developed, including in France, where there are plans to expand the capacity of the Fos Cavaou terminal, already expanded in 2023, whereas the utilization rate of the French terminals has decreased in 2023 compared to the previous year.[20] 150 LNG developers are currently planning 156 new LNG terminal projects worldwide for construction by 2030,[21] threatening global fossil fuel lock-in in the future. The 63 export terminals projects planned by these companies would add 472.2 million tonnes per annum (Mtpa) of liquefaction capacity, while the 93 new import terminal projects would represent 364.2 Mtpa of additional regasification capacity – doubling the current export capacity and increasing the current import capacity by 17.1%.[22] These 63 planned export terminal projects could contribute to the release of over 10 gigatonnes (Gt) of carbon dioxide equivalent (CO2e) by 2030.[23] The climate impacts of these emissions can be compared to the total CO2e emissions from operating coal plants worldwide, which are responsible for 12 Gt of CO2e each year.[24]

This massive new LNG export development primarily takes place in Canada, Mexico, and the US, which together will account for half of the increase in export capacity. On the import side, South and Southeast Asia, driven by China, India, and Vietnam, will account for 25% of the expected increase of import capacity, while Europe is expected to cover 21% of the increase in import capacity.

The planned LNG buildout could not proceed without international banks and investors backing LNG developers. For the past two years, the International Energy Agency (IEA) has projected an end to new LNG export terminals in its Net Zero Emissions by 2050 (NZE) scenario. Any additional LNG infrastructure threatens our ability to keep global warming within tolerable limits and increases the risk of stranded assets. Numerous energy reports also emphasize the potential for overcapacity in import terminals,[25] especially in Europe, where gas consumption is declining. In France, gas consumption has registered a continuous decline since 2018, by 3.6% per year on average between 2018 and 2023.[26] Moreover, each of these projects undermines the Paris Agreement and will perpetuate long-term reliance on fossil fuels, obstructing the transition to low-carbon economies. In this context, financial institutions could be expected to stop supporting the development of new LNG terminals. This is especially true as the main French banks, along with many other financial institutions, have committed to achieving carbon neutrality by 2050 in line with a 1.5°C pathway.

This briefing aims to take stock of the situation and evaluate the support for LNG expansion, while highlighting the responsibility of French financial institutions in this growth. Building on an analysis of the financial flows to LNG expansion of the 400 biggest banks and 400 investors, we assess whether French banks and investors have adopted consistent climate pledges that effectively curb their support for LNG expansion, and how they compare to other international banks and investors.

FRANCE'S MAIN BANKS AND INVESTORS POUR BILLIONS INTO LNG EXPANSION

Between 2021 and 2023, the 400 international banks analyzed in our research provided US$213 billion in support of LNG expansion by the top 150 LNG developers,[27] which account for over 90% of the global pipeline for planned new LNG capacity by 2030 (proposed, under construction, or commissioning).[28] As for the 400 investors analyzed, they had a US$252 billion exposure to the top LNG developers in May 2024, further fueling the LNG boom. US$14 billion of the overall financing came from seven French banks[29] and 11 French investors[30] were exposed to US$7 billion to LNG expansion.

Of all the financing to LNG expansion from French banks between 2021 and 2023, close to 100% was granted by four French banks only: Crédit Agricole (US$4.6 billion), BPCE/Natixis (US$3.7 billion), Société Générale (US$3.0 billion) and BNP Paribas (US$2.6 billion). This significant involvement of French banks in LNG expansion propels French banks as the fifth largest supporters of LNG expansion globally (see Annex 1), with the US, Japan, and China holding the top three positions. The four French banks stand out for being part of the top 25 global supporters of LNG expansion (see Annex 2). Significantly, although BPCE/Natixis is a smaller organization than its French counterparts BNP Paribas, Crédit Agricole, and Société Générale, the bank is the 20th biggest supporter of LNG expansion worldwide.

As for the eleven French investors analyzed that invested the most in LNG expansion, these held US$7.1 billion in assets of the top LNG developers in May 2024. Together, two investors account for 77% of this exposure in LNG expansion as of May 2024: US$4.5 billion was invested by Crédit Agricole/Amundi and US$1 billion by BPCE/Natixis IM. Crédit Agricole/Amundi even ranks 11th globally for its exposure to LNG expansion. With these figures, French investors rank fifth globally for their exposure to LNG expansion as of May 2024 (see Annex 3).

a. French banks and investors pose risks to the climate and communities through LNG expansion

French banks' and investors' clients include all types of companies driving the expansion of LNG, such as specialized midstream companies primarily focused on developing export facilities: Crédit Agricole, BPCE/Natixis and Société Générale provide significant amounts of money to the biggest specialized LNG developers, in particular to Venture Global LNG and to Cheniere Energy, the world's largest LNG developer and the largest producer of LNG in the US respectively. Among the companies analyzed, Cheniere Energy is the company that Société Générale supported the most to carry out its LNG plans with US$850 million provided to the company between 2021 and 2023. Notably, Société Générale ranks third among Cheniere Energy biggest provider of funds. Regarding investments, Crédit Agricole/Amundi is exposed up to US$297 million to the US company's LNG activity, which is its third biggest exposure in LNG expansion as of May 2024.

Box - LNG, a false solution with dire consequences for the climate

What is LNG?

LNG is fossil gas (commonly known as natural gas) that has been cooled to about -162°C (-260°F), condensing it into a liquid form. LNG primarily consists of methane, along with smaller amounts of other hydrocarbons. The gas is produced from fossil gas fields, carried to export terminals where it is liquefied and loaded onto LNG carriers for transportation by sea to import terminals where it is regasified.

Who are the LNG stakeholders?

On the liquefaction side, LNG export terminals are usually operated by specialized companies (such as Venture Global LNG) or integrated oil and gas companies (majors such as BP or TotalEnergies, or National Oil Companies (NOCs) (such as ADNOC or Petrobras). On the regasification side, specialized and integrated oil and gas companies are also involved in LNG import terminals along with utilities (such as Engie). LNG terminals are made possible thanks to the support of financial institutions, including banks and investors.

What are the climate impacts of LNG?

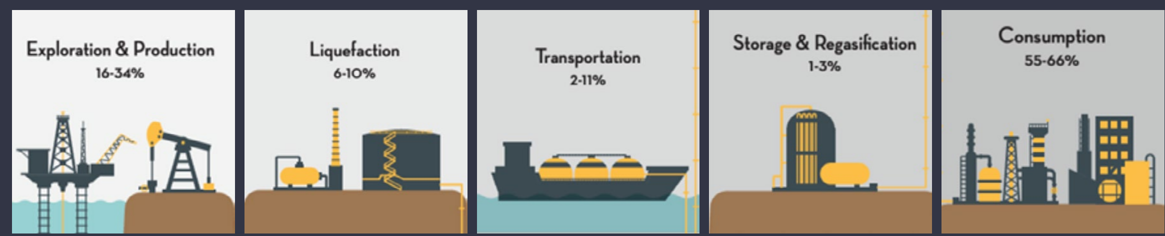
Existing LNG export capacities are sufficient to satisfy both current and future demand in a 1.5°C-aligned pathway, as shown by the IEA in its Net Zero Emissions by 2050 (NZE) scenario since 2022. The IEA's NZE update in the World Energy Outlook 2024 further emphasized that no new gas fields should enter into production. And yet, the development of LNG facilities is currently intensifying upstream fossil gas expansion by connecting fossil gas fields to far away demand and creating gas dependency in new countries. Once a terminal is constructed, new gas fields could enter into production to maintain its utilization rate, despite the need to halt upstream gas expansion. With long term gas infrastructure connected to fossil gas fields on the export side, and distribution networks on the import side, LNG facilities are leading the energy sector to remain stuck into fossil fuels.

In addition, the projected peak in oil and gas demand by 2030 alongside renewable energy growth and electrification could render new oil and gas investments stranded assets in the near future,[31] particularly in Europe[32] which represents 21% of the global planned LNG import capacity. Indeed, three-quarters of Europe's LNG import capacity could be unused by 2030, according to IEEFA.[33]

Moreover, the liquefaction process is highly energy intensive, consuming approximately 10% of the fossil gas that is processed – for example, it is used to power heat pumps. The other stages of the process also add to the LNG carbon footprint, with greenhouse gas emissions occurring during transportation and during storage and regasification – the liquefied gas is reheated by combustion at import terminals to convert it back to gas.

Another significant aspect of LNG processing is the high level of associated methane (CH_4) emissions. LNG is composed of methane, a greenhouse gas over 80 times more powerful than CO_2 over 20 years.[34] Methane leaks can occur throughout the LNG value chain,[35] and they are particularly relevant in the upstream phase[36] due to additional upstream gas expansion permitted by LNG, that is then transported to liquefactions terminals for export. Although LNG is often presented as an alternative to coal, these leaks negate the "climate benefits" of fossil gas and may even worsen the situation. This is especially true for gas from the US – the world's leading LNG exporter – where liquefaction terminals are connected by a network of pipelines to shale gas fields where methane leakage is widespread.[37] Upstream and midstream methane emissions stemming from leaks in the production and transport of LNG represent the largest portion of the LNG footprint (38% of total LNG emissions, based on Global Warming Potential (GWP20)). When CO_2 emissions from the energy used to produce LNG are factored in, upstream and midstream emissions together contribute, on average, 47% of the total greenhouse gas footprint of LNG. Other significant emissions are the liquefaction process (8.8% of the total, on average, using GWP20) and carrier transportation (5.5% of the total, on average, using GWP20).[38]

Image - Distribution of greenhouse gas emissions in the LNG lifecycle[39]



Integrated companies active in both export and import terminals receive significant support from banks and investors for their LNG expansion. Eni and TotalEnergies are top clients of the four French banks. Eni is BNP Paribas' and Crédit Agricole's largest client due to its LNG expansion between 2021 and 2023, while TotalEnergies is BNP Paribas' second client. Société Générale is TotalEnergies' third biggest provider of external financing for the company's LNG expansion with US$253 million granted between 2021 and 2023. Similarly, the main French investors are highly exposed to the French company for its LNG expansion: up to US$2.8 billion for Crédit Agricole/Amundi.

TotalEnergies is at the forefront of LNG expansion, being the company with the highest number of LNG export projects (10 terminals) planned by 2030 – and has 19.6 Mtpa of export terminal capacity planned. Its expansion plans will more than double its liquefaction capacity and contribute to emitting more than 0,4 Gt of carbon dioxide equivalent (CO2e) by 2030. For context, that is more than all the emissions TotalEnergies reported for scopes 1, 2 and 3 across all its activities in 2023. In other words, French financial institutions have a high responsibility for the impacts on the climate and communities of TotalEnergies' LNG expansion plans.

In Mozambique, one of the poorest countries in the world, TotalEnergies is developing the Mozambique LNG project, with a 13 Mtpa export capacity, suspended since April 2021 following a massive jihadist attack on the town of Palma, neighboring the project. The project has recently been the subject of revelations in Politico and Le Monde, which point to serious and repeated crimes against civilians.[40] The French company is also behind other controversial LNG projects such as Papua LNG and Rio Grande LNG, which are sparking socioeconomic and human rights concerns and jeopardizing the peoples' livelihoods.[41]

French banks are also supporting utilities' LNG expansion, mainly associated with import terminals' expansion – for example, Engie. Société Générale and Crédit Agricole are the first and third largest financiers of Engie's LNG activities, having provided respectively US$59 million and US$30 million to the utility's LNG expansion activities for the 2021-2023 period.

Crédit Agricole, BPCE/Natixis, Société Générale and BNP Paribas hinder the transition to low-carbon economies by financing new LNG import projects that could lock in long-term reliance on fossil fuels and risk becoming stranded if not operated as planned. This is particularly true in Europe, where gas consumption is following a downward trend that is expected to continue.[42] LNG imports to Europe decreased by 20% in the first half of 2024, and the utilization rate of European import terminals fell from 63% in the first half of 2023 to 47% in the same period of 2024. Three-quarters of the continent's LNG import capacity could be unused by 2030 according to IEEFA.[43]

Despite this context, BNP Paribas, Crédit Agricole and Société Générale, along with other international banks, granted US$1.5 billion in project financing loans for the Stade LNG import terminal. Developed by the Hanseatic Energy Hub consortium, the proposed terminal, the construction of which started in June 2024, should have a capacity of 9.8 Mtpa.[44]

b. A significant financial support with no end in sight

One would expect the French banks that have pledged to align with a 1.5°C trajectory to have implemented measures to end support for new LNG assets. In fact, there is a stark discrepancy between the net zero commitments made by France's four largest banks through the Net Zero Banking Alliance initiative – Société Générale and BNP Paribas even being funding members, and their ongoing financing of LNG expansion.

The four banks completed no fewer than 74 transactions with LNG developers in support of LNG expansion in 2023 alone. While Crédit Agricole was involved in 42 of these deals, BPCE/Natixis participated in 34, being involved in more deals than Société Générale – 31 – and BNP Paribas –26 – in 2023. This support continued into 2024: along with other banks, BPCE/Natixis participated in the issuance of a US$1.5 billion bond by Venture Global LNG in July 2024. The US giant was BPCE/Natixis' main LNG client between 2021 and 2023, with US$1.7 billion granted by the French bank through 19 transactions going towards its LNG expansion plans. Similarly, in March 2024, BNP Paribas and Crédit Agricole participated with other banks in the issuance of US$1.1 billion bond in favor of Sempra — one of the biggest LNG export developers in the US.

c. Incipient policies failing to curb support to LNG expansion

Among the 30 banks supporting the most LNG expansion, the four main French banks are part of the seven banks having a sector policy that tackle LNG[45] -although not effectively (see Annex 4). The first thing to note is that none of the four sector policies adopted by French banks address the construction of import terminals even though these

Box - The hidden toll of LNG: how it impacts communities and ecosystems

The development of LNG facilities often leads to violations of rights, such as forced displacements and the loss of livelihoods. This is the case at the Calcasieu Pass LNG terminal[46] in the US and the Donggi-Senoro LNG terminal in Indonesia's Uso Village.

Several LNG projects developed in areas of conflict are associated with human rights violations that have led to lawsuits. In Yemen, for example, TotalEnergies is facing legal action from a local NGO over allegations of torture by Emirati forces at the Balhaf LNG export terminal.[47] Another legal action has been initiated against the French company in Mozambique and journalistic investigations have revealed serious human rights violations.[48]

LNG expansion also dramatically affects ecosystems and biodiversity and pose risks to the health of communities, such as high levels of air pollution through fine particulate matter (PM2.5) and ozone (O3), a pollutant damaging for human health, ecosystems and crops.[49] LNG processing and storage facilities are also associated with water contamination[50] and risks of explosion, while LNG pipelines can be responsible for dangerous gas leaks.[51]

See the frontline stories for more details about LNG impacts on communities and their environment.

projects impede the transition to low-carbon economies by reinforcing fossil fuel dependence and heightening the financial risks linked to potential stranded assets. The funds directed towards these facilities represent capital that could otherwise be allocated to the massive development of the sustainable energy sources and technologies[52] that are needed to replace fossil fuels.

The French banks' oil and gas policy only cover LNG export terminals, but even then, the policy's scope is restrictive enough to mean that the banks can continue financing LNG developers almost as usual. Contrary to their Dutch counterpart ING, which has waived the provision of new project financing for new LNG export terminals from 2026,[53] the French banks measures covering LNG export terminals are far from ruling out project financing regardless of the (minimal) restrictions they have introduced.

The French banks BNP Paribas and BPCE/Natixis only exclude project financing to LNG export terminals that are fed by unconventional fossil gas fields, leaving them free to directly support a significant number of LNG projects. Indeed, except in the US where 78% of the fossil gas produced comes from shale gas,[54] and in Argentina where LNG export terminal projects may be linked to Vaca Muerta Shale Play, LNG export terminals are usually linked to conventional fossil gas fields. In other words, the current policies of BNP Paribas and BPCE/Natixis do not stop them from financing LNG export expansion.[55]

Société Générale only excludes the financing of LNG export terminals directly linked to the development of new fossil gas fields, along with those supplied by unconventional fossil gas fields or located in North America or in the Arctic region, while Crédit Agricole waives the financing of export terminals only if they are strictly dedicated to extraction projects. Although there is no information on how these measures are applied in practice, a potential loophole is that the development of new fossil gas fields may not be included in the financial project package presented to banks.[56] Due to the weakness of these policies, many LNG projects can still be supported by these four banks.[57]

None of the four sector policies adopted by the main French banks address corporate financing.[58] This is even more concerning than the loopholes identified for financial support at the project level, since corporate financing represents the largest share of overall fossil fuel finance – constituting 96% of the financial flows to the fossil fuel industry compared to the 4% that was project-related over the 2016 to 2022 period.[59] Indeed, oil and gas companies usually take out loans for general corporate purposes, or with no specified use of proceeds, making the project-related restrictions outlined above ineffective at cutting off financing for new LNG infrastructure.

The overall lack of consistency of LNG policies is especially notable, considering that three of the four French banks have already implemented measures to stop financing new conventional fossil gas fields. While Société Générale and BNP Paribas exclude the financing of new upstream fossil gas fields, Crédit Agricole waives support for upstream fossil gas fields. It's worth noting, however, that the IEA does not differentiate between new fossil gas fields and new LNG export terminals, both of which have been excluded from its NZE scenario for the past two years.

This double standard is strikingly obvious when it comes to corporate financing: BNP Paribas and Crédit Agricole have stopped issuing conventional bonds — a crucial source of unearmarked financing — for oil and gas producers, but they have no restrictions for LNG developers. The measures on oil and gas producers cover both pure-player upstream companies and integrated companies including the oil and gas majors,[60] meaning they sharply reduced their support for upstream oil and gas developers in 2024 by ceasing supporting upstream producers in their conventional bonds issuance.[61] By contrast, both BNP Paribas and Crédit Agricole participated in deals supporting LNG developers in 2024, with the two banks being among the biggest supporters of LNG expansion — Crédit Agricole ranks 15th and BNP Paribas 25th (see Annex 2). Despite their recent commitments, conventional bond support may continue as LNG developers are not excluded if oil and gas extraction is not listed as being part of their activities, along with loans that are not restricted. BNP Paribas and Crédit Agricole even backed a US$1.1 billion bond for Sempra in March 2024 — this company is among the biggest LNG export developer in the US.

It is alarming to note the blatant gap between the banking and investment activities of Crédit Agricole and BPCE groups: whereas the two banks have a policy addressing LNG, Crédit Agricole/Amundi does not tackle LNG in its oil and gas policy while Natixis has no policy on the matter whatsoever.

RECOMMENDATIONS

Nearly three-quarters of future LNG export and import capacity has yet to be constructed.[62] This means that French banks and investors can still act to put an end to the unrestrained support they offer to the companies responsible for LNG expansion.

1. Reclaim Finance urges French banks to adopt comprehensive policies to:

- End all financial services, including advisory services and project financing, to new LNG facilities and the expansion of LNG facilities, especially export terminals. Priority should be placed on the exclusion of export terminals, the development of which directly contradicts all credible climate scenarios. Support to import terminals should also be phased out considering both the high probability of these becoming stranded assets and the hindrance their development presents to the energy transition.
- Exclude all corporate financing, mostly in the form of loans and bonds issuance, to LNG export developers that continue to develop new LNG export projects. This exclusion should be extended to LNG import developers that fail to waive their LNG expansion plans in the near future.

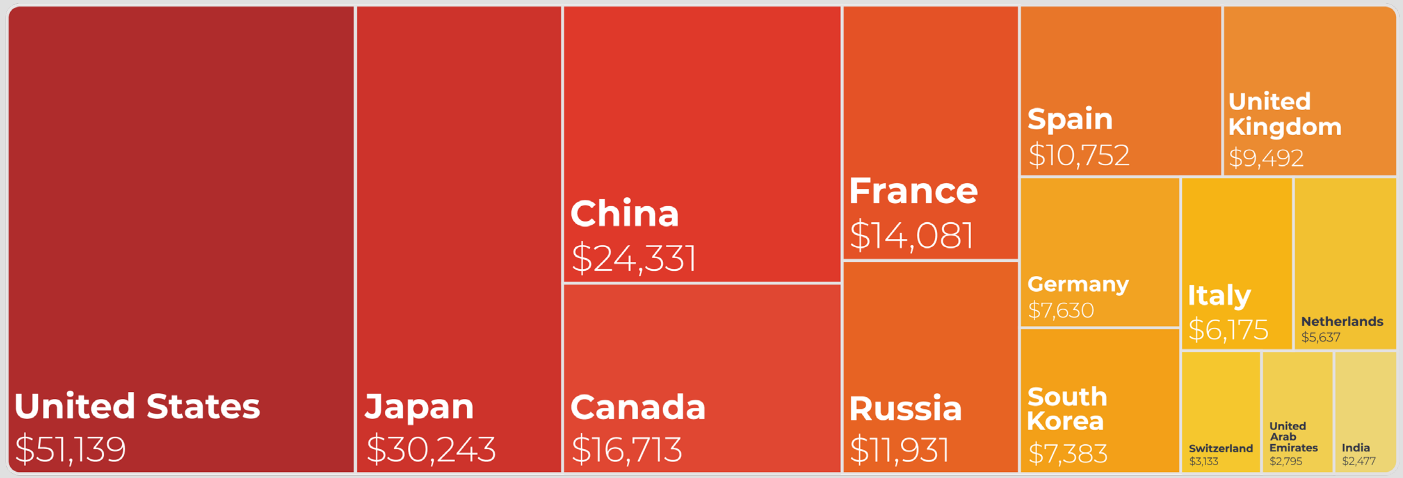
2. Reclaim Finance urges French investors to adopt comprehensive policies that:

- Expect LNG developers in their portfolios to stop LNG expansion immediately.
- Stop new investments in companies developing new LNG export terminals, and that use existing holdings to engage and vote against strategic management-proposed items (for example, the re-election of directors, remuneration, and financial statements).

3. Reclaim Finance urges banks and investors to require LNG import terminal developers to adopt transition plans based on a 1.5°C-aligned pathway with no or low overshoot, no new import terminals, and that relies on minimal negative emissions — such as the IEA's NZE scenario.[63]

APPENDICES

Annex 1 : The countries behind the banks giving the most support to LNG expansion

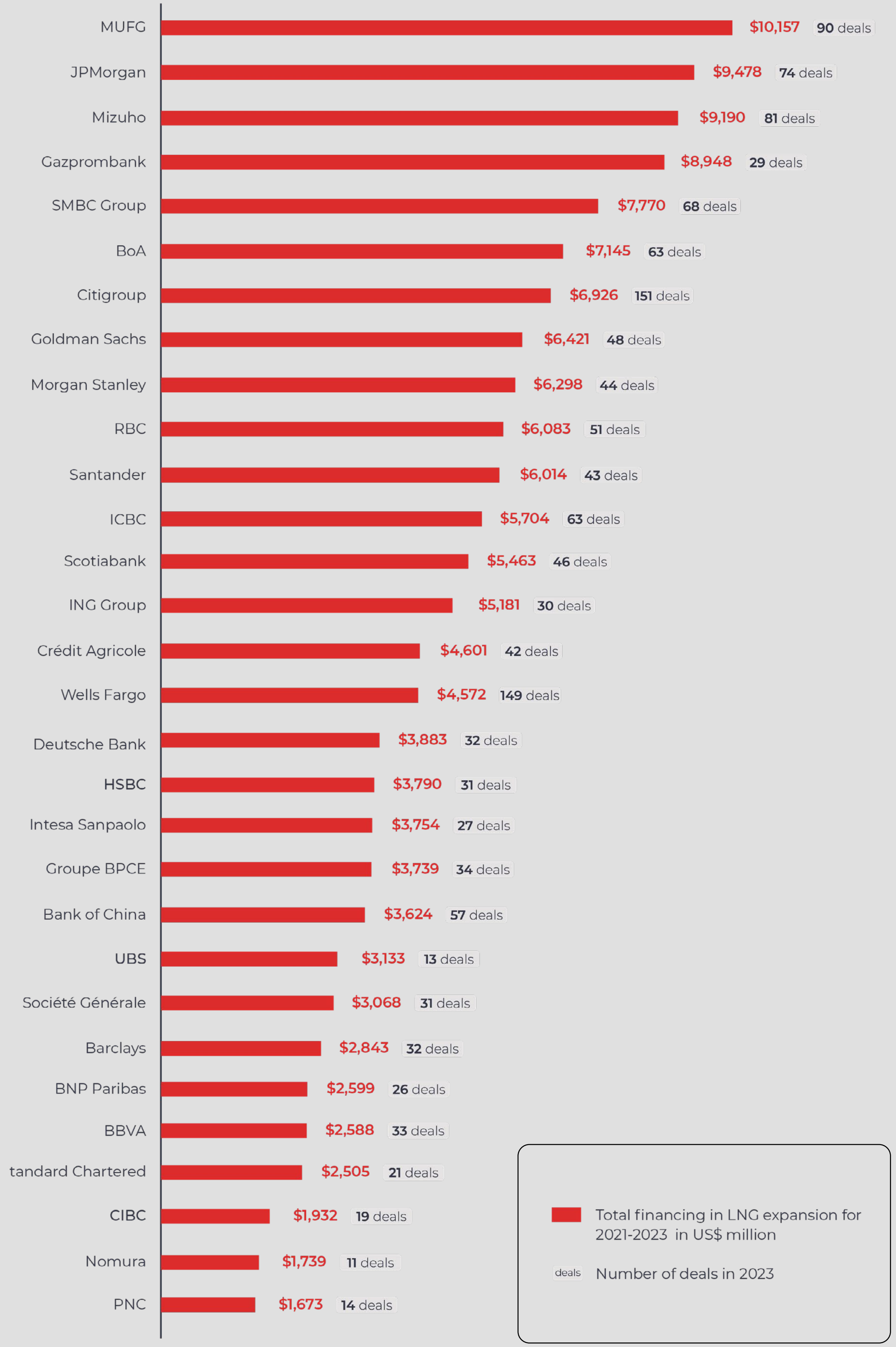


Annex 3: The countries behind the investors giving the most support to LNG expansion

Annex 4: Policies and restrictions adopted by the main French banks

LNG financing rank 2021-2023	Bank name	Bank Country	Is the bank part of the NZBA?	Does the bank have an oil and gas policy?	LNG commitments: Project financing: Exclusion of new export terminals	LNG commitments: Project financing: Exclusion of new import terminals	LNG commitments: Corporate financing restrictions
15	Crédit Agricole	France	Yes	Yes	Yes - partial	No	No
20	Groupe BPCE	France	Yes	Yes	Yes - partial	No	No
23	Société Générale	France	Yes	Yes	Yes - partial	No	No
25	BNP Paribas	France	Yes	Yes	Yes - partial	No	Yes

Annex 2: The 30 banks supporting the most LNG expansion[64]



References

1. Calculation made by Reclaim Finance using January 2024 Enerdata LNG database. See our methodology for more information.
2. Calculation made by Reclaim Finance using 2023 Global Oil and Gas Exit List (GOGEL) extended database. See our methodology for more information.
3. The IEA highlighted in its World Energy Outlook 2022 and World Energy Outlook 2023 that existing LNG export capacities are sufficient to meet future demand. Its October 2024 update further states: *"In the NZE Scenario, utilisation rates fall to less than 60% in 2030 and LNG demand through to 2050 can be met entirely by projects existing today. In this latter scenario, we estimate that the sponsors of around 70% of LNG export projects currently under construction would struggle to recover their invested capital."* (World Energy Outlook 2024, page 53).
4. Reclaim Finance, Why gas isn't a transition energy?, November 2024
5. The financial services of banks include project financing as well as corporate and equity financing to the top 150 LNG developers, adjusted to represent LNG activities in the company's business strategy. Investor financial support includes bond and equity investment. See our methodology for more information.
6. Throughout the report, each time we will mention the financial flows granted by the banks to the LNG developers, we will refer to the share of the total amounts going to LNG expansion.
7. Top 150 developers represent 90.1% of the total terminal capacity commissioning, under construction and proposed. They represent 95.0% of the total export capacity and 84.1% of the total import capacity planned according to the 2023 Global Oil and Gas Exit List.
8. Crédit Agricole, BPCE/Natixis, Société Générale, BNP Paribas, Viel & Cie, Crédit Mutuel and La Banque Postale
9. Crédit Agricole/Amundi, BPCE/Natixis, BNP Paribas, Crédit Mutuel, AXA, Carmignac Gestion, La Financière de l'Echiquier, La Banque Postale, Caisse des Dépôts et Consignations, Fonds de Réserve pour les Retraites (FRR) and Eleva Capital
10. Refer to Reclaim Finance's Oil and Gas Policy Tracker for more details on financial institutions' oil and gas policies.
11. Only 4% of the support to the fossil fuel industry from the 60 largest banks is project financing, according to the 2023 Banking On Climate Chaos report (BOCC), page 23.
12. More details can be found in Reclaim Finance's recommendations to the financial institutions.
13. Representing 100% of the total amount of the 2024 Banking On Climate Chaos report.
14. Robert W. Howarth, The greenhouse gas footprint of liquefied natural gas (LNG) exported from the United States, Energy Science & Engineering, September 2024
15. Cautionary statement on emissions figures
The estimation of emissions induced by LNG terminals is based on a peer-reviewed study by an internationally recognized researcher.
However, while Howarth et al. (2024) studies the case of American natural gas, here the geographical scope includes all export and import terminals existing or planned to be operational in the next five years.
Consequently, average assumptions are taken on most segments of the value chain to calculate lifecycle emissions, with estimates on upstream / midstream leakage rates calculated for each export country.
It should therefore be noted that the calculated emissions figures cannot in any case constitute precise projections and are only intended to show orders of magnitude of the climate impact of these infrastructures
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23. GHG emissions are calculated on scope 1, 2 and 3 using methodology developed by Robert Howarth. See our methodology for more information.
24. Global Energy Monitor, Global Coal Plant Tracker, October 2024 update
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26. Les Echos Investir, France : Consommation de gaz vue en baisse de 2,9% par an d'ici 2035-étude, septembre 2024
27. Each time there is a reference to LNG developers or LNG expansion later in the report, it will refer to the 150 largest developers taken from the Global Oil & Gas Exit List (GOGEL).
28. Top 150 developers represent 90.1% of the total terminal capacity commissioning, under construction and proposed. They represent 95.0% of the total export capacity and 84.1% of the total import capacity planned according to the 2023 Global Oil and Gas Exit List.
29. Crédit Agricole, BPCE/Natixis, Société Générale, BNP Paribas, Viel & Cie, Crédit Mutuel and La Banque Postale
30. Crédit Agricole/Amundi, BPCE, BNP Paribas, Crédit Mutuel, AXA, Carmignac Gestion, La Financière de l'Echiquier, La Banque Postale, Caisse des Dépôts et Consignations, Fonds de Réserve pour les Retraites (FRR) and Eleva Capital
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56. Only 4% of the support to the fossil fuel industry from the 60 largest banks is project financing, according to the 2023 Banking On Climate Chaos report (BOCC), page 23.
57. Except for Société Générale in the US, as the bank committed to waive financing of LNG terminals in North America.
58. BNP Paribas is the only bank out of the 30 biggest supporters of LNG expansion that has adopted a very limited restriction regarding corporate financing to LNG companies, excluding those that directly own or operate pipelines or LNG export terminals fueled by large volumes of unconventional oil and gas. The vague wording of the measure does not allow an assessment if its effectiveness, even more so since the biggest LNG specialized company globally, Sempra, was granted US$377 million by the French bank in support of its LNG expansion between 2021 and 2023.
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Credits

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FROZEN GAS, BOILING PLANET:
How the French financial support to LNG fuels a climate disaster

Reclaim Finance is an NGO affiliated with Friends of the Earth France. It was founded in 2020 and is 100% dedicated to issues linking finance with social and climate justice. In the context of the climate emergency and biodiversity losses, one of Reclaim Finance's priorities is to accelerate the decarbonization of financial flows. Reclaim Finance exposes the climate impacts of financial players, denounces the most harmful practices and puts its expertise at the service of public authorities and financial stakeholders who desire to bend existing practices to ecological imperatives.

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