Working Paper: Exploring Financial Institutions' Action on Methane

Towards a new methodology for assessing abatement progress across financial institutions' transition plans

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CLIMATE POLICY INITIATIVE

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ABOUT CLIMATE POLICY INITIATIVE

Climate Policy Initiative (CPI) is an analysis and advisory organization with deep expertise in finance and policy. Our mission is to help governments, businesses, and financial institutions drive economic growth while addressing climate change. CPI has seven offices worldwide, in Brazil, India, Indonesia, South Africa, the United Kingdom, and the United States.

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EXECUTIVE SUMMARY

FINANCIAL INSTITUTIONS CAN BE A CATALYST FOR ACTION ON METHANE

Methane abatement is a high-impact, underfinanced climate lever, and financial institutions (FIs) are key to driving related investment. Methane accounts for approximately 29% of historical warming and is over 80 times more potent than CO_2 in terms of near-term warming impact (ESSD, 2020). Despite the existence of cost-effective abatement technologies – such as pipeline leakage detection and waste-to-energy plants - finance for these solutions remains far below what is required, particularly within the oil and gas and agrifood sectors. Given financial institutions' key role in driving capital allocation and corporate engagement, it is imperative that their transition plans fully account for the risks associated with inaction on methane and signal to the market that opportunities to mitigate these emissions exist.

To assess FI action on methane, CPI undertook a preliminary review of the transition plans and climate disclosures of 10 leading banks and institutional investors. We evaluated their action across two dimensions:

- **Targets:** intention to act on methane abatement
- **Implementation:** whether methane abatement measures are factored into decision-making

KEY FINDINGS:

- **Limited overall action:** The majority of the FIs evaluated have only just begun to integrate methane into their transition plans.
- **Weak target setting:** Only 3 of the 10 FIs demonstrate action on methane-related targets, with many failing to disclose sectoral coverage, baselines, or strategies to achieve targets.
- **Stronger but uneven implementation:** 7 of the 10 FIs demonstrate action across the implementation dimension, with disclosure of methane risk and policy engagement on methane two prominent areas where this was observed.
- **Disparity between sectors:** Action is especially limited in agrifood systems, where the 10 FIs' financed methane emissions remain largely unaddressed. In contrast, stronger action was observed for the oil and gas sector, where further improvement is contingent upon the adoption of enhanced emissions measurement techniques.

To credibly align with net-zero pathways, FIs must not only make high-level commitments, but also set quantifiable, time-bound sector-specific methane targets linked to their financed emissions. Methane considerations should also be embedded into risk management and client engagement processes. With few current leaders, FIs that disclose greater action on methane through their transition plans can demonstrate accountability and reduce their transition risks associated with financing these emissions.

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1. INTRODUCTION

RATIONALE FOR OUR RESEARCH

This initial study explores the significant role transition plans currently play in driving methane abatement by comprehensively assessing the treatment of methane across the transition plans and associated disclosures of 10 financial institutions (FIs).[1]

The 10 FIs evaluated in this research—covering top institutional investors and banks—were chosen following a systematic review of their assets under management (AUM), as well as their oil and gas investments and financed methane emissions for agrifood corporates.

This brief spotlights the extent to which the selected FIs' transition plans can detail commitments to substantive abatement measures and demonstrate whether gaps exist in the dynamics between transition plans and financed emissions.

Based on our analysis, we provide recommendations for FIs to improve the quality of methane abatement measures in their transition plans and associated disclosures. The findings can also be used as a sample baseline for subsequent assessments.

1 In parallel, Climate Bonds Initiative examined the role of downstream corporates and their investments in abatement solutions in their study, *Inclusion of Methane Abatement Measures in Transition Finance* (CBI, 2025). These studies are designed to be complementary, providing a holistic view of how methane is reported and treated across upstream and downstream institutions

ADDRESSING METHANE ABATEMENT: THE ROLE OF FIs

With methane responsible for approximately 29% of all historical emissions driving anthropogenic climate change (Buma et al., 2025), re-directing finance to abatement solutions within the highest polluting sectors, such as agrifood, oil and gas, and waste, remains an urgent priority for investors and policymakers.

While methane abatement finance has increased in recent years, annual flows must increase by 3.5 times if we are to meet the estimated needs of USD 48 billion by 2030 and the goals of the Global Methane Pledge (CPI, 2023a).

Despite the existence of cost-effective reduction strategies and technologies generating net savings for firms (IEEFA, 2024), methane abatement finance to the oil and gas sector represented less than 1% of tracked finance in 2023, despite having the highest abatement potential. In the agrifood sector, the finance needed for abatement outstripped current levels by over twofold, despite attracting 55% of overall tracked finance (CPI, 2023a).

FIs should already be taking action on methane abatement, given the significant physical and transitory risks that climate change poses across the financial systems and assets they finance or own (CPI, 2024a), particularly methane-intensive and emissions-misaligned assets. With the near-term warming potential of methane 80 times greater than that of CO2 (IEA, 2021), inaction will continue to accelerate the impacts of climate change on portfolios if not properly addressed.

Recent changes in the regulatory and disclosure landscape are increasing the pressure on FIs to act. The introduction of jurisdictional regulations, such as the US Environmental Protection Agency's Final Methane Rule (2023) and the EU Methane Regulation (2024), has improved the availability of methane emissions data at the corporate level, which, in turn, highlights methane risks associated with FIs' downstream investments. Equally, adhering to reporting frameworks such as those of the ISSB and GFANZ should encourage FIs to take action on their financed methane emissions, since this forms an explicit component of their guidance.

Beyond these external guardrails, FIs can proactively influence meaningful action on methane abatement through two principal levers: the allocation of capital in the real economy and by influencing and engaging with corporates in their downstream portfolios. Using these two levers would enable FIs to demonstrate leadership on methane by moving action beyond target setting and the disclosure of methane-related data.

TRANSITION PLANS AND DISCLOSURES CAN OFFER AN OPPORTUNITY TO ASSESS THE EXTENT OF FIs' ACTION TO ADDRESS METHANE ABATEMENT

Transition plans offer FIs an important mechanism to operationalize abatement levers and create market signals. They align company strategy and investments with low-emission and sustainable pathways. They detail how FIs will aim to shift their portfolios from high-emitting activities without credible transition pathways toward those that reduce greenhouse gas emissions.

Transition plans provide crucial blueprints for translating high-level climate commitments into concrete strategies and action: they can be used to shape project pipelines, make investment decisions, manage financial and reputational risk, and increase accountability. If robustly developed, transition plans can mandate effective abatement actions, such as:

- **Integrating methane abatement into risk management frameworks:** requires FIs to consider the impact on physical and transition risks when making investment decisions, allowing them to quantify the opportunity cost of inaction throughout their portfolio. This could enable capital reallocations away from high-emitting activities.
- **Leveraging assets under management (AUM) through the identification of financed emissions hotspots:** would enable FIs to strengthen client engagement efforts and encourage investments in methane abatement activities.

Findings from CPI's Net Zero Finance Tracker show transition plans are beginning to have a modest climate impact, as FIs with transition plans have seen slightly increased financing for clean energy over fossil fuels over the last three years (CPI, 2025b). Despite this progress, other studies indicate that transition plans—particularly those of banks—often lack robustness, with an overemphasis on reporting over action and continuing support for high-emission activities, calling into question these institutions' ability to meet their climate commitments and reach net zero (Reclaim Finance, 2025). Further criticisms of transition plans include a perceived lack of operational flexibility and the potential risk for FIs to pass on carbon-intensive assets to firms with weaker environmental commitments (LSE, 2025).

FIs should therefore aim to use transition plans to detail other modalities in their product and service offerings that could increase investment in abatement activities. In particular, sustainability-linked bonds and loans could incorporate structural features that focus on methane-specific key performance indicators (Insight Investment, 2025). FIs could also demonstrate a prioritization for project finance for methane abatement, enhancing stringency by establishing minimum standards on methane control or monitoring (CPI, 2023b). These are explored further in the Opportunities section of this study. Beyond specific instruments, sustainable finance taxonomies can further support methane abatement by defining eligible activities and minimum performance thresholds, thereby guiding capital allocation across a wider range of financial exposures.

Beyond specific debt instruments, sustainable finance taxonomies (e.g. the EU Taxonomy) define which methane abatement activities qualify as transition-aligned, including minimum performance and monitoring thresholds. Alignment with such taxonomies can help guide capital allocation across a wider range of financial exposures and enhance consistency and credibility in FI's transition planning.

2. METHODOLOGY AND SCOPE

METHODOLOGY

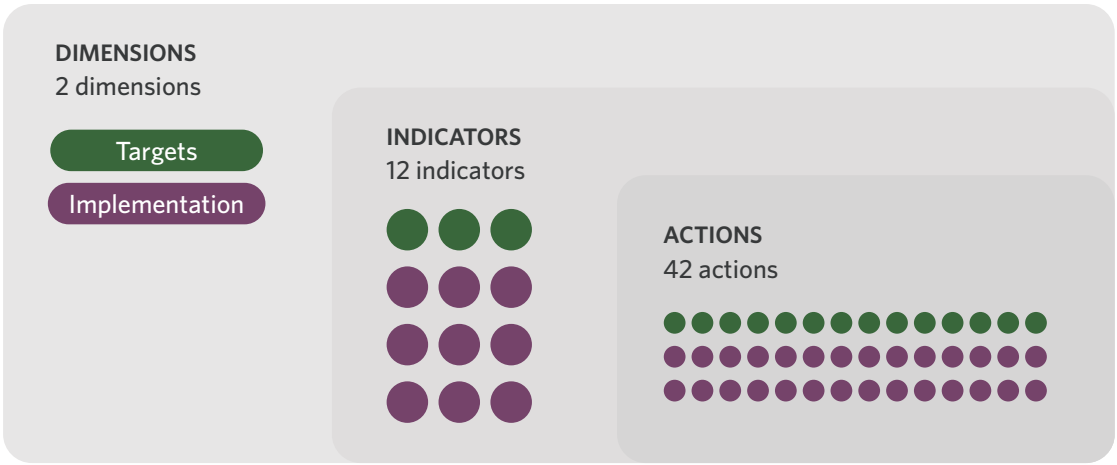
This qualitative systematic review—which utilizes novel primary data scraping methods adapted from CPI's Net Zero Finance Tracker's (NZFT) methodology[2]—evaluates how FIs are addressing methane in their transition plans and associated climate disclosures by using a set of indicators grouped across two dimensions: Targets and Implementation. Each indicator consists of a set of actions that are used to assess the strength of methane abatement measures within FIs' transition plans. Using CPI's NZFT methodology (CPI, 2025a) as a starting point, we have adapted several indicators and their constituent actions to specifically assess methane abatement across all sectors, as well as specifically for the oil and gas and agrifood sectors.

- Targets: intention to act on methane abatement.
- Implementation: whether methane abatement measures are factored into decision-making.

By examining both dimensions in parallel, we gain a view on a) the extent to which methane abatement is a priority for some of the most influential FIs, and b) the strength of transition plans as a meaningful tool for achieving increased finance for methane abatement activities.

Our data scraping model identifies actions in published disclosures for each FI by applying sets of prompts to help identify evidence of methane abatement measures. Structured as yes/no questions, these prompts return binary scores for each action. This helps to build a view of the strength of methane abatement measures across our two dimensions for each FI, with scores returned against 42 different possible actions across 12 separate indicators (see Annex A). With responses collected for all prompts, each indicator is assigned one of three possible scores.

Figure 1: Relationship between scoring framework components[3]



2 CPI's Net Zero Finance Tracker assesses FIs' progress in aligning with the goals of the Paris Agreement and delivering net zero. Crucially, the approach here diverges from the NZFT since each action is assessed with equal 'weight' regardless of its materiality. In the NZFT, actions are instead benchmarked against best practices that have been derived from existing transition plans and net zero frameworks in order to provide a more nuanced assessment of the level of response. This methodological amendment was made due to limited data availability on explicit methane-related actions and a far smaller FI sample size

3 A full matrix of all dimensions, indicators, and actions is provided in Annex A

Table 1: Scoring criteria utilized to assess FIs

Score	Criteria
Significant action	The model finds substantiative evidence of action being taken. For a given indicator, at least two thirds (≥66%) of actions receive a positive score.
Partial action	The model finds some evidence of action being taken. For a given indicator, more than a third but less than two thirds (66%> and ≥33%) of actions receive a positive score.
Limited-to-no action	The model finds little-to-no evidence of action being taken. For a given indicator, less than a third of actions (33%>) receive a positive score.

Box 1: Limitations to our Methodology

We recognize the following limitations of the implemented methodology:

- **The remit of this study was to focus on the oil and gas and agrifood sectors due to donor priorities**. Other sectors, which also generate high concentrations of methane emissions, such as waste, are absent from the analysis.
- **Our sample of FIs are heavily concentrated in the US,** with regulation-driven variation absent in the subsequent analysis.
- **Despite capturing the largest FIs by AUM, the overall sample size of 10 is narrow,** meaning we are unable to discern macro- or systemic-level conclusions.
- **We observe limited publicly available financial data for downstream corporates' operational and capital expenditure**—where abatement measures are likely to be financed from—which reduces the ability of our research to track actual financial flows that are linked to FIs' transition plans.
- **There exists a lack of methane-specific reporting frameworks for FIs**, which means the actions we have assessed in the implemented methodology have been assigned equal weight in scoring each indicator. This is opposed to as opposed to giving best practices greater weight than more minor actions.

SHORTLISTING FIs FOR ASSESSMENT

Ten financial institutions, namely banks and institutional investors, form the focus of this study and were selected for assessment based on the following principles:

- Overall size by AUM (with weight given to FIs with higher AUM)
- Volume of investments in oil and gas corporates
- Volume of financed methane emissions for agrifood corporates
- Whether the FI is headquartered in a country that is a Global Methane Pledge signatory

Table 2: Shortlist ranking of FIs for assessment (banks and institutional investors)[4]

No.	Financial Institution	Type	Country	FI Type Ranked by AUM[5,6]	FI Type Ranked by Oil and Gas Investments[7]	FI Type Ranked by Financed Methane Emissions for Agrifood Investments[8]	Exposure to Misaligned Assets %[9]	Exposure to Oil and Gas Assets %[10]
1	Vanguard	Institutional Investor	USA	2	1	1	N/A	N/A
2	BlackRock	Institutional Investor	USA	1	2	2	6.1%	5.0%
3	State Street	Institutional Investor	USA	4	3	3	7.8%	7.3%
4	Fidelity Investments	Institutional Investor	USA	3	5	4	N/A	N/A
5	Capital Group	Institutional Investor	USA	8	4	7	5.3%	5.0%
6	JP Morgan	Bank	USA	1	1	2	5.5%	4.4%
7	Bank of America	Bank	USA	2	3	11	N/A	N/A
8	HSBC	Bank	UK	3	12	3	7.0%	5.4%
9	BNP Paribas	Bank	France	4	13	6	4.9%	2.5%
10	MUFG	Bank	Japan	5	4	14	4.0%	1.6%

4 FIs that were ranked in the longlist but did not progress to the assessment stage are listed in Annex B, which also includes additional details for reference. With this study primarily focusing on FIs that are headquartered in countries that are Global Methane Pledge signatories, the top 4 Chinese banks were not included in the final shortlist despite ranking highly because of their overall size in terms of AUM as no data was available regarding their financed methane emissions from agrifood investments.

5 Thinking Ahead Institute, 2024

6 SP Global, 2024

7 RAN, 2024

8 Planet Tracker – Hot Money, 2023

9 CPI – Net Zero Finance Tracker Methodology, 2025

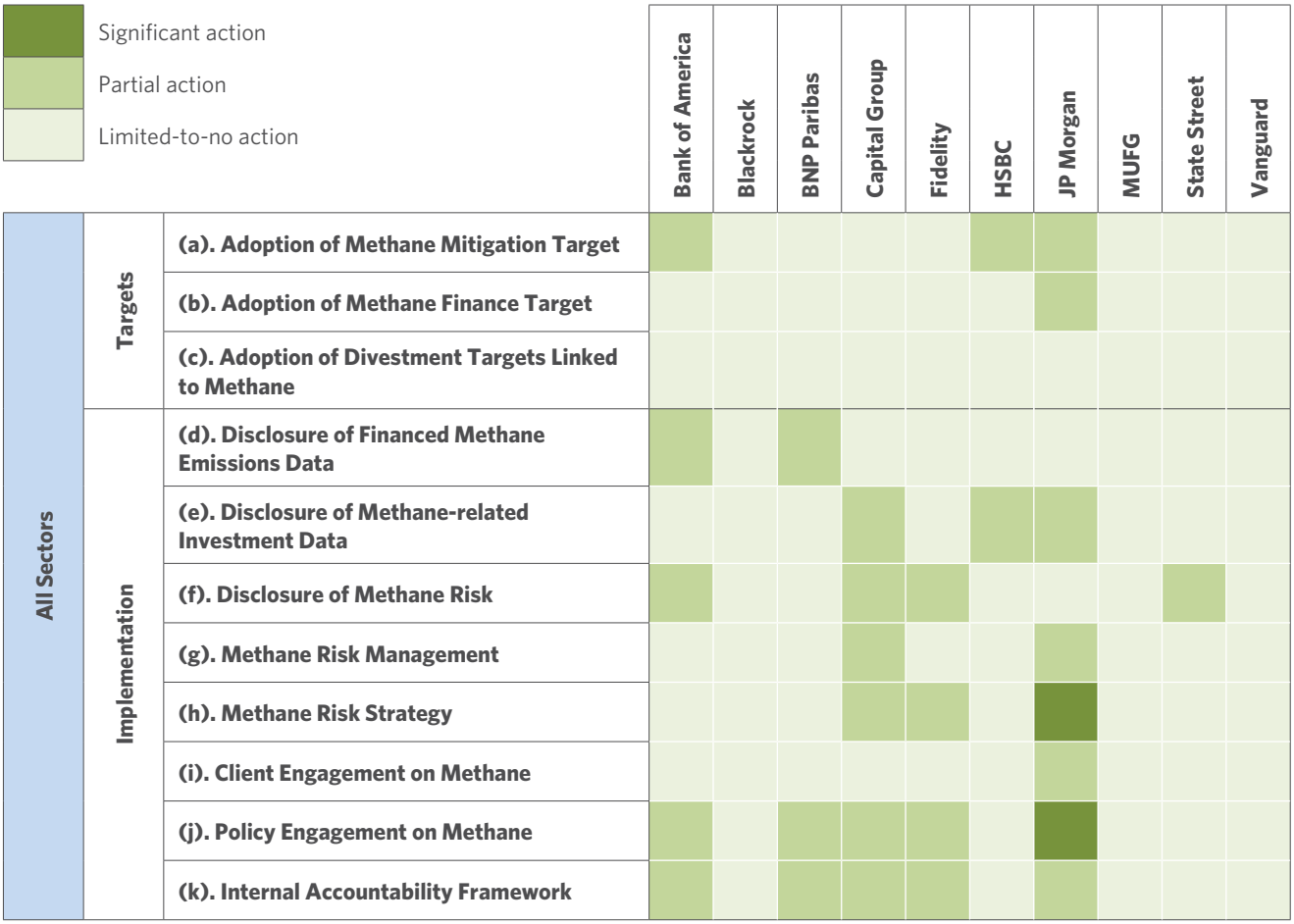
10 CPI – Net Zero Finance Tracker Methodology, 2025

3. KEY FINDINGS

FI TRANSITION PLANS MUST CONTAIN COMPREHENSIVE METHANE ABATEMENT MEASURES TO CREDIBLY ALIGN WITH NET-ZERO SCENARIOS

CPI's findings suggest that the 10 FIs analyzed have only just begun to integrate methane abatement measures into their transition plans and disclosures. Greater action on abatement must be taken if we are to keep net zero within reach, given the centrality of reducing methane emissions to key climate scenarios such as the IEA's Net Zero by 2050 scenario, which requires a 75% cut in methane from existing oil and gas operations (IEA, 2024).

Figure 2: FIs' scoring distribution across all indicators for methane



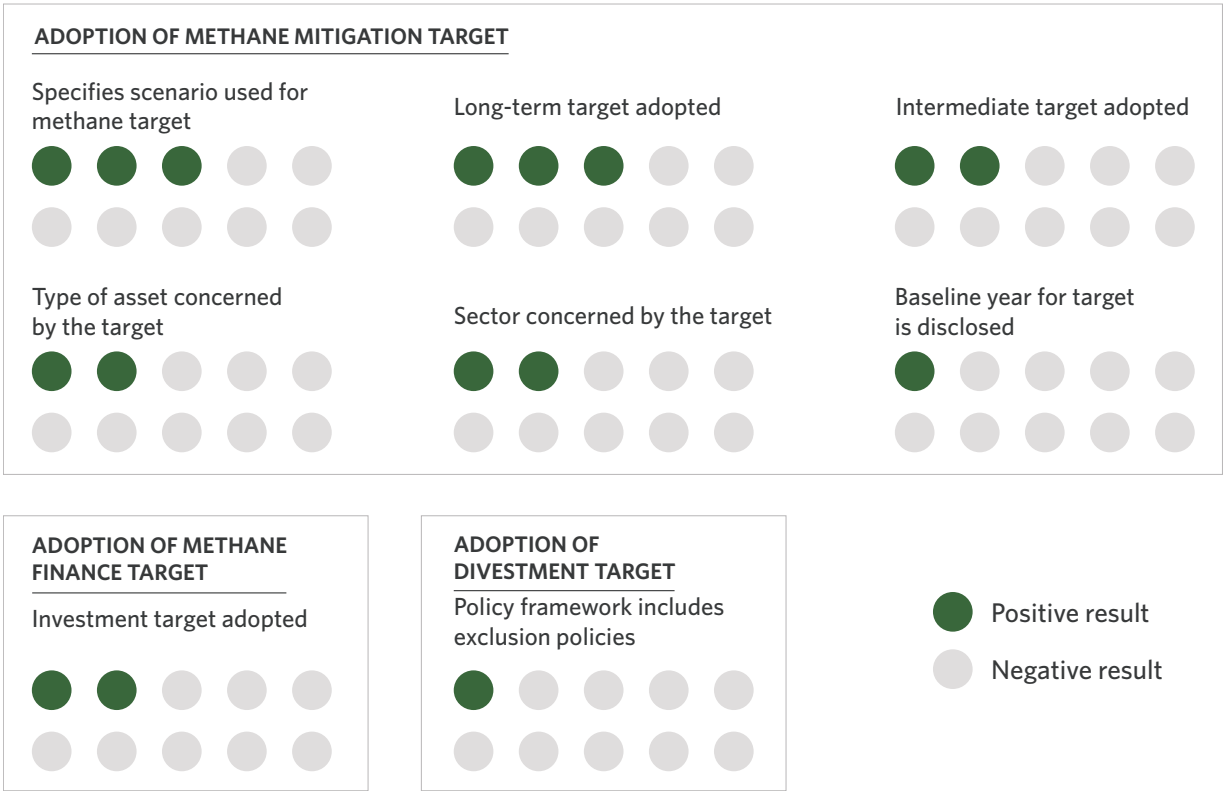
Source: *CPI analysis of FI's disclosures*

- **Across the Targets dimension, CPI observes partial action for just three of the 10 FIs for at least one indicator (Bank of America, HSBC, and JP Morgan).** For the remaining eight FIs, limited-to-no action was observed across the three Targets indicators. A lack of consistency in target setting might have been expected, however, due to a lack of methane-specific reporting frameworks for FIs.
- **For the Implementation dimension, CPI observes 7 of the 10 FIs to have partial action for at least one indicator.** Significant action is observed for two indicators, namely 'Methane Risk Strategy' and 'Policy Engagement on Methane'. While encouraging, these results suggest varying levels of action across the 10 FIs, reinforcing the need for sector-specific guidance on addressing methane.
- **The depth and quality of targets and implementation actions must improve if FIs are to effectively address their financed methane emissions**. Given the limited number of leaders in this area, there is an opportunity for FIs to establish themselves as best-in-class performers for integrating methane abatement into their transition plans.

BY SETTING CLEAR AND TRANSPARENT TARGETS, FIs CAN DEMONSTRATE COMMITMENT TO ADDRESSING METHANE ACROSS THEIR PORTFOLIOS

- Actions for the Targets dimension aim to assess whether FIs have set clear and transparent targets relating to the mitigation of methane across their portfolios and asset classes.
- Targets set by the 10 FIs lack detail, which is evidenced by the limited number of positive results that were returned across actions for this dimension. The top-scoring action—'Long-term target adopted'—saw positive results returned for just 3 of the 10 FIs.
- To improve target setting, FIs should disclose coverage across sectors, asset classes, and the scenarios used to define the target. Without this information, targets appear far less robust, and performance relative to baseline-financed methane emissions cannot be readily tracked.
- In addition, targets must be complemented by clear abatement strategies that demonstrate how the required reductions in financed methane emissions will be achieved. Establishing company-level methane action plans could help FIs to achieve this (CPI, 2023b), if methane abatement measures can be more readily embedded in company strategy.
- Closer engagement with corporates can enhance the quality of FIs' methane targets. Fundamentally, an FI's ability to set credible targets is influenced by the availability of corporate-level methane emissions data. With corporates typically estimating (and underreporting) these emissions, there exists an opportunity for FIs to advocate for direct measurement to improve their target setting (EDF, 2023).

Figure 3: Top actions across Target indicators that returned positive results for the 10 FIs[11]



Source: *CPI analysis of FI's disclosures*

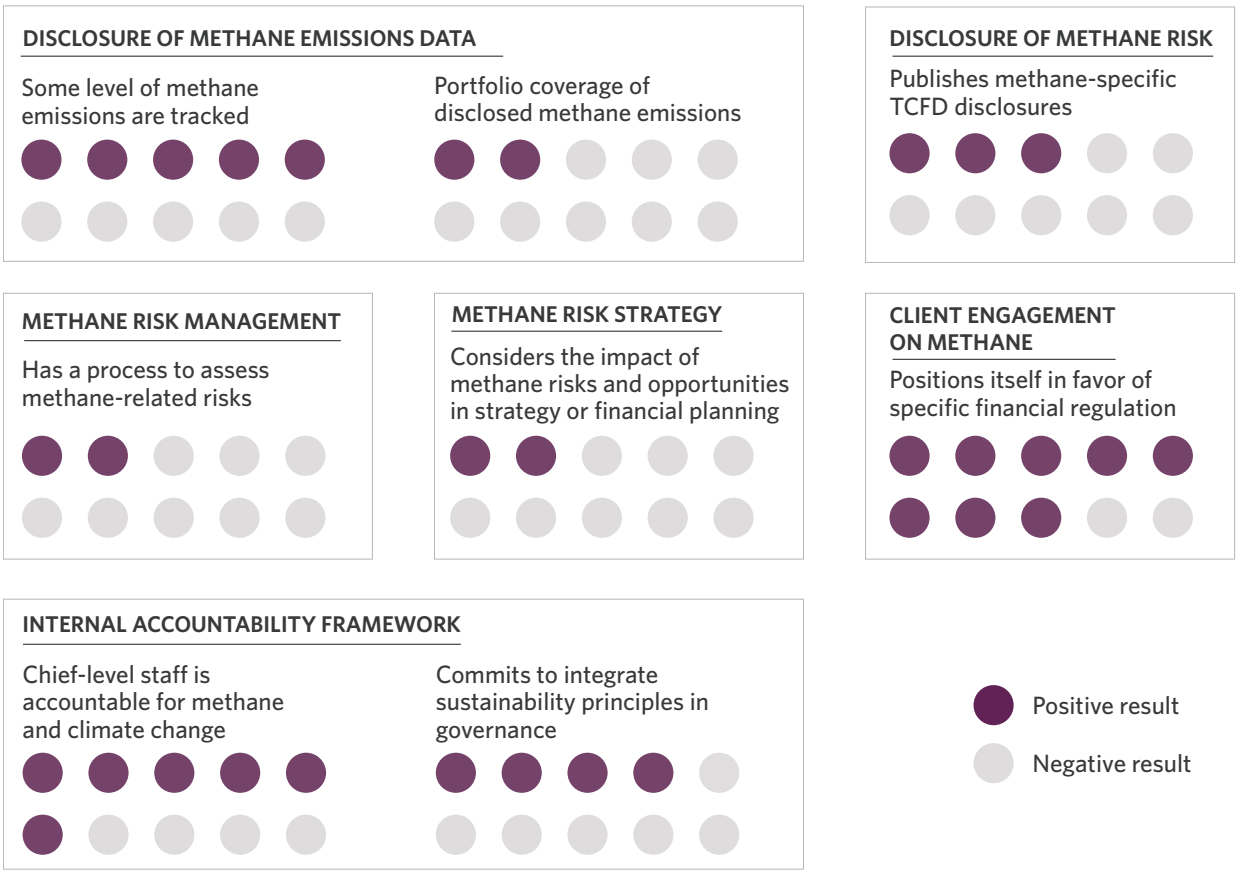
FIs' DISCLOSURE OF METHANE-RELATED DATA IS KEY TO DRIVING EFFECTIVE IMPLEMENTATION ACTION ON ABATEMENT

- Actions for this dimension aim to assess whether FIs effectively integrate methane abatement measures into company decision-making and financial planning processes.
- Compared to the Targets dimension, the 10 FIs scored a higher proportion of positive results across Implementation actions. For instance, the top 3 scoring actions as indicated in Figure 4 all saw positive results returned for at least 5 out of the 10 FIs.
- While encouraging, CPI observes negative results for at least 5 of the 10 FIs for two key actions: 'Some level of methane emissions is tracked'; 'Reporting system for methane investment data is in place' (not indicated as a top action in Figure 4). If failure to disclose this data persists, FIs will struggle to report their progress against methane-related targets, risking reputational damage.
- To improve on the Implementation dimension, FIs should disclose methane-related data more transparently and indicate how methane-related risks and opportunities are being assessed across the business.

11 See Annex A for a full list of actions assessed for the Targets dimension

- Going forward, CPI will expand its tracking of FIs' implementation activities, as this can unearth disparities between the country-level commitments of signatories of the Global Methane Pledge and the institutions within these countries that are lagging significantly behind (Planet Tracker 2023).

Figure 4: Top actions across Implementation indicators which returned positive results for the 10 FIs[12]



Source: *CPI analysis of FI's disclosures*

CASE STUDIES OF FIs' TRANSITION PLANS AND DISCLOSURES

While our assessment indicates that the banks and institutional investors in this sample generally disclose limited-to-no action on methane in their transition plans, it is important to highlight existing examples of good practice, as well as areas where more action could be taken. These case studies demonstrate that alignment between FIs' decision-making and methane abatement is possible, forging coherent pathways for other FIs to follow. Below, we summarize case studies of two FIs that were evaluated in our assessment.

12 See Annex A for a full list of actions assessed for the Implementation dimension

Case Study 1: JP Morgan, *Bank*

- **Methane emissions as an opportunity** – JPMorgan describes methane emissions and flaring in oil and gas as "an immediate action" area where reductions can deliver both business and climate benefits.
- **Enhanced climate targets** – JPMorgan has set a target for a 36% reduction in GHG intensity (including methane) for energy sector investments in its portfolio by 2030 (from a 2019 baseline), aligning with the IEA's Net Zero scenario. This includes greater support for renewables and low-carbon power generation investments.
- **Oil and gas clients' operational emissions** – The bank targets reductions of 75% in methane emissions and 90% in flaring by 2030 for oil and gas clients' operational emissions.
- **JP Morgan's 'Carbon Compass'** – The bank's internal emissions-tracking framework, Carbon Compass, is used to measure, report, and track financed emissions across sectors (including oil and gas), supporting more transparent disclosure.
- **Methane risk strategy and management** – As part of its due diligence process for oil and gas companies (both existing clients and prospects), JP Morgan's environmental and social (E&S) risk teams assess companies' GHG emission risk profiles, including their methane emissions and intensity.

Case Study 2: Fidelity Investments, *Institutional Investor*

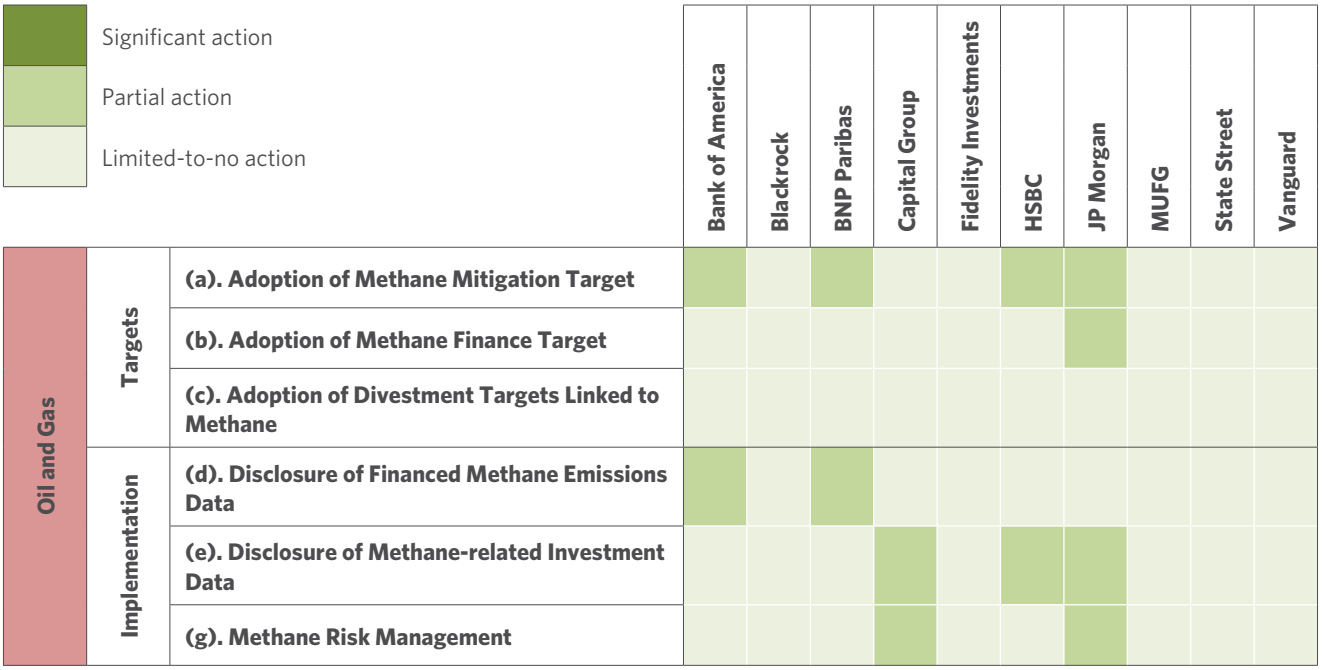
- **Climate targets expressed in CO_2e** – Fidelity's emissions-reduction targets (and portfolio goals) are expressed in carbon intensity, without explicit separation of financed methane emissions.
- **No evidence of methane-related targets** – Fidelity does not appear to have published any methane-specific targets (e.g., specific limits on methane or flaring/venting) that cover its investee companies or financed-emissions portfolio.
- **Lack of operational influence over investees** – Because Fidelity operates as an asset manager, its influence over investee operational methane emissions (e.g., from oil and gas production, flaring, leaks) is limited to engagement, voting, and exclusion decisions.
- **Emphasis on engagemen**t – Fidelity emphasizes engagement and the establishment of transition strategies rather than across-the-board exclusion of all fossil-fuel assets. For example, it aims to engage with "top contributors" to its financed emissions, but some high-emitting issuers may remain part of portfolios.
- **Climate ratings for hard-to-abate sectors** – Fidelity adopts a Climate Rating methodology which involves assessing emissions disclosures, reduction targets, and governance, but the publicly available documents do not show a breakdown specifically for methane (as opposed to overall CO_2e).

4. OPPORTUNITIES FOR FIs

CONTINUED UNDERREPORTING OF METHANE EMISSIONS IN THE OIL AND GAS SECTOR THREATENS TO HINDER ANY PROGRESS BEING MADE BY FIs

CPI evaluated a subset of indicators to assess how FIs are integrating oil and gas-specific methane considerations into transition plans and climate disclosures. More specifically, this encompassed tracking whether FIs have set clear and transparent methane-related targets covering investments in the oil and gas sector, as well as 3 Implementation indicators, as seen in Figure 5 below.[13]

Figure 5: FIs' scoring distribution across oil and gas-specific indicators for methane



- For the oil and gas sector, CPI observes limited-to-no action being taken overall, with only 5 of the 10 FIs demonstrating partial action for at least one indicator and no FIs taking significant action.
- In particular, limited-to-no action is observed for 8 FIs for the disclosure of oil and gas-specific methane emissions data. This contradicts the position of some FIs, which appear to present themselves as advocates for improved disclosures (EDF, 2023).
- Even when disclosures are made, FIs risk underreporting their financed methane emissions data for this sector (IEA, 2022). This is primarily because FIs depend on the disclosures

13 We had intended to supplement the assessment of these indicators with real economy data on the volume of investments FIs are making in oil and gas methane abatement activities, however, insufficient usable data was available.

of corporates, whose reported emissions can be significantly lower than actual measures recorded by remote sensing technologies (KCL, 2025).

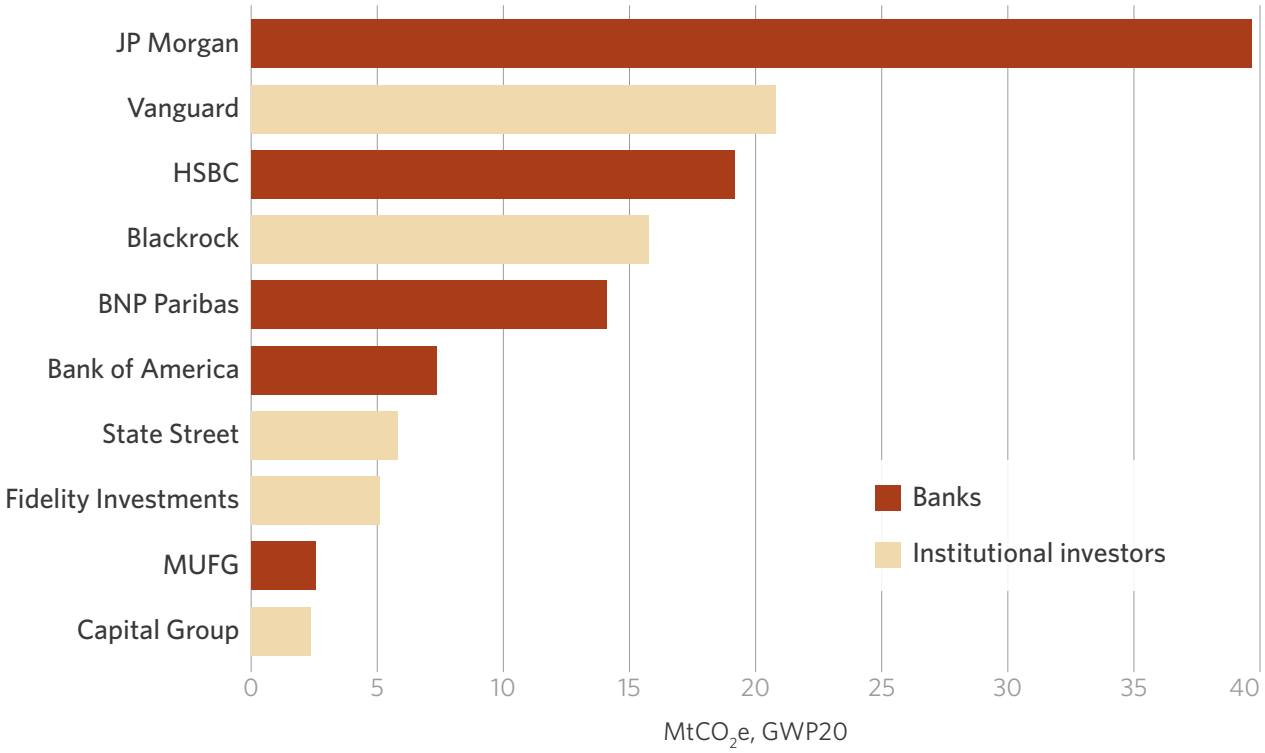
- If enhanced techniques are not adopted for the measurement of methane emissions at the corporate level across the oil and gas sector, FIs will struggle to set credible targets across their financed methane emissions, limiting their ability to track volumes of investments in methane abatement solutions.
- Increasing investment in abatement solutions is imperative for this sector, since around 70% of methane emissions can be avoided using existing technologies, with approximately 30% offering rates of return of more than 25% (IEA, 2025).

FINANCED METHANE EMISSIONS IN THE AGRIFOOD SYSTEM ARE AN OVERLOOKED TRANSITION OPPORTUNITY

Along with the oil and gas sector, CPI evaluated a subset of indicators to understand how FIs are integrating agrifood-specific methane considerations into transition plans and climate disclosures.

- CPI observes limited-to-no action across both dimensions for our agrifood-specific methane indicators, with all 10 FIs scoring limited-to-no action across all the indicators.
- Despite some FIs highlighting agrifood systems as a key methane hotspot in their transition plans, CPI observes only a small number of disclosures and a lack of detail on agrifood-specific abatement measures.
- CPI's findings for this sector substantiate those of Planet Tracker's Hot Money Report (2023), which finds that the same set of FIs lack policies and commitments that directly address financed methane emissions for this sector.
- While a few FIs are able to demonstrate action in other areas of methane abatement (for example, see the JP Morgan case study on Page 16), most do not currently have a publicly available policy that covers methane in the agrifood sector. Given the scale of the financed emissions in this sector—as indicated in Figure 6—failing to address these emissions could represent a missed transition opportunity for this group of FIs.
- Much like the oil and gas sector, cost-effective and scalable methane solutions exist for agrifood systems (WRI, 2025). However, without support from FIs, the high upfront capital costs for such solutions is contributing to their limited adoption. This has led to many small-to-mid sized farm operations requiring financial support in the form of subsidies or low-interest loans to make these technologies viable.

Figure 6: Estimated financed agrifood methane emissions per FI



Estimated finance agrifood methane emissions in megatonne of CO2 equivalent ($MtCO_2e$), accounting for global warming potential over 20 years (GWP20).

Data source: Planet Tracker, Hot Money (2023)

EMERGING OPPORTUNITIES FOR FIs IN THE OIL AND GAS AND AGRIFOOD SECTORS

Our assessment found that the 10 FIs in our sample demonstrate limited action on methane abatement across both the oil and gas and agrifood sectors in their transition plans and associated disclosures. While this analysis is limited to the contents of FIs' transition plans and associated disclosures, FIs can demonstrate action in different ways, and opportunities also exist for FIs to strengthen their commitment to methane abatement through their investments and financing activities. The table below highlights examples of such action.

Table 3: Examples of methane abatement opportunities for FIs

Opportunity	Characteristics	Sector	Case Study Examples
Investment in enabling technologies for methane abatement	• The provision of capital enables methane abatement across sectors, e.g., through investments in technologies/platforms that either capture methane or improve the monitoring and reporting of emissions.	**Oil and Gas**	**Morgan Stanley's investment in Insight M** (Morgan Stanley, 2025): • Morgan Stanley recently invested USD 30 million of growth equity in Insight M—a methane detection technology provider—as part of its 1GT private equity strategy.

Opportunity	Characteristics	Sector	Case Study Examples
	• While such investments may not contribute directly to lowering financed methane emissions of FIs, these investments do deliver a measurable methane impact across geographies and assets.		• Insight M collects data on fugitive methane emissions, which enables its clients to identify, quantify, and repair emitting infrastructure across the oil and gas sector.
		Agrifood	**Blackrock's acquisition of Vanguard Renewables** (Yahoo Finance, 2022): • In 2022, BlackRock acquired Vanguard Renewables, a company that works with dairy farmers and food companies to produce renewable natural gas for utilities and energy firms. • Their on-site anaerobic digesters capture methane and turn it into natural gas which can be sold, reducing the footprint of agrifood corporates while this process also produces low-carbon fertilizer.
Project finance lending for the abatement of methane emissions	• Reductions in methane emissions are typically achieved through use-of-proceeds or sustainability-linked structures and loans. • This type of finance is generally provided with lending conditions, such as limits on methane emissions intensity, or requirements to reduce fugitive emissions across a corporates operations. • Must be accompanied by credible corporate transition strategies to ensure that such lending does not lead to a net rise in long-term emissions. This can be risked by extending the lifetimes of inefficient oil and gas operations.	**Oil and Gas**	**Bank of America's sustainability-linked transactions** (Bank of America, 2024): • This includes green, social, and sustainability bonds and other finance for projects and investments with environmental benefits. For example, Bank of America is one of the largest financers of efficient compressors, which directly reduces the leakage of methane emissions. • Contributes to Bank of America achieving its 2030 Financing Activity targets by driving greater client engagement, data collection and monitoring of financed methane emissions. • Bank of America's environmental sustainability-linked lending activities amounted to approximately USD 6 billion in FY2023.
		Agrifood	**FrieslandCampina's sustainability-linked loan from ING** (FrieslandCampina, 2021): • In 2021, FrieslandCampina signed an agreement with ING for a EUR 300 million sustainability-linked loan, with a key condition of lower interest rates if certain sustainability criteria are met across the maturity period. • In particular, the loan is tied to the progress FrieslandCampina makes to lower the greenhouse gas emissions (including methane) of its member farms.

5. RECOMMENDATIONS

CHALLENGES AND RECOMMENDATIONS FOR FIs

The below table provides a summary of challenges facing FIs which were observed in this initial study, along with recommendations which outline how they can improve the quality of methane abatement measures in their transition plans and associated disclosures. Adhering to these recommendations would enable a strengthening of FI's overall climate risk framework, while reducing their exposure to methane-related transition risks.

Table 4: Summary table describing methane abatement challenges and transition plan recommendations for FIs

Challenge	Recommendations	Examples in practice	Indicators affected
Limited adoption of methane-related targets across both financed emissions and volumes of investment	Disclose quantifiable, time-bound targets linked to financed methane emissions, which extend beyond absolute emissions and are broken down into different financing sectors.	**HSBC** has disclosed near-term sector-specific financed emissions targets which include methane, where the risk of these emissions for a given sector is deemed to be significant. (HSBC, 2025)	(a) Adoption of a Methane Mitigation Target (b) Adoption of a Methane Finance Target (c) Adoption of Divestment Targets Linked to Methane
FIs' own climate risk assessments do not always include methane-related disclosures	Enhance the use of climate scenario data to better evaluate and manage exposure to physical and transitory methane risk.	**Citi** has utilized data from a range of climate scenarios to set emissions reduction targets for key sectors which encompass methane-emitting activities. (Citi, 2025)	(d) Disclosure of Methane Risk (e) Methane Risk Management (f) Methane Risk Strategy
Investment decisions may not fully account for methane-related transition risks associated with the activities of corporates	Strengthen own policies and internal accountability frameworks by establishing guidelines for client engagement and requirements for corporates to demonstrate actions taken on methane abatement through the adoption of credible transition plans.	**Royal Bank of Canada** has published assessment criteria which governs its client engagement approach for the energy sector. This includes specific requirements on methane. (RBC, 2023)	(g) Disclosure of Methane-related Investment Data (h) Methane Risk Management (i) Client Engagement on Methane (j) Internal Accountability Framework
Lack of accurate emissions data provided by corporates can lead to an overreliance on estimations	Increase collaboration with corporates to improve the monitoring, reporting, and verification (MRV) of methane emissions through value chains, particularly through direct measurement.	**Morgan Stanley's** investment in Insight M as part of its 1GT private equity strategy. Insight M collects data on fugitive methane emissions in the oil and gas sector. (Morgan Stanley, 2025)	(k) Disclosure of Financed Methane Emissions Data (l) Methane Risk Management

Challenge	Recommendations	Examples in practice	Indicators affected
Descriptions of lending activities often lack detail on sustainability-linked components, particularly emissions	Embed methane-specific KPIs into lending activities and consider new opportunities for project investment in cost-effective methane abatement solutions.	**Bank of America's** sustainability-linked transactions include green, social, and sustainability bonds and other finance for projects and investments with environmental benefits. (Bank of America, 2024)	(m) Adoption of a Methane Finance Target (n) Disclosure of Methane-related Investment Data (o) Client Engagement on Methane
Voluntary reporting frameworks may fail to 'move the needle' on methane in the absence of regulation-driven reporting requirements	Continue to support sector-wide policy and regulatory activities that address methane emissions and advocate for methane-specific reporting guidelines and frameworks for FIs.	In 2025, 44 leading institutional investors (representing €4.85 trillion in AUM) called on the European Commission to swiftly implement the EU Methane Emissions Regulation. (IIGCC, 2025)	(p) Policy Engagement on Methane

NEXT STEPS

CPI intends to conduct future iterations of this assessment. In doing so, the aim is to build upon the novel research approach developed and implemented for this initial study, while seeking to overcome any limitations (see page 10) of this year's approach. Options to achieve this include:

1. **Annualized iterations to enable trend analyses to evolve over time.** By examining the same set of FIs, evidence can be collected to assess whether target setting has improved and performance against them is improving over time/against this year's baseline.
2. **Broadening and diversifying the range of FIs assessed,** both in number and geographic location and institution type, could unlock a more substantive comparison between FIs.
3. **Expand the sectoral scope of the assessment** to examine FIs providing finance to other high-methane-emitting sectors, such as the waste sector.
4. **Enhance the current assessment framework by establishing a more stringent scoring criteria and expanding beyond Targets and Implementation to also include 'Impact'.** This could encompass an assessment of downstream investee/corporates' own transition plans, or other quantitative data such as financed methane emissions. Ownership methodologies (such as CPI, 2024b) could also be incorporated into this assessment to track progress of FI transition plan's downstream impact in the real economy through corporate level data. This would help to build a richer picture of the impact effective transition plans can have, further demonstrating the crucial role FIs play in directing finance flows towards methane abatement.
5. **Investigate additional case studies for evidence of transactions linked to methane,** to highlight the real economy impact of FIs in key sectors.
6. **Incorporate ownership methodologies to link FIs to corporate's action in the real economy.** As this assessment methodology continues to develop, tracking progress of FI transition plan's downstream progress, where data is available. This would enable a richer analysis

6. ANNEX

ANNEX A: SECTORS, DIMENSIONS, INDICATORS, ACTIONS

Table A.1: List of assessed indicators for each sector covered

All Sectors	**Targets**	(a). Adoption of Methane Mitigation Target
		(b). Adoption of Methane Finance Target
		(c). Adoption of Divestment Target
	Implementation	(d). Disclosure of Methane Emissions Data
		(e). Disclosure of Methane Investment Data
		(f). Disclosure of Methane Risk
		(g). Methane Risk Management
		(h). Methane Risk Strategy
		(i). Client Engagement on Methane
		(j). Policy Engagement on Methane
		(k). Internal Accountability Framework
Oil and Gas	**Targets**	(a). Adoption of Methane Mitigation Target
		(b). Adoption of Methane Finance Target
		(c). Adoption of Divestment Target
	Implementation	(d). Disclosure of Methane Emissions Data
		(e). Disclosure of Methane Investment Data
		(g). Methane Risk Management
Agrifood	**Targets**	(a). Adoption of Methane Mitigation Target
		(b). Adoption of Methane Finance Target
		(c). Adoption of Divestment Target
	Implementation	(d). Disclosure of Methane Emissions Data
		(e). Disclosure of Methane Investment Data
		(g). Methane Risk Management

Table A.2: List of actions assessed for each Indicator across Targets and Implementation

Targets
(a). Adoption of Methane Mitigation Target
(a.i). Type of asset covered by the target
(a.ii). Percentage of relevant portfolio covered
(a.iii). Sector concerned by the target
(a.iv). Baseline year for target is disclosed
(a.v). Specifies scenario used for methane target
(a.vi). Long-term target adopted
(a.vii). Intermediate target adopted
(a.viii). Disclosed the temperature alignment of its activities
(a.ix). Has zero methane emissions target
(b). Adoption of Methane Finance Target
(b.i). Quantified target disclosed
(b.ii). Timeline specified
(b.iii). Investment target adopted
(c). Adoption of Divestment Target
(c.i). Extent of divestment target
(c.iv). Policy framework includes exclusion policies

Implementation
(d). Disclosure of Methane Emissions Data
(d.i). Financed methane emissions disclosed
(d.ii). Portfolio coverage of disclosed methane emissions
(d.iii). Some level of methane emissions are tracked
(d.iv). Disclosed baseline methane emissions
(d.v). Disclosed methane emissions are verified externally
(e). Disclosure of Methane Investment Data
(e.i). Reporting system for methane investment data in place
(e.ii). Plans to disclose methane investment data
(f). Disclosure of Methane Risk
(f.i). Publishes methane-specific TCFD disclosures

Implementation
(g). Methane Risk Management
(g.i). Has a process to assess methane-related risks
(g.ii). Has a process to manage methane-related risks
(g.iii). Uses tools to manage methane-related risks and opportunities
(g.iv). Coverage in the use of tools
(g.v). Integrates methane emissions risks into overall risk management
(h). Methane Risk Strategy
(h.i). Considers the impact of methane risks and opportunities in strategy or financial planning
(h.ii). Assesses methane risks and opportunities for different time horizons
(h.iii). Uses climate scenarios to inform strategy
(i). Client Engagement on Methane
(i.i). Successfully engaged to drive methane-related behavior in investees
(i.ii). Engaged to drive methane-related behavior in investees
(i.iii). Engages with investees on transparency requirements
(i.iv). Engages with other external parties on methane-related issues
(j). Policy Engagement on Methane
(j.i). Directly participates in policy processes for methane-related reforms and regulation
(j.ii). Positions itself in favor of methane-related reforms and regulation
(j.iii). Positions itself in favor of specific financial regulation, including the use of reporting standards and taxonomies, as well as prudential regulation
(k). Internal Accountability Framework
(k.i). Has dedicated responsible investment staff
(k.ii). Board is accountable for methane and climate change
(k.iii). Chief-level staff is accountable for methane and climate change
(k.iv). Business-level staff is accountable for methane and climate change
(k.v). Commits to integrate sustainability principles in governance

ANNEX B: LONGLIST OF FIS FOR ASSESSMENT

Table A.3: Longlist of FIs considered for assessment

#	Financial Institution	Type	Country	Country is a Global Methane Pledge Signatory?	FI Type Ranked by AUM[14,15]	FI Type Ranked by Oil and Gas Investments[16]	FI Type Ranked by Financed Methane Emissions for Agrifood Investments[17]	Exposure to Misaligned Assets %[18]	Exposure to Oil and Gas Assets %[19]
1	**Vanguard**	Institutional Investor	USA	Yes	**2**	**1**	**1**	N/A	N/A
2	**BlackRock**	Institutional Investor	USA	Yes	**1**	**2**	**2**	6.1%	5.0%
3	**State Street**	Institutional Investor	USA	Yes	**4**	**3**	**3**	7.8%	7.3%
4	**Fidelity Investments**	Institutional Investor	USA	Yes	**3**	5	**4**	N/A	N/A
5	**Capital Group**	Institutional Investor	USA	Yes	8	**4**	7	5.3%	5.0%
6	**JP Morgan**	Bank	USA	Yes	**1***	**1**	**2**	5.5%	4.4%
7	**Bank of America**	Bank	USA	Yes	**2***	**3**	11	N/A	N/A
8	**HSBC**	Bank	UK	Yes	**3***	12	**3**	7.0%	5.4%
9	**BNP Paribas**	Bank	France	Yes	**4***	13	6	4.9%	2.5%
10	**MUFG**	Bank	Japan	Yes	5*	**4**	14	4.0%	1.6%

14 Thinking Ahead Institute, 2024
15 SP Global, 2024
16 BOCC, 2024
17 Planet Tracker – *Hot Money*, 2023
18 CPI – *Net Zero Finance Tracker*, 2024
19 CPI – *Net Zero Finance Tracker*, 2024

#	Financial Institution	Type	Country	Country is a Global Methane Pledge Signatory?	FI Type Ranked by AUM[20,21]	FI Type Ranked by Oil and Gas Investments[22]	FI Type Ranked by Financed Methane Emissions for Agrifood Investments[23]	Exposure to Misaligned Assets %[24]	Exposure to Oil and Gas Assets %[25]
/	Hohhot	Institutional Investor	China	No	N/A (Outside Top 20)	N/A (Outside Top 20)	5	N/A	N/A
/	Citigroup	Bank	USA	Yes	8*	2	17	N/A	N/A
/	Morgan Stanley	Bank	USA	Yes	28*	15	1	1.9%	1.5%
/	Société Générale	Bank	France	Yes	15*	23	4	3.7%	2.7%
/	ICBC	Bank	China	No	1	17	N/A (Outside Top 20)	N/A	N/A
/	Ag.Bank.	Bank	China	No	2	30	N/A (Outside Top 20)	N/A	N/A
/	China Constr. Bnk	Bank	China	No	3	32	N/A (Outside Top 20)	N/A	N/A
/	Bank of China	Bank	China	No	4	19	N/A (Outside Top 20)	N/A	N/A

20 Thinking Ahead Institute, 2024
21 SP Global, 2024
22 BOCC, 2024
23 Planet Tracker – *Hot Money*, 2023
24 CPI – *Net Zero Finance Tracker*, 2024
25 CPI – *Net Zero Finance Tracker*, 2024

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