

Accelerating the transition to a low-carbon economy

Sector priorities for driving change

drawn from ING's Climate Progress Update 2024

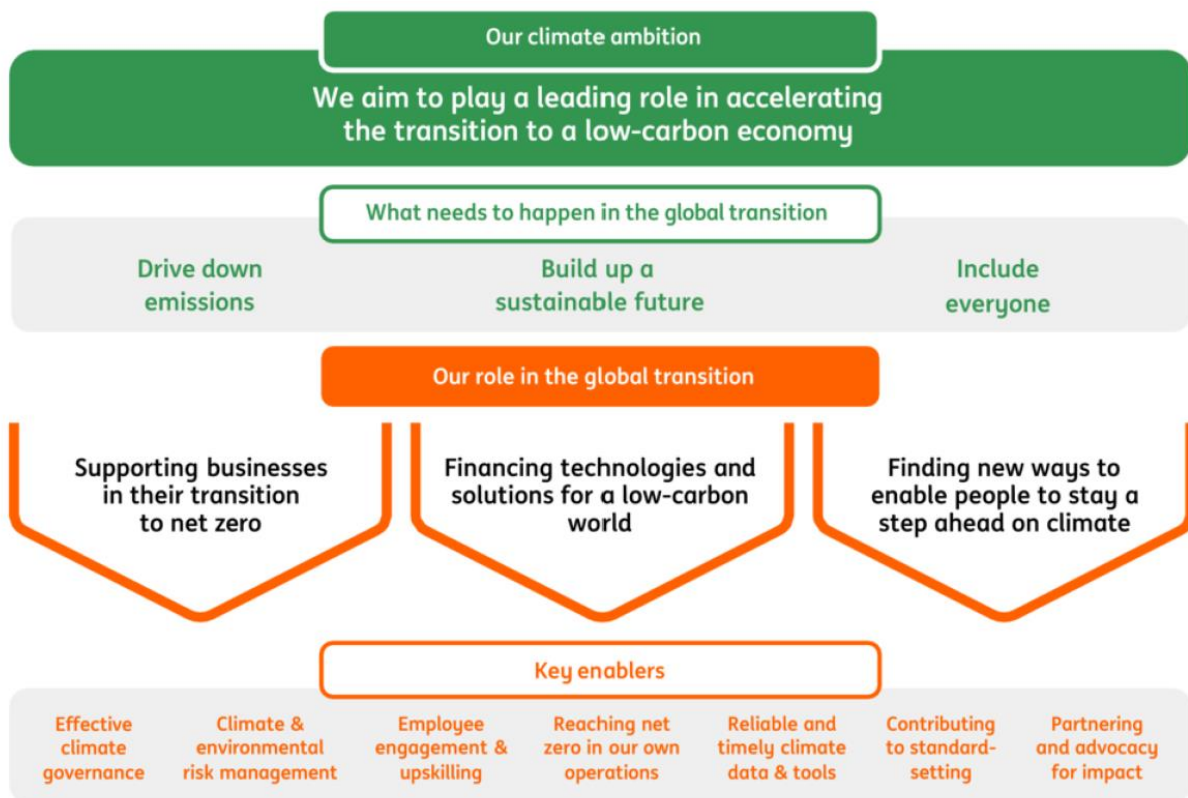
ING's ambition is to be a leader in accelerating the low-carbon transition because it matters to our company, our customers, society and the environment. The urgency of the climate challenge is becoming more evident all the time and will require systems-level solutions. That is why, at ING, we are keen to work in collaboration with organisations and partners who, like us, are wrestling with these difficult questions.

On 19 September we published our **Climate Progress Update 2024 (CPU24)**. [In this publication](#) we describe how we are **stepping up our approach to client engagement** – because our greatest opportunity to drive progress is by helping our large wholesale banking clients in their transition. In 2018, we started by setting out science-based pathways to net-zero for heavy-emitting sectors and have been expanding that approach in the years since. In 2023, we **assessed around 2,000 of our clients' publicly available disclosures on climate**. This gives us a strong foundation to engage proactively with these clients and a data-led baseline to track progress on the implementation of their plans.

We are also taking the **next steps with our approach to oil and gas**. With immediate effect we will stop all new general financing to pure-play upstream oil and gas companies that continue to open new fields – so including general corporate financing and bonds. In addition, we have made the decision to stop providing new financing for new LNG export terminals after 2025, in line with observations from the IEA's World Energy Outlook 2023. These are further steps towards delivering on the commitment we made last year to phase out our financing of oil and gas exploration and production to zero by 2040, which is well in advance of the International Energy Agency's (IEA's) guidance.

The role of the bank in the global transition

As a systemically important bank, **we have a role to play in financing the transition**. And we believe that showing leadership means helping our customers and society decarbonise and drive down emissions, with a thriving net-zero world as our mutual goal. It also means being a frontrunner in financing the future economy and the change that's needed to get there. And it means finding ways to empower people to prepare for the future, starting with customers whose homes we help to finance. Our wider strategic approach to climate action is captured in the visual below.



How we partner and advocate for change

- We're **expanding our advocacy efforts**, focusing on where we or other key actors can make a constructive contribution to system-wide solutions (see CPU24 pg.27).
- We continue to play an active role in the **development and adoption of methodologies & frameworks** that support decarbonisation and greater comparability of progress in climate alignment at sector level.
- Accelerating progress in the transition requires us to **share what we learn** - and to **collaborate with others** to advocate for the policies we believe are required to create an enabling environment to meet the climate goals e.g. phasing out fossil fuel subsidies worldwide.
- We completed a pilot applying a **systems-thinking model** to two Wholesale Banking sectors - Shipping and Commercial Real Estate - which will help us sharpen our advocacy efforts.
- Our **sector-specific advocacy** is detailed in the sector transition plans per Terra sector in the Climate Progress Update 2024 (see CPU24 pg.34).

Our perspective on sector priorities in the climate transition

Delivering **systems-level change** can only be achieved **through concerted, collaborative action**. So whether it is on harmonising measurement and standards, enabling policy or partnering for innovation, we want to share what we are learning to help us all move faster. In the table below we are sharing an overview of **how we see the priorities for accelerating progress in the heavy-emitting sectors**.

Power Generation	<p>Focus funding and incentives on massively and rapidly scaling up the transition to alternative fuels and clean technologies.</p> <p>Expand the use of effective carbon pricing to further help efficiently mobilise private capital at scale.</p> <p>Upgrade and expand grid networks, to support a huge scaling-up of electric power in the coming years and decades.</p> <p>We want to see governments set ambitious energy policy within their markets.</p>
Oil & Gas	<p>Phase out fossil-fuel subsidies worldwide to allow for the massive and rapid scaling up of the transition to alternative fuels.</p> <p>Increased regulation that stimulates the uptake of sustainable carbon sources in the European chemical industry.</p> <p>Government mandates and recognition of the use of recycled plastic as feedstock (raw materials) for new plastic production to stimulate the use of non-fossil-based feedstock for the plastic industry.</p> <p>To accelerate the development and scaling of carbon capture and storage (CCS) solutions, governments could make permitting procedures smoother - and share in the risks to address the current challenges of the inter-dependency of CO₂ capture, transport and storage projects.</p>
Automotive	<p>Setting more standards and data disclosure requirements, and promoting electric vehicles (EVs).</p>
Aviation	<p>Joint effort to enable the rapid, large-scale adoption of alternative low emissions fuels like SAF by supporting increased supply and infrastructure.</p>
Shipping	<p>Increased shipyard capacity for retrofitting among governments, shipyards, and branch organisations to support sustainable practices in the shipping industry.</p> <p>Partnering is needed between financial institutions, governments, development banks and specialised institutions to enable green corridors and connect clients to sustainability funds.</p> <p>Implementation of a CO₂-levy or market-based mechanism to incentivise emission reductions and promote environmental responsibility within maritime operations.</p>
Cement	<p>Make new technologies such as carbon capture and storage (CCS) fully available and utilised by cement producers.</p> <p>A cross-industry initiative (with banks, cement companies & associations, industry experts, etc.) is needed to develop a science-based approach to reporting on, and monitoring the progress of, the decarbonisation of producers and financiers active in the Cement sector.</p>
Steel	<p>Clear regulation that incentivises and facilitates the substantial investments needed in cutting-edge technologies is essential.</p>

Steel (cont.)	<p>Governments are needed to realise vast quantities of affordable green electricity and a robust hydrogen infrastructure.</p> <p>To prevent carbon leakage in the initial phase, cooperation between developed countries on carbon pricing and border taxes adjustments will be essential and should be leveraged to assist other major markets in their own transition.</p> <p>Collaboration with Development Finance Institutions / Export Credit Agencies is needed to embrace SSP and support green initiatives in the steel sector.</p>
Aluminium	<p>In the short term, incentivise the recycling of aluminium.</p> <p>In the long term, help address the technology-related aspects of decarbonisation.</p>
Dairy	<p>A balanced approach to decarbonisation of the dairy sector requires a coordinated effort by stakeholders incl. governments, cooperatives and financial institutions, with costs and incentives equitably allocated across the value chain.</p>
Commercial Real Estate	<p>Align green/transition definitions and methodologies across borders.</p> <p>Establish a green certification hub.</p> <p>Encourage EU policymakers to include the entire value of renovated 'brown' buildings as 'green' in the Green Asset Ratio because this form of renovation needs to be incentivised.</p> <p>Align EU taxonomy and EPBD standards, ensuring consistency and clarity in regulatory frameworks.</p>
Residential Real Estate	<p>Significant policy and regulatory intervention from governments is needed to green the national energy mix and mandate an industrial-scale renovation of housing and other building stock.</p> <p>If governments successfully implement policies like the EPBD and fulfil commitments like the Buildings Breakthrough, then steering the financing of the sector will be more likely to succeed too.</p>

Join the conversation

Over the coming months we want to engage with stakeholders to together consider what more can be done to accelerate progress on the climate challenge. We hope you will be interested in joining these conversations.

Would you like to get in touch? Please contact us via sustainability@ing.com. We look forward to hearing from you.

ING Groep N.V. | September 2024

Society is transitioning to a low-carbon economy. So are our clients, and so is ING. We finance a lot of sustainable activities, but we still finance more that's not. See how we're progressing at ing.com/climate