



## PRESS RELEASE

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### **Six Global Banks Come Together to Decarbonize Steel**

*Leading lenders to the global steel industry—Citi, Goldman Sachs, ING, Societe Generale, Standard Chartered, and UniCredit—are working together to develop a climate-aligned finance agreement to support steel sector decarbonization.*

**New York City – May 27, 2021**

Several top lenders to the steel sector—Citi, Goldman Sachs, ING, Societe Generale, Standard Chartered, and UniCredit—have come together to define common standards of action for steel sector decarbonization through a collective climate-aligned finance agreement. A climate-aligned finance agreement establishes a framework for assessing and disclosing the degree to which the greenhouse gas emissions associated with a financial institution's portfolio are in line with 1.5°C climate targets.

The banks have formed the Steel Climate-Aligned Finance Working Group (the Working Group), facilitated by RMI's [Center for Climate-Aligned Finance](#), with the goal of crafting an industry-backed agreement before the United Nations Climate Change Conference in November 2021 (COP26). The agreement would create a level playing field for measuring progress against climate targets in the steel sector, as well as a platform for proactively supporting the decarbonization of the sector.

*“ING aims to be a positive force in the fight against climate change. With our Terra approach we’re steering our €700 billion lending book in line with the goals of the Paris Agreement. Steel is essential for modern life. The challenge for the steel sector to decarbonize is significant with alternative technology paths unproven and not yet commercialized. By leading this working group we signal our commitment to help define what the energy transition means for the sector and our clients. It will also help us to define our expectations for change and define an ambitious yet realistic trajectory to meet those ambitions.”*

- Arnout van Heukelem, global head metals, mining & fertilizers, ING Bank

Steel is the foundation of modern society: a material input to buildings, cars, railways, roads and bridges. While low-carbon technologies exist across many industries, for the steel sector, which emits roughly 7% of global energy emissions and is heavily coal-dependent, commercially viable alternatives are still at an early stage for industrial-scale applications. Under a business-as-usual scenario, steel sector emissions could grow to 20% of the world's 1.5°C carbon budget by 2050. The sector's carbon intensity raises expectations of and from financial institutions to support its decarbonization, but to date, [financial institutions lack the common practical tools](#) to effectively support their clients' decarbonization efforts.

The Working Group, led by ING and co-led by Societe Generale, comprises senior representatives from each bank's metals and mining teams. The Working Group will forge the scope, emissions pathways, methodologies, and governance structure of the collective climate-aligned finance agreement in collaboration with existing decarbonization initiatives. With the goal of setting global best practices on climate for financial institutions that fund steelmaking, the Working Group plans to enroll other banks in the final climate-aligned finance agreement to be released at COP26.

The RMI [Center for Climate-Aligned Finance](#) (the Center) will facilitate engagement between the Working Group and the Net-Zero Steel Initiative (NZSI) to ensure the objectives of steelmakers and their lenders are aligned. *"The formation of the steel finance working group is just the first step on the journey to a climate-aligned steel sector,"* said James Mitchell, director at the Center. *"Decarbonizing high-emitting sectors is challenging, but collective action efforts such as the Poseidon Principles show how the financial sector can meet its climate goals through serving its industrial clients in hard-to-abate sectors, such as steel. Now the hard work really starts."*

The agreement will be modeled after the [Poseidon Principles](#), the first sector-specific climate-aligned finance agreement for maritime shipping. The Principles were launched in July 2019 with 11 banking signatories representing \$100 billion—or 20%—of senior shipping debt and have since more than doubled to 24 signatories representing \$175 billion as of March 2021. Developed through unprecedented multi-stakeholder collaboration between major shipping lenders, industrial corporations and experts, the Principles set the stage for a similar framework in other sectors, such as steel.

This effort is part of the [Mission Possible Partnership](#) (MPP), an alliance of leading nonprofit organizations and approximately 400+ businesses working to accelerate industrial decarbonization across seven sectors, including steel. Within MPP, the Working Group is part of NZSI, comprising some of the world's largest steel producers and suppliers. By providing this crucial platform, the NZSI unites policy, customer demand, industry objectives, and financial commitments behind the sector's net-zero transition.

*“As [a founding member of the UNEP-FI Net Zero Banking Alliance](#), Societe Generale is committed to work with its clients and partners across sectors to achieve net-zero no later than 2050. By co-leading the Steel Climate-Aligned Finance Working Group, our ambition is to help define a pathway consistent with the development of low-carbon industrial solutions in the steel sector. Steel is essential and Societe Generale is already supporting steel producers implementing breakthrough hydrogen technologies to produce low carbon steel demonstrating the climate adaptation potential of this industry. With the appropriate framework, all banks will be able to support their clients as they innovate and invest for a low carbon future. After the [Poseidon Principles](#) for maritime shipping, Societe Generale is proud to co-lead to the creation of a climate-aligned finance agreement for another hard-to-abate industry.”*

- Stéphanie Clément de Givry, global head mining, metals & industries, Societe Generale

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**Notes to Editors**

**About the Center**

The Center for Climate-Aligned Finance was established by RMI to help the financial sector transition the global economy toward a zero-carbon, 1.5°C future. With deep partnerships in finance, industry, government, and civil society, the Center works to develop decarbonization agreements within high-emitting sectors, build global frameworks for climate alignment, and support financial institutions in decarbonizing their lending and investing portfolios. Launched in 2020, the Center builds on RMI's nearly 40 years of experience developing market-based solutions to accelerate the energy transition.

**About RMI**

RMI is an independent nonprofit founded in 1982 that transforms global energy systems through market-driven solutions to align with a 1.5°C future and secure a clean, prosperous, zero-carbon future for all. We work in the world's most critical geographies and engage businesses, policymakers, communities, and NGOs to identify and scale energy system interventions that will cut greenhouse gas emissions at least 50 percent by 2030. RMI has offices in Basalt and Boulder, Colorado; New York City; Oakland, California; Washington, D.C.; and Beijing. More information on RMI can be found at [www.rmi.org](http://www.rmi.org) or follow us on Twitter [@RockyMtnInst](https://twitter.com/RockyMtnInst).

**About ING**

ING is a global financial institution with a strong European base, offering banking services through its operating company ING Bank. The purpose of ING Bank is empowering people to stay a step ahead in life and in business. ING Bank's more than 57,000 employees offer retail and wholesale banking services to customers in over 40 countries. ING Group shares are listed on the exchanges of Amsterdam (INGA NA, INGA.AS), Brussels and on the New York Stock Exchange (ADRs: ING US, ING.N). Sustainability forms an integral part of ING's strategy, evidenced by ING's leading position in sector benchmarks by Sustainalytics and MSCI and our 'A-list' rating by CDP. ING Group shares are included in major sustainability and Environmental, Social and Governance (ESG) index products of leading providers STOXX, Morningstar and FTSE Russell. In January 2021, ING received an ESG evaluation score of 83 ('strong') from S&P Global Ratings.

**About Societe Generale**

Societe Generale is one of the leading European financial services groups. Based on a diversified and integrated banking model, the Group combines financial strength and proven expertise in innovation with a strategy of sustainable growth, aiming to be the trusted partner for its clients, committed to the positive transformations of society and the economy. Active in the real economy for over 150 years, with a solid position in Europe and connected to the rest of the world, Societe Generale has over 133,000 members of staff in 61 countries and supports on a daily basis 30 million individual clients, businesses and institutional investors around the world by offering a wide range of advisory services and tailored financial solutions. Societe Generale is included in the principal socially responsible investment indices: DJSI (World and Europe), FTSE4Good (Global and Europe), Euronext Vigeo (World, Europe and Eurozone), four of the STOXX ESG Leaders indices, and the MSCI Low Carbon Leaders Index.

**About Citi**

Citi, the leading global bank, has approximately 200 million customer accounts and does business in more than 160 countries and jurisdictions. Citi provides consumers, corporations, governments and institutions with a broad range of financial products and services, including consumer banking and credit, corporate and investment banking,

securities brokerage, transaction services, and wealth management. Additional information may be found at [www.citigroup.com](http://www.citigroup.com) | Twitter: [@Citi](https://twitter.com/Citi) | YouTube: [www.youtube.com/citi](http://www.youtube.com/citi) | Blog: <http://blog.citigroup.com> | Facebook: [www.facebook.com/citi](http://www.facebook.com/citi) | LinkedIn: [www.linkedin.com/company/citi](http://www.linkedin.com/company/citi)

### **About Standard Chartered**

We are a leading international banking group, with a presence in 59 of the world's most dynamic markets, and serving clients in a further 85. Our purpose is to drive commerce and prosperity through our unique diversity, and our heritage and values are expressed in our brand promise, Here for good. Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges. For more stories and expert opinions please visit [Insights](#) at [sc.com](http://sc.com). Follow Standard Chartered on [Twitter](#), [LinkedIn](#), [Instagram](#) and [Facebook](#).

### **About UniCredit**

UniCredit is a simple and successful pan-European Commercial Bank, with fully plugged in Corporate & Investment Banking, delivering a unique Western, Central and Eastern European network to an extensive and growing client franchise. Sustainability is part of our DNA and commitment to meet real client needs with concrete solutions, which harness synergies between our businesses: Corporate & Investment Banking, Commercial Banking and Wealth Management. As a leader in sustainable finance, we aim to be at the forefront of social change and the green transition. By focusing on banking that matters, we offer local and international expertise, providing unparalleled access to market leading products and services in 13 core markets. Leveraging on an international network of representative offices and branches, UniCredit serves clients in another 16 countries worldwide. Additional information may be found at [www.unicreditgroup.eu](http://www.unicreditgroup.eu) | Twitter: [@UniCredit\\_PR](https://twitter.com/UniCredit_PR) | LinkedIn <https://it.linkedin.com/company/unicredit>

### **Additional quotes**

*"This partnership establishes a new template for collaboratively setting targets alongside clients, grounded in overcoming concrete technology and transition finance barriers while driving successful business outcomes," said Nicholas Smith, Goldman Sachs' head of global steel coverage. "We believe this platform will provide much needed transparency for sector-level net zero targets and serve as a model for adoption across other industries and sectors."*

*"Given the high level of GHGs emitted by the global steel sector, decarbonising the steel process is the single biggest challenge the industry faces today," said William Husband, global head metals and mining corporate banking at Citi. "Citi, as a leading lender and arranger of capital to the steel sector, is proud to join this working group to facilitate the financing of our steel clients' decarbonisation efforts."*

*“UniCredit is strongly committed to supporting its clients in achieving their ESG targets as a core part of our efforts to drive the transition to a low carbon and more inclusive world economy. The steel sector has a long investment cycle, but in fact 2050 is just one cycle away. This means that investments in the next five years will be crucial to meeting the sector’s target emission levels with an impact on a broad range of commodities from iron ore to hydrogen,” said Frank Biburger, global head of producer finance at UniCredit. “With close cooperation between the industry and regulators, combined with technical innovation and support from banks like ours, we can jointly establish a competitive, digitalized and decarbonized steel industry. The EU green deal and the NZSI are extremely important elements in this effort.”*