Civil society response to FutureCoal's false claims about coal

The climate science is clear: the time to decarbonise is now. To stand a chance of meeting the goals of the Paris Agreement, global emissions must halve by 2030.[1] Coal lobbying body FutureCoal,[2] however, is deploying false narratives claiming that coal can be "sustainable", including most recently in its "Fund Fair. Fund Equal" open letter to "global financial leaders" from newly-appointed FutureCoal chairman Mike Teke, of South Africa's Seriti Resources.[3]

In the letter, Teke claims that "in many policy and investment frameworks, coal is still excluded or unfairly treated", and urges financial institutions to "fund coal, metallurgical and modern, low-emission thermal coal, **fairly and equally**". The letter also claims that FutureCoal's "Sustainable Coal Stewardship" framework presents "a pragmatic, technology-led pathway for coal's transformation - one that can reduce emissions from coal activities by up to 99% across the full value chain".

This argument distorts the facts to justify an extended lifespan for an industry whose social and environmental licence to operate has expired. Financial institutions have reduced or excluded financing to coal not on ideological grounds, but because they recognise that coal is the primary driver of the climate crisis, that alternative energy sources are cheaper and cleaner, and that investing in stranded assets is bad for their balance sheets.

The International Energy Agency's (IEA) Net Zero Emissions by 2050 Scenario requires production of thermal and metallurgical coal to fall by 91% and 88% respectively, between 2021 and 2050, to align with a 1.5°C global warming scenario.[4] This leaves the coal industry with only two options: diversify its product portfolio away from coal assets, or focus on the responsible winding down of coal production in line with climate science.[5]

In the face of this reality, FutureCoal's "Fund Fair. Fund Equal" campaign is an appeal by those with a vested interest in delaying climate action for continued funding to an outdated, destructive industry whose existence is fundamentally misaligned with the achievement of a just transition.

The assertion that coal is treated "unfairly" by the finance community also ignores the fact that fossil fuels already receive substantial financial support and leniency; including in the form of tax breaks, low-interest loans, and underpriced energy. The International Monetary

[1] IPCC (2023), AR6 Synthesis Report: Climate Change, https://www.ipcc.ch/report/sixth-assessment-report-cycle/

[2] FutureCoal is a global industry body compromised of various stakeholders in the coal value chain. These include coal mining companies, mining associations and industry bodies with a vested interest in maintaining coal's prominent position in the global economy. A list of members can be found here: https://www.futurecoal.org/global-alliance/.

[3] FutureCoal Chairman September 2025 open letter, https://www.futurecoal.org/fund-fair-fund-equal-futurecoal-chairman-open-letter/. In June 2025, FutureCoal's chief executive, Michelle Manook also sent a open letter to "global financial leaders, https://www.futurecoal.org/fund-fair-fund-equal-open-letter/.

[4] International Energy Agency [IEA] (2022), https://www.iea.org/reports/world-energy-outlook-2022

[5] Transition Pathway Initiative (2023), Carbon Performance assessment of coal mining companies: discussion paper, https://www.transitionpathwayinitiative.org/publications/uploads/2023-carbon-performance-assessment-of-coal-mining-companies-discussion-paper

Fund estimates that global fossil fuel subsidies in 2022 were $7 trillion.[6] South Africa's fossil fuel subsidies tripled between 2018 and 2023, hitting R118 billion - up from R39 billion 5 years earlier.[7] The claim of unfair treatment for coal is wholly unfounded.

No such thing as 'clean' coal

FutureCoal claims that technological innovation will transform the coal industry into a long-term clean energy source by addressing its major impacts at all points in the value chain, stating that:

- Pre-combustion emissions and environmental impact will be reduced through improved mining efficiency and the use of technologies such as drones and AI.
- Combustion emissions will be mitigated through high-efficiency, low-emissions (HELE) coal plants and carbon capture, utilisation and storage (CCUS), and coal gasification plants.
- Post-combustion impacts will be managed through coal waste recycling and repurposing.

This claim fundamentally misrepresents both the current state of technology and the urgency of climate action, and ignores crucial technological and financial constraints that cast doubt on the viability of the proposed solutions.

CCUS technology remains commercially unproven at scale. A 2022 report by the Institute for Energy Economics and Financial Analysis (IEEFA) studied 13 flagship large-scale carbon capture projects, which accounted for about 55% of the total worldwide operational capture capacity at the time. IEEFA found that most projects had failed or underperformed.[8] Global carbon dioxide (CO_2) emissions in 2024 are estimated at 37.4 billion tonnes.[9] As of November 2024, however, operational commercial CCUS facilities captured only approximately 0.14% of this (about 51 million tonnes of CO_2 annually).[10]

The Intergovernmental Panel on Climate Change (IPCC) finds that there are no scenarios in which CCUS would allow continued use of fossil fuels at current levels, let alone permit any expansion.[11]

Furthermore, new research reveals that significantly less CO_2 can be stored safely underground than was previously thought.[12] In a peer-reviewed paper published on 3 September 2025 in the journal *Nature,* researchers found that there is a danger of greenhouse gases (GHGs) escaping back into the atmosphere after being injected

[6] IMF Fossil Fuel Subsidies Data: 2023 Update
[7] https://www.iisd.org/articles/press-release/south-africa-fossil-fuel-subsidies-energy-crisis#:~:text=April%2010%202024%2C%20Cape%20Town,more%20than%2077%25%20since%202011
[8] IEEFA (2022), Carbon capture crux: lessons learned, https://ieefa.org/resources/carbon-capture-crux-lessons-learned
[9] https://globalcarbonbudget.org/faqs/
[10] Global CCS Institute, Global status of CCS 2024, https://www.globalccsinstitute.com/wp-content/uploads/2024/11/Global-Status-Report-6-November.pdf
[11] IPCC (2023), AR6 Synthesis Report: Climate Change, https://www.ipcc.ch/report/sixth-assessment-report-cycle/
[12] https://www.nature.com/articles/s41586-025-09423-y

underground. They concluded that due to risks such as earthquakes, engineering faults, or territorial conflicts, less than 1500 gigatonnes of CO_2 can be safely stored – dramatically lower than earlier estimates of up to 40,000 gigatonnes.

HELE coal plants can offer cleaner, more efficient coal power generation when compared with conventional coal plants, although they do not eliminate emissions or environmental impacts. However, the rising competitiveness and affordability of renewable energy, climate policies targeting GHG emissions, and the extremely high capital costs of HELE technology undermine the argument for large-scale development of HELE plants.[13]

So-called "clean coal" technologies cannot deliver the emissions reductions required for climate stability within the necessary timeframes. The claim that the coal industry can be transformed through "sustainable coal stewardship" is a deliberate attempt to greenwash coal's impacts in order to extend the life of coal assets and delay climate action.

Thermal coal and metallurgical coal are equally unfundable

FutureCoal's open letter appeals to financiers to fund metallurgical and thermal coal "fairly and equally." However, instead of treating thermal coal in the same way as metallurgical coal, financial institutions should also be winding down funding to metallurgical coal.

Thermal coal is used for energy production in coal-fired power stations and is under increasing pressure from clean, renewable energy sources. Major banks and asset managers have restricted thermal coal financing not due to environmental pressure alone, but because coal assets face declining competitiveness against renewable alternatives whose costs continue to fall.[14] Phasing out thermal coal in energy value chains makes financial and environmental sense.

Metallurgical coal is used in steel production. While steel was long considered a hard-to-abate sector, new technologies now enable the shift to coal-free steel production methods. It is therefore possible and necessary to also phase out metallurgical coal.

According to the IEA, existing production sources can cover the demand for metallurgical coal through 2050.[15] Therefore, no expansion of metallurgical coal production is needed. However, the coal industry continues to expand metallurgical coal production,[16] and even uses the term "metallurgical coal" to obscure the continued production of thermal coal. The term "metallurgical coal" does not only comprise coking coal, which is needed to produce coke, a key ingredient in blast furnace steel production, but also different types of coal, including coal types that can be sold to power plants. Financial institutions should

[13] Burton J: Energy system changes in 1.5°C, well below 2°C and 2°C scenarios in Energy Strategy Reviews 23 (2019) 69–80 Gambhir A, Rogelj J, Luderer G, Few S, Napp T.
[14] Bloomberg forecasts energy costs to fall by 22-49% by 2035: https://about.bnef.com/insights/clean-energy/global-cost-of-renewables-to-continue-falling-in-2025-as-china-extends-manufacturing-lead-bloombergnef/
[15] https://iea.blob.core.windows.net/assets/deebef5d-0c34-4539-9d0c-10b13d840027/NetZeroby2050-ARoadmapfortheGlobalEnergySector_CORR.pdf
[16] https://www.coalexit.org/sites/default/files/download_public/urgewald_MCEL_final.pdf

not fund the expansion of metallurgical coal mining. Responsible investment practices should extend exclusion policies to cover metallurgical coal.

Coal *is* replaceable in industrial processes

Coal is used in modern industrial processes. Characterising this role as "irreplaceable", however, creates a false sense of technological determinism and discredits the strides that have been made to decouple coal from many industry value chains – such as fertilisers[17] and steel.[18] The steel sector is currently the largest industrial consumer of coal, which provides around 75% of its energy demand. It is the industry's huge reliance on metallurgical coal that constitutes about 90% of the sector's emissions. FutureCoal has framed industrial dependency on coal the wrong way round: "Steel does not have a 'climate problem', it has a coal problem."[19]

The coal industry cannot have it both ways. If technology can ensure emissions reductions in coal processes, it can similarly be harnessed in the service of industrial electrification and coal-phase-out solutions. Investors and allocators of capital would be better served by investing in technologies that build a sustainable future. These technologies should not entrench the coal sector in the modern economy.

Financial risks and opportunities

Investors have a fiduciary responsibility to ensure the long-term viability of their portfolios. Continued investment in coal resources and infrastructure is an untenable risk to the global economy.[20] Coal remains the world's most polluting fuel. It poses the risk of stranded assets and amplifies the impact of physical climate risks. Allocating capital away from fossil fuel resources towards low-carbon alternatives is an existential necessity. Accelerating the phase-out of coal is an important part of this process and a significant transitional investment opportunity.[21] Restrictions on thermal coal are a small step in the right direction in stewarding capital to build a low-carbon future.

We call on responsible investors to align their ESG policies and screening frameworks with climate science and continue to ensure coal is responsibly phased out of their investment portfolios. We also urge decision-makers to interrogate claims made by corporates and industry bodies which seek to delay and weaken climate action.

[17] Carnegie Science (2024), https://carnegiescience.edu/green-fertilizers-could-revolutionize-agriculture-and-increase-food-security
[18] Steelwatch (2023), Sunsetting Coal in Steel Production, https://steelwatch.org/wp-content/uploads/2023/06/FINAL-SteelWatch_SunsettingCoalInSteel_June2023-sunday-25th-june.pdf
[19] ACCR (2024), https://www.accr.org.au/research/forging-pathways-insights-for-the-green-steel-transformation/#fn1
[20] World Economic Forum (WEF), (2024), Global Risks Report, https://www.weforum.org/stories/2024/09/investing-coal-phase-out-opportunity-climate/
[21] In 2024, WEF argued that coal-phase out presents an 85-trillion global investment opportunity, https://www.weforum.org/stories/2024/09/investing-coal-phase-out-opportunity-climate/

Signed by:

African Climate Alliance

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