



HOW TO EXIT COAL:

10 Criteria for Evaluating Corporate Coal Phase-Out Plans

A briefing for financial institutions



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THE TEN CRITERIA FOR CREDIBLE COAL COMPANY PHASE-OUT PLANS

1. All coal expansion plans must be cancelled.
2. 80% of the global coal fleet and all thermal coal facilities in the OECD, Eastern Europe and the Former Soviet Union must be closed by 2030, and all globally by 2040.
3. Phase-out plans must include facility-by-facility closure dates.
4. Coal facilities must be closed and not sold to new owners.
5. Coal power plants must be closed and not converted to fossil gas, biomass or fossil-based hydrogen.
6. Claims of future retrofitting with carbon capture and storage must not be used to delay coal plant closures.
7. Plant closures must be accompanied with just transition plans, and all worker and environmental obligations funded and implemented.
8. Companies must pledge not to challenge the phase out of coal facilities through investor-state dispute settlement mechanisms.
9. Companies must stop all lobbying activities against government action on climate.
10. A Science-Based Target or net-zero commitment is not an acceptable substitute for a credible coal phase-out plan.

Emissions from coal-fired power stations are still the single greatest threat to our climate. Both the IPCC and the International Energy Agency show that to meet the Paris Agreement's 1.5°C target, construction of new coal infrastructure must halt immediately, and the great majority of the world's coal mines and power plants must be retired by 2030.

Ensuring such a rapid phase out of the global coal industry requires immediate action from the financial industry. **This briefing aims to assist financial institutions in evaluating the coal phase-out plans of clients involved in the thermal coal sector.**

Since the adoption of the Paris Agreement hundreds of financial institutions have committed to restricting their support to the coal industry. However **companies with non-existent or inadequate plans to phase out their coal operations, and even those building new power plants and mines, continue to have access to insurance, investments and banking services.**

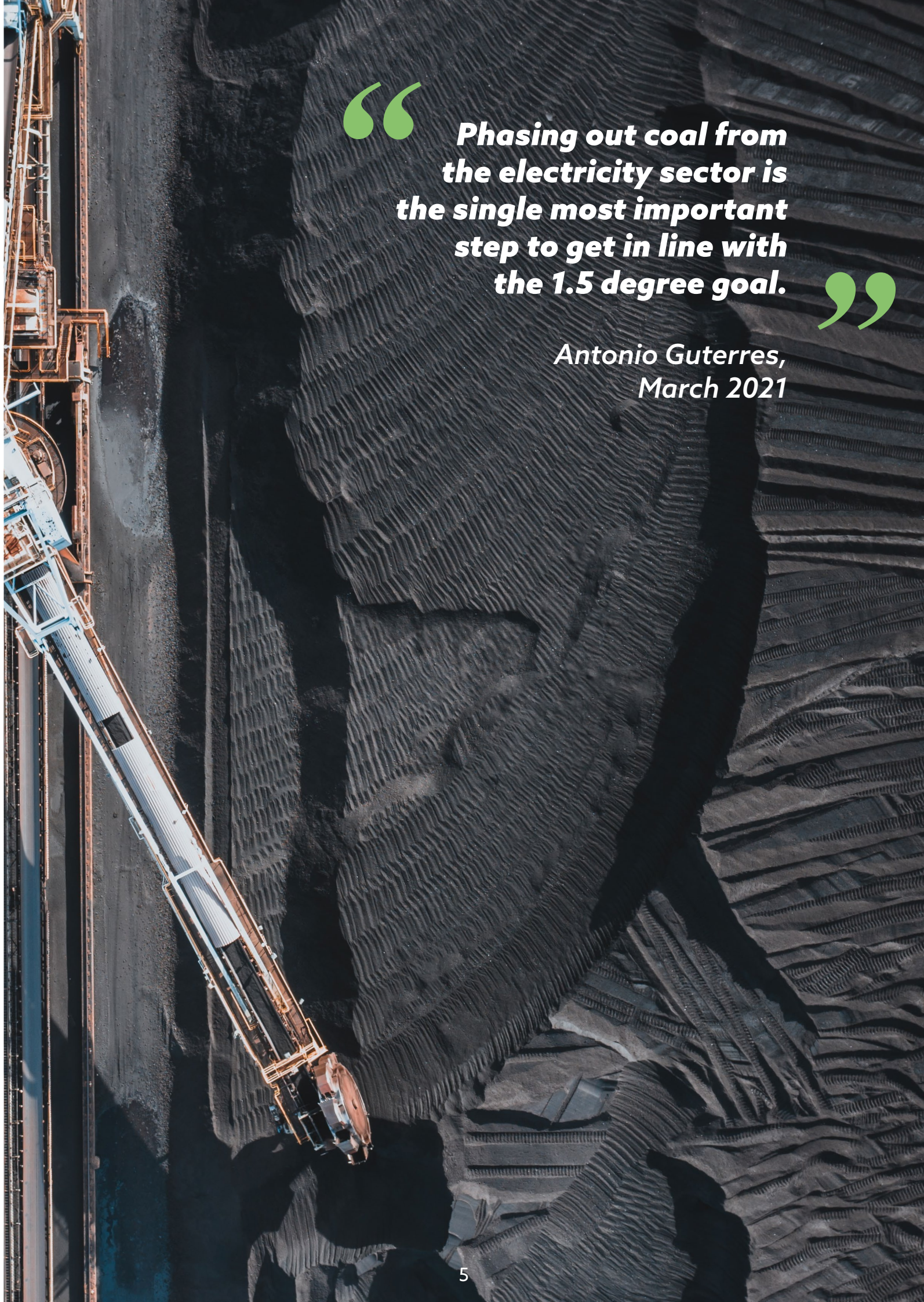
As is explained in Urgewald's Global Coal Exit List (GCEL)¹ and Reclaim Finance's Coal Policy Tool,² financial institutions must immediately stop providing services to companies that:

- Develop new coal power plants, mines or other associated infrastructure; expand the lifetime of existing plants; or acquire new coal facilities;
- Generate more than 20% of their revenues or electricity generation from coal; or
- Produce more than 10 million tonnes of coal per year or have more than 5 GW of coal-fired capacity.

Once these thresholds have been applied to their portfolios, financial institutions should insist that all remaining coal companies under these thresholds adopt a coal phase-out plan by January 1, 2022.

A small number of financial institutions have adopted policies that state they will require their coal clients to adopt phase-out plans, but provide little detail on which specifications these plans must meet. Evaluating whether coal phase-out plans are sufficiently ambitious, concrete and credible will be challenging, especially for financial institutions with large portfolios. It can be expected that many companies will put forward plans that are vague or inadequate. **This briefing therefore provides financial institutions with clear-cut criteria to thoroughly evaluate their clients' coal phase-out plans, and closely monitor their implementation.**³

All these criteria must be applied at the corporate group level and must include all subsidiaries, affiliates and joint ventures. **If a company fails to adopt a credible phase-out plan that meets these criteria by January 1, 2022, financial institutions should suspend all new financial support to the company. After this date, the financial institution should start a new engagement process leading to a permanent cessation of all financial services if a credible transition plan is not adopted by January 1, 2023.**



“ Phasing out coal from the electricity sector is the single most important step to get in line with the 1.5 degree goal. ”

**Antonio Guterres,
March 2021**

1. ALL COAL EXPANSION PLANS MUST BE CANCELLED

The company must cancel all plans to expand coal power or coal mining, or to develop new coal infrastructure. Companies must also refrain from buying additional coal assets. The IEA's Net Zero by 2050 roadmap shows that there is no room in the 1.5°C carbon budget for any new coal infrastructure.

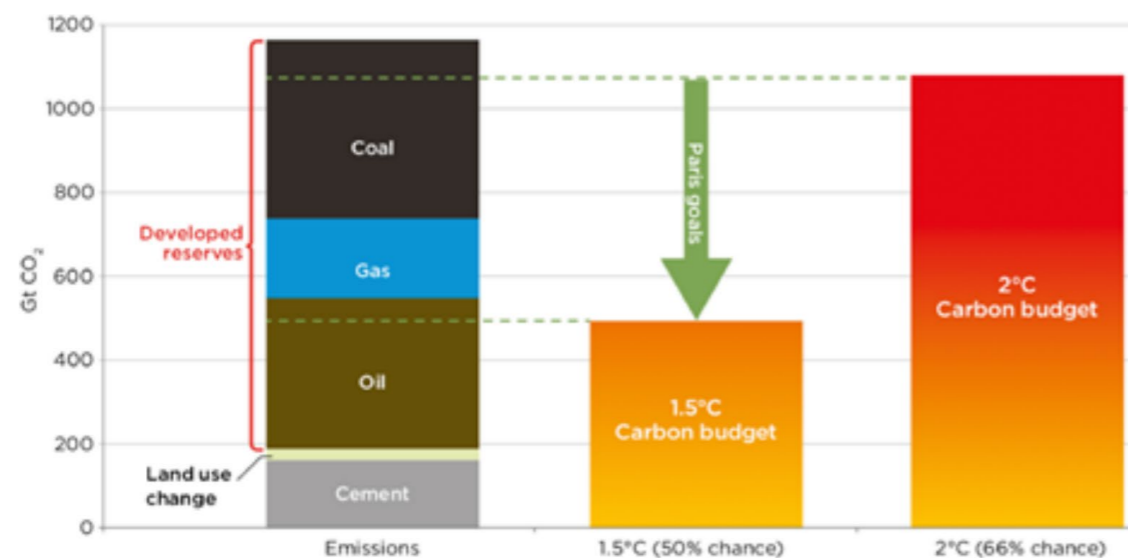
Since the Paris Climate Agreement was signed, the world's installed coal-fired capacity has grown by 157 GW, an amount equal to the operating coal plant fleets of Germany, Russia, Japan and Turkey combined. And while many new coal projects have been

scrapped in recent years, the 2021 Global Coal Exit List (GCEL) shows that over 440 GW of new coal-fired power capacity and 1,800 million tons per annum of new thermal coal mining capacity are still in the pipeline. **If realized, these projects would increase the world's coal power capacity by 21% and thermal coal production by 26%.**

Out of the 968 companies listed on the 2021 GCEL, 440 companies are still planning to develop new coal power plants, new coal mines or new coal transport infrastructure.⁴

No Room in the Carbon Budget for Any New Fossil Infrastructure

Research from Oil Change International shows that fully exploiting existing developed fossil reserves would far exceed the global carbon budget that allows even a 50% chance of staying under 1.5°C. This means that there is no room for any expansion of fossil fuel extraction, and that a large proportion of existing developed reserves will have to be left in the ground.⁶ Studies have similarly shown that "committed emissions" from existing fossil fuel-consuming infrastructure in the power and industrial sectors exceed the 1.5°C budget.⁷



Sources: Oil Change International analysis based on data from Rystad Energy, IEA, World Energy Council, IPCC and Global Carbon Project.⁷ Remaining carbon budgets shown are as of 1 January 2020.

2. 80% OF THE GLOBAL COAL FLEET AND ALL THERMAL COAL FACILITIES IN THE OECD, EASTERN EUROPE AND FORMER SOVIET UNION MUST BE CLOSED BY 2030, AND ALL GLOBALLY BY 2040

The think tank Climate Analytics has calculated the rate of coal power phase outs needed in different regions of the world for alignment with the IPCC's 1.5°C scenarios.⁸ This analysis shows that coal power must be phased out by 2030 in the OECD, Eastern Europe and the Former Soviet Union; and by 2040 at the latest in the rest of the world. These dates were reiterated by UN Secretary General Guterres in March 2021.⁹

It is crucial to note that while Climate Analytics shows coal power in some countries continuing until 2040, **80% of the global reduction in coal generation needs to happen this decade.**

Climate Analytics states that "to keep the door open for staying under the Paris Agreement's 1.5°C limit, countries will need to plan to retire a large number of existing coal power plants early, reduce the capacity factor of those that remain, and refrain from building new coal capacity."

The IEA's World Energy Outlook 2020 shows that **"sub-critical" power plants (33-37% efficient) must be completely phased out, and supercritical plants (42-44% efficient) mostly phased out, by 2030.** The IEA's 2021 net-zero pathway also states that the least efficient coal plants need to be phased out by 2030.¹⁰

Rapid decline in coal generation needs to start immediately

Some parts of the world have seen positive trends on coal over the past decade. Between 2010 and 2020, coal generation fell by 58% in the US and by just shy of 98% in the UK.¹⁰ In the EU, coal generation almost halved in the decade after 2010 with a 20% drop between 2019 and 2020.¹¹

Elsewhere in the world, however, the trajectory for coal generation is wildly incompatible with 1.5°. Mainly because of a boom in coal plant construction in China, global coal generation continued increasing rapidly after 2010 to reach a peak in 2018. By 2020 it had dropped back to just over its 2010 level, but the IEA estimates that it will rise by 5% in 2021 and a further 3% in 2022, potentially exceeding the 2018 record high.¹²

Financial institutions need to play their part in turning around this alarming trend of increasing coal generation as soon as possible by ensuring that all their coal clients have phase-out plans in line with Climate Analytics' 2030/2040 regional phase-out dates.



3. PHASE-OUT PLANS MUST INCLUDE FACILITY-BY-FACILITY CLOSURE DATES

Phase-out plans must include clear timetables for individual facility closures.

Clear timetables for plant closures are necessary to ensure that workers, communities and governments are aware of

the timing by which just transition plans (see criteria 4 below) need to be adopted. Clear timetables for individual plant closures will also enable financial institutions and relevant authorities to monitor that the company is complying with their commitments.

Keeping communities and investors in the dark about facility closures

It is not sufficient for phase-out plans to give only final exit dates. French company ENGIE, for example, has announced that it will exit coal by 2025 in Europe and 2027 elsewhere, but has not provided affected communities or investors clarity on which units will be closed down by when.¹⁵

The 2021 update of the Global Coal Exit List shows that 37 out of 968 coal companies have announced a coal exit date. But none have produced an asset-by-asset closure timetable.

4. COAL FACILITIES MUST BE CLOSED AND NOT SOLD TO NEW OWNERS

The company must guarantee that its coal phase out results in real emission cuts and not in continued operation of power plants and mines by new owners.

When divesting from coal, operators may seek to not close power plants or mines but instead to sell them to other companies. **Selling a facility to another owner does not result in emission cuts. It also may increase risks for**

local communities and the environment as the successor company may not take responsibility for the environmental damage done by its predecessor or for prior commitments to workers and local communities, especially in the case of bankruptcy. It is therefore imperative that coal phase-out plans include commitments to close power plants, mines and other coal infrastructure.

Emissions under new ownership

Unipro, the Russian subsidiary of German utility Uniper, operates 11.2 GW of lignite, hard coal and gas-fired power plants in Russia. Uniper is reportedly exploring the sale of these plants to help meet its decarbonization goals. But selling the plants to new owners, who will presumably seek to keep them open for as long as possible, will not decrease emissions.¹⁷

ENGIE reduced its coal generating capacity by more than 75% between 2015 and 2019. This rapid decarbonization of its portfolio, however, did not cut emissions as it was only achieved by selling 14 coal plants to other utilities.¹⁸ In September 2021 ENGIE announced that its Brazilian subsidiaries were selling — but not closing — a 857 MW coal plant in the state of Santa Catarina, so as “to accelerate its transition to a carbon-neutral world”.¹⁹

Multinational mining company Anglo American has been producing coal in South Africa since 1945. Instead of retiring its coal mines and addressing the immense local pollution and health problems they have caused, Anglo American in June 2021 simply spun off its polluting coal assets into a new company: Thungela Resources. According to a report by Boatman Capital Research, “Thungela’s environmental liabilities could be three times greater than currently reported and are more than the value of the entire company.”²⁰



5. COAL PLANTS MUST BE CLOSED AND NOT CONVERTED TO FOSSIL GAS, BIOMASS, OR FOSSIL-BASED HYDROGEN

Fossil gas plants have less direct CO₂ emissions than coal, but high indirect climate impacts due to methane leakage during the extraction, processing and transport of gas.²⁰ **There is no room in the global carbon budget for any further expansion of gas power.** The IEA's net-zero pathway is clear that no new investments in fossil gas infrastructure are needed. It shows gas use in the electricity and heat sectors falling by 9% between 2020 and 2030, and by 87% from 2020 to 2040.²¹

Converting coal power plants fully or partly to biomass will likely lead to increased emissions of CO₂ per KWh as a result of the lower energy density of wood, emissions along the supply chain, and/or less efficient conversion of combustion heat to electricity. The time needed to reabsorb the extra carbon released can be very long, so that current policies risk exacerbating rather than mitigating climate change.²² And **using biomass at an industrial scale to produce electricity often entails the large-scale destruction of forests and has serious impacts on biodiversity.**

Any form of fossil fuel-based hydrogen production comes with a high carbon footprint. Conventional "gray" hydrogen is produced from fossil gas using a process called "steam reforming"; "blue" hydrogen is produced with the same process, but with the addition of carbon capture and storage. The ensuing climate impacts are due to the fugitive emissions from the extraction and transport of the fossil gas, the CO₂ released when splitting off hydrogen from methane, the large amounts of energy required for the carbon capture process, and the fact that the carbon capture process cannot capture all the CO₂ emissions from the reforming process. **A recent study showed that the greenhouse gas footprint of blue hydrogen is more than 20% higher than burning natural gas or coal for heat.**²³

Only green hydrogen, which is produced using renewable energy for the electrolysis of water, comes with very low emissions. However due to its high energy consumption, green hydrogen should be dedicated for industrial processes which are otherwise

difficult to decarbonize and electrify, and long-term energy storage. Some companies may seek to persuade their investors that they will convert coal plants to gray or blue hydrogen as a "bridge" to eventual conversion to green

hydrogen. However, this creates a risk — as has happened with fossil gas investments — that supposed short-term "solutions" become locked in and turn into long-term problems

Converting polluting stranded coal assets – to polluting stranded biomass and gas assets

ENGIE has announced plans to convert four of its remaining coal plants — three in Chile and one in Portugal — to gas and/or biomass. Sourcing wood pellets for fuel in Chile would exacerbate the pressure on natural forests and could lead to expansion of large-scale eucalyptus and pine plantations. The proliferation of these highly flammable and water-intensive monocultures is exacerbating chronic drought and devastating fires in Chile.²⁴ Converting coal plants to biomass would continue to impair the air quality in a country which already contains 10 of the 15 most polluted cities in Latin America.

ENGIE's most recent coal plant in Chile, which was built in 2018, will be converted to fossil gas. Pego in Portugal could also be converted to gas if social opposition defeats ENGIE's current biomass conversion plans.²⁵ Coal-to-gas conversion only risks turning one type of stranded fossil fuel asset into another. In Chile, a coal-to-gas conversion would likely depend on fracked gas, either from Texas and shipped as LNG, or from Vaca Muerta in Argentina, and transported through pipelines. Either option would be extremely carbon intensive.²⁶

6. CLAIMS OF FUTURE RETROFITTING WITH CARBON CAPTURE AND STORAGE MUST NOT BE USED TO DELAY COAL PLANT CLOSURES

Claims that coal plants will be decarbonized by coupling them with carbon capture and storage (CCS) are illusive at best. The handful of attempts to retrofit coal plants with CCS have proven highly expensive and have captured far less carbon than projected. **There is no indication that power plants fitted with**

CCS will be technically and economically viable in the foreseeable future.²⁷ The 2021 net-zero pathway of the IEA, which is in general relatively bullish on the potential of CCS, projects an amount of coal with CCS in 2030 equal to only 3% of current power sector coal consumption.

The expensive fiascos of coal company CCS efforts

Enchant Energy was set up to acquire the more than 40-year old San Juan Generating Station (SJGS) in New Mexico and to retrofit it with carbon capture technology. To help pay for the cost of capturing the CO₂, it would be sold for pumping into old oil fields to increase their output in a process known as enhanced oil recovery - therefore forcing more carbon out of the ground.

The cost of power from the 847 MW coal plant is already more expensive than clean alternatives, even before taking into account the capital and operational costs of the proposed CCS retrofit.²⁹

Enchant has been unable to find private investors to fund its \$1.5 billion venture. It is now asking the federal Department of Energy for \$1 billion to get its project off the ground.

The 240 MW Petra Nova CCS project at an NRG Energy coal plant in Texas came on-line in 2017, but was abruptly shut down in 2020, apparently because of poor economic and technical performance.³² Petra Nova at least operated for a few years — Southern Company's notorious Kemper coal CCS project in Mississippi was scrapped before completion, but after eating \$7.5 billion in ratepayer and federal government funds.³³



Kemper coal carbon capture and storage plant, Mississippi

7. PLANT CLOSURES MUST BE ACCOMPANIED WITH JUST TRANSITION PLANS, AND ALL WORKER AND ENVIRONMENTAL OBLIGATIONS FUNDED AND IMPLEMENTED

Companies must commit to negotiating with unions, communities and local governments comprehensive and transparent asset-by-asset just transition roadmaps for existing coal.³² **Without extensive planning and rehabilitation efforts by coal companies, plant and mine closures can cause massive dislocations to workers and leave local communities exposed to severe environmental hazards.**

Just transition plans must include commitments to comprehensive and early assessment of local/regional economic impacts, needs and opportunities, and clear plant and/or mine level transition planning. Such plans should address environmental remediation responsibilities as well as obligations to assist workers through retirement, training and transition assistance. Financial institutions can play a role generating funds for paying coal facility closure costs and implementing just transition plans through refinancing coal company obligations (See box “Securitization”).

It is particularly important that **coal plant closure plans include adequate funds for cleaning up coal ash ponds.** Coal ash is a toxic mixture of fly ash, bottom ash, boiler slag and flue gas desulfurization slag which is typically disposed into leaking storage ponds and landfills. It contains carcinogens, neurotoxins, developmental toxins and other dangerous chemicals. In the US, 92% of coal ash ponds are polluting the underlying groundwater to levels that exceed federal drinking water standards. Implementing proper clean closure plans prevents further groundwater pollution and eliminates the risk of catastrophic spills due to floods and extreme weather events.³³

Similarly, **coal mine closure plans need to include funds to properly rehabilitate old mine sites.** In the past many old mines have simply been abandoned posing numerous threats to public health and safety, including open mine shafts, mine fires, land erosion and subsidence and severe and long-term water pollution from acid mine drainage.³⁴

Abandoning mines, abandoning workers and the environment

The collapse of the US coal mining industry has caused a string of major bankruptcies. In the first phase of bankruptcies from 2015 to 2018, major mine operators like Alpha, Arch and Peabody sold off their least profitable mines. In many cases, the mines were given for free to the new owners, and in some cases the new owners were actually paid to take the mines.

Even though many of the new owners did not pay a cent for the mines, they have predictably been unable to turn a profit and several are now facing liquidation themselves. ERP, for example, was formed in 2015 for the sole purpose of acquiring mines out of the Patriot Coal bankruptcy. Now, ERP is insolvent, has laid off all its workers, and is failing to meet its environmental obligations. The estimated cost of cleaning up the ERP sites is at least \$230 million, while its permits were only bonded for \$115 million, and the bond provider appears unable to pay the full amount.³⁵

The win-win-win of coal closure securitization

Some US states are starting to use a financing tool called “securitization” that creates the possibility for a rare win-win-win: as a coal plant retires, consumers pay lower electricity rates, utilities benefit from new clean energy capacity, and workers and communities receive funding. Under securitization, bonds are issued to refinance utility debts for old coal plants. The savings on debt repayments can be used to help workers and communities, and utilities can reinvest their capital in cheaper clean energy assets.

In December 2020, Michigan utility Consumers Energy received regulator approval to use \$688 million in securitized bonds to retire the D. E. Karn coal plant — a plan that will save customers \$124 million. Consumers Energy has committed to procuring new clean energy, to training and transitioning current employees to new positions, and to redeveloping coal sites for uses that benefit local communities.³⁶



8. COMPANIES MUST PLEDGE NOT TO CHALLENGE THE PHASE OUT OF COAL FACILITIES THROUGH INVESTOR-STATE DISPUTE SETTLEMENT MECHANISMS

The threat or use of investor-state dispute settlement (ISDS) mechanisms may have a chilling effect on government coal exit policies. The Energy Charter Treaty (ECT) is a legal framework from the 1990s. It bypasses national laws and allows companies in the energy sector to sue states for compensation for actions — like a state-mandated coal phase out — that have supposedly “damaged” investments. The ECT is at least partially applied in 53 states, including the EU and its member states. The total sum of compensation claims successfully made by investors against states has surpassed €46 billion.³⁷

The German government’s coal exit plan foresees €4.35 billion in compensation payments to coal companies — an amount €2 billion higher than the compensation believed to be adequate based on economic criteria. This high payout was clearly intended to preempt claims under the ECT and other treaties containing ISDS provisions.

Companies can go to national courts if they believe coal exit policies are unlawful or wish to challenge compensation amounts. They should not use arbitration procedures that have been shown to be biased in favor of corporate plaintiffs. **If companies opened coal power plants in recent years against the backdrop of overwhelming scientific evidence that new coal power plants are not in line with the Paris Agreement, they must cover the costs for the early closure of the plants and not impose them upon taxpayers.**

In August 2021, the Court of Justice of the European Union shared the opinion that ECT cases brought between EU members would not be compatible with EU law. It is expected that the court will make a legally binding ruling with the same outcome in 2022. This would mean that the European Commission and member states would be legally obliged to stop intra-EU disputes under the ECT and that RWE’s and Uniper’s claims (see box) are illegal under EU law.³⁸

Lawsuits vs 1.5°C

The German city-state of Hamburg introduced stricter environmental regulations for the proposed Moorburg coal power plant in 2009. In response, the project’s developer, Swedish utility Vattenfall, filed an ISDS claim under the ECT which demanded €1.4 billion in compensation for lost “future profits”. Fearing that they might lose the case, the city government agreed to drop its additional environmental requirements and issue permits for the 1,600 MW plant. Vattenfall commissioned the plant in 2015 — and then closed it in July 2021 as part of the German coal exit.³⁹

German utilities RWE and Uniper announced in early 2021 that they would sue the Dutch government under the ECT for the forced closure of their power plants under the country’s 2030 coal exit law. RWE is seeking €1.4 billion in compensation. Uniper will likely seek a similar sum. If successful, these lawsuits will have a chilling effect on government efforts to introduce climate legislation in line with the Paris Agreement.

RWE and Uniper commissioned their coal power plants in 2015 and 2016, at a time when it was sufficiently clear that the age of coal was over. The company’s owners should bear the economic consequences of the company’s bad decision-making, not Dutch taxpayers.

9. COMPANIES MUST STOP ALL LOBBYING ACTIVITIES AGAINST GOVERNMENT ACTION ON CLIMATE

Coal companies have a long history of funding organizations that lobby against climate and environmental regulations.⁴⁰ **Financial institutions must ensure that their clients’ coal phase-out plans include commitments**

to end all funding for coal industry and anti-climate lobbying groups. Financial institutions must also ensure that these commitments are followed.

Big coal and the big climate lie

Robert Brulle, a professor emeritus at Drexel University in Philadelphia, has shown that coal companies have long been active in fighting against climate regulations. He describes oil and gas companies as “more of a marginal player” by comparison.

“The coal mining industry — the utilities that were burning it for electricity, along with the railroads who were hauling it — and manufacturing industries like steel were the first corporate forces to become climate deniers and try to block action on climate policy,” said Kert Davies, founder of the Climate Investigations Center. “They fought the hardest because they had the biggest existential threat.”

The coal industry tried to reinvent itself in the early 2000s with the concept of “clean coal” based on CCS and other technological advances. The biggest proponent of this idea was the American Coalition for Clean Coal Electricity. In 2009, this coal industry front group was caught sending Congress fraudulent letters opposing climate legislation and pretending to be from veterans, women’s, and civil rights groups.⁴¹

10. A SCIENCE-BASED TARGET OR NET-ZERO COMMITMENT IS NOT AN ACCEPTABLE SUBSTITUTE FOR A CREDIBLE COAL PHASE-OUT PLAN

The Science Based Targets initiative (SBTi) is supposed to encourage companies to increase their climate ambition. However, the SBTi's criteria have significant weaknesses, in particular because they don't yet require companies to adopt 1.5°C pathways or to set a coal phase-out date.

SBTi only assesses companies' ambition statements. It does not validate whether a

company has developed sufficiently robust plans to meet its stated target or whether these plans are actually Paris-compliant.⁴²

SBTi targets are not an acceptable substitute for an asset-based coal phase-out plan. It is therefore all the more disappointing that the UK insurer Aviva has decided to exempt companies that sign up to the SBTi from its coal exclusion policy.

Science-Based Targets vs Climate Science

The inadequacies of the SBTi are starkly revealed by its validation of RWE's climate targets. RWE is using this validation to gloss over the fact that its coal exit plans are not compatible with the goal of limiting global warming to 1.5°C.

With an installed coal capacity of 10.8 GW, RWE is one of Europe's largest coal plant operators and CO₂ emitters, and Europe's largest lignite producer. While the company is ramping up investments in renewables, coal still accounted for 30% of its electricity production in 2020. Nearly 80% of RWE's electricity in 2020 was produced from non-renewable sources.⁴³ RWE plans to continue running its largest lignite-fired power stations in Germany until 2038, and will thus still have 4.3 GW⁴⁴ of coal-fired capacity on line in 2030. Financial institutions with robust coal divestment policies have therefore already excluded RWE from their portfolios.

GOOD PRACTICES

Thankfully, there is an increasing number of good policy examples for financial institutions to follow on coal. **Worldwide, over 50 financial institutions have committed to fully exit both coal mining and power by 2030 in Europe and the OECD, and by 2040 in the rest of the world.** Some have set earlier deadlines, such as French bank and insurer Crédit Mutuel (worldwide coal phase out by 2030) or the Italian Bank UniCredit (coal exit by 2028).⁴⁵

La Banque Postale Asset Management requires divestment from companies that have not published a plan to phase out coal by 2030 in Europe and the OECD, and by 2040 worldwide. It requires phase-out plans to be based on the closure, not sale, of coal facilities and insists that clients consider the social impacts of such closures.⁴⁶ Crédit Mutuel also requires coal phase-out plans based on the closure of coal facilities.

In 2020, the Norwegian asset manager Storebrand became one of the first major investors to divest from companies, including the giant US coal-burning utility Southern Company, for their involvement in anti-climate lobbying.⁴⁷

More than 25 financial institutions request companies to publish a coal transition plan by specific deadlines, and more than 10 have made the adoption of such a plan a mandatory requirement to continue their financing and/or investments. **No financial institution, however, has published a policy with a sufficiently comprehensive and detailed explanation of what these transition plans should include.**

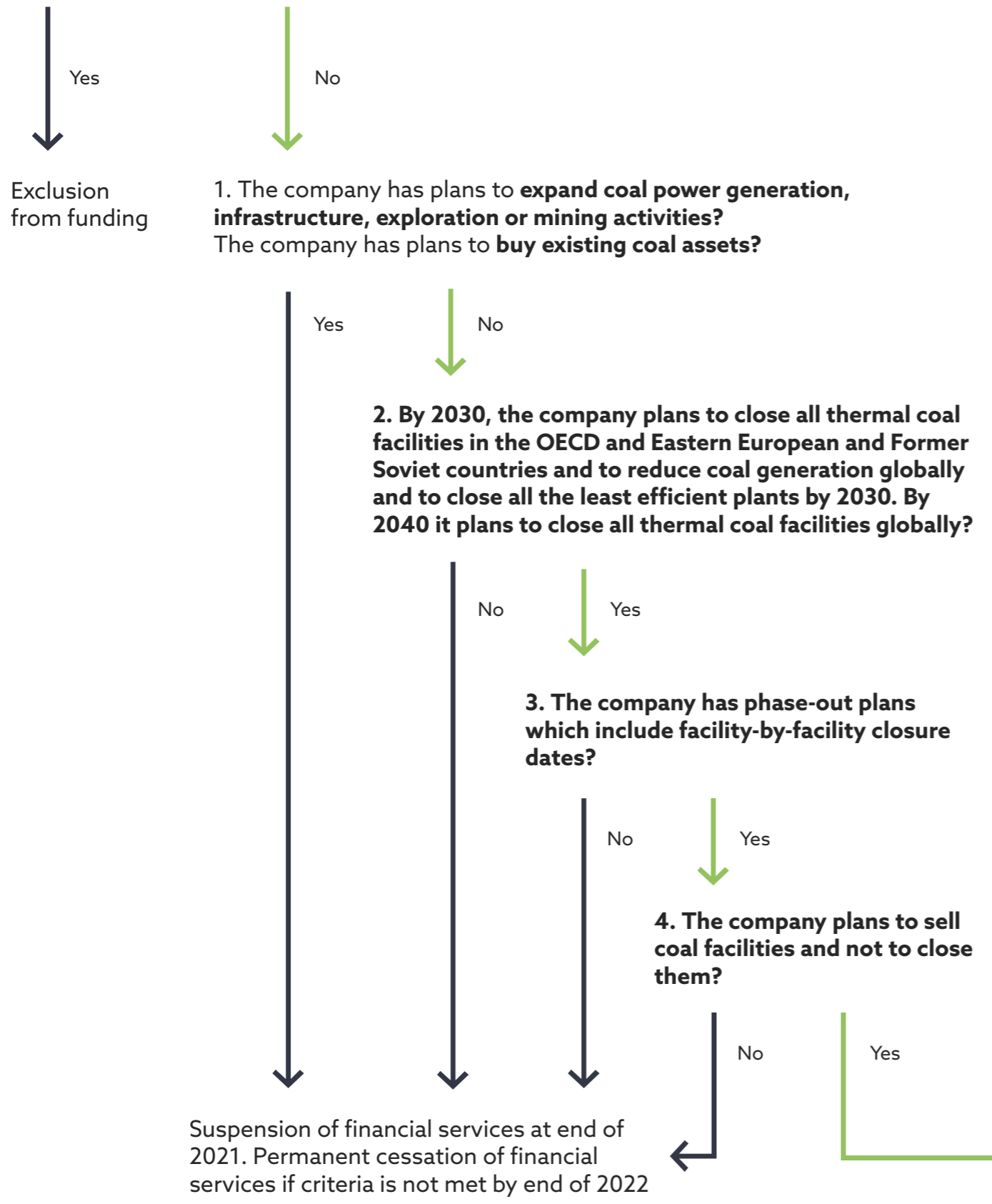
CONCLUSION

Pressure is only going to grow on the world's financial institutions to phase coal out of their portfolios. In their turn, financiers will seek to pressure coal companies to develop transition plans. And coal companies will likely respond with transition plans that are vague and unambitious and far from what is needed to meet the 1.5°C imperative. **Financiers need to use their influence to demand robust phase-out plans that include the ten criteria listed here and so ensure that coal transition plans lead to rapid closures, real-world emission reductions, and a just transition for workers and communities.**

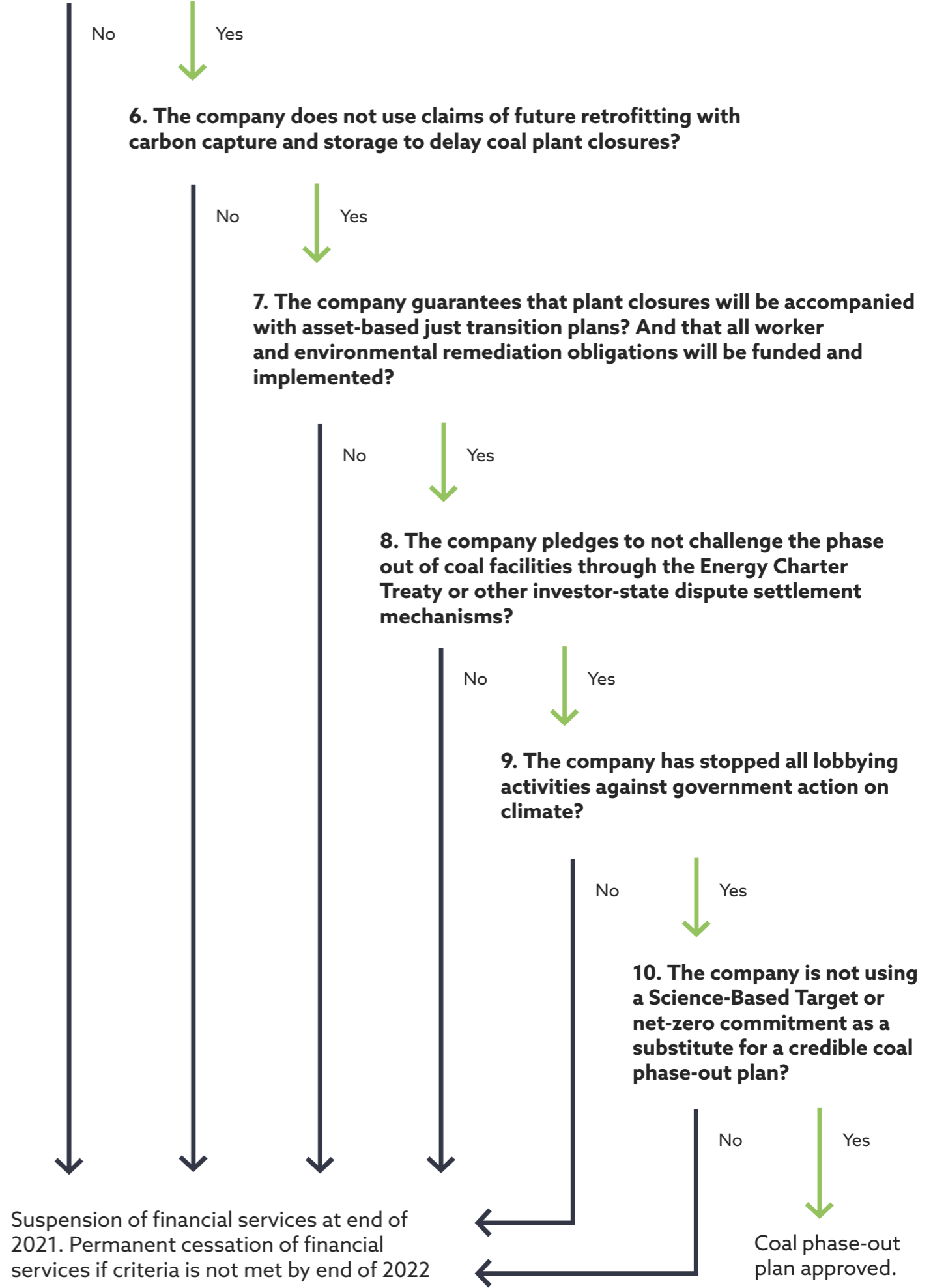
DECISION FLOW CHART FOR COAL PHASE-OUT PLANS

[NB The "company" refers to the group level and includes any subsidiaries, affiliates and joint ventures]

- Company's- coal share of revenue ≥ 20%
- Company's- coal share of power production ≥ 20%
- Company's- annual thermal coal production ≥ 10Mt pa
- Company's coal-fired generation capacity ≥ 5 GW



5. The company plans to close its power plants and not convert them to fossil gas, biomass or fossil-based hydrogen?



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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 some financial actors, 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.

Urgewald is a non-profit environmental and human rights organization. For 25 years, Urgewald has been fighting against environmental destruction and for the rights of people harmed by corporate profit interests.

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