

To: ABN AMRO, ANZ, BANCO BILBAO VIZCAYA ARGENTARIA (BBVA), BANK OF AMERICA, BANK OF CHINA, BARCLAYS, BMO FINANCIAL GROUP, BNP PARIBAS, CIBC, CITIGROUP, COMMERZBANK, COMMONWEALTH BANK OF AUSTRALIA, CRÉDIT AGRICOLE, CREDIT SUISSE, DAIWA SECURITIES, DBS, DEUTSCHE BANK, DZ BANK, FIRST ABU DHABI BANK, GOLDMAN SACHS, GROUPE BPCE, HSBC, ICICI BANK, INDUSTRIAL AND COMMERCIAL BANK OF CHINA, ING, INTESA SANPAOLO, JBIC, JPMORGAN CHASE, LA CAIXA GROUP, MITSUBISHI UFJ FINANCIAL, MIZUHO FINANCIAL, MORGAN STANLEY, NATIONAL AUSTRALIA BANK, NATWEST, NORINCHUKIN BANK, RABOBANK, ROYAL BANK OF CANADA, SANTANDER, SCOTIABANK, SKANDINAVISKA ENSKILDA BANKEN, SMBC GROUP, SOCIÉTÉ GÉNÉRALE, STANDARD CHARTERED, STATE BANK OF INDIA, SUMITOMO MITSUI TRUST, TORONTO, DOMINION BANK, UBS, UNICREDIT, UNITED OVERSEAS BANK, WESTPAC

CONCERNING: END SUPPORT FOR COMPANIES BUILDING NEW METALLURGICAL COAL CAPACITY

December 7th, 2023

Dear James P. Gorman,

We, the undersigned 67 organisations, are writing to call on Morgan Stanley to end support for both projects and associated companies developing new metallurgical coal mining projects. *Metallurgical* coal ('met coal'), to be distinguished from *thermal* coal used in power generation, is coal that is used for industrial production, mostly for steel production. In the wake of an escalating climate catastrophe, it is essential that other energy sources are identified for both steelmaking and power generation, and that *all* coal remains in the ground.

Coal is by far the [greatest source of greenhouse gas emissions](#) causing the climate crisis, responsible for 40% of emitted GHG in 2021. Due to its reliance on coal, the steel sector emits [7%](#) of global GHG and [11%](#) of CO₂.¹ Moreover, the use of coal comes with [broad threats](#) to human health. To bring down these emissions, it is essential that the steel industry redresses its reliance on met coal and uses [existing decarbonisation solutions](#).

Overall, banks contribute a fair share to emissions associated with steelmaking, as since 2016 they have collectively provided at least [US\\$557 billion](#) in loans and underwriting to the biggest developers of met coal.

Since 2016 your bank has provided a total of US\$3.4 billion to the 50 biggest developers of the metallurgical coal sector through lending and bond underwriting.

¹ Apart from CO₂ there are [other gases](#) contributing to planet boiling which explains this gap.

As a major lender to both steel - and coal mining companies, your bank must actively take part in decarbonisation efforts for the steel sector, by refusing to perpetuate the sector's reliance on coal, and by facilitating the transition to cleaner technologies instead.² This requires that you exclude finance for new metallurgical coal mining projects.

Since the 2015 Paris Agreement, almost [250](#) financial institutions have adopted policies to exclude *thermal* coal from their finance. But so far, only [nine large banks](#) have committed to some restrictions on financing *metallurgical* coal. These policies mostly focus on project finance, and rarely cover finance at the corporate level or on expansion. Hereby, it needs to be added that project finance plays only a very minor role as from 2016 onwards it accounted for [only 1.4% of financing for met coal](#). Alarming, the broad absence of effective policies means that banks are still overlooking the impact of [one-seventh](#) of the world's produced coal. This is not acceptable given the detrimental impacts of met coal on communities, nature, and the climate.³ To improve public health, and to limit global warming to 1.5°C, banks must [adopt policies](#) that leave no room for further coal-based mining expansion.

Decreasing demand for met coal requires that banks support their steel-producing clients' transition to fossil free technologies, by providing credit for such a transition but also by making the availability of this credit conditional on steel companies committing to a time bound transition plan. Fortunately, there is a [faster technology transition](#) than expected by industry experts. According to German think tank Agora Industry, a [full coal phase out in steel production](#) is technologically feasible “by the early 2040's”. This makes clear that industry and technology are ready for a transition to carbon free steel making. Additionally, in their [Roadmap for the Global Energy Sector](#), the International Energy Agency (IEA) states that “existing sources of [met coal] production are sufficient to cover demand through to 2050”. Hence, there is no reason for any further expansion of met coal production through the opening of new mines. However, as shown in the [report](#) by Reclaim Finance, there are still too many met coal projects planned, posing serious threats to any credible efforts of staying within a 1.5°C frame.

Now is the time for Morgan Stanley to include metallurgical coal in their coal phase out plans. We call on your bank to commit to stop financing ongoing carbon lock-in in steel production through the continuous expansion of metallurgical coal capacities. Instead, you should increase your lending to key enabling sectors for the steel industries transition. More specifically we call upon your bank to:

1. Immediately **end all dedicated financial services**, including advisory services **to metallurgical coal projects**. This includes the development of new metallurgical coal mines; the expansion of existing ones, and all related infrastructure.

² See page 5 of our more in-depth [briefing on met coal](#) for examples

³ These include its effects on [planet boiling](#) and [nature](#) but also [health](#) and [affected communities](#)

2. Committing to **no longer provide financial services to companies** that have plans to develop or are **developing metallurgical coal projects**. This includes no longer providing services to companies that do not have a detailed asset-by-asset and mine-by-mine closure (and not selling) **timetable aligned with a 1.5°C scenario**, and a **just and sustainable transition and decommissioning plan** for workers, local communities, and the environment.

We will continue to carefully monitor and evaluate all policy steps taken by banks globally with regards to both met coal and the steel industry. We kindly seek a **response** from your bank on this call by **January 31st**, at the latest.

We thank you in advance for your bank's willingness to put an end to the use of all coal and for endorsing your partners in the steel industry in their path towards carbon-neutrality through advisory and the provision of transition finance.

Sincerely,

1. 350.org Australia
2. ActionAid Denmark
3. ARRCC (Australian Religious Response to Climate Change)
4. Bank Climate Advocates
5. Bank.Green
6. BankTrack
7. Beyond Fossil Fuels
8. BreakFree Suisse
9. Breathe Project
10. CEE Bankwatch Network
11. Center for ecology and sustainable development (CEKOR)
12. Centre for Environmental Rights
13. Citizens Action Coalition of IN
14. Climate Action Network France
15. Climate Pledge Collective
16. Climate Safe Lending Network
17. Coal Action Network
18. Corporate Europe Observatory
19. Defund Climate Chaos
20. Democracy Watch
21. Ecologistas en Acción
22. ENVIRONICS TRUST
23. Extinction Rebellion Nederland
24. Fair Finance International
25. Finance & Trade Watch
26. FossilvrijNL
27. Fridays For Future Climate Justice Project

28. Friends of the Earth England, Wales & Northern Ireland
29. Friends of the Earth Finland
30. Gas No Es Solución
31. Germanwatch
32. Global Action Plan Polska Foundation
33. Green Advocates Liberia
34. Green Alliance
35. Group Against Smog & Pollution
36. Inclusive Development International
37. Industrious Labs
38. Institute for Sustainable Development Foundation
39. Instituto Internacional de Derecho y Medio Ambiente (IIDMA)
40. Leave it in the Ground Initiative (LINGO)
41. Les Acteurs de la finance responsable
42. London Mining Network
43. Mackay Conservation Group
44. Make My Money Matter
45. MarketForces
46. Mighty Earth
47. Mining watch Serbia (KORS)
48. Open Plan Foundation
49. Positive Money Europe
50. Positive Money UK
51. Rainforest Action Network
52. Reclaim Finance
53. ReCommon
54. Recourse
55. Scientists for Global Responsibility
56. Sierra Club
57. Social Ecological Institute - Społeczny Instytut Ekologiczny
58. Solutions for Our Climate (SFOC)
59. Stand.earth
60. SteelWatch
61. Stowarzyszenie (Association) BoMiasto
62. Stowarzyszenie Ekologiczne EKO-UNIA
63. Third Act
64. Tipping Point UK
65. Toxic Bonds Initiative
66. Urgewald
67. Women's Earth and Climate Action Network



Australian Religious Response to Climate Change

