Still Burning

How Nordic Investors Fuel Metallurgical Coal Expansion

JUST SHIFT

This report is based on the report "Still Burning: How Banks and Investors Fuel Met Coal Expansion" concurrently published by Urgewald.

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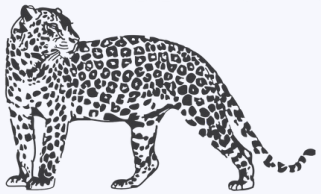

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Still Burning – How Nordic Investors Fuel Metallurgical Coal Expansion

Foreword

There is a lot of talk about green steel, but the reality is: The majority of steel is still produced using metallurgical coal.[1] Responsible for 11% of global CO_2 emissions, metallurgical coal is a major roadblock to meeting our climate goals. Yet new mines keep popping up, blocking the transition to a greener future.

“Urgewald’s Metallurgical Coal Exit List (MCEL) identifies 160 met coal developers operating across the globe,” explains Lia Wagner, met coal expert at Urgewald. “These companies’ expansion plans would double the world’s current met coal production.”

The new production is, however, not necessary. The International Energy Agency (IEA) estimates that there is no need for new coal mines or expansions of existing ones in a net-zero scenario, as current mines can meet demand until 2050.[2] It is expected that the developments within fossil-free steel production, which are being rolled out already, will make it viable to produce steel without coal well before 2050.

Background

There are slight variations in the physical composition of coal. For example, metallurgical coal contains more carbon and less moisture, making it better suited for producing coke.[3] This coke is used in iron production, which is why the coal is referred to as metallurgical coal.[4] Steel, in turn, is an alloy composed mainly of iron, with a small amount of carbon.

Although the names suggest different types of coal, it is more accurate to speak of different qualities within coal. Reclaim Finance explains in a report from September 2024 that coal only becomes metallurgical when it is sold to the metallurgical sector – the term is thus nothing but a marketing name. Therefore, metallurgical coal can also be used for heat production when the price is right, just as lower-quality coal is also used in steel production.[5]

Regardless of whether coal is used for metallurgical or thermal purposes, it emits enormous amounts of CO_2 and causes air pollution with significant consequences for local communities.[6] The use of metallurgical coal is therefore not less harmful to the climate than thermal coal. In fact, the climate impact of metallurgical coal is worse in some respects, as it is often mined in deeper mines with higher methane concentrations. Methane emissions from metallurgical coal mining are estimated to be three times higher than those from thermal coal.[7]

The reason metallurgical coal has been exempt from many coal policies is that coal is a central component of most of the world's steel production, and there have previously been no recognized alternatives to coal-based steel production. However, this is changing.

In March 2025, a large network of CSOs and think tanks published the report The State of the European Steel Transition.[8] The report presents a wide range of projects for coal-free steel production in Europe. These include scrap-based steel production in electric arc furnaces, as well as projects where steel is made from iron ore using direct reduction and electric arc furnaces. This process does not require coal; instead, it uses fossil gas or, more preferably, green hydrogen for the reduction process.

Although there is some uncertainty around the financing and demand for some of the announced steel decarbonization projects, they clearly demonstrate that steel production without coal is possible—both today and especially in the future. In 2023, the think tank Agora Industry published a report showing that progress in green steel means the global steel industry could reach net-zero emissions by the early 2040s.[9]

Combined with the IEA's Net Zero by 2050 report saying that existing mines can meet the demand until 2050,[10] Agora's analysis means that there is no need to expand existing metallurgical coal production or consider metallurgical coal exempt from coal exclusion policies.

Methodology

- The following chapters analyze investors behind companies that are still expanding their metallurgical coal mining activities. The scope of companies is based on the Metallurgical Coal Exit List (MCEL) published by Urgewald in January 2025.
- The investors included in this analysis comprise pension funds, mutual funds, asset managers, insurance companies, hedge funds, commercial banks, sovereign wealth funds, and other institutional investors. The latest filing date was July 2025.
- We apply adjusters that reduce the deal value for diversified companies. These adjusters reflect the estimated share of the company's business attributable to metallurgical coal. We calculate them using revenue and expansion data from MCEL.
- The investment data is based on Factset. The datasets were compiled in collaboration with the not-for-profit research institute Profundo.
- The currency used in this report is USD for comparability with the global report on metallurgical coal finance published by Urgewald concurrently with this report, and because the original data on which this report is based is presented in USD.

Financial Institutions Are Lagging Behind

After COP21 in Paris in 2015, many financial institutions responded to global appeals to phase out coal by introducing financing restrictions. Yet, these measures left a significant loophole: metallurgical coal remained exempt.

As such, out of the 318 financial institutions assessed in Reclaim Finance's Coal Policy Tracker, 146 have adopted a policy restriction for coal, but only 14 of these also cover metallurgical coal. The few financial institutions that have adopted restrictions on metallurgical coal are European banks and insurers, and most of them have done so on the project level. Urgewald's data shows that only 2.9% of funding for metallurgical coal developers was directed through project finance, highlighting just how limited the impact of these restrictions really is.

So far, only two major financial institutions have adopted robust metallurgical coal exclusions, cutting all ties to metallurgical coal developers: Swiss insurer Zurich, and French insurer MACIF. "Of Nordic institutional investors only Nordea, Sampension, and SEB have policies that at least mention metallurgical coal. None of these policies specifically addresses companies that continue expanding their metallurgical coal production.[11] Our carbon budget for 1.5°C leaves no room for coal mining expansion – neither for thermal nor for metallurgical coal" says Ninni Kähkönen, Just Shift's Steel Specialist. The Science Based Targets Initiative's newly issued Net-zero Standard for Financial Institutions, therefore, calls for the exclusion of metallurgical coal developers.

European, and among them, Nordic financial institutions were the first to implement policies that limit coal financing. At the time, this was a significant shift. But today, these policies are no longer sufficient. Whether coal is combusted for steelmaking or for power it produces the same negative climate impact. **And distinguishing thermal from metallurgical coal is often impossible, as both are usually extracted from the same mine. Bloomberg research shows that when prices fluctuate, metallurgical coal can also end up fueling power plants.[12] Credible coal policies must therefore cover both thermal and metallurgical coal.**

Nordic Metallurgical Coal Investors

Urgewald's data shows $615.6 million of Nordic investments in companies that continue to expand their metallurgical coal operations. The biggest contributor by far is **the Norwegian Government Pension Fund,** followed by **the Swedish 7th AP fund, the Danish PFA Group, the Norwegian DNB,** and **the Finnish Varma.** There are two Norwegian, three Swedish, two Danish, and three Finnish financial institutions among the top ten investors contributing to metallurgical coal expanders. These investments total almost $600 million and make up 97% of all Nordic institutional investors' assets in metallurgical coal expanders.

The Norwegian Government Pension Fund (GPFG) is the largest metallurgical coal investor in Europe, with more than half a billion USD tied to the sector. Back in 2015, Urgewald exposed the fund's huge investments in coal and convinced it to divest large parts of its thermal coal portfolio.[13] However, the GPFG continues to support destructive coal operations through its holdings in 13 metallurgical coal developers. By investing in the U.S. company Alpha Metallurgical, the fund is directly supporting mountaintop removal mining – a shameful contradiction for a country like Norway, renowned for its beautiful mountains.

Mountaintop removal is the most brutal form of coal mining, which is still permitted in some parts of the US and Canada. Entire mountaintops are blasted away to expose coal seams. The resulting debris is dumped into nearby valleys and streams, creating what are known as "valley fills".

Nordic Investors Support Metallurgical Coal Expanders

Anglo American Continues Expanding

Another large investment of The Norwegian Government Pension Fund is in Anglo American. The company planned to sell its entire metallurgical coal division to Peabody, but events took a different turn: In August 2025, the global metallurgical coal industry was shaken when Peabody Energy scrapped its deal to acquire Anglo American's coal business in Queensland.[14] The reason was a mine fire caused by high methane levels that occurred at the Moranbah North Mine this year. It wasn't an isolated case: Just last year, Anglo American's Grosvenor mine went up in flames for the same reason. [15]

Metallurgical coal mines typically release higher concentrations of methane than thermal coal operations, thereby increasing the likelihood of explosions and fires. Anglo American is thus currently stuck holding those assets and cannot simply walk away from its responsibility. In 2020, the GPFG had publicly announced plans to divest Anglo American, yet that position has shifted.[16] The GPFG currently owns 2.57% of Anglo American's outstanding shares. Including both equity and bond holdings, approximately $149 million of the fund's capital is linked to Anglo American's metallurgical coal operations.

Anglo American may be planning to sell its metallurgical coal mines, but it is still expanding its coal capacity. The British company holds licenses for two mining projects in Australia – hardly a convincing retreat from coal production. By owning half of the Moranbah South project, Anglo American is directly involved in Australia's largest planned metallurgical coal expansion, with a projected capacity of 18 million tons. A credible coal phase-out would require nothing less than the complete absence of any expansion plans.

"As a diversified miner, Anglo American is far less dependent on coal than pure-play coal producers. When diversified companies begin exiting the market, pure miners won't be far behind. This could be the first shovel in burying met coal for good," says Lia Wagner from Urgewald. Even Bloomberg notes that the sector is looking "more and more like a declining market."[17] Anglo American's struggle to sell its mines underscores how rapidly metallurgical coal is losing its appeal.

Other investors with Anglo American in their portfolio:

7th AP fund, 1st AP Fund, 4th AP Fund, SEB, AMF Pensionsförsäkring, Svenska Handelsbanken, Skandia, Länsförsäkringar, and AIFM Group from Sweden; DNB and KLP from Norway; Nordea, Elo Mutual Pension Insurance Company, Seligson & Co Fund Management, Ålandsbanken, and Ilmarinen from Finland; PFA Group, Danske Bank, Pædagogernes Pensionskasse, Sampension, Sydbank, PensionDanmark, PKA , AkademikerPension, and Lægernes Pensionskasse from Denmark.

Nippon Steel and Mitsubishi: Not Only Steelmakers

Japanese heavy metallurgical coal investments are no surprise, as the country is the world's third-largest steel producer, after China and India.[18] A key player is the Mitsubishi conglomerate. Mitsubishi Corporation is not only building new coal power plants, but is also expanding its Australian metallurgical coal mines through its BM Alliance joint venture. Mitsubishi UFJ Financial Group, the conglomerate's major banking division, supported the expansion of these mines by investing $330 million in the metallurgical coal segment of Mitsubishi Corporation. Thus, investing in Mitsubishi is not only an investment in the steel and automotive industries, but also in metallurgical coal.

The Japanese steel company Nippon Steel holds direct stakes in coal mines to secure its own supply. As a minority shareholder in the Elk Valley mines, it shares responsibility for the severe environmental destruction caused by Glencore (see page 13). In Australia, Nippon Steel is involved in the expansion of Blackwater Mine, which will destroy more koala habitat than any other mine in Australia. Financiers of Nippon Steel's recently announced "Green Transformation Initiative" should call on the company to follow its own slogan – "Make our Earth Green" – and withdraw from its coal expansion projects.

"The World Has Too Much Steel,
but No One Wants to Stop Making It"
– New York Times, July 2025

The reality is that coal expansion projects, such as those pursued by Japanese steelmakers like Nippon Steel or Mitsubishi, are not necessary to keep the steel industry running. Excess steel production is projected to reach 721 million tons by 2027[19] — more than eight times what Japan produced last year.[20] Yet no country wants to voluntarily scale back its own steel production, since the material is considered essential to its economic and national security. The relentless rush to mine more metallurgical coal is nevertheless wildly out of proportion with the steel the world actually needs. It also proves that these steelmakers are not on a serious climate transition pathway.

Investors with Nippon Steel and/or Mitsubishi in their portfolio:

7th AP fund, 1st AP Fund, 4th AP Fund, Svenska Handelsbanken, AMF Pensionsförsäkring, 2nd AP Fund, SEB, 3rd AP Fund, and Swedbank from Sweden; Varma, Nordea, OP Financial Group, Elo Mutual Pension Insurance Company, and LocalTapiola Group from Finland; PFA Group, Danske Bank, Nykredit Group, PensionDanmark, ATP Group, PKA, and Lægernes Pensionskasse from Denmark; Government Pension Fund Global, DNB, KLP, and Storebrand from Norway.

Protests against Nippon Steel's involvement in an Australian coal mine in 2025. Image: Move Beyond Coal

Peak Downs Mine in Queensland, Australia

BHP Plans to Still Mine Coal in 2116

BHP plans to extend its Peak Downs Mine in Australia for another 91 years – continuing to extract coal in 2116. This is far from compatible with a net-zero by 2050 pathway as required by the Paris agreement, neither for the mining company nor the institutional investors invested in it. Mitsubishi is expanding its Australian metallurgical coal mines through a joint venture with BHP, the BM Alliance. However, BM Alliance is experiencing serious headwinds in Australia and has suspended parts of its mining operation, cutting 750 jobs.[21]

Nevertheless, BHP continues to push ahead with its expansion plans – revealing an entirely unrealistic future vision. “Federal and state governments should not give BHP approval for new coal projects when it is simultaneously mothballing the mines it already operates,” says Ellen Roberts from Lock the Gate Alliance.[22] Coal mining in Queensland’s Bowen Basin is getting unviable, squeezed by high operating expenses and fading demand. The best moment to exit the market has long passed.

Investors with BHP Group in their portfolios:

Government Pension Fund Global and DNB from Norway; PFA Group, Danske Bank and Jyske Bank from Denmark; Svenska Handelsbanken, and AMF Pensionsförsäkring from Sweden.

Investing in Mountaintop Removal

Fernie is a small town on the Elk River in the Rocky Mountains of British Columbia, Canada. Tourists visit for skiing in the winter and fly-fishing in the summer. Today, this pristine idyll is threatened as an increasing number of fish with deformed skulls and twisted spines are found in the river, and authorities have had to close parts of the river to fishing. The reason is dangerously high levels of selenium and nitrate in the river, a direct result of Glencore's mountaintop removal mining activities.

Fernie's backup water supply needs to be replaced because the recently installed well is exceeding human health guidelines for selenium levels. Formerly Teck, now Glencore, promised to improve the situation, but inadequate progress has been made. By withholding recent information about the well, the government is fueling fears that the situation has worsened. The mines lie on Ktunaxa Nation territory, where they are poisoning indigenous land and waterways.[23]

Glencore currently owns four active mountaintop removal mines, producing more than 20 million tonnes of coal annually in the Elk Valley. The coal extracted there has a greater climate impact than the rest of British Columbia's annual greenhouse gas emissions combined.[24]

Right now, British Columbia's Environmental Assessment Office is reviewing a Glencore proposal to build a new greenfield mine. Similar plans previously existed under Teck Resources as the 'Castle Project'. Facing strong opposition, Glencore rebranded it as the 'Fording River Expansion'. A change of name does not change the fact that this is essentially a brand-new mine next to the current Fording River Mine. This mountaintop removal project would devastate the beautiful Castle Mountain, which is home to threatened Rocky Mountain bighorn sheep and grizzly bears.[25] These plans would lock in coal production in the area until the 2060s.[26]

"Financial institutions chase short-term profits, while our communities are left with the long-term consequences. Supporting Glencore means supporting an irresponsible system

Mountaintop Removal Mining in Elk Valley. Image: Garth Lenz

that undermines both the ecological and financial health of the region. The damage to water resources will last not just for decades, but for centuries – while private companies profit today, society will be forced to shoulder the costs for generations to come," stresses Brennan.

Casey Brennan has lived in Fernie for more than half his life, just blocks away from the Elk River. He says:

"A river system is more than just the water flowing on the surface. Glencore's mining operations contaminate not only the visible rivers and streams, but also the hidden underground water sources that communities and ecosystems depend on."

Investors with Glencore in their portfolio:

7th AP Fund from Sweden; OP Financial Group, Elo Mutual Pension Insurance Company, and Seligson & Co Fund Management from Finland.

Currently under Threat – Castle Mountain. Both images: Siobhan Winters, Wildsight

What's Next?

Green steel is on everyone's lips already and next year the issue will be impossible to ignore: 2026 is set to mark an important milestone for the metallurgical coal and steel industry. In Sweden, Stegra is expected to bring Europe's first commercial-scale green iron and steel plant using green hydrogen and renewable electricity online.[27] The company expects to reduce CO_2 emissions by 95% compared to coal-based steelmaking.[28]

In September and October 2025 alone, various steel producers took steps in the transition towards coal-free steel production in Europe:

- SSAB began the construction of a new electric arc furnace in Sweden, replacing an old blast furnace. This investment is expected to reduce Sweden's total carbon dioxide emissions by seven percent.[29]
- Thyssenkrupp signed a memorandum of understanding with Australian green iron developer Progressive Green Solutions (PGS) to purchase green hydrogen-based iron products, which can replace coal-based iron in steel production.[30]
- The German steelmaker SHS – Stahl-Holding-Saar Group announced the completion of a $1.7 billion financing package, aimed at funding its Power4Steel transformation project, a decarbonization project advancing the company's pathway towards producing climate-neutral steel.[31]

"It's great to see that steel production in Europe is beginning to transition to less climate hazardous steel production. But there is still a long way to go. If we are to reach the targets set out in the Paris agreement, it is important that asset managers in Nordic financial institutions act as frontrunners and engage with their portfolio companies to speed up their transition" says Tobias Nissen, Industry Lead at ActionAid Denmark's Center for Sustainable Finance.

Beginning next year, 2026, the Carbon Border Adjustment Mechanism (CBAM) will be gradually introduced, making importing coal-based steel into the EU more expensive. At the same time, free emissions allowances for European steel producers will be phased out.[32] This will add further pressure to speed up the industry's transformation.

The era when the label “metallurgical coal” could be used to justify dirty investments is now definitively over. A credible coal policy must rule out all further expansion in metallurgical coal mining. Financial institutions play a crucial role in determining whether steel truly goes green or remains locked in coal.

By the end of 2026, COP31 is likely to take place in Australia, the country where coal companies try to extract every last chunk of metallurgical coal from the ground. By then, at the latest, metallurgical coal and its heavy climate impact will move into the spotlight.

Nordic institutional investors have the opportunity to be frontrunners by excluding metallurgical coal expanders from their portfolios, and by designing robust metallurgical coal policies to prevent future investments in the sector.

At the very least, build coalitions of investors in order to engage companies and move them away from expanding metallurgical coal production or be excluded from investment portfolios.

We need leaders, and every cent counts in the fight against the climate crisis.

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