

## 3.2 Chief Executive Report

### Purpose

To provide the Board with the activity highlights, key issues for discussion, pursuant to the Key Performance Indicators (KPIs) and Work Programme for the first half of FY 2022-23. This report should be read in conjunction with the detailed activity recorded in the attached WCA Q1 and Q2 Update papers.

### Overview

The Secretariat continued progressing with its flagship initiatives including: (1) Reputation Management; (2) Finance and Investment Strategy; and (3) Membership Strategy, highlighting the following key issues for discussion.

### Papers

- Item [WCA Q1 Update](#)
- Item [WCA Q2 Update](#)

# Chief Executive Report WCA78 Board Meeting

17 May 2023

## Seizing the New Reality

As we gather together in Singapore for the 78th meeting of the WCA Board, I am particularly mindful of how far we've come on our coal journey over the past four years - and where we are at the moment.

I think there's a substantial weight of evidence that shows how we've moved the dial in terms of the realistic coal dialogue which can be achieved, and how we can build our reputational standing at the same time through transparency.

In fact, a former and highly reputable Australian oil and gas colleague was in London recently and commented on our narrative, noting the fact that we have escaped any attack from the extreme green constabulary.

"How do you do that?" he asked.

"Stick to the facts," I said.

## The Media Maelstrom

Consider some of the conversations, and the messages communicated over the past two and a half years:

"Enough of this madness," I said to the UK's Financial Times in November 2021: "Because, every day we spend distracted by climate politics and diplomatic wordsmithing to save face is just another day where emerging and developing nations contend with the social, economic and environmental costs of not accelerating the deployment of abated coal, which involves the generation of electricity with carbon capture and storage."

Media reports have painted a fascinating picture of coal's energy re-entry with countries like Austria, Finland, France, Germany, Italy, Holland and the United Kingdom, several of which had previously vowed to "kill coal", suddenly doing complete U-turns and re-starting coal plants to help Europe through its energy catastrophe.

With some irony the German Greens Chancellor (Robert Habeck) announced that Germany must reduce natural gas consumption and increase the burning of coal in order to help fill gas storage facilities for winter.

By November, the headlines rather hypocritically read: "Germany is dismantling a wind farm to make way for a coal plant." That made a few of us scratch our heads.

In the United States, the Energy Secretary (Jennifer Granholm) urged fossil fuel companies to "cut to the chase" and increase their production to stabilise the market following the global energy crisis.

Japan avoided blackouts over summer by relying on output from its significant but aging coal-fired power fleet. It is noteworthy that coal has become even more vital amidst the global energy crisis and the shutdown of Japan's nuclear reactors since the Fukushima disaster.

*As you all know I do not believe we should pretend that we're not in the business of fossil fuels. Nor should we be naive enough to think that we can stay the same. We must address the global community's expectations for us in both development and decarbonisation.*

*Equally, let's not over promise about our ability to get there. But let's genuinely move the demonstration dial, one legitimate step at a time.*

At the so-called "COP to end Coal" in Glasgow, that same month, we captured the front page of the New York Times by challenging Michael Bloomberg's call for coal's demise:

"Coal is a critical source of energy for hundreds of millions of people across the world," we said. "We believe it is important for those calling for any phase out of coal use to appreciate that coal is part of the climate change solution through the phase-in of clean coal technologies."

Cut to December last year, 2022, when I was interviewed by The Australian newspaper during our Australian Roadshow:

"Cancelling fossil fuels and replacing them with renewables in a simplistic cut and paste operation will not solve the energy problem," I said. "Emissions from coal can be up to 99 per cent abated and the fuel will remain fundamental to the energy mix, create new industries beyond combustion and become part of a new integrated value chain."

The Editor of The Australian challenged the 99% assertion.

"IEA Clean Coal Centre and The International Centre for Sustainable Carbon," Antonios answered.

"Happy to verify." And so, we did.

It was a good example of how slanted the energy debate has become and the level of distrust there is in a "coal hard fact."

In my Opinion Editorial in the same newspaper three weeks later, I hit home the fact that renewables, as good as they are, have failed to provide the continuous, reliable and affordable energy security that was always envisaged.

"Trillions have been invested in a renewables-only solution," I wrote. "That's probably your superannuation or government subsidies which are at risk of eroding during times of high inflation."

Hundreds of readers, the Ted's and John's and Mary's of interested Australia, wrote in to support our stance.

"The walk back from populist principles and passionate precepts is more than a lesson in how not to lose face – it's a genuine moment of pause to address the reality."

In a separate Opinion Editorial, I wrote for South Africa's Sunday Times, I drew attention to that country's calamitous problems - reduced rail freight, train shortages, spare parts, derailment, crippling strikes, cable theft, and vandalised infrastructure.

Added to this, the increase in organised crime, especially along the transport routes between the coal belt in Mpumalanga and coastal ports, reduced the country's ability to monetise coal exports. This is one top of the rolling blackouts that continue as you read this report.

It tells us that when energy instability compounds the effects of food scarcity, dire unemployment, and unpredictable political, economic and social circumstances, including in South Africa, the poorest and most vulnerable are hardest hit.

And, as I wrote: "To add insult to injury, the Global North, in the guise of the G7, is now dangling \$ 8.5 billion in South Africa's face if it commits to closing South Africa's coal plants ahead of schedule and investing in clean alternatives.

If I sound cynical, I am.

South Africa, which depends on coal for 80 per cent of its energy, is being offered a ransom (or ransom?) sum of money to abandon an abundant fuel source which is its lifeblood, in favour of a single energy solution – renewables - which is intermittent and exposed.

This is a fuel source which employs almost 100,000 people and keeps communities and economies prospering.

Also went on to underscore. It beggars' belief.

## **Future Coal Takes Shape**

Amidst this pandemonium, a new and very deliberate message started to emerge and gain weight. As The Australian's Business Editor reported:

"Manook says within the coal sector there is a desire to see 'future coal' emerge: uniting the value chain in coal and innovation beyond combustion to create coal hydrogen, coal fertilisers, and high carbon products from coal waste like fly ash."

That's a positive statement in a country which has on the one hand been trying to eradicate coal at the same time as it tries to become 100 per cent renewable and somehow keep all the lights on. It feels like we still have a long way to go in the land down under.

I wanted to recall these public utterances because they chart a journey, albeit a rather long and arduous one, to a very different and future point in time.

Three years ago, we found ourselves staring at the embers and wondering how and why coal had been so massively displaced.

The advertising agency, McCann, showed us a video which many of us found uncomfortable, distasteful even. It spoke about “dirty coal” and depicted the industry as irresponsible. “That’s not us,” we said. “We’re better than that.”

And we are, but we hadn’t been saying anything to anybody, nor demonstrating.

We were a largely silent and disparate opposition facing off against an effective very well-funded anti-coal lobby and a belief system which claims that fossil fuels are dead.

Today, I believe we have been given a second chance.

We are at a new juncture with a very clear narrative and some very obvious choices to make.

But in my view there is no choice but to ‘shed the old coal skin’ and become a credible and responsible force for change.

I truly believe and continue to that it is apathy that caught the coal community out before and it will be its inability to unify, promote and support the good that comes for our CONNECTED industry.

The surfeit of energy insurgencies over the past 18-months has demonstrated that the world cannot live without coal, and it cannot just “disappear.”

The latter would be a physical impossibility.

According to IEA data, there was still 2184 GW of coal power capacity operating around the world in 2021. While coal plants remain earmarked for closure in Europe after 2024, pending ongoing energy security concerns, at the end of 2022, 151 GW of new coal plants were under construction and will come online by 2026 across 16 countries. Regionally, 85 GW will come online in China, 27 GW in India, and 40 GW elsewhere.

Globally, the trend towards HELE coal is evident, with 110 GW using USC technology, 31 GW are SC, and just 10 GW being subcritical. Almost all new capacity additions remain in Asia, exemplifying the solidity and reliability of coal power as a driver for expanding electricity demand and economic development. But we know that coal technology is advancing all the time.

As we meet together at this high watermark, it seems appropriate that we gathered together in a landmark country which punches way above its weight.

Because we are literally and figuratively yet another crossroads where we can either choose coal and sign on to its sustainable future or stand back and let it slip fulfil the fate put on it by others.

I hope that our activities over the past three and a half years have proven that we can change the debate and present a credible, alternative viewpoint.

Since my last Chief Executive Report, we have not relented.

We have continued to engage, enrol and educate across all key regions, notably in India, South Africa and Australia. The remainder of this calendar year will be dedicated to East Asia and the US. An impactful period ahead.

## **Media Impact**

We know we have been making a difference.

Independent media research provider Agility tells us that we are making strong headway.

In our latest research (January 2022-February 2023), we tracked four key subject areas in which we have been focusing our debate:

- Just Transition
- Cost of Transition
- Sustainable Development Coals
- Carbon Footprint.

These topics have received total media mentions of 17,153 for an audience reach of 42.2 billion.

In terms of specific WCA mentions against those topics, we reached an audience of 24.3 million.

To put that in context, the potential impressions are the sum total of all mentions and the platforms they appear on with their impression rate. In theory it means that each person in the world has been exposed to messages included in our search five times (with ups and downs for different regions and populations). It does not mean that everyone has read every word of content, it is an average related to exposure.

As we wanted, and based on our regional approach, we are achieving major cut-through in India, South Africa, and Australia. However, research also tells us that the United States is the leading country by placement of coal-related content.

It is pertinent to note that there are very low levels of negative sentiment being recorded. This because we are using fact-based content which cannot easily be challenged.

High level findings are as follows:

- Overall media sentiment was 19% positive, 79% neutral (for 98%) and 2% negative.

- Negative coverage focused on the impact of coal mining on the environment, and the way some countries were prioritising energy security and economic development over global climate goals.
- The top 10 publications were (in order): Reuters, Forbes, Hindustan Times, Daily Mail (South Africa), Economic Times (India).
- Research identifies several journalists who are not amongst our existing target group and are therefore now added to our top tier list (Associated Press, the Pretoria News and the Canberra Times).
- Highest mentions were accorded as follows: - Cost of Transition (5,590 mentions), United Nations Sustainable Development Goals (5,329 mentions), Just Transition (4,101 mentions) Carbon Footprint (2,541 mentions).
- Gainwell's enrolment as a WCA member in April 2022 ranked highly in the Just Transition section with quotes attributed to Michelle Manook.
- The WCA was heavily referenced under the Carbon Footprint category, quoting July Ndlovu at the South African Coal Conference, who said that up to 99% of coal emissions can be eliminated through abatement technologies and processes which currently exist.
- The WCA was highly referenced in the Sustainable Development category with commentary identifying the message that all fuels and all technologies are needed to get us across the finishing line.

## **Social Media**

Our social media activity continues to complement our media advance and research shows that this is also meeting targets.

Since the start of 2023, the WCA has achieved three monumental milestones - over 10,000 followers, the most reacted post in its history with 774 on Michelle's op-ed in the South African Sunday Times, and the most impressions to date, with an 84% increase on the previous quarter with 364,525 organic impressions and 20,991 sponsored impressions.

Analysis informs us that interest is being driven by succinct and relevant content especially that which relates to abatement technologies and government announcements on extending coal's life.

Three LinkedIn advertising campaigns were also conducted – two which leveraged the WCA's presence at Mining Indaba in South Africa and the third which boosted a post of about Australia's need for coal to ensure energy security and quoting think-tanks and government sources. All three campaigns achieved the aim of enhancing impressions and the reach of the posts while boosting brand awareness of the WCA and our messaging.



Consistent with our aim to target key companies and organisations, these posts reached Business Development professionals.

All three campaigns resonated the most with United States stakeholders in terms of reach and impressions, showing that is an appetite for this type of messaging in the US.

When the WCA is in America for its August roadshow, it will be interesting to see how stakeholders, policymakers and audiences across social media gauge our messaging.

## **The Rebrand**

This research tells us that the time is right to refresh our brand identity.

At our Singapore meeting, we will be unveiling three new concepts to consider as part of our new a new brand identity and your participation will be vital in providing a final seal of approval to this process.

There is no doubt that we need a new and rejuvenated brand which speaks to climate change (not climate catastrophe), and coal's evolving role as a commodity of security, abatement and modernisation.

The two examples have the endorsement of our Chairman and I believe they are formidable in their ability to present a modern, sustainable coal future.

You will hear from our recommended agency and its proposals at this meeting, and we are inviting the agency to engage with you directly so you can understand the thinking behind the idea.

Engagement is a key word.

Engagement remains the cornerstone of all that we do.

Since I last updated you, we have been engaging widely – at the Mining Indaba in South Africa and with members and stakeholders across Australia.

In both countries, we have witnessed a very noticeable change in how coal is being discussed and debated.

## **The Changing Debate**

Government leaders, previously committed to a full scale and immediate renewables transition are now referring to coal as a much needed and necessary bridging fuel.

In Australia, the Government is talking about coal's important "fallback role" so the power grid is not exposed.

A major Australian think tank, the Grattan Institute, said that not having enough dispatchable renewables in place before coal exits would be a "recipe for disaster."

In March (March 22), the Johannesburg-based African Energy Chamber said that environmental concerns related to coal usage should not dictate South Africa's energy decisions.

It said making a strategic, gradual move away from coal makes sense for South Africa, but to abruptly cease coal usage at this juncture would be detrimental to the nation and its people.

*African Energy Chamber's Executive Chairman NJ Ayuk said coal has a crucial role to play in stabilizing the country's energy sector and business environment.*

"I'm convinced that what South Africa needs, at the moment, is *more* coal power generation and the regeneration of existing coal facilities while the country accelerates its renewables and natural gas sectors. Prematurely abandoning coal use altogether will only further cripple the economy."

South African President Cyril Ramaphosa waded into the debate, rightly saying 80% of the country's energy comes from coal-fired power stations and this could not be ignored.

"I have made it clear that in this transition there is no way that South Africa can shut down coal-fired power stations – we can't shut down Medupi and Kusile."

**He said the country needed an energy mix that included coal, nuclear, solar, wind and biogas if it was to transition to a cleaner form of energy.**

This diversity argument has been ours for a for a long time, but we have only a limited amount of time to sustain it.

### **Impossible Targets: The IPCC Synthesis Report**

The latest Intergovernmental Panel on Climate Change (IPCC) Synthesis Report (Report) provides a sobering assessment of our ability to meet the Paris climate change targets. The Report combines assessments from the past seven years and advises that emissions and atmospheric concentrations of greenhouse gases are at record highs. To limit warming to 2C above pre-industrial levels, all greenhouse gas emissions must decline by an average of 21% by 2030 and 35% by 2035. Achieving the more ambitious target of limiting warming to 1.5C requires even greater effort, with reductions averaging 43% by 2030 and 60% by 2035. Given our efforts to date and our limited view on the technologies which could address decarbonisation, achieving these targets appears unfeasible. It is further interesting to note that these targets are likely to have been predicated on the assumption that some energy transition technologies are yet to be demonstrated or proven at a commercial scale.

As we know it is imperative that we innovate and implement a plethora of universal abatement technologies and practices, including abated coal. Decarbonised coal plants are already within

reach, and advanced coal technologies and other coal applications must be part of this innovation path.

According to the modelling, the report highlights the urgent need for increased investments in low-emissions technology and systems, which are currently three to six times lower than that required to keep temperatures to 1.5C or 2C. The IPCC also underscores the importance of climate adaptation policies prioritising social justice, equity and a "just transition" to help achieve other global goals, such as the United Nations Sustainable Development Goals. As the WCA, we already recognise the importance of these goals and the link between climate action and sustainable development. We will continue to emphasise this link as we roll out our plan for Abated Coal Stewardship.

### **Abated Coal Stewardship**

This integrated strategy builds on the WCA's *Evolving Coal Strategy* and the separate Reputation Management Plan (RMP), aiming to deepen the understanding of the strategic value of coal in the energy transition and "raise the Coal IQ" even further.

For instance, we will continue to remind stakeholders that coking coal is an essential process material in the production of coke for steelmaking, a precursor to the production of most objects that surrounds us, not least the construction of wind turbines, solar power plants and electric batteries.

But we will also be exploring Beyond Coal aspirations - more far-reaching and future forms of coal in areas where coal has non-energy applications. These include areas such as *reclaimed coal waste* where coal acts as an ore body that can produce a wealth of energy transition materials such as rare earth elements/metals (REE/REM), carbon products for the aluminium industry, graphene, carbon fibres, activated carbon, and coal use in agriculture (for food).

In this way, our narrative palette is very broad and incredibly compelling, but the mission – should we choose to accept it – is to *Evolve Coal* - Enrol more of our value chain - be Vocal in support of our industry and communities- be a better industry than we were 5 years ago. Mission Impossible? Not at all. Mission Possible.

I look forward to seeing you in Singapore where we discuss the very 'possible' and thriving future coal global industry.

Thank You

Michelle  
April 2023