

FirstRand to end funding for new coal mines, power plants

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FirstRand will end funding for new coal-fired power stations and coal mines and has lowered the cap on its coal exposure as part of moves to reach net-zero emissions by 2050, it said on Wednesday, 15 September.



FirstRand offices in Cape Town. Reuters/Mike Hutchings

South Africa's banks are the biggest on the continent, with the likes of FirstRand major lenders to fossil fuel projects, especially in oil and gas, and are increasingly under pressure from environmental groups to turn off the taps.

FirstRand, which had previously said it would continue supporting coal due to its importance to the South African economy, said it would no longer fund new coal-fired power stations and would stop all funding for new coal mines from 2026.



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Cutting exposure to coal

"It is the long-term ambition of FirstRand to be net-zero by 2050 across operational and financed emissions," it said in a statement announcing its updated coal policy.

It added that the group will also reduce the cap on its coal financing drawn advances from 2% to 1.5% from 2026 onwards, and will cut its exposure to coal further to 1% by 2030 onwards.

That makes FirstRand one of only two of South Africa's big four lenders to close the door on funding for such activities altogether. Absa and Standard Bank have placed limits on what they will finance, but could still invest in such projects under certain conditions.

FirstRand added that more details on its climate strategy and initiatives and the risks it is exposed to as a result of climate change would be published ahead of its annual report for the year ending June 30.

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