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SFOC
Solutions for Our Climate

SFOC Coal Issue Brief
04

Assessment of Climate Change Policies of Major South Korean Financial Institutions

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Wave of Coal-Exit Pledges in 2021, Still Lacking Effective Policies

An evaluation of climate change policies of Korea's top 100 financial institutions in 2021

1 Background and Overview

In 2021, South Korea witnessed a wave of coal exit announcements. In April, President Moon Jae-in pledged to end public financing for new overseas coal-fired power plants at the virtual Leaders' Summit on Climate. In the lead up to the P4G Seoul Summit held in May, private financial institutions also joined this initiative to phase out coal.

The question is: has there been any meaningful change since the coal exit announcements? In this brief, Solutions for Our Climate (SFOC) analyzed the 2021 climate change policies of Korea's top 100 financial institutions to determine whether the country's financial sector is taking sufficient measures to address climate change, and particularly, whether their coal-exit pledges were followed with sufficient action. According to the SFOC analysis, only 70 local financial institutions out of 100 announced to phase out coal, and only a few of those 70 laid out concrete policies. What's concerning is that most of the efforts are focused only on new coal generation, which has already been declining in both Korea and globally, suggesting that it may be difficult to see meaningful change in investment decisions.

In the meantime, the global financial markets are quickly transitioning towards a fossil-free future which includes phasing out oil and natural gas beyond coal. Given the financial and environmental risks of climate change, a consensus has formed in and around the financial sector that it needs to take proactive action, and thus, global financial institutions are aiming to divest from fossil fuels, which are the main sources of greenhouse gas (GHG) emissions. In this regard, Korean financial institutions are lagging behind in their policies to curb climate change compared to their overseas counterparts.

2 Target and Methodology

The SFOC analysis was conducted on a total of 100 leading financial institutions in 6 financial industries in Korea as follows: i) banks, ii) asset management firms, iii) securities companies, iv) life insurers, v) general insurers, and vi) policy financing institutions, pension funds and mutual aids. For this analysis, SFOC selected the target companies based on their asset size, and collected information on their climate policies from various sources such as reports on corporate sustainable management and ESG, and related media articles.

To assess the climate policies, we looked at eight criteria, including six related to coal-free investments and two related to net-zero emissions by 2050. We applied two additional criteria, "No more insurance for coal-fired power plant construction" and "No more insurance for coal-fired power plant operation," only to general insurance companies, which can finance new coal-fired power projects through not only investment, but also underwriting. The analysis used the divestment criteria set by the Global Coal Exit List (GCEL), developed by German non-profit organization Urgewald, and widely adopted as a basis for creating coal exit policies by global financial institutions. The list (1) specifies the scope of the coal industry, (2) defines coal companies in terms of the coal share of revenue (CSR) or the coal share of power production (CSPP), and (3) establish the threshold for investment exclusion. For the purpose of this analysis, the SFOC introduced the following criteria based on the GCEL.

- **Coal phase out pledges:** "O" represents companies which pledged to quit coal and "X" represents those which did not.
- **No more investment in new coal-fired power projects:** Indicates whether the company has stopped project financing (PF) and bond underwriting for the construction of new coal-fired power plants. "X" represents those which have yet to make an announcement to end investment in new

coal-fired power projects, “PF” represents those which stopped project financing, “B” represents those which ceased bond underwriting, and “G” represents those which halted export credit guarantee.

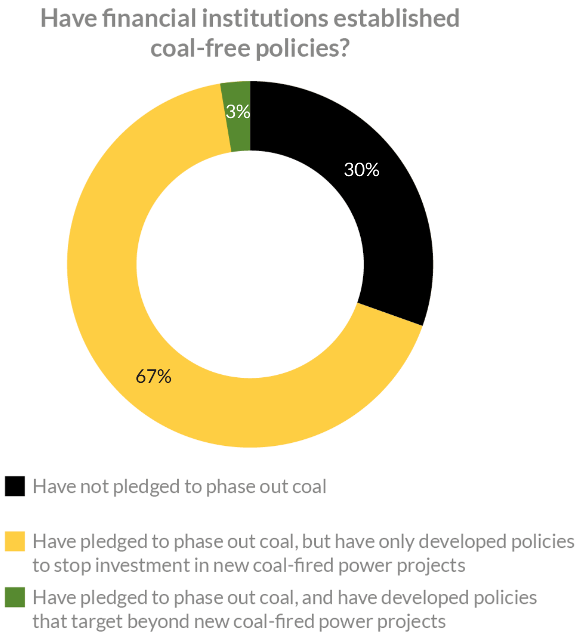
- **No more investment in coal-related industries:** “O” represents firms which declared to stop financing the entire coal-related industries such as coal mines and terminals on top of coal-fired power generation and “X” represents those which did not.
- **Investment exclusion criteria for coal companies:** “O” represents companies which specified criteria to classify coal companies based on their coal-related revenue or power production to exclude them from investment and “X” represents those which did not.
- **2050 net-zero targets for portfolios:** “O” represents companies which pledged to transform their asset portfolios to net-zero emissions by 2050 and “X” represents those which did not.
- **2030 emissions reduction targets for portfolios:** Describes the 2030 emissions reduction targets for businesses which have set detailed mid-term goals for their asset portfolios to cut down GHG emissions to achieve carbon neutrality by 2050.
- **No more insurance for coal-fired power plant construction:** “O” represents firms which announced that they will no longer provide any insurance coverage for the construction of new coal-fired power projects and “X” represents those which did not.
(only applicable to general insurers)
- **No more insurance for coal-fired power plant operation:** “O” represents institutions which announced that they will no longer provide any insurance coverage for the operation of new coal-fired power projects and “X” represents those which did not.
(only applicable to general insurers)

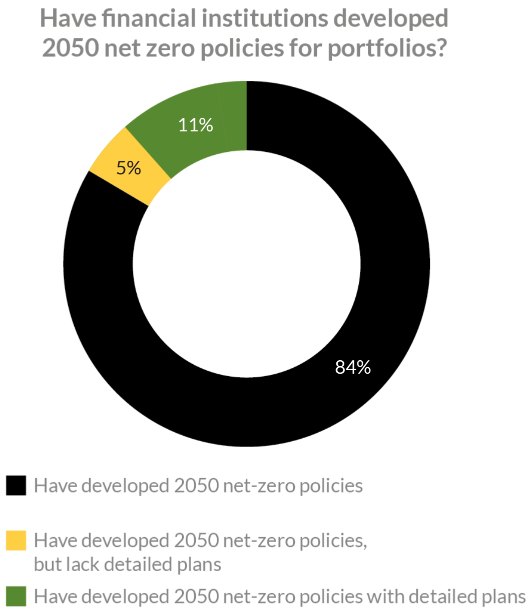
3 Analysis Results

Executive Summary

Nearly two-thirds of the 100 target financial institutions in Korea pledged to phase out coal, but the focus was largely on ceasing investment in new coal-fired power projects, rather than developing an effective and comprehensive coal-exit policy. Similarly, most of their net-zero commitments have largely remained words without action. Also, only a handful of institutions have established detailed emissions reduction goals for their asset portfolios.

Do financial institutions have effective climate policies?





Coal Phase-out Pledges

The SFOC analysis revealed that 70 out of 100 Korean financial institutions pledged to shift away from coal, which implies that one-third of the country's major financial institutions are still without any policies to address climate-related risks. The coal industry is often considered the starting point of climate change risk management efforts since it poses the greatest environmental and financial risks associated with climate change. In this context, the Korean financial sector seems to have a significantly low level of awareness of climate-related risks. Moreover, it is concerning that those 70 companies, which announced to phase out coal, have policies with clear limitations as described below.

Coal Phase-out Criteria

Among the 100 target companies, only 3 firms, including Standard Chartered Bank Korea, Samsung Fire & Marine Insurance and Mirae Asset Securities, developed policies that (1) determine the scope of coal projects, (2) define coal companies and (3) set the threshold for investment exclusion. The coal phase-out policies of the rest are expected to be ineffective.

The most notable issue is that about 64 companies, amounting to over 90% of those which pledged to exit coal, have developed corporate policies designed only to stop their investment in new coal-fired power projects. Considering the large decline in new coal-fired power projects both in Korea and globally, such policies alone cannot bring about any real change in investment decisions made by these financial institutions. To make an impact, their coal-exit investment criteria need to cover the entire coal value chain ranging from production, distribution to consumption. As such, they need to include projects related to coal mining, production and processing; construction and operation of transportation infrastructure such as railways or ports for coal shipment and distribution; and manufacturing, construction and operation of facilities associated with coal consumption such as liquefaction or gasification.

In addition, there are no specific criteria to define coal companies. Without such criteria, it may be difficult for financial institutions which focus only on avoiding new coal-fired power projects to restrict investment in project financing through special purpose companies (SPC) which may not be directly involved in coal projects. Moreover, financing for existing projects may not be restricted either. Adding to the problem is that their investment exclusion policies are only targeted at project financing loans and corporate bonds of SPCs. Therefore, financial institutions need to develop clear criteria to define coal companies to exclude them from investment, which can impose comprehensive restrictions on stock, bond and loan financing for those businesses.

The coal-exit investment criteria not only help financial institutions manage related risks but also encourage companies or users of financial services to voluntarily transform their businesses to phase out coal. Therefore, financial institutions need to place investment restrictions on firms heavily relying on coal to lead change in existing coal companies. Currently, only three Korean companies - Standard Chartered Bank Korea, Samsung Fire & Marine Insurance and Mirae Asset Securities – have established a clear definition of coal companies based on the CSR or CSPP concepts.

Net-Zero Targets and Portfolio Management

Merely 16 institutions out of 100 have announced their goals to achieve carbon neutrality by 2050. Here, the SFOC analysis only included those which have set net-zero goals for their investment since financial institutions rarely produce direct emissions. For this reason, Hana Financial Group has been excluded here as it aims to achieve carbon neutrality in its operations. Among the 16 companies with net-zero policies, 11 which laid out detailed carbon reduction targets were subsidiaries of Standard Chartered, Shinhan Financial Group and KB Financial Group. Woori Financial Group did not have reduction targets for their portfolios. This reveals that there is a considerably lack of long-term planning for climate change risk management, although the situation calls for urgent action by financial institutions to align their investment portfolios with net-zero emissions by 2050 in line with the government's carbon neutrality roadmap. In particular, it is necessary to develop the methodology to measure the carbon footprint of portfolios GHG and establish concrete short- and mid-term reduction targets such as by year 2030 to become carbon neutral by 2050.

Public Financial Institutions' Responses to Climate Change

The SFOC analysis found that public financial institutions, such as policy financing institutions and pension funds, have less active policies to address climate change compared to their private counterparts. In October 2018, the Teachers' Pension (TP) and the Government Employees Pension Service (GEPS) were the first two financial institutions in Korea which committed to coal-free financing, raising awareness on the need to address climate risks. On the contrary, the Export-Import Bank of Korea (KEXIM) and the Korea Trade Insurance Corporation (K-SURE) have continued to provide export credits in trillions of won to support new overseas coal-fired power projects, drawing international criticism. In April 2021, the government finally pledged to end public financing of overseas coal-fired power projects, but coal phase-out policies of major policy financing institutions and pension funds are still limited to new coal-fired power projects. In addition, no institutions have declared to achieve net-zero portfolios by 2050 or have set detailed carbon reduction plans. It is especially concerning that the National Pension Service (NPS) has only committed to exit coal in May 2021 without any concrete criteria to quit coal. Given its significant influence in the Korean and global financial markets, with over 900 trillion won in assets under management, the NPS needs to take urgent action.

4 Global Financial Market's Response to Climate Change

Global financial institutions have long taken proactive measures to manage climate-related risks by adopting comprehensive standards to phase out coal. Major global banks, asset management firms, insurance companies and pension funds have not only discontinued financing for new coal projects but have also limited their investment, and excluded or is gradually excluding companies that exceed a certain threshold of coal-based revenue or power generation from their portfolios. A case in point is French insurer AXA, which defines coal companies as businesses with over 30% of their revenue from coal-related activities, and prohibits providing any financial services to them. AXA also said it would exit completely from the coal industry across OECD countries by 2030, and the rest of the world by 2040. Similar coal-exit policies have been introduced by Dutch public pension fund APG and British public retirement fund National Employment Savings Trust (NEST), which in 2021, completely liquidated their stocks of the Korea Electric Power Corporation (KEPCO), a major Korean utility that has continued its coal-fired power projects.

Exiting coal has already become mainstream in the global financial markets, which in 2021, started to adopt fossil free policies to restrict investment in all fossil fuels including oil and natural gas. Such trend was clearly demonstrated at the UN Climate Change Conference (COP 26) held in Glasgow in the U.K. in November 2021, where 34 countries including major European countries, the United States and Canada and 5 financial organizations came together to produce a global pact to end public financing for fossil fuels, including oil and natural gas.[1]

Regrettably, Korea's public financing for oil and natural gas projects remains the largest among G20.[2] This implies that the country's private financing also remains significant for oil and

natural gas projects similar to coal financing. The global financial markets have quickly expanded their investment exclusion policies beyond coal to also oil and natural gas due to the rapidly growing risks associated with climate change across the entire fossil fuel industry. Against this backdrop, Korean financial institutions need to step up their efforts to strengthen their coal exit criteria which are still at their nascent stage and establish comprehensive risk management policies to address climate change centering on reducing investment in all fossil fuels.

5 Sectoral Data and Analysis

This section shows the detailed analysis on climate policies of Korea's top 100 financial institutions in 6 financial industries as follows: i) banks, ii) asset management firms, iii)

1 https://ukcop26.org/statement-on-international-public-support-for-the-clean-energy-transition/
2 https://www.energydaily.co.kr/news/articleView.html?idxno=122739

securities companies, iv) life insurers, v) general insurers, and vi) policy financing institutions, pension funds and mutual aids.

1) Banks (13)

Name of institution	Coal phase out pledges	No more investment in new coal-fired power projects	No more investment in coal-related industries	Investment exclusion criteria for coal companies	2050 net-zero targets for portfolios	2030 emissions reduction targets for portfolios
Standard Chartered bank korea	O	PF, B	O	(O)	O	O
Shinhan Bank	O	PF, B	X	X	O	38.6% reduction by 2030
KB Kookmin Bank	O	PF, B	X	X	O	33.3% reduction by 2030
Woori Bank	O	PF, B	X	X	O	X
KEB Hana Bank	O	PF, B	X	X	X	X
Kwangju Bank	O	PF, B	X	X	X	X
Jeju Bank	O	PF, B	X	X	X	X
Busan Bank	O	PF, B	X	X	X	X
Kyongnam Bank	O	PF, B	X	X	X	X
Nonghyup Bank	O	PF, B	X	X	X	X
Jeonbuk Bank	O	PF, B	X	X	X	X
Daegu Bank	O	PF, B	X	X	X	X
Suhyup Bank	X	X	X	X	X	X

The banking industry had the largest proportion of companies which pledged to phase out coal among the six financial industries included in the SFOC analysis. Suhyup Bank was the only major bank in the country which failed to make such pledge. Most of the coal-exit commitments made by the rest centered around ending project financing and bond underwriting for new coal-fired power projects.

Standard Chartered Bank Korea announced that it will follow the same climate policy adopted by its parent company, Standard Chartered. It is believed to be the only bank in Korea which has developed an effective climate policy among 13 local banks which declared to exit coal.

However, it also mentioned, “The company will provide financing to customers with the coal share of revenue of less than 5% by 2030,” implying the lack of clear-cut criteria for immediate implementation. Moreover, another area of improvement is reduction goals in asset portfolios since the bank has only set carbon intensity reduction targets for certain industries, such as energy, steelmaking, oil and gas.

Four of Korea's top five financial holding companies except Nonghyup – Shinhan, KB, Woori and Hana - pledged to achieve net-zero by 2050, but only Shinhan and KB Financial Groups established concrete 2030 GHG reduction goals for their portfolios. Shinhan plans to reduce its portfolio's GHG emissions by 38.6% from the 2019 level by 2030 while KB seeks to cut it down by 33.3%. Unfortunately, Hana and Woori Financial Groups have yet to set detailed reduction targets.

2) Asset Management Firms (27)

Name of institution	Coal phase out pledges	No more investment in new coal-fired power projects	No more investment in coal-related industries	Investment exclusion criteria for coal companies	2050 net-zero targets for portfolios	2030 emissions reduction targets for portfolios
Shinhan Asset Management	O	PF, B	X	X	O	38.6% reduction by 2030
KB Asset Management	O	PF, B	X	X	O	33.3% reduction by 2030
Woori Asset Management	O	PF, B	X	X	O	X
Woori Private Equity Asset Management	O	PF, B	X	X	O	X
BNK Asset Management	O	PF, B	X	X	O	X
VI Asset Management korea	O	PF, B	X	X	X	X
Samsung Active Asset Management	O	PF, B	X	X	X	X
NH-Amundi Asset Management	O	PF, B	X	X	X	X
Samsung Asset Management	O	PF, B	X	X	X	X
Kyobo AXA Investment Managers	O	PF, B	X	X	X	X
Hanwha Asset Management	O	PF, B	X	X	X	X
DGB Asset Management	O	PF, B	X	X	X	X
Midas Asset Management	O	PF, B	X	X	X	X
Hana Alternative Asset Management	O	PF, B	X	X	X	X
UBS Hana Asset Management	O	(PF, B)	X	X	X	X
Heungkuk Asset Management	X	X	X	X	X	X
IBK Asset Management	X	X	X	X	X	X
IGIS Asset Management	X	X	X	X	X	X
Hyundai Investments	X	X	X	X	X	X
Eastspring Asset Management korea	X	X	X	X	X	X
KIWOOM Asset Management	X	X	X	X	X	X
Mirae Asset Global Investments	X	X	X	X	X	X
Baring Asset Management korea	X	X	X	X	X	X
HI Asset Management	X	X	X	X	X	X
Truston Asset Management	X	X	X	X	X	X
KTB Asset Management	X	X	X	X	X	X

An asset management company is a financial institution that invests the pooled funds from individual or institutional investors. Since these firms make decisions on the scale and

targets of investment, it is crucial for asset managers to develop suitable criteria to manage climate-related risks. According to the SFOC analysis, 16 firms among 27 are committed to phasing out coal, but it is evident that their coal-exit policies are limited since they are focused only on stopping investment in new coal-fired power projects. There were no institutions which established comprehensive coal-exit criteria.
In particular, UBS Hana Asset Management declined to express its position on financing for new coal-fired power projects in Korea even after Hana Financial Group's pledge to exit coal. Further efforts are needed to check whether the firm is taking real action.

It is notable that several asset managers are joint ventures with global financial institutions such as NH-Amundi Asset Management, UBS Hana Asset Management and Kyobo AXA Investment Managers. For instance, Kyobo AXA Investment Managers is a 50:50 joint venture between Kyobo Life Insurance and AXA Investment Managers. Currently, the venture has yet to adopt the AXA IM Climate Risks Policy[3] which restricts investment in companies that derive 30% or more of their revenue from thermal coal and excludes them from mid- to long-term portfolios.

3 https://www.axa-im.com/sites/corporate/files/2021-08/20210226_AXA_IM_Climate_Risks_Policy_.pdf

3) Securities Companies (21)

Name of institution	Coal phase out pledges	No more investment in new coal-fired power projects	No more investment in coal-related industries	Investment exclusion criteria for coal companies	2050 net-zero targets for portfolios	2030 emissions reduction targets for portfolios
Mirae Asset Securities	O	PF, B	(O)	(O)	X	X
Shinhan Investment	O	PF, B	X	X	O	38.6% reduction by 2030
KB Securities	O	PF, B	X	X	O	33.3% reduction by 2030
Samsung Securities	O	PF, B	X	X	X	X
Kyobo Securities Company	O	PF, B	X	X	X	X
SK Securities	O	PF, B	X	X	X	X
HI Investment & Securities	O	PF, B	X	X	X	X
NH Investment & Securities	O	PF, B	X	X	X	X
Hanwha Investment & Securities	O	PF, B	X	X	X	X
BNK Securities	O	PF, B	X	X	X	X
Hana Financial Invetment	O	PF, B	X	X	X	X
Korea Investment & Securities	O	X	X	X	X	X
KIWOOM Securities	X	X	X	X	X	X
Daishin Securities	X	X	X	X	X	X
Yuanta Securities	X	X	X	X	X	X
Hyundai Motor Securities	X	X	X	X	X	X
Shinyoung Securities	X	X	X	X	X	X
Eugene Investment & Securities	X	X	X	X	X	X
DB Financial Invetment	X	X	X	X	X	X
EBEST Investment & Securities	X	X	X	X	X	X
MERITZ Securities	X	X	X	X	X	X

Climate policies of securities firms have a profound impact on how the financial market manages climate-related risks since these companies offer financing services for the issuance of stocks or bonds and coordinate project financing. The SFOC analysis identified that 12 securities companies out of 21 pledged to exit coal. Most of them, however, concentrated on ending investment in new coal-related projects.

Mirae Asset Securities specified that it would pay attention to companies with more than 30% of their revenue from coal power production and those with more than 25% of their revenue from coal mining. It is also set out to review oil and natural gas projects by developing relevant criteria, taking steps towards their phase out. Still, it is regrettable that the asset manager has not clearly announced to stop investment from fossil fuel altogether. In the case of Korea Investment & Securities, it was the first asset management firm to pledge its commitment to exiting coal in August 2020, but no detailed policies have been disclosed.

In June 2021, NH Investment & Securities, Mirae Asset Securities, Shinhan Investment, KB Securities, KIWOOM Securities and Korea Investment & Securities were condemned for underwriting a bond for Samcheok Blue Power, an SPC engaged in a new coal-fired power project.

4) Life insurers (14)

Name of institution	Coal phase out pledges	No more investment in new coal-fired power projects	No more investment in coal-related industries	Investment exclusion criteria for coal companies	2050 net-zero targets for portfolios	2030 emissions reduction targets for portfolios
Shinhan Life Insurance	O	PF, B	X	X	O	38.6% reduction by 2030
KB Life Insurance	O	PF, B	X	X	O	33.3% reduction by 2030
Prudential Life Insurance of Korea	O	PF, B	X	X	O	33.3% reduction by 2030
Hana Life Insurance	O	PF, B	X	X	X	X
DGB Life Insurance	O	PF, B	X	X	X	X
Kyobo Life Insurance	O	PF, B	X	X	X	X
Nonghyup Life Insurance	O	PF, B	X	X	X	X
Samsung Life Insurance	O	PF, B	X	X	X	X
Kyobo Lifeplanet Life Insurance Company	O	PF, B	X	X	X	X
Hanwha Life Insurance	O	PF, B	X	X	X	X
Tong Yang Life Insurance	X	X	X	X	X	X
Heungkuk Life Insurance	X	X	X	X	X	X
Mirae Asset Life Insurance	X	X	X	X	X	X
KDB Life Insurance	X	X	X	X	X	X

As asset owners and major investors, insurance companies play a crucial role in the financial market by implementing climate policies. Moreover, considering the human casualties and property losses from extreme weathers and natural disasters from climate change, they are especially vulnerable to climate change among other financial institutions.

This explains why global insurance giants such as AIA, AXA, Allianz, Aviva and Swiss Re are taking proactive measures to prepare for climate-related risks.

In Korea, 10 major life insurers out of 14 have committed to quitting coal. Unfortunately, all of their coal-exit policies are focused on ending financing for new coal-fired power projects, which implies that their coal-exit commitments are expected to have a very limited impact on actual investment decisions. Therefore, it is necessary for life insurers to develop comprehensive coal-exit criteria and devise plans to reduce GHG emissions in their portfolios in line with the global trend.

5) General Insurers (11)

Name of institution	Coal phase out pledges	No more insurance for coal-fired power plant construction	No more insurance for coal-fired power plant opperation	No more investment in new coal-fired power projects	No more investment in coal-related industries	Investment exclusion criteria for coal companies	2050 net-zero targets for portfolios	2030 emissions reduction targets for portfolios
Samsung Fire & Marine Insurance	O	O	O	PF, B	(O)	Coal share of revenue ≥ 30%	X	X
KB Insurance	O	O	O	PF, B	X	X	O	33.3% reduction by 2030
Hanwha General Insurance	O	O	O	PF, B	X	X	X	X
Hana Insurance	O	O	O	PF, B	X	X	X	X
DB Insurance	O	O	O	PF, B	X	X	X	X
Heungkuk Fire & Marine Insurance	O	O	O	PF, B	X	X	X	X
Hyundai Marine & Fire Insurance	O	O	O	PF, B	X	X	X	X
Lotte Insurance	O	O	O	X	X	X	X	X
Nonghyup Property & Casuality insurance	O	O	X	PF, B	X	X	X	X
Carrot General Insurance	O	X	X	PF, B	X	X	X	X
MERITZ Fire & Marine Insurance	X	X	X	X	X	X	X	X

As asset owners, general insurance companies are both major investors as well as insurance underwriters for coal businesses. Korea Beyond Coal is a coalition campaign pushing for coal phase out in Korea, which called on top general insurers in the country to stop providing insurance services for the construction and operation of new domestic coal-fired power plant projects. The SFOC analysis found that general insurers have stopped providing coverage for the construction and operation of new coal-fired power plants. Given that there are still four new coal-fired power plants under construction in

Samcheok and Gangneung, Korea, stopping insurance coverage for new coal projects is expected to make a meaningful impact.

MERITZ Fire & Marine Insurance is the only company without any coal policies among 11 general insurers. The rest have all pledged to exit coal, 8 among which have announced that they would no longer provide coverage for the construction and operation of new coal-fired power plants.

Samsung Fire & Marine Insurance is the only firm which has excluded companies with more than 30% of their revenue from coal power production and mining from investment, establishing the most proactive policy in the Korean general insurance industry. Still, there is room for improvement since the company has limited its exclusion policy to coal power generation and mining. Other companies have only restricted investment in new coal-fired power projects. Lotte Insurance has announced its decision to stop underwriting insurance for new coal projects without mentioning investment restrictions.

6) Policy Financing Institutions, Pension Funds and Mutual Aids (14)

Name of institution	Coal phase out pledges	No more investment in new coal-fired power projects	No more investment in coal-related industries	Investment exclusion criteria for coal companies	2050 net-zero targets for portfolios	2030 emissions reduction targets for portfolios
Korean Teachers' Credit Union (KTCU)	O	PF, B	X	X	X	X
Public Officials Benefit Association (POBA)	O	PF, B	X	X	X	X
Government Employees Pension Service (GEPS)	O	PF, B	X	X	X	X
Teachers' Pension (TP)	O	PF, B	X	X	X	X
Korea Trade Insurance Corporation (K-SURE)	O	G	X	X	X	X
Industrial Bank of Korea (IBK)	O	PF, B	X	X	X	X
Local Finance Association (LOFA)	O	PF, B	X	X	X	X
Export-Import Bank of Korea (KEXIM)	O	PF, B	X	X	X	X
Korea Development Bank (KDB)	(O)	(PF, B)	X	X	X	X
National Pension Service (NPS)	O	PF	X	X	X	X
Korea Credit Guarantee Fund (KODIT)	X	X	X	X	X	X
Korea Scientists and Engineers Mutual-Aid Association (SEMA)	X	X	X	X	X	X
Korean Federation of Community Credit Cooperatives (KFCC)	X	X	X	X	X	X
Korea Technology Finace Corporation (KTFC)	X	X	X	X	X	X

In Korea, policies ending public financing of coal can have a tremendous impact on the financial market,[4] given that among 60 trillion won of coal financing between 2009 and 2020, 37% was financed by public institutions, suggesting the critical role of policy financing institutions or pension funds. We found that out of the 14 institutions, 10 have made coal phase out pledges but are limited to investment in new coal-fired power projects.

In particular, two leading financiers of overseas coal projects, the Export-Import Bank of Korea (KEXIM) and the Korea Trade Insurance Corporation (K-SURE), are not expected to invest in future coal-fired power projects following the government's pledge to quit overseas coal financing, but should develop well-defined standards to address coal-related industries. In addition, the Korea Development Bank (KDB) can make investments within

4 White Paper on Korean Coal Financing 2020, Korea Sustainability Investing Forum (KOSIF), Greenpeace, Yangyi Won-young (Member of the Korean National Assembly)

Korea, so there is a need to establish coal-exit policies separate from the government's overseas coal financing pledge.

Of utmost importance is the stance of the National Pension Service (NPS). In May 2021, the NPS implemented a policy to restrict project financing for new coal-fired power projects. In terms of coal mining and production, NPS announced it would develop strategies to exclude from their investments, but have yet to release any specific plans. Considering its colossal size, the NPS will undoubtedly have a major impact in the Korean financial market upon implementing coal phase out and climate risk management policies. It is time for the pension giant to take proactive measures.

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