**PRESS RELEASE**

**South Korea’s divestment from coal lags greatly behind global standard**

**Lack of concrete exit plans from coal investments paints grim outlook of Korean financial sector.**

**January 26, 2022**– A majority of financial institutions in South Korea failed to meet global standards of divestment from coal, Solutions for Our Climate said today in its [*Wave of Coal Exit Pledges in 2021, Still Lacking Effective Policies*](http://www.forourclimate.org/sub/data/view.html?idx=67&curpage=1)issue brief. Lack of substantial action to end coal financing will likely worsen Korea’s climate records, with already the [second highest coal power emissions per capita](https://ember-climate.org/commentary/2021/11/11/per-capita-coal-power-emissions-show-australia-and-south-korea-far-beyond-india-and-china/#:~:text=South%20Korea%20has%20the%20second,tonnes%20of%20CO2%20per%20year.) in the world.

In the 17-page brief, Solutions for Our Climate reviewed 100 public and private financial institutions based in South Korea and found 97 of those businesses including banks, asset managers, securities firms, and insurers lacked sufficient policies to phase out coal. In addition, 70 of the 100 firms vowed to exit coal but 67 have banned investment or insurance only related to new coal-powered projects, which are [already in decline globally.](https://9tj4025ol53byww26jdkao0x-wpengine.netdna-ssl.com/wp-content/uploads/No-New-Coal-by-2021-the-collapse-of-the-global-pipeline.pdf)

Among the laggards in coal phase-out is Kyobo-AXA Investment Managers, which is a joint venture with France’s AXA Investment Managers. AXA is a member of the [Net-Zero Asset Managers initiative.](https://www.netzeroassetmanagers.org/) Instead of adopting its French partner firm’s highly lauded [Climate Risks Policy](https://www.axa-im.com/sites/corporate/files/2021-08/20210226_AXA_IM_Climate_Risks_Policy_.pdf) that plans to divest from coal companies with over 30% of their revenue from coal-related activities, Kyobo-AXA has merely pledged to exit new coal-powered projects.

“In spite of the call for [OECD nations to end all coal use by 2030](https://climateanalytics.org/publications/2019/coal-phase-out-insights-from-the-ipcc-special-report-on-15c-and-global-trends-since-2015/) to meet the world’s 1.5°C target, financial institutions in South Korea have not adopted tangible coal phase out policies,” said **Sooyoun Han, researcher at SFOC**.“In line with actions taken by Korea’s global counterparts, we need to see faster divestment from the entire coal-related industry, from mining to manufacturing.”

Samsung Fire & Marine Insurance was South Korea’s [largest private coal financier in 2020](https://www.greenpeace.org/static/planet4-korea-stateless/2020/10/134225f0-2020-korea-coal-finance.pdf) but made internal decisions to divest from companies deriving over 30% of its revenue from coal power production and mining, according to the company’s ESG office. Samsung F&M also said it will no longer provide insurance for coal-fired power plant construction and operation. This policy would apply to the coal plants currently being constructed by Samsung Group affiliates including Vung Ang 2 in Vietnam and Gangneung Anin in South Korea. However, the firm has not made its coal divestment policies publicly available.

“Samsung F&M is still behind its global peers in spite of being a major player in the financial market. The company has the potential to raise industry standards around green finance by being transparent with its existing climate initiatives, expanding its coal policy to cover the entire coal supply chain, and a concrete plan to phase-out its existing exposure.” said Han.

Despite President Moon’s pledge to end overseas coal financing last April, South Korea has a long way to go. During the last decade, the country provided around [USD 137bn in international public finance for fossil fuels,](http://forourclimate.org/%5BENG%5DFueling_the_Climate_Crisis_South_Koreas_Public_Financing_for_Oil_and_Gas.pdf) ranking above [China and the United States between 2018 and 2020](http://priceofoil.org/content/uploads/2021/10/Past-Last-Call-G20-Public-Finance-Report.pdf).

“Divestment from coal is only the beginning,” Han said. “South Korea was absent from [COP26’s landmark deal to stop overseas fossil fuel financing](https://ukcop26.org/statement-on-international-public-support-for-the-clean-energy-transition/) but financial institutions can set new global standards by creating comprehensive and ambitious plans to exit from fossil fuel.”

**ENDS.**

*Solutions for Our Climate (SFOC) is a South Korea-based group that advocates for stronger climate policies and reforms in power regulations. SFOC is led by legal, economic, financial, and environmental experts with experience in energy and climate policy and works closely with policymakers.*

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