

World's second largest pension fund ramps up coal investment after exit pledge

South Korea's national pension fund is investing billions of dollars into coal, exposing taxpayers' retirement money to stranded assets.

February 16, 2022 – The world's second largest pension fund, South Korea's National Pension Service (NPS), increased its coal financing by USD 1.5 billion last year, according to research by German environmental group Urgewald and 27 other NGOs.

The [Global Coal Exit List](#), the world's most comprehensive database of coal companies, found that the NPS' coal investments totalled USD 13 billion. This makes the Korean pension fund the third biggest coal financier among all pension funds worldwide. The uptick in investments follows South Korea's promise to phase out coal last year.

Coal is the main contributor to the current climate crisis. According to the UNEP [Production Gap report](#), the world cannot afford any new coal projects and must reduce its annual coal consumption by 11% to meet the 1.5C target. However, the majority of coal-fired generation capacity is [found in Asia](#) and South Korea produces the [second highest coal power emissions per capita](#) in the world.

Over 1,500 pension funds and other organizations have pledged to [divest from fossil fuel assets](#), including the €550 billion Dutch pension fund ABP that made the announcement to stop funding fossil fuel producers last October. Environmentalists are now calling on other pension funds to take similar actions, including Korea's [NPS](#).

“As South Korea's largest investor, the NPS needs to take a more active stance against coal financing,” said **Sooyoun Han, a researcher at Solutions for Our Climate**. “Currently, the fund is investing billions of dollars into the chief culprit of global warming, jeopardizing the country's 2030 climate target. It is also failing its fiduciary duty by exposing the fund to massive stranded asset risks.”

While the NPS announced its exit from coal last May, the pension fund has increased its bonds and shares of companies pursuing coal projects. It also does not restrict investing in coal-related industries, such as coal mines and terminals. As a result, the NPS remains Korea's [top public financier of coal](#), a title held since 2009.

Despite last year's wave of coal exit pledges from Korean financial institutions, the [reality is starkly different](#). Data shows that since 2020, 26 out of 35 institutional investors expanded their coal financing including the NPS. Among the top financiers were KDB Financial Group and Mirae Asset Financial Group, which added USD 1.2 billion and 0.8 billion respectively in coal assets in 2021.

“Without concrete policies, coal-exit pledges are nothing but a greenwashing tactic,” said Han. Regarding the NPS' coal policy coming out this May, Han added: “Given the global move away from fossil fuel, financing the coal supply chain is a massive investment risk. We strongly urge the NPS to establish comprehensive coal-exit

standards and pave the Korean financial sector's path towards carbon neutrality.”

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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.

Urgewald is a non-profit environmental and human rights organization. For 25 years, Urgewald has been fighting against environmental destruction and for the rights of people harmed by corporate profit interests.

Urgewald's Global Coal Exit List (GCEL) was devised to help financial institutions navigate the complicated landscape of coal-based business models. Companies on the GCEL represent 90% of the world's thermal coal production and the world's coal-fired capacity. It offers key statistics on over 1,000 parent companies and around 1,800 subsidiaries operating along the thermal coal value chain.

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