

Press Release

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Hyundai under fire for last polluting coal deal

Amid pressure from civil society groups, Hyundai E&C pledges to exit coal power construction business but insists on pursuing a high-polluting coal power project in Vietnam. A major coalition of civic groups is calling on Hyundai E&C to withdraw from its final project.

July 23, 2021 – Under criticism for contradicting its own sustainability policy, Hyundai E&C has pledged to exit its coal power construction business, but without shelving plans for building the 1,200MW Quang Trach 1 coal power project along with Mitsubishi and Vietnam’s Construction Corporation (CC1).

In a reply to a [letter](#) by a major coalition of civil society groups, Hyundai E&C’s CEO Youngjoon Yoon said that the company “came to a conclusion to officially release the ‘Hyundai E&C Declaration on Coal Exit’” after a board meeting scheduled for Friday, July 23, while defending the company’s final coal project in Vietnam.

“Hyundai E&C’s apparent plans to build one final coal plant defeats the sincerity of the company’s coal exit, and contradicts its own attempts to build a reputation as a forward-thinking and sustainable company,” said Sejong Youn, Climate Finance Program Director at Seoul-based non-profit Solutions for Our Climate (SFOC).

Hyundai E&C’s move is an alarming trend of Korean private companies still pursuing new coal projects abroad, neutralizing the impact of the Korean government’s pledge to end public overseas coal power financing.

“The Korean government also reduced the integrity of its pledge to end public financing for overseas coal by continuing to provide full financial support to the remaining Jawa 9 & 10 project in Indonesia and Vung Ang 2 project in Vietnam. By continuing the Quang Trach 1 project, Hyundai E&C and Hyundai Motor tarnishes the impact of Korea’s public coal finance exit and their own ESG efforts.”

While Hyundai Motors, also the largest shareholder of Hyundai E&C, joined the global RE100 initiative just this month, according to SFOC, Hyundai’s E&C’s bid directly

contradicts the company's [own ESG vision](#), '2050 Global Green One Pioneer,' and undermines its self-branding as a green leader.

"In the face of growing concern about the climate crisis, investors and customers will no doubt be shocked that Hyundai would still take a financial and reputational gamble. This affects not just Hyundai E&C but reflects poorly on the Hyundai Group as a whole," added Youn.

Such concerns are at the heart of a letter sent separately to Hyundai E&C by civil society groups Mekong Watch, Market Forces, Friends of the Earth Japan and Fridays for Future earlier this week. The letter detailed complaints from local communities in Vietnam that they have not been appropriately compensated or resettled and remain concerned about environmental pollution.

The letter, backed by a full-page advertisement in the Financial Times this morning, also outlines that Quang Trach 1, which would produce *'multiple million tons of carbon dioxide every year,'* is completely out of line with the Paris Climate Agreement goal of keeping global warming to 1.5°C.

According to the groups, the coal deal will be *'recognized as one of the worst examples of "greenwashing,"* and is out of line with other EPC companies such as Samsung and Siemens.

The letter continues, *'investors would consider any company without restrictions to coal as a laggard. Sumitomo Corporation recently faced a strong rebuke from investors voting for a shareholder resolution which referenced Sumitomo's construction of coal power projects as an EPC contractor. Investors found that continued involvement in coal power was an indication that its business strategy was not Paris-aligned. Hyundai E&C would likely face the same concerns from its shareholders.'*

SFOC also pointed out that Hyundai E&C's decision is all the more surprising given the controversy around another recent coal deal, the 1,000MW Cirebon 2 coal-fired plant in Indonesia, in which Hyundai E&C [admitted to bribing](#) Sunjaya P., the former district head of Cirebon of 6.5 billion rupiahs (US\$460,000), to muffle local resistance to the project, against which criminal charges were brought.

Hyundai E&C's scandal over the coal deal led Norges Bank to [place](#) the company under observation.

Hyundai E&C's decision comes amid increasingly alarming signs of climate volatility: "Coal power generation is a major cause of the climate crisis, and Hyundai E&C's engagement to build the Quang Trach project cannot be justified by its concerns over

'mutual trust' built between the countries," said Hyeonjeong Yoon, a Youth 4 Climate Action activist.

"Even this summer, people are dying from natural disasters related to the climate crisis. We will fight until the end to stop this new coal-fired power plant, not only to protect our climate but also our own lives."

ENDS.

Solutions for Our Climate (SFOC) is a South Korea-based group that advocates for stronger climate change policies and transition towards a fossil-free society. SFOC is led by legal, economic, financial, and environmental experts with experience in energy and climate policy and works closely with policymakers.

Youth 4 Climate Action is a youth climate movement organization led by teenagers in the Republic of Korea who sympathize with the urgency of the climate crisis.

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