



MEDIA RELEASE
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International investors: KEPCO should reconsider supporting new overseas coal power plants

Current and potential international investors in Korea Electric Power Corporation (KEPCO) have urged the company to reconsider its plans to finance new overseas coal-fired power plants.

The international investors, who have a combined \$US5.86 trillion (₩7,178 trillion) in assets under management, have expressed concern that KEPCO's coal financing plans would counteract the company's early progress on the low-carbon energy transition and international efforts to mitigate climate change. Four of the international investors also form the core engagement team for KEPCO as part of Climate Action 100+.

KEPCO is considering financing the following new coal plants; Vung Ang 2 in Vietnam; Jawa 9 and 10 in Indonesia; and Sual (Pangasinan) in the Philippines. The investor statement comes ahead of KEPCO's general shareholders meeting on Friday. KEPCO's Board of Directors are expected to consider its position on finance for some of the above Asian coal projects in April.

The investors warned that Korean companies like KEPCO are at risk if they continue to pursue new coal power projects because carbon emissions are increasingly being considered as a competitiveness factor in global markets. A growing number of international financiers are also moving away from thermal coal power investments because of their genuine efforts to combat climate change and growing forecasts showing these projects to be economically unviable.

The investors also recognised the important role played by the South Korean Government, the majority shareholder in KEPCO, in domestic and overseas coal-fired power investment decisions. They note South Korea is party to the Paris Agreement, which aims to hold the increase in global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C, and such investments hinder efforts to achieve these ambitions.

Valeria Piani, Strategic Engagement Lead, UBS Asset Management, said: “The ongoing financing of new coal power plants by Asian companies is a concern for international investors exposed to physical and transitional risks from climate change. South Korean companies like KEPCO could lead Asia in capitalising on investment in new clean solutions and decreasing reliance on assets that might not be compatible with keeping global warming below 1.5 degrees.”

Seiji Kawazoe, Senior Stewardship Officer, Sumitomo Mitsui Trust Asset Management, said: “People in Southeast Asian countries deserve the benefits of a low-carbon transition pathway and their governments need to consider the cost-benefits of renewable power sources. As an investor we would like to see more clean technology opportunities going forward. With its influence in Southeast Asian markets, KEPCO has an important role to play in advancing renewable energy development and is well positioned to drive the low-carbon transition and influence its peers.”

Harry Ashman, Engagement Analyst, Church Commissioners for England, said: “KEPCO’s ongoing investment in overseas coal projects risks tying countries in the region into high emitting, economically risky infrastructure, at a time when Korea should be helping its neighbours to build the foundations for a low carbon future. We encourage the Korean Government to use its position as the majority shareholder to scrutinise these plans against its support for the Paris Agreement. Additionally, we call for the Korean Government to increase its climate ambitions and targets in line with other OECD nations, and work with KEPCO as the national power provider to ensure Korea delivers on the Paris goals.”

Yoo-Kyung Park, APAC Head of Responsible Investment & Governance, APG, said: “Many OECD countries around the world have been declaring drastic carbon reduction plans. In parallel, an increasing number of global companies, as well as reputable large local companies, have announced ambitious emissions reduction plans and have been enhancing their procurement and supply chain management strategies; we expect this trend to only accelerate. Given that KEPCO is a national monopoly power utility, its high emissions in relation to many OECD utility peers negatively impacts most Korean companies; a crucial policy aspect to bear in mind.”

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Notes to Editors

Signatories to Climate Action 100+ who are part of the core engagement team for KEPCO and are party to this statement include:

- **APG Asset Management**
- **Church Commissioners for England**
- **Sumitomo Mitsui Trust Asset Management**
- **UBS Asset Management**

Other supporting signatories to Climate Action 100+ who are party to this statement include:

- **Legal & General Investment Management**
- **California Public Employees' Retirement System**
- **San Francisco Employees Retirement System**
- **Union Investment**
- **CNP Assurances**
- **BMO Global Asset Management**
- **AP2**
- **AP3**
- **AP4**
- **KBI Global Investors**
- **Brawn Capital**
- **Maitri Asset Management**

This statement was coordinated by the Asia Investor Group on Climate Change (AIGCC), a member-based organisation that creates awareness among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and low carbon investing. AIGCC is also one of five regional investor networks that helps coordinate Climate Action 100+.

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