

GREEN FINANCE TO SUPPORT 2050 ZERO CARBON GOALS

Vice Chairman Doh Kyu-sang held the 3rd green finance taskforce meeting via teleconference on January 25 and unveiled the government's plans to promote green financing in 2021, which include strengthening the role of the public sector, promoting green financing in the private sector and improving the regulatory framework. At the meeting, Vice Chairman Doh emphasized the importance of the government's 2050 zero carbon initiative and called for close cooperation from all financial sectors.

KEY PLANS

A. STRENGTHEN THE ROLE OF THE PUBLIC SECTOR

- 1) Prepare an investment strategy for state-backed financial institutions to double their investment in green sectors from the current 6.5% to about 13% (H1 2021) and consider the launching of a new green finance lending program once the K-taxonomy on green industries becomes available
- 2) Create green financing teams within the state-backed financial institutions¹ to improve their work consistency and promote cooperation across different institutions
- 3) Launch a consultative body on green financing between different state-backed financial institutions (H1 2021) to help draw up an integrated strategy on green financing, promote information sharing and boost ties with the international society while preparing for the 2021 P4G Seoul Summit
- 4) Seek revisions to the guidelines on the management of water resources funds (H2 2021) to ensure that the green and environmental indicators are taken into account when selecting fund managers

B. PROMOTE GREEN FINANCING IN THE PRIVATE SECTOR

- 1) Develop K-taxonomy to clearly distinguish between green and non-green industries and activities (H1 2021) and seek improvements to the system (H2 2021)
- 2) Introduce best practice guidelines on green financing to be equally applied to all financial sectors (H1 2021) and promote an internalization of the rules after an adjustment period
- 3) Pilot the issuance of green bonds according to the green bond issuance guidelines announced in December last year
- 4) Draw up a climate risk management and oversight plan for financial institutions

¹ The Korea Development Bank, Export-Import Bank of Korea and Industrial Bank of Korea have already set up green financing teams in January 2021 with the Korea Credit Guarantee Fund also planning for a launch.

(March 2021) to (a) regularly conduct stress tests on the impact of devaluation of carbon-intensive industries on the soundness of financial institutions and to (b) study whether to apply climate risk factors in the financial sectors' prudential regulation and supervisory frameworks (Q2 2021)

C. IMPROVE THE REGULATORY FRAMEWORK

- 1) Work on a gradual strengthening of corporate disclosure on environmental factors (Q1 2021) to require all KOSPI-listed firms to disclose their environment data from 2030
- 2) Consider introducing revisions to the stewardship code to further encourage environmentally-responsible investment by institutional investors
- 3) Draw up an evaluation model to carry out an effective environmental impact analysis on domestic companies (H1 2021)
- 4) Consider setting up a platform on green financing (H1 2021) to promote information sharing, networking and fund matching between green enterprises, financial institutions and investors

#

For press inquiry, please contact Foreign Media Relations Team at fsc_media@korea.kr.