

Recipient's address

Dear *[Recipient]*,

March 20, 2025

We, a Network of 26 Organizations, want to begin this letter by recognizing the important steps *[Company]* has taken toward addressing the climate crisis through *[implementing climate policies and committing to contribute to sustainable development]*. However, as these steps should reflect a meaningful commitment to environmental responsibility and creating a sustainable future, we are writing to express our objections regarding your role as the main *[dealer/investor]* for Korea Electric Power Corporation's (KEPCO) USD-denominated bond issuance activities.

By supporting South Korea's largest electricity utility, *[Company]* is facing an increased risk of undermining its climate commitments, as KEPCO is heavily reliant on coal and has yet to implement a transition strategy toward clean energy aligned with the Paris Agreement. Although the company has previously signaled a willingness to transition through green and sustainable bond issuances over the past 10 years, its recent decision to raise funds through conventional bonds underscores a questionable shift back to its fossil fuel-dependent business model. Therefore, we are urging *[Company]* to stop facilitating any new bond issuance for KEPCO and its power generation subsidiaries, including the upcoming \$1 billion USD bond maturity in June this year, until significant changes are made to its net zero path.

KEPCO's Financial Situation

KEPCO is currently undergoing a major financial and operational crisis, primarily stemming from a) its heavy reliance on coal with 33.7% of imported power and 40.2% of domestic power generated from coal, while renewables only account for 2.1%¹ and b) the high and volatile fuel prices that have not fully transferred to customers within the South Korean electricity system. With a debt-to-equity ratio of 497%,² the company poses risks to both the domestic financial system and sovereign financial stability. However, by acting as one of the dealers for the company's bonds, *[Company]* is enabling KEPCO to maintain its fossil fuel-dependent business model. *[Company]* is not only allowing KEPCO to continue its coal business but is also failing to encourage the utility to adopt a credible transition strategy aligned with the 2015 Paris Agreement and the path to carbon neutrality.

¹ KEPCO (2024). 2023 Sustainability management report.

https://home.kepcoco.kr/kepcoco/EN/D/C/KEDCPP004.do?boardCd=BRD_000014&menuCd=EN040106.

² Naver Finance (2025). KEPCO: Stock analysis. <https://finance.naver.com/item/coinfo.naver?code=015760>.

Heavy Coal Reliance and Lack of Alignment with Global Climate Goals

Despite global efforts to phase out coal and KEPCO being labeled as “the most liable Korean company for climate change,” responsible for 32% of South Korea’s greenhouse gas emissions,³ the utility remains reliant on fossil fuels. Notwithstanding numerous engagement efforts by global investors and strong opposition from domestic and international civil society organizations warning of the potential for massive greenhouse gas emissions and significant health risks,⁴ the company has persisted in its course of sustained involvement in overseas coal projects and approved investments in coal-fired plants in Indonesia and Vietnam as recently as 2020.⁵ Additionally, rather than shutting overseas coal power plants down, KEPCO has announced it will convert them into coal-ammonia co-firing and LNG-hydrogen plants,⁶ hence ignoring its global climate responsibility and raising doubts about its commitment to net-zero.

Failure to Establish a Credible Transition Strategy

Moreover, KEPCO’s ‘Roadmap for Reducing Greenhouse Gas Emissions’ does not cover specific plans to shut down coal-fired power plants and projects a continued reliance on coal, with 23 GW of thermal coal capacity still in operation beyond 2030.¹ Assessments by [Climate Action 100+](#) and [IEEFA](#) underscore that KEPCO is failing to meet various key criteria essential for a credible transition strategy, such as establishing a comprehensive capital allocation plan to decarbonize its expenditure or engaging meaningfully in climate policy.

³ The Korea Times (2023). KEPCO, POSCO most liable Korean companies for global warming.
[https://www.koreatimes.co.kr/www/tech/2025/01/129_364958.html#:~:text=\(KEPCO\)%20and%20POSCO%20are%20two.based%20nonprofit%20environmental%20group%2C%20Tuesday.](https://www.koreatimes.co.kr/www/tech/2025/01/129_364958.html#:~:text=(KEPCO)%20and%20POSCO%20are%20two.based%20nonprofit%20environmental%20group%2C%20Tuesday.)

⁴ AIGCC (2020). International investors: KEPCO should reconsider supporting new overseas coal power plants.
<https://aigcc.net/international-investors-kepcO-should-reconsider-supporting-new-overseas-coal-power-plants/>;
Mekyong Eye (2019). Vietnamese provinces say “no” to coal plants – governments and industry still want more.
<https://www.mekongeye.com/2019/03/07/vietnamese-provinces-say-no-to-coal-plants-but-the-government-and-in-dustry-build-more.>

⁵ KEPCO (2025). Thermal power plants.
https://home.kepcO.co.kr/kepcO/EN/B/htmlView/ENBJHP001_05.do?menuCd=EN020808.

⁶ KEPCO (2025). Goals and tasks of overseas projects.
https://home.kepcO.co.kr/kepcO/EN/B/htmlView/ENBJHP001_03.do?menuCd=EN02080701.

KEPCO, already strongly criticized for its opaque sustainable finance frameworks, has, with its latest bond issuance, once again demonstrated its resistance to transitioning to green practices. Rather than issuing green or sustainable bonds, for the first time in a decade, the utility chose to issue conventional, non-labeled bonds. This raises serious concerns about how KEPCO, without dedicated investments in clean energy, will ensure it phases out coal and aligns with the Paris Agreement's climate targets.

Underwriters' and Investor's Responsibility in Guiding KEPCO Toward Climate Action

Given KEPCO's failure to implement a credible transition strategy, *[Company]*'s participation in the utility's bond issuance effectively signals support for coal expansion by facilitating debt access for KEPCO and its subsidiaries. With coal remaining the largest contributor to the climate crisis and the IPCC urging the cancellation of new coal projects and the retirement of existing plants, KEPCO's lack of climate action has already drawn criticism from many of its shareholders: For example, BNP Paribas has publicly announced it holds no positions in KEPCO in its open-ended funds and has no plans to purchase any, referring to KEPCO's incompatibility with its coal policy.⁷ Notably, in 2021, APG divested from KEPCO due to the utility's expansion plans,⁸ and, in 2023, the Swedish Pension Fund AP7 made a similar decision, citing KEPCO's large-scale coal operations.⁹

In contrast, by acting as a [joint lead manager for/investor in] KEPCO's USD-denominated, bond issuance activities, *[Company]* has endorsed the company, lending a sense of legitimacy to its operations and heavy coal reliance. This not only exposes *[Company]* to financial risks but also to legal and reputational consequences, as it contradicts the principles outlined in your position statements and commitments to promoting a sustainable future, as stated in your own pledges.

Given these concerns, we urge *[Company]* to take the following actions:

- Immediately cease [investing in/facilitating] any new bond issuance for KEPCO and its power generation subsidiaries.

⁷ Bank Track (2020). BNP Paribas commits to no longer finance companies with no strategy to exit coal. https://www.banktrack.org/article/bnp_paribas_commits_to_no_longer_finance_companies_with_no_strategy_to_exit_the_coal_power_sector.

⁸ APG (2021). APG sells Korean energy giant due to coal expansion. <https://apg.nl/en/publication/apg-sells-korean-energy-giant-due-to-coal-expansion/>.

⁹ AP7 (2023). AP7 blacklist as of June, 2023. <https://www.ap7.se/app/uploads/2023/06/ap7-blacklist-june-2023.pdf>.

- Publicly commit to [ending bond underwriting services for/divesting from] all clients, both new and existing, that are involved in expanding fossil fuel production and related infrastructure.

We intend to publish responses, including any lack thereof, to this letter and kindly request your engagement by April 3, 2025, in relation to your decision on this matter.

Please feel free to reach out if you need further clarification or wish to discuss the matter further.

Sincerely,

AnsvarligFremtid, Asian Peoples Movement on Debt and Development, BankTrack, BigWave, Center for Energy, Ecology, and Development (CEED), Conexiones Climáticas, EKOenergy ecolabel, Ekō, FoE Japan, Japan Center for a Sustainable Environment and Society (JACSES), Jubilee Australia Research Centre, Kiko Network, KRuHA, Korea Sustainability Investing Forum, Leave it in the Ground Initiative (LINGO), Mekong Watch, Oil Change International, Philippine Movement for Climate Justice, Reclaim Finance, Solutions for Our Climate (SFOC), TIAA-Divest!, Toxic Bonds, Trend Asia, Urgewald, Wahana Lingkungan Hidup Indonesia, Waterkeepers Bangladesh

