


Asia Investor Group on Climate Change (AIGCC)

Letter to Financial Services Commission, Republic of Korea

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Financial Services Commission
Seoul Government Complex, 209 Sejong-daero,
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7th October 2024

Subject: To Commence Mandatory Sustainability Disclosure in 2026

Dear Mr. Byoung Hwan Kim, Chairman of Financial Services Commission,

We are institutional investors, responsible for \$3.5+ trillion (₩4,700+ trillion) in assets under management, invested across Asian economies, including Korea. We are also investors that have integrated climate risks and opportunities into our portfolio decisions and are engaging companies to reduce their emissions and forge transition plans. For this, and through initiatives such as the Asia Investor Group on Climate Change (AIGCC), we are calling on policymakers to deliver robust climate action.

We believe that climate disclosure is a fundamental necessity for investors to better understand climate-related risks and opportunities, and therefore, enable more capital flows. We are sending this open letter to emphasize the urgent need for the Financial Services Commission (FSC) to finalize the overall sustainability-related disclosure roadmap, and mandate climate disclosure through a phased approach from 2026.

Korea has long been a country of significant interest to global investors due to its competitive positions in diverse industries including semiconductors and automotive, but low company-level valuation relative to other emerging markets. Recently, the FSC's "Corporate Value-up Program" has further heightened the overall interest from institutional investors investing in the Korean market. As investors, we require relevant, consistent, and comparable information to support investment decision-making and capital allocation. Importantly, this includes material sustainability-related information, helping us act in the best interests of our clients, and enabling us to exercise our fiduciary duties.

This is why we have been encouraging, at a global level, the full adoption of published International Sustainability Standards Board (ISSB) standards. It is encouraging that markets across Asia have mandated the timely implementation of these disclosure

standards. We believe this will not only support the needs of global investors, who require information on how companies are managing their sustainability, addressing climate-related risks and opportunities, and adapting their business models, but will also help companies better communicate to investors on material issues, which could, in turn, support improved access to capital markets.

We are, therefore, deeply concerned that the implementation of mandatory sustainability-related disclosure in Korea has been postponed until “after 2026,” with pending uncertainty on the exact year of implementation. If businesses in other markets are providing sustainability-related disclosure while such reporting is delayed for Korean companies, global investors will struggle with benchmarking corporate performance due to lack of comparable data and transparency. We believe this will not be conducive to the broader objective of the Korean “Corporate Value-up” and could even lead to a broader sense of the “Korea Discount” phenomenon.

To prevent this, we propose the following:

1. By year-end 2024, announce a clear roadmap for the early implementation of mandatory sustainability-related disclosures
2. Mandate climate-related disclosure for listed companies with total assets of over 2 trillion KRW by 2026 (FY2025)
3. Publish an English version of the Korean Sustainability Disclosure Standards and mandate companies to likewise publish English versions of their sustainability disclosures

Expediting the timeline of mandatory sustainability-related disclosure would not overly burden large listed Korean companies since [over half of them are already committed to voluntary sustainability reporting in 2023](#). If the government provides a clear roadmap for the implementation of mandatory sustainability-related disclosure and specific guidance on complex disclosure issues, including on Scope 3 emissions and internal carbon pricing, Korean companies can be better prepared, supporting the materialization of a “Climate Value-up” that alleviates the “Korea Discount”.

We urge you to consider our proposals, and we are certain that these will lead to a “Climate Value-up” for Korean companies, shareholders, and the entire Korean market.



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Best regards,

[List of signatories in alphabetical order]

- **British Columbia Investment Management Corporation (BCI)**
- **East Capital Group**
- **Fidelity International**
- **Fineco Asset Management**
- **Global Delta Capital**
- **Legal and General Investment Management (LGIM)**
- **Schroders**
- **Tundra Fonder AB**

About AIGCC



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ABOUT AIGCC

Asia Investor Group on Climate Change (AIGCC) is the leading investor network in Asia focused on climate change, with over 70 institutional investor members managing a total of \$28 trillion in assets under management (AUM). In Korea, we have been engaging with Korean companies through the Climate Action 100+ initiative and have conducted various online and in-person activities. Starting in July 2024, we organized the AIGCC Korea Working Group, comprised of 11 AIGCC members who have an interest in the development of Korea's climate policy and its implications for investors. We also sent a letter to the Korea Accounting Institute in response to the public consultation on the exposure drafts of the Korea Sustainability Disclosure Standards.