

ESG Viewpoint: Korea Eximbank

RepRisk interviews Woojeong Jeong, Senior Environmental & Social Officer at Korea Eximbank



1. RepRisk: Please provide some details about your specific role at Korea Eximbank (KEXIM) and the work that you and your team do.

Woojeong Jeong: My team and I, as a Senior Environmental and Social (E&S) Officer, endeavor to prevent and mitigate potential adverse E&S impacts of the projects KEXIM finances by undertaking E&S due diligence and monitoring. We conduct field inspections and consultations with stakeholders, review E&S impact assessment reports and relevant information, and develop project-specific E&S management/action plans to promote compliance with internationally recognized E&S standards as recommended by the Organisation for Economic Co-operation and Development (OECD) Common Approaches.

As the bank supports the Task Force on Climate-Related Financial Disclosures (TCFD) framework and the South Korean government's 2050 carbon neutrality plan, our team takes an active role in assessing possible methodologies and mechanisms the bank can adopt to collect, evaluate, monitor, and reduce GHG emissions from the bank's assets with the goal to establish a management framework for the bank's climate and ESG risks.

We also participate in multilateral discussions such as OECD Environmental Practitioners' Meetings and address E&S issues by sharing our experience and knowledge with other government agencies and international organizations. We also work to ensure that the OECD Common Approaches stay up to date by joining global efforts to combat climate change and human rights violations.

2. RR: KEXIM has been a client of RepRisk since early 2020. Could you explain how RepRisk ESG risk data has been integrated into your processes in that time?

WJ: RepRisk data has been integrated into our processes in two ways:

First, we use the data in our E&S due diligence process, assessing the historical E&S related risk incidents and relevant reputations of project parties. The outcome of the E&S due diligence serves as an important factor in the bank's internal credit approval process and determines the environmental and social conditions attached to the bank's financial support. Especially during the pandemic when we were not able to conduct field inspections as before, RepRisk ESG risk data enabled us to supplement our desktop review and assessment process.

Second, we circulate RepRisk's ESG risk data on our applicants and clients to our financial departments for review. With the access to up-to-date information, our loan officers take into account relevant considerations in the loan approval and monitoring processes.

3. RR: What role do you hope to play in driving ESG integration by Korean market practitioners and in the APAC region in general?

WJ: KEXIM is the first financial institution in Korea to formulate an E&S due diligence and monitoring policy to apply internationally recognized E&S standards in the projects it supports, and has established a department dedicated to E&S related tasks as early as 2004. As KEXIM has the longest history in Korea in these areas, it has extensive and in-depth experience developing E&S risk management skills for numerous projects (114 projects as of today) in various sectors such as power and infrastructure. Moreover, KEXIM developed an ESG roadmap that covers the bank's overall day-to-day operations and is now further developing a climate risk management plan and ESG assessment criteria in detail. KEXIM welcomes the recent ESG trends in the APAC region, including Korea, such as cutting carbon emissions, managing climate-related risks, and promoting the growth of ESG financial product markets. This year, the first regular meeting for E&S Practitioners of Korean Financial Institutions was launched and, as a front runner, KEXIM plans to host the upcoming meeting in the 3rd quarter to share our experience and knowledge.

4. RR: Korea Eximbank recently aligned themselves with the TCFD. In what ways do you think ESG and sustainability frameworks – regulatory or otherwise – will shape the industry?

WJ: With the increased public awareness of environmental issues, many countries, governments, and private sectors have taken meaningful steps toward ESG and sustainability frameworks to incorporate ESG values into their operation. In Korea, the government has developed programs to promote sustainability among businesses by providing incentives, and many commercial banks have voluntarily engaged themselves with TCFD, Partnership for Carbon Accounting Financials (PCAF), and Science Based Targets initiative (SBTi). This trend in the finance industry provides a backdrop where peer reviews and pressures can encourage each other to achieve their respective sustainability goals.

5. RR: What emerging ESG trends do you foresee in the Korean financial landscape? What do you see as the main differentiators of APAC's approach to ESG?

WJ: I believe that the ESG trends in Korea in the recent years have been characterized by institutionalized efforts to meet the TCFD recommendations and support the Korean government's 2050 carbon neutrality program. As part of those efforts, many commercial banks have joined the Equator Principles (EP) and commenced E&S due diligence and monitoring accordingly. In the APAC region, Korea has been one of the outstanding countries where many financial institutions actively and voluntarily aligned their ESG commitment with not only the aforementioned PCAF and SBTi but also EP and OECD Common Approaches. In this regard, I think such trends would contribute to widespread corporate engagement to improve ESG practices in the Korean financial sectors.

Conclusion

As the first financial institution in Korea to apply E&S standards to the projects it supports, Korea Eximbank has blazed a trail for ESG in the landscape. RepRisk's daily-updated ESG risk data is particularly helpful to Woojeong Jeong, Senior Environmental & Social Officer, and her team in assessing the historical E&S related risk incidents and relevant reputations of project parties. Their team works to prevent and mitigate potential adverse environmental and social impacts of projects financed by the bank and RepRisk data is a key part of those processes. RepRisk data in part enables many facets of work at KEXIM, like global efforts to combat climate change and human rights violations.

Bio – Woojeong Jeong

Woojeong Jeong has worked at KEXIM for more than ten years and now serves as KEXIM's Deputy Director / Senior Environmental and Social Officer. Woojeong and her team prevent and mitigate potential adverse E&S impacts of the projects KEXIM finances by undertaking E&S due diligence and monitoring, and by conducting field inspections and consultations with stakeholders. Woojeong is a member of the Task Force on Climate Risk Management Framework Establishment of the bank as well as a Korean delegation of OECD ECA Climate Risk Working Group playing an active role in the bank's evaluation, monitoring, and reduction of GHG emissions in the bank's assets. Woojeong graduated from Yonsei University with a bachelor's degree in Civil and Environmental Engineering, and has a master's degree in environmental studies from the University of Melbourne.