Oxford Climate Policy Monitor 2024 Survey

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Table of Contents

Policy Tool Name: Korea's National Greenhouse Gas Emissions Trading Scheme (K-ETS)	4
Policy Tool Name: Environmental, Social, and Governance (ESG) Disclosure Requirements	1
Policy Tool Name: Public Procurement Service (PPS) Green Procurement Policy	Э
Policy Tool Name: Basic Act on Carbon Neutrality and Green Growth	1

Policy Tool Name: Korea's National Greenhouse Gas Emissions Trading Scheme (K-ETS)

3. Source material link(s):

https://web.archive.org/web/20241010065210/https://icapcarbonaction.com/en/ets/korea-emissions-trading-scheme

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

Climate-related disclosure

□ Transition planning

 \Box Public procurement

- 6. Select the category which best describes the author/issuer of the policy tool.
- \Box Head of state and/or government

□ Independent regulatory or supervisory body

□ Legislature

□ Judiciary

Ministry/Department/Agency

 \Box Other (Please describe)

7. Status of the policy tool

- Approved, in force
- Approved, not yet in force
- Other (Please describe)

9. Year of (planned) entry into force or year of publication

<u>2015</u>

10. Does the policy tool have an end date?

● No		
∘ Yes		

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The goal of the Korea Emissions Trading Scheme (K-ETS) is to reduce greenhouse gas emissions in South Korea by setting a cap on total emissions and allowing companies to buy and sell emission allowances. This market-based approach incentivizes companies to reduce their emissions costeffectively and supports the country's broader climate goals, including achieving carbon neutrality by 2050. Through K-ETS, South Korea aims to enhance transparency in climate-related disclosures and facilitate the transition to a low-carbon economy.

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

- 1. Ministry of Environment (MOE)
- 2. Ministry of Economy and Finance (MOEF)
- 3. Financial Services Commission (FSC)
- 4. Korea Exchange (KRX)
- o **5**.

15. To provide contextual information, rate the capacity of Ministry of Environment (MOE) to undertake the policy tool's implementation and/or enforcement.

0- No Capacity (Please explain)

• 1- Low Capacity (Please explain)

- 2- Medium Capacity (Please explain)
- o 3- High Capacity (Please explain)

• Prefer not to answer

• Not Applicable

16. To provide contextual information, rate the capacity of Ministry of Economy and Finance (MOEF) to undertake the policy tool's implementation and/or enforcement.

• 0- No Capacity (Please explain)

• 1- Low Capacity (Please explain)

• 2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>The MOE is the primary authority responsible for the overall</u> <u>management and enforcement of K-ETS.</u>

 \circ Prefer not to answer

• Not Applicable

17. To provide contextual information, rate the capacity of Financial Services Commission (FSC) to undertake the policy tool's implementation and/or enforcement.

0- No Capacity (Please explain)

• 1- Low Capacity (Please explain)

• 2- Medium Capacity (Please explain) <u>The MOEF handles the financial aspects and economic</u> implications of K-ETS. While it has significant expertise in economic policy, its role is more focused on financial support and policy coordination rather than direct management of K-ETS.

3- High Capacity (Please explain)

 \circ Prefer not to answer

• Not Applicable

18. To provide contextual information, rate the capacity of Korea Exchange (KRX) to undertake the policy tool's implementation and/or enforcement.

0- No Capacity (Please explain)

1- Low Capacity (Please explain)

 \circ 2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>The KRX manages the trading platform for emission allowances</u>, <u>ensuring transparency and efficiency in trading. It has high expertise in financial market operations</u> <u>and the necessary technical infrastructure to support K-ETS effectively.</u>

 \circ Prefer not to answer

 \circ Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded			
entities	_		
2. Private companies			
3. Financial institutions			
4. Small and medium-			
sized enterprises			
5. State-owned			
companies			
6. Not-for-profit			
organizations			
7. Government			
agencies and/or			
departments			
(supranational)			
8. Government			
agencies and/or			
departments (national) 9. Government			
agencies and/or			
departments (regional			
- e.g., state, province,			
region, metropolitan			
region)			
10. Government			
agencies and/or			_
departments (local -			
e.g., county, district,			
municipality, city)			
11. Government			
agencies and/or			
departments			
(unspecified)			
12. Sectoral actors			
(e.g., healthcare,			
defense, utilities,			
education)			
13. Other			

26. In cases where entities are targeted by sector, identify the sector to which the policy tool applies.

	Mandatory	Voluntary	Not applicable
All sectors			
Agriculture, forestry, and fishing			
Mining and quarrying			
Manufacturing			
Electricity, gas, steam, and air conditioning supply			
Water supply; sewerage; waste management and remediation activities			
Construction			
Wholesale and retail trade: repair of motor vehicles and motorcycles			
Transportation and storage			
Accommodation and food service activities			
Information and communication			
Financial and insurance activities			
Real estate activities			
Professional, scientific and technical activities			
Administrative and support service activities		\mathbf{N}	
Public administration and defense; compulsory social security			
Education			
Human health and social work activities			
Arts, entertainment and recreation			
Other service activities			
Activities of households as employers; undifferentiated goods-and services- producing activities of			

households for own		
use		
Activities of extraterritorial organizations and bodies		

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Public ly- trade d entitie s	Privat e comp anies	State- owne d comp anies	Governm ent agencies and/or departm ents (suprana tional)	Govern ment agencie s and/or depart ments (nation al)	Govern ment agencie s and/or depart ments (region al - e.g. state, provinc e, region, metrop olitan region)	Govern ment agencie s and/or depart ments (local - e.g. county, district, municip ality, city)	Govern ment agencie s and/or depart ments (unspec ified)	Sector al actors (e.g. health care, defens e, utilitie s, educat ion)
Minimum number of employe es (Enter min number of full- time employe es - FTEs)									
Minimum revenue (Enter minimum revenue)									
Minimum assets (Enter minimum assets)									
Minimum contract value (Enter minimum contract value)									
Entity is headqua rtered in									

the jurisdicti									
on									
Entities are subjecte d to disclosur e or reporting requirem ents	Annu al GHG Emissi ons; Sector - Specif ic Inclusi on	Annua I GHG Emissi ons; Sector - Specifi c Inclusi on	Annua I GHG Emissi ons; Sector - Specifi c Inclusi on	Annual GHG Emission s; Sector- Specific Inclusion	Annual GHG Emissio ns; Sector- Specific Inclusio n	Annual GHG Emissio ns; Sector- Specific Inclusio n	Annual GHG Emissio ns; Sector- Specific Inclusio n	Annual GHG Emissio ns; Sector- Specific Inclusio n	Annua I GHG Emissi ons; Sector - Specifi c Inclusi on

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

No

 $\circ \, \text{Yes}$

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

• Operations within jurisdiction only

 \circ Operations beyond the jurisdiction

 \circ Not applicable

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

Monetary fine <u>Non-compliant entities are subject to monetary fines</u>. The fine can be up to three <u>times the average market price of the allowances for the excess emissions or KRW 100,000 per ton</u> <u>of CO₂ equivalent</u>, whichever is lower.

□ Restriction on business activities

 \Box Voiding or setting aside of contract

Section of the sectio contracts under K-ETS, but non-compliance may affect government-related financing or contracts indirectly, especially if the entity is subject to sustainability or environmental reporting requirements.

□ Award of damages or compensation

□ Penalty for senior managers

Criminal penalties While criminal penalties are rare, serious cases of fraud or deliberate noncompliance could potentially result in further legal action beyond administrative fines.

□ Not specified

□ Not applicable (e.g. in cases of voluntary tools)

Other If a company fails to submit the required emission permits by the end of the compliance period, the Ministry of Environment may impose additional corrective measures or penalties to ensure future compliance.

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

- Below average
- Average

Above average

• Not applicable

• Unknown or prefer not to answer

34. Provide supplemental explanation of your assessment of the associated costs of compliance. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The cost of compliance with the Korea Emissions Trading Scheme (K-ETS) is relatively high compared to other regulatory obligations that entities face in South Korea. Several factors contribute to this:

1. Administrative Burden:

Entities must invest in the accurate measurement, reporting, and verification of greenhouse gas (GHG) emissions. This often requires hiring specialists, installing emissions tracking technology, and engaging third-party auditors, adding significant administrative costs.

2. Allowance Costs:

Entities subject to K-ETS must purchase or trade allowances to cover their emissions. The cost of these allowances fluctuates based on market prices, and companies with higher emissions may face substantial costs to acquire sufficient allowances.

3. Penalties for Non-Compliance:

The financial penalties for non-compliance (up to KRW 100,000 per ton of CO₂) are another major concern, potentially adding to the overall compliance burden.

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

• Below average

 \circ Average

Above average

Not applicable

 \circ Unknown or prefer not to answer

36. Provide supplemental explanation of your priority assessment. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

<u>Companies in sectors like power generation, petrochemicals, cement, and steel have made</u> <u>compliance a major priority. These industries are heavily impacted by K-ETS due to their high</u> <u>emissions and the significant financial risks associated with non-compliance. Compliance is not only</u> <u>necessary to avoid monetary penalties, but also important for maintaining competitiveness in</u> <u>international markets that increasingly prioritize sustainability and carbon-neutral practices.</u>

37. Have the climate-specific provisions in this instrument ever been enforced?

 \circ No (If relevant, explain)

Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

One exemplary case of enforcement under the Korea Emissions Trading Scheme (K-ETS) involved the steel and petrochemical industries. In 2021, several large companies in these sectors faced penalties for failing to meet their emissions allowance obligations. Due to the high emissions output from these industries, the government closely monitored their compliance, and companies that did not secure sufficient carbon credits were subjected to monetary fines for each ton of CO₂ emitted beyond their allowances. This enforcement action highlighted the strict application of K-ETS rules in high-emission sectors.

Another notable case occurred in the power generation sector, where companies were required to reduce emissions from coal-fired power plants. The government enforced compliance by reducing the number of free allowances and increasing the auction-based portion of allowances, compelling power companies to adopt more renewable energy sources to avoid penalties. These actions aligned with South Korea's broader goal of carbon neutrality by 2050.

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

 $\circ \, \text{No}$

Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

Article 24: Reporting and Verification of Emissions

Entities that are subject to K-ETS are required to submit a detailed emissions report within three months after the end of each compliance year. This report must follow the guidelines set by the presidential decree and should be based on the emissions estimation plan. The purpose is to ensure accurate reporting of the actual greenhouse gas emissions from all facilities.

Article 37: Investigation of Actual Conditions

This article allows the relevant authorities, referred to as the competent authority, to conduct investigations on certain entities (such as allocation recipients, verification bodies, or market participants). The investigations aim to ensure the accuracy and appropriateness of the emissions reports, allocations, and transactions related to emissions trading. The authorities may request documents, conduct on-site investigations, or take other necessary actions to verify compliance. Entities are required to comply with these investigations unless they have a valid reason for refusal.

41. Does the policy tool recommend or require periodic impact assessments?

No

Recommended

 \circ Required

43. Does the policy tool recommend or require periodic reviews?

 $\circ \ No$

 \circ Recommended

Required

44. Select the option that best describes the frequency of the recommended or required periodic reviews.

• 0-2 years

 \circ 2-5 years

 \circ 5-10 years

 \circ 10 or more years

 \circ Not specified

 \circ Other

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

 $\circ \operatorname{No}$

Yes

46. Describe the mechanisms for enhancing regulatory coordination with subnational governments. Reference the relevant section/subsection/paragraph of the policy tool where mechanisms for coordination with subnational governments are set.

When the government creates or revises the Basic Plan for carbon neutrality, it is required to gather opinions from relevant stakeholders. This includes:

<u>Central Administrative Agencies: Various ministries and agencies involved in implementing and</u> <u>overseeing climate policies.</u>

Local Governments: Subnational entities such as local governments (지방자치단체) play a role in implementing climate action plans and aligning with the national strategy.

<u>Relevant Stakeholders: This includes civil society organizations, businesses, and other interest groups</u> <u>that may be impacted by climate regulations.</u>

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

 $\circ \ No$

Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The South Korean government has several initiatives in place to help targeted entities implement and comply with the Korea Emissions Trading Scheme (K-ETS):

Public-Private Working Groups: The government organizes working groups that include industry leaders, government officials, and experts to discuss compliance, address industry concerns, and share best practices for emissions reduction.

<u>Training and Education Programs: Through agencies like the Ministry of Environment and the</u> <u>Greenhouse Gas Inventory and Research Center (GIR), the government provides training on emissions</u> <u>measurement, reporting, and verification (MRV), as well as participation in the carbon trading market.</u>

Outreach Campaigns: Awareness campaigns are conducted to educate industries about the benefits

of carbon trading, the importance of emissions reduction, and the financial risks associated with noncompliance.

Domain-Specific Questions: Disclosure Questions

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions			
2. GHG emissions offsets or removals			
3. GHG emissions reduction targets			
4. Other climate- related targets			
5. Physical climate risk			
6. Transition risk			
7. Transition plan			

Disclosure of Greenhouse Gas (GHG) Emissions

54. Which GHG emissions must be disclosed? Select all that apply.

Carbon dioxide (CO₂)

Methane (CH4)

Nitrous oxide (N₂O)

Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Sulphur hexafluoride (SF6)

Nitrogen trifluoride (NF3)

Carbon dioxide equivalent (CO2e)

55. Are entities recommended or required to disclose gross emissions?

 $\circ \ No$

 \circ Recommended

Required

56. Are entities recommended or required to disclose net emissions?
No
 Recommended
○ Required
57. What Scope of emissions must be disclosed? Select all that apply.
Scope 1 emissions
Scope 2 emissions
□ Scope 3 emissions, relevant or material
□ Scope 3 emissions, a specified proportion of coverage (Please describe)
□ Scope 3 emissions, all
□ Not specified
58. Are entities recommended or required to discloseGHG emissionsaccounting methodologies or standards?
GHG emissions
59. Does the policy tool recommend or require the GHG inventory be third-party verified?
○ No
• Recommended
 Required

60. If necessary, provide additional clarification to the above responses aboutgreenhouse gas (GHG) emissions disclosure.

Disclosure of Greenhouse Gas (GHG) Offsets or Removals

62. Does the policy tool recommend or require offsetting purchases be disclosed?

o No

• Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool) <u>Under Article 29 (Offsetting) of the Act on the Allocation and Trading of Greenhouse Gas</u> <u>Emission Permits (K-ETS), entities are allowed to use offsets for compliance, but they must follow</u> <u>specific procedures for disclosure and approval:</u>

Offset Application: Entities that hold or acquire GHG reductions from external projects (referred to as "external project GHG reductions") can apply to the relevant authority to convert these reductions into emissions allowances. These external projects must adhere to international standards.

 \circ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

63. Does the policy tool recommend or require entities disclose whether offsets are verified?

 $\circ \, \text{No}$

 \circ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

• Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) <u>Under Article 29 of the Act on the Allocation and Trading of Greenhouse Gas Emission Permits</u> (K-ETS), entities are required to ensure and disclose that the offsets they use are verified. Specifically:

Verification Requirement: The external greenhouse gas reductions (offsets) must adhere to international standards, ensuring their legitimacy and environmental integrity. This implies that all offsets must be properly verified before they can be converted into emissions allowances under K-ETS.

Application for Conversion: When entities apply to convert external GHG reductions into K-ETS allowances, they must submit documentation showing that the offsets have been verified by

appropriate bodies. The verification ensures that the offsets meet the standards set by the government.

64. Does the policy tool recommend or require any certification standards for the use of GHG offsetting or removals?

 $\circ \operatorname{No}$

 Recommended (Please list the certification standards, describe their use, and reference the relevant section/subsection/paragraph of the policy tool)

• Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) <u>Yes, under the Korea Emissions Trading Scheme (K-ETS), the policy requires the use of certification standards for greenhouse gas (GHG) offsetting and removals. These certification standards ensure the environmental integrity and credibility of the offsets.</u>

Key Certification Requirements:

International Standards: As outlined in Article 29 of the Act on the Allocation and Trading of Greenhouse Gas Emission Permits, GHG reductions from external projects (offsets) must adhere to internationally recognized standards. This ensures that the offsets are verified and meet stringent criteria for real, measurable, and permanent reductions.

Verification Process: The offsets must be third-party verified by accredited verification bodies before they can be used as part of an entity's compliance under K-ETS. The verification process ensures that the projects generating the offsets are valid and in line with recognized standards, such as those under the Clean Development Mechanism (CDM) or other international frameworks.

Government Review: The Ministry of Environment and other regulatory bodies review the verified offsets, and only those that meet the certification standards can be converted into emissions allowances and used for compliance.

65. Does the policy tool include any other recommendations or requirements regarding the appropriate use of offsets?

 $\circ \mathrm{No}$

 \circ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

• Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool) es, the Korea Emissions Trading Scheme (K-ETS) includes additional requirements and recommendations regarding the appropriate use of offsets, beyond certification and verification

<u>standards.</u>

Key Recommendations and Requirements: Submission Limits:

Article 29 of the Act on the Allocation and Trading of Greenhouse Gas Emission Permits specifies that the submission of offsets is subject to limits. The government can impose restrictions on the proportion of offsets entities can use to meet their compliance obligations. This ensures that the majority of emissions reductions come from direct mitigation actions rather than reliance on offsets. Offset Validity and Expiration:

Offsets must be used within a certain validity period. The Ministry of Environment can set limits on the validity and lifespan of offset credits, ensuring that older offsets do not distort the emissions reduction goals of the current compliance period. Impact on National Reduction Goals:

The use of offsets is also assessed based on its impact on national greenhouse gas reduction targets. If the submission of offsets is found to significantly affect the ability to meet national or international climate commitments, the government may adjust offset rules to ensure alignment with broader policy objectives.

Disclosure of Greenhouse Gas (GHG) Emissions Reduction Targets

67. Which of the following targets, or data related to targets, does the policy tool request entities disclose? Select any of the following which apply:

	Recommended	Required	Neither recommended nor required
An absolute emissions reduction target			
An intensity-based emissions reduction target			
A net zero target			
Targets covering non- carbon GHG emissions			
A Scope 3 emissions target			>
A target derived using a sectoral decarbonization approach			
Interim targets			
A target timeframe (e.g. by 2040)			
A baseline year from which progress is measured			
A level of ambition for emissions reductions (e.g. 80% reduction)			

68. Does the policy tool recommend or require entities to disclose their progress in achieving their emissions reductions targets?

No

Recommended

• Required

Disclosure of other climate-related targets

84. Which of the following other climate-related targets does the policy tool recommend or require entities disclose? Select all that apply.

□ Targets for renewable energy procurement (Please reference the section/subsection/paragraph of the policy tool relevant to renewable energy procurement targets)

□ Targets for fossil fuel phase down/phase out (Please reference the section/subsection/paragraph of the policy tool relevant to fossil fuel phase down/phase out)

□ Targets or goals related to climate adaptation (Please reference the section/subsection/paragraph of the policy tool relevant to climate adaptation)

□ Targets or goals related to nature and/or biodiversity (Please reference the section/subsection/paragraph of the policy tool relevant to nature and/or biodiversity)

□ Targets or goals related to just transition (Please reference the section/subsection/paragraph of the policy tool relevant to just transition)

 \Box Other targets (Please reference the section/subsection/paragraph of the policy tool relevant to other targets)

Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities			
2. Remuneration based on achieving climate-related goals			
3. Taxonomies			
4. Capital allocation and/or expenditure plans (in the context of climate change)			
5. Due diligence			
6. Assumptions and Dependencies			
7. Data limitations of scenario analyses			
8. Financial implications of climate-related matters (e.g., integration of climate- related disclosures into financial accounting standards)			
9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in shareholder meetings, etc.)			
10. ESG methodologies and criteria (in the case of service providers)			
11. Asset planning or ownership in the context of climate change			
12. Sectoral investment policies			
13. Climate-related lobbying and/or policy engagement			
14. Locked-in emissions or information on			

emissive assets with long lifespans		
15. Dirty asset		
divestiture		
16. Nature-related		
impacts		
17. Just transition		
indicators		

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1			
2. IFRS S2			
3. Task Force on			
Climate-related			
Financial Disclosures			
(TCFD)			
4. GHG Protocol			
Corporate Accounting			
and Reporting			
Standard			
5. GHG Protocol			
Corporate Value Chain			
(Scope 3) Accounting			
and Reporting			
Standard			
6. CDP (formerly			
known as Climate			
Disclosure Project)			
reporting framework			
7. International			
Integrated Reporting			
Framework 8. Global Reporting			
Initiative (GRI)			
9. Sustainability			
Accounting Standards			
Board (SASB)			
10. European			
Sustainability			
Reporting Standards			
(ESRS)			
11. Taskforce on			
Nature-related			
Financial Disclosures			
(TNFD)			
12. Partnership for			
Carbon Accounting			
Financials (PCAF)			
13. Glasgow Financial			
Alliance for Net Zero			
(GFANZ)			
14. Other			

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None

Policy Tool Name: Environmental, Social, and Governance (ESG) Disclosure Requirements

- 3. Source material link(s): https://web.archive.org/web/https://esg.krx.co.kr/
- 4. Which of the following governance domains does this policy tool relate to? Select all that apply.

Climate-related disclosure

 \Box Transition planning

□ Public procurement

6. Select the category which best describes the author/issuer of the policy tool.

- □ Head of state and/or government
- Independent regulatory or supervisory body

□ Legislature

□ Judiciary

□ Ministry/Department/Agency

 \Box Other (Please describe)

7. Status of the policy tool

• Approved, in force

 \circ Approved, not yet in force

• Other (Please describe) <u>Policy framework proposed, but mandatory implementation has been</u> postponed beyond 2026, with potential adjustments to the timeline depending on further <u>developments.</u>

9. Year of (planned) entry into force or year of publication

<u>2028</u>

10. Does the policy tool have an end date?

• No	
• Yes	

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The goal of South Korea's ESG disclosure policy is to enhance transparency and accountability in corporate governance by requiring companies to disclose information on their environmental, social, and governance (ESG) practices. The purpose is to ensure that investors and stakeholders have access to standardized, reliable ESG data, which will promote sustainable business practices, improve corporate responsibility, and align companies with global standards on sustainability and ethical governance. This policy also aims to encourage long-term value creation while managing environmental and social risks.

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

• 1. Financial Services Commission

• 2. Korea Exchange

o **3**.

o **4**.

o **5**.

15. To provide contextual information, rate the capacity of Financial Services Commission to undertake the policy tool's implementation and/or enforcement.

• 0- No Capacity (Please explain)

- 1- Low Capacity (Please explain)
- 2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>The FSC is a well-established regulatory authority with</u> <u>substantial experience in overseeing financial markets and corporate governance. It has the</u> <u>infrastructure, expertise, and regulatory framework to enforce ESG disclosure policies effectively.</u> <u>Moreover, the FSC is actively involved in aligning South Korea with global standards, which further</u> <u>supports its capacity to implement such regulations.</u>

 \circ Prefer not to answer

 \circ Not Applicable

16. To provide contextual information, rate the capacity of Korea Exchange to undertake the policy tool's implementation and/or enforcement.

0- No Capacity (Please explain)

• 1- Low Capacity (Please explain)

• 2- Medium Capacity (Please explain)

S- High Capacity (Please explain) <u>The Korea Exchange (KRX) has a robust structure for monitoring listed companies and enforcing compliance with various reporting standards. It has already been involved in the development of ESG-related frameworks and is well-equipped with the necessary tools and experience to guide and oversee companies in their ESG disclosures. The KRX has established itself as a critical institution in South Korea's financial markets, capable of implementing and enforcing new regulatory requirements, including ESG disclosures.
</u>

 \circ Prefer not to answer

• Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

	Mandatory	Voluntary	Not targeted
1. Publicly-traded			
entities			
2. Private companies			
3. Financial institutions			
4. Small and medium-			
sized enterprises			
5. State-owned			
companies			
6. Not-for-profit			
organizations			
7. Government			
agencies and/or			
departments			
(supranational)			
8. Government			
agencies and/or			
departments (national)			
9. Government			
agencies and/or			
departments (regional			
- e.g., state, province,			
region, metropolitan			
region)			
10. Government			
agencies and/or			
departments (local -			
e.g., county, district,			
municipality, city)			
11. Government			
agencies and/or			
departments			
(unspecified)			
12. Sectoral actors			
(e.g., healthcare,			
defense, utilities,			
education)			
13. Other			

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

	Publicly-traded entities	Financial institutions	State-owned companies
Minimum number of employees (Enter min number of full-time employees - FTEs)	Not yet determined	Not yet determined	Not yet determined
Minimum revenue (Enter minimum revenue)	Not yet determined	Not yet determined	Not yet determined
Minimum assets (Enter minimum assets)	Not yet determined	Not yet determined	Not yet determined
Minimum contract value (Enter minimum contract value)	Not yet determined	Not yet determined	Not yet determined
Entity is headquartered in the jurisdiction	Not yet determined	Not yet determined	Not yet determined
Entities are subjected to disclosure or reporting requirements	Not yet determined	Not yet determined	Not yet determined

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

No

 \circ Yes

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

• Operations within jurisdiction only

• Operations beyond the jurisdiction

Not applicable

31. What are the specific obligations and conditions for entities' operations beyond the jurisdiction? Please reference the relevant section/subsection/paragraph of the policy tool.

As of now, the specific obligations and conditions for entities' operations beyond the jurisdiction under South Korea's ESG disclosure policy have not been fully detailed, since the policy framework is still in development and has been postponed beyond 2026. Therefore, there is no finalized section or subsection in the policy tool that explicitly addresses how overseas operations should be disclosed or governed.

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

□ Monetary fine

□ Restriction on business activities

□ Voiding or setting aside of contract

□ Exclusion from government contracts

□ Award of damages or compensation

□ Penalty for senior managers

□ Criminal penalties

Not specified <u>Currently</u>, as the ESG disclosure policy in South Korea is still being developed and the <u>enforcement timeline has been delayed</u>, the specific sanctions for non-compliance have not yet been <u>fully detailed</u>.

□ Not applicable (e.g. in cases of voluntary tools)

□ Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

• Below average

 \circ Average

Above average

• Not applicable

• Unknown or prefer not to answer

34. Provide supplemental explanation of your assessment of the associated costs of compliance. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

This is because ESG reporting involves collecting, verifying, and disclosing a wide range of data, often across various operational areas (environmental, social, and governance). Entities will need to invest in:

Data collection systems: To track and monitor ESG-related metrics, including global operations. Consulting services: Many companies will need to hire external experts to guide their ESG strategies and disclosures.

<u>Auditing and verification: ESG reports often need third-party assurance to ensure accuracy and transparency, which can increase costs.</u>

<u>Staff training and development: Companies will need to train their employees to understand and</u> manage ESG factors across their operations.

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

 \circ Below average

Average

Above average

 \circ Not applicable

• Unknown or prefer not to answer

36. Provide supplemental explanation of your priority assessment. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

In general, while ESG compliance is not yet fully mainstream across all sectors, its priority has grown significantly among large, publicly-traded entities and financial institutions, as they anticipate forthcoming regulations and recognize the importance of sustainability to investors and stakeholders. The delay in mandatory ESG disclosure regulations beyond 2026 has led to a gradual rather than immediate shift in focus.

37. Have the climate-specific provisions in this instrument ever been enforced?

• No (If relevant, explain) ince South Korea's ESG disclosure requirements are still in development and have been postponed beyond 2026, the climate-specific provisions within this instrument have not yet been enforced. The policy is in the preparatory stages, with mandatory compliance expected in the future. Therefore, no formal enforcement actions related to climate-specific ESG reporting have occurred at this time.

Once the regulations are fully finalized and implemented, enforcement of climate-related provisions such as reporting on carbon emissions, energy usage, and environmental impacts—will likely become a priority, particularly for large publicly-traded companies. However, as of now, these provisions remain in the planning phase and have not been subject to enforcement.

∘ Yes

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

● No
∘ Yes
41. Does the policy tool recommend or require periodic impact assessments?
No
 Recommended
 Required
43. Does the policy tool recommend or require periodic reviews?
● No
 Recommended
 Required

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

No

 $\circ \, {\rm Yes}$

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

 $\circ \, \text{No}$

Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The South Korean government has initiated efforts to help companies prepare for ESG compliance, including:

Education and training programs on ESG standards. Industry working groups to guide businesses in implementing ESG practices. Guidance documents and tools provided by the Korea Exchange (KRX). Outreach campaigns to raise awareness and build capacity. These initiatives aim to support companies, especially publicly-traded entities, in complying with future mandatory ESG disclosure requirements.

Domain-Specific Questions: Disclosure Questions

What is being disclosed?

52. Are targeted entities recommended or required to disclose any of the following climate-related information? Select all that apply.

	Recommended	Required	Neither recommended nor required
1. Greenhouse gas (GHG) emissions			
2. GHG emissions offsets or removals			
3. GHG emissions reduction targets			
4. Other climate- related targets			
5. Physical climate risk			
6. Transition risk			
7. Transition plan			

Disclosure of Greenhouse Gas (GHG) Emissions

54. Which GHG emissions must be disclosed? Select all that apply.

 \Box Carbon dioxide (CO₂)

□ Methane (CH4)

 \Box Nitrous oxide (N₂O)

□ Hydrofluorocarbons (HFCs)

□ Perfluorocarbons (PFCs)

□ Sulphur hexafluoride (SF6)

□ Nitrogen trifluoride (NF3)

 \Box Carbon dioxide equivalent (CO₂e)

55. Are entities recommended or required to disclose gross emissions?

 $\circ \, \text{No}$

Recommended

Required

56. Are entities recommended or required to disclose net emissions?
• No
Recommended
 Required
57. What Scope of emissions must be disclosed? Select all that apply.
□ Scope 1 emissions
□ Scope 2 emissions
□ Scope 3 emissions, relevant or material
□ Scope 3 emissions, a specified proportion of coverage (Please describe)
□ Scope 3 emissions, all
Not specified
58. Are entities recommended or required to discloseGHG emissionsaccounting methodologies or standards?
GHG emissions
59. Does the policy tool recommend or require the GHG inventory be third-party verified?
○ No
 Recommended
○ Required

60. If necessary, provide additional clarification to the above responses aboutgreenhouse gas (GHG) emissions disclosure.

Disclosure of Greenhouse Gas (GHG) Offsets or Removals

62. Does the policy tool recommend or require offsetting purchases be disclosed?

No

 \circ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

 \circ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

63. Does the policy tool recommend or require entities disclose whether offsets are verified?

No

 \circ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

 \circ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

64. Does the policy tool recommend or require any certification standards for the use of GHG offsetting or removals?

No

• Recommended (Please list the certification standards, describe their use, and reference the relevant section/subsection/paragraph of the policy tool)

 \circ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

65. Does the policy tool include any other recommendations or requirements regarding the appropriate use of offsets?

No

 \circ Recommended (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

 \circ Required (Please describe and reference the relevant section/subsection/paragraph of the policy tool)

Disclosure of Greenhouse Gas (GHG) Emissions Reduction Targets

67. Which of the following targets, or data related to targets, does the policy tool request entities disclose? Select any of the following which apply:

	Recommended	Required	Neither recommended nor required
An absolute emissions reduction target			
An intensity-based emissions reduction target			
A net zero target			
Targets covering non- carbon GHG emissions			
A Scope 3 emissions target			
A target derived using a sectoral decarbonization approach			
Interim targets			
A target timeframe (e.g. by 2040)			
A baseline year from which progress is measured			
A level of ambition for emissions reductions (e.g. 80% reduction)			

68. Does the policy tool recommend or require entities to disclose their progress in achieving their emissions reductions targets?

 $\circ \mathrm{No}$

Recommended

• Required

69. What is the recommended or required frequency of progress reports regarding the achievement of emissions reductions targets?

• Yearly

• Every two years

• Every three years

• Every four years

- Every five years
- Every ten years or more
- \circ Other
- No prescribed frequency

70. Does the policy tool recommend or require a scope of emissions which should be covered by the absolute emissions reduction target? Select all that apply.

□ Scope 1 emissions

□ Scope 2 emissions

□ Scope 3 emissions (relevant or material)

□ Scope 3 emissions (a specified proportion of coverage)

□ Scope 3 emissions (all)

Not specified

71. Does the policy tool recommend or require a scope of emissions which should be covered by the intensity-based emissions reduction target? Select all that apply.

□ Scope 1 emissions

□ Scope 2 emissions

□ Scope 3 emissions (relevant or material)

□ Scope 3 emissions (a specified proportion of coverage)

□ Scope 3 emissions (all)

Not specified

72. Does the policy tool recommend or require a scope of emissions which should be covered by the net zero target? Select all that apply.

 \Box Scope 1 emissions

□ Scope 2 emissions

- □ Scope 3 emissions, relevant or material
- □ Scope 3 emissions, a specified proportion of coverage (Please describe)

□ Scope 3 emissions, all

Not specified

73. What is the recommended or required year for the net zero target (e.g. net zero by ...)?

 \circ Between 2030 and 2035

- \circ Between 2036 and 2040
- \circ Between 2041 and 2045
- \circ Between 2046 and 2050
- \circ Between 2051 and 2060
- \circ Between 2061 and 2070
- \circ Other

Not specified

74. Which of the following non-carbon GHG emissions reductions targets are entities recommended or required to disclose? Select all that apply.

□ Methane (CH₄)

- □ Nitrous oxide (N₂O)
- □ Hydrofluorocarbons (HFCs)
- □ Perfluorocarbons (PFCs)

□ Sulphur hexafluoride (SF6)

□ Nitrogen trifluoride (NF3)

□ Carbon dioxide equivalent (CO₂e)



75. For which of the following sectors are entities recommended or required to disclose targets derived using a sectoral decarbonization approach? Select all that apply.

□ Power generation

□ Industry

□ Transport Services

□ Services/Commercial buildings

□ Other

None specified

76. Are targets derived using a sectoral decarbonization approach recommended or required to be validated by a third-party?

No

 \circ Recommended

Required

77. What is the recommended or required level of ambition for interim targets?

 \circ Reduction between 1-25%

 \circ Reduction between 26-50%

 \circ Reduction between 51-75%

 \circ Reduction of over 75%

 \circ Other

None specified

.....

78. What are the recommended or required years for interim targets?

o 2025-2030

o 2031-2040

o 2041-2050

 $\circ \text{ Other }$

 \circ None specified

79. What is the recommended or required timeframe for long-term targets (e.g. by 2050, 2060)?

 \circ Between 2030 and 2035

 \circ Between 2036 and 2040

 \circ Between 2041 and 2045

 \circ Between 2046 and 2050

 \circ Between 2051 and 2060

- \circ Between 2061 and 2070
- \circ Other
- None specified

80. What is the recommended or required baseline year from which progress is to be measured?

o 1990-2000

 \circ 2001-2005

 \circ 2006-2010

o 2011-2015

- o 2016-2020
- Other Not specified

81. Are entities recommended or required to disclose the methodologies by which they select baseline years?

No

 \circ Recommended

Required

.....

82. What is the recommended or required level of ambition for GHG emissions reductions targets?

Reduction between 1-25%

Reduction between 26-50%

 \circ Reduction between 51-75%

Reduction between 75-85%

Reduction between 85-100%

 \circ Reduction of more than 100%

• Other <u>Not specified</u>

Disclosure of other climate-related targets

84. Which of the following other climate-related targets does the policy tool recommend or require entities disclose? Select all that apply.

□ Targets for renewable energy procurement (Please reference the section/subsection/paragraph of the policy tool relevant to renewable energy procurement targets)

□ Targets for fossil fuel phase down/phase out (Please reference the section/subsection/paragraph of the policy tool relevant to fossil fuel phase down/phase out)

□ Targets or goals related to climate adaptation (Please reference the section/subsection/paragraph of the policy tool relevant to climate adaptation)

□ Targets or goals related to nature and/or biodiversity (Please reference the section/subsection/paragraph of the policy tool relevant to nature and/or biodiversity)

□ Targets or goals related to just transition (Please reference the section/subsection/paragraph of the policy tool relevant to just transition)

□ Other targets (Please reference the section/subsection/paragraph of the policy tool relevant to other targets)

Disclosure of Physical Risk

86. What types of physical risk must be disclosed?

□ To company

□ To society (double materiality)

87. What is the materiality standard for the disclosure of physical risk?

Self-assessed material risk

Externally-defined material risk

• Other (Describe) Not specified

88. Are entities recommended or required to disclose the results of climate risk-related stress tests that are related to physical climate risk?

No

 \circ Recommended

• Required

89. Are entities recommended or required to disclose their methodology for scenario analysis with relation to physical risk?

No

 \circ Recommended

• Required

90. Are risk assessments of physical risk recommended or required to be third-party verified?

No

 Recommended • Required **Disclosure of Transition Risk** 92. What types of transition risk must be disclosed? Select all that apply □ Risks that societal transitions may pose to the disclosing entity □ Risks that the disclosing entity's transition may pose to society (double materiality) 93. What is the materiality standard for the disclosure of transition risk? Self-assessed material risk Externally-defined material risk • Other (Describe) Not specified 94. Are entities recommended or required to disclose the results of climate-related risk stress tests that are related to transition risk? No Recommended • Required 95. Are transition risk assessments recommended or required to be third-party verified? No

Recommended

 \circ Required

96. Are entities recommended or required to disclose their methodology for scenario analysis related to transition risk? No Recommended • Required **Disclosure of Transition Plans** 98. What is the recommended or required frequency of transition plan disclosures? • Yearly Every two years \circ Every three years \circ Every four years • Every five years • Every ten years or more \circ Other Not specified 99. Does the policy tool recommend or require audited accuracy and/or third-party verification of the transition plan? No \circ Recommended • Required

100. Does the policy tool recommend or require entities to disclose progress in implementing transition plans?

No

 \circ Recommended

• Required

102. Does the policy tool recommend or require targeted entities to disclose their financial plans for implementing transition plans?

No

 \circ Recommended

• Required

103. Does the policy tool recommend or require targeted entities to disclose their methodology for scenario analysis related to transition planning?

No

 \circ Recommended

• Required

Other disclosures

105. Are targeted entities recommended or required to disclose any other climate-related information? Select all that apply.

	Required	Recommended	Neither recommended nor required
1. Climate-related opportunities			
2. Remuneration based on achieving climate-related goals			
3. Taxonomies			
4. Capital allocation and/or expenditure plans (in the context of climate change)			
5. Due diligence			
6. Assumptions and Dependencies			
7. Data limitations of scenario analyses			
8. Financial implications of climate-related matters (e.g., integration of climate- related disclosures into financial accounting standards)			
9. Stewardship (e.g., whether stewardship codes are in place, how entities vote in shareholder meetings, etc.)			
10. ESG methodologies and criteria (in the case of service providers)			
11. Asset planning or ownership in the context of climate change			
12. Sectoral investment policies			
13. Climate-related lobbying and/or policy engagement			
14. Locked-in emissions or information on			

emissive assets with long lifespans		
15. Dirty asset divestiture		
16. Nature-related impacts		
17. Just transition indicators		

Standards, Frameworks, and Guidelines

125. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. IFRS S1			
2. IFRS S2			
3. Task Force on			
Climate-related			
Financial Disclosures			
(TCFD)			
4. GHG Protocol			
Corporate Accounting			
and Reporting			
Standard			
5. GHG Protocol			
Corporate Value Chain			
(Scope 3) Accounting			
and Reporting			
Standard			
6. CDP (formerly			
known as Climate			
Disclosure Project)			
reporting framework			
7. International			
Integrated Reporting			
Framework 8. Global Reporting			
Initiative (GRI)			
9. Sustainability			
Accounting Standards			
Board (SASB)			
10. European			
Sustainability			
Reporting Standards			
(ESRS)			
11. Taskforce on			
Nature-related			
Financial Disclosures			
(TNFD)			
12. Partnership for			
Carbon Accounting			
Financials (PCAF)			
13. Glasgow Financial			
Alliance for Net Zero			
(GFANZ)			
14. Other			

Additional Important Information

128. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None

Policy Tool Name: Public Procurement Service (PPS) Green Procurement Policy

- 3. Source material link(s): https://web.archive.org/web/https://www.pps.go.kr/kor
- 4. Which of the following governance domains does this policy tool relate to? Select all that apply.
- □ Climate-related disclosure
- □ Transition planning
- Public procurement

- 6. Select the category which best describes the author/issuer of the policy tool.
- □ Head of state and/or government
- □ Independent regulatory or supervisory body
- □ Legislature
- □ Judiciary
- Ministry/Department/Agency
- \Box Other (Please describe)

- 7. Status of the policy tool
- Approved, in force
- Approved, not yet in force
- Other (Please describe)

9. Year of (planned) entry into force or year of publication

<u>2005</u>

10. Does the policy tool have an end date?

• No	
○ Yes	

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The goal of the Public Procurement Service (PPS) Green Procurement Policy is to promote the purchase of environmentally friendly products by public institutions in South Korea. This policy, implemented through the Mandatory Purchase of Green Products Program (since 2005), seeks to reduce the environmental impact of public procurement by requiring the selection of eco-labeled, low-carbon, and recycled products whenever they are available. By mandating such purchases, the policy aims to drive demand for sustainable products, enhance innovation in green technologies, and support the country's transition to a low-carbon economy

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

● 1. Public Procurement Service (PPS)

• 2. Ministry of Environment (ME)

o **3**.

o **4**.

o 5.

15. To provide contextual information, rate the capacity of Public Procurement Service (PPS) to undertake the policy tool's implementation and/or enforcement.

0- No Capacity (Please explain)

 \circ 1- Low Capacity (Please explain)

• 2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>The Public Procurement Service (PPS) has a high capacity to</u> <u>implement and enforce the Green Procurement Policy due to its expertise, advanced digital</u> infrastructure, and legal framework. The KONEPS system allows for real-time monitoring, ensuring transparency and compliance. PPS's experience in managing large-scale procurement, combined with strong legal backing, positions it well to continue promoting green products in public purchasing

 \circ Prefer not to answer

 \circ Not Applicable

16. To provide contextual information, rate the capacity of Ministry of Environment (ME) to undertake the policy tool's implementation and/or enforcement.

0- No Capacity (Please explain)

• 1- Low Capacity (Please explain)

2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>The Ministry of Environment (ME) has a high capacity to</u> <u>implement and enforce the Green Procurement Policy. It establishes the necessary guidelines and</u> <u>policies, coordinates with various public institutions, and monitors compliance through annual</u> <u>reporting. With years of experience in managing environmental initiatives, the ME is well-equipped to</u> <u>oversee the successful execution of this policy</u>

 \circ Prefer not to answer

• Not Applicable

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

olicly-traded 🛛		Voluntary	Not targeted
-			
es			
vate companies 🛛 🗆]		
ancial institutions			
all and medium- 🛛 🗆			
enterprises	_		
ite-owned			
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27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

Minimum number of employees (Enter min number of full-time employees - FTEs)	
Minimum revenue (Enter minimum revenue)	
Minimum assets (Enter minimum assets)	
Minimum contract value (Enter minimum contract value)	
Entity is headquartered in the jurisdiction	
Entities are subjected to disclosure or reporting requirements	

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

 $\circ \, \text{No}$

Yes

29. Describe the available opt-out provisions (e.g. "comply or explain"), referencing the relevant section/subsection/paragraph of the policy tool.

Entities for whom compliance with the Public Procurement Service (PPS) Green Procurement Policy is mandatory can opt out of the obligation if no suitable green products are available or if the required product cannot be replaced by a green-certified alternative. This opt-out is part of a "comply or explain" approach, where entities must justify their reasons for not purchasing green products

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

• Operations within jurisdiction only

 \circ Operations beyond the jurisdiction

• Not applicable

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

□ Monetary fine

□ Restriction on business activities

 \Box Voiding or setting aside of contract

□ Exclusion from government contracts

□ Award of damages or compensation

□ Penalty for senior managers

Criminal penalties

Not specified <u>The Public Procurement Service (PPS)</u> Green Procurement Policy does not explicitly specify sanctions for non-compliance. Public institutions are required to report their green product purchasing results to the Ministry of Environment, and any deviation from mandatory green procurement must be explained. However, there are no clearly defined monetary fines or legal penalties mentioned for non-compliance

Not applicable (e.g. in cases of voluntary tools) <u>Since the policy applies to public procurement and</u> is focused on promoting green purchasing within government institutions, it primarily relies on compliance through reporting and accountability rather than punitive measures. Therefore, traditional sanctions like monetary fines, exclusion from contracts, or penalties for senior managers do not apply in this context.

□ Other

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

Below average

Average

• Above average

Not applicable

 \circ Unknown or prefer not to answer

34. Provide supplemental explanation of your assessment of the associated costs of compliance. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

<u>The cost of compliance with the PPS Green Procurement Policy is low to moderate compared to other</u> <u>compliance requirements. It is integrated into regular procurement processes, supported by the</u> <u>KONEPS system, and provides flexibility to opt out if green products are unavailable, keeping costs</u> <u>manageable.</u>

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

Below average

- Average
- Above average
- Not applicable
- Unknown or prefer not to answer

36. Provide supplemental explanation of your priority assessment. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Regulated entities in South Korea have made moderate to high priority compliance efforts with the PPS Green Procurement Policy, particularly among public institutions. Compliance is supported by integration into the KONEPS procurement system, which streamlines processes, and the spending on green products by public entities shows significant commitment.

37. Have the climate-specific provisions in this instrument ever been enforced?

• No (If relevant, explain)

Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The climate-specific provisions in the Public Procurement Service (PPS) Green Procurement Policy have been actively enforced in South Korea, as evidenced by the consistent spending on green products by public institutions. The Mandatory Purchase of Green Products Program has required public entities to prioritize eco-friendly products since 2005. In 2020, public institutions purchased around 3.8 trillion KRW worth of green products, which indicates active enforcement of the policy provisions and commitment to green procurement by various sectors

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

 $\circ \, \text{No}$

Yes

40. Describe the monitoring systems in place. Please reference the relevant section/subsection/paragraph of the policy tool where monitoring systems are set.

There are monitoring systems in place to oversee the implementation of the PPS Green Procurement Policy. Public institutions are required to report their green product purchasing results annually to the Ministry of Environment (ME), which is responsible for monitoring compliance. The ME also establishes basic plans every five years and issues annual guidelines for green procurement, ensuring that public institutions follow the policy requirements. This reporting and guideline system serves as a mechanism for ongoing oversight and enforcement of the policy.

41. Does the policy tool recommend or require periodic impact assessments?

No

Recommended

• Required

43. Does the policy tool recommend or require periodic reviews?

o No

Recommended

Required

44. Select the option that best describes the frequency of the recommended or required periodic reviews.

 \circ 0-2 years

• 2-5 years

 \circ 5-10 years

 \circ 10 or more years

 \circ Not specified

 \circ Other

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

 $\circ \ No$

Yes

46. Describe the mechanisms for enhancing regulatory coordination with subnational governments. Reference the relevant section/subsection/paragraph of the policy tool where mechanisms for coordination with subnational governments are set.

<u>The PPS Green Procurement Policy includes mechanisms for enhancing policy or regulatory</u> <u>coordination with subnational governments. The policy requires compliance from all levels of</u> <u>government—national, regional, and local. This coordination is facilitated through guidelines issued</u> <u>by the Ministry of Environment (ME), which public institutions at all government levels are required to</u> <u>follow. Additionally, the KONEPS platform serves as a centralized system that integrates</u> <u>procurement activities across different levels of government, thereby supporting vertical coordination.</u>

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

 $\circ \ \text{No}$

• Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

<u>There are government initiatives to help targeted entities comply with the PPS Green Procurement</u> <u>Policy, such as training sessions, outreach campaigns, and annual guidelines. These efforts are aimed</u> <u>at improving understanding and implementation of the policy by public institutions.</u>

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

None

Domain-Specific Questions: Public Procurement Questions

200. Does the policy tool allow, recommend, or require the alignment of public procurement spending with national and/or subnational climate targets?

 $\circ \operatorname{No}$

Allowed and/or recommended

 \circ Required

201. Describe the obligation to align public procurement spending with national and/or subnational climate targets, referencing the relevant section/subsection/paragraph of the policy tool.

The Public Procurement Service (PPS) Green Procurement Policy encourages public procurement spending to align with national climate targets through the Mandatory Purchase of Green Products Program, which is governed by Article 6 of the Act on the Promotion of the Purchase of Green Products. This provision requires public institutions to prioritize the purchase of eco-friendly products if available, thereby indirectly supporting climate targets by reducing environmental impact and promoting sustainable consumption. Although the policy does not explicitly mandate alignment with specific national or subnational climate targets, its intent to reduce the carbon footprint of public procurement aligns with the broader national objectives for reducing greenhouse gas emissions and enhancing sustainability. This is supported through the annual guidelines issued by the Ministry of Environment (ME), which provide updated directions to public institutions for promoting green procurement in alignment with environmental goals.

202. Does the policy tool set targets in relation to climate-aligned procurement? Select all that apply.

	Allowed/recommended	Required	Not applicable
A minimum percentage of tenders/contracts which must include climate-related criteria			
A minimum number of climate-related criteria to be included in purchases/tenders			
A minimum value of procurement spend which must include climate-related criteria			
A maximum amount of greenhouse gas emissions associated with tenders/contracts (i.e. a carbon ceiling/envelope)			
Targets for the reduction of fossil fuel energy consumption associated with tenders/contracts			
Targets for the procurement of products which have a third-party sustainability certification/ ecolabel/ voluntary sustainability standard			
Other (Please describe and reference the section/subsection/paragraph of the policy tool relevant to other climate-aligned procurement targets) Other Text:			

<u>Other Text:</u>

Procurement Cycle

204. Does the policy tool make recommendations or allowances or set requirements related to climate change mitigation at the procurement planning stage? Select all that apply.

	Allowed/	Required	Not applicable
	recommended		
Procuring entities			
consider climate			
change mitigation			
and/or GHG emissions			
reductions goals when			
defining their			
procurement needs			
Procuring entities have			
a strategy, plan, or			
policy regarding the			
alignment of			
procurement practices			
with climate objectives			
Procuring entities set			
aside a portion of their			
procurement budgets			
for climate-aligned			
procurement			
Procuring entities			
include emissions from			
procurement in their			
carbon budget			
Procuring entities			
follow guidance on			
calculating			
procurement-related			
emissions			
Procuring entities			
inform and/or consult			
with market actors in			
advance of publishing			
the formal call for			
tenders, in relation to			
climate considerations			
(i.e. pre-procurement			
consultation,			
engagement, or			
dialogue)			
Other allowances,			
recommendations or	-	-	
requirements related			
to climate change			
mitigation or GHG			
emissions at the			
procurement planning			
stage			
Judge	1	l	

Life-cycle or Whole-life Costing

217. Does the policy tool recommend or require the use of life-cycle costing or whole-life costing to capture climate-related impacts (e.g. energy or fuel consumption, monetized emissions or other environmental costs, end-of-life costs, etc)?

No

• Allow and/or recommend

• Require

Tendering or Solicitation Stage

222. Does the policy tool make allowances, recommendations or set requirements at the tendering or solicitation stage? Select all that apply.

	Allowed/recommended	Required	Not applicable
Exclusion or debarment grounds based on compliance with climate obligations			
Qualification or selection criteria related to climate change			
Including climate or environmental considerations when calculating value for money, including through the use of life- cycle or whole-life costing			
Technical specifications (e.g. setting minimum levels of energy efficiency or maximum product carbon emissions)			
Contract award criteria or value for money evaluation frameworks (e.g. minimum scores/performance levels under climate- related criteria, preferences for climate or sustainable products)			
Other procurement stage allowances, recommendations or requirements			

Qualification or Selection Criteria

228. Which of the following do the qualification or selection criteria relate to? Select all that apply.

 \Box Previous experience related to climate-relevant aspects of the contract

□ Existence of net zero targets or commitments

□ Record of climate-related disclosures

□ Climate-related transition plan in place

□ Staff training or qualifications linked to climate change mitigation and/or sustainability

Corporate systems or certifications linked to climate change and/or sustainability

□ Environmental and/or risk-based due diligence procedures

□ Corporate systems or certifications linked to climate change and/or sustainability (e.g. an environmental management system or supply chain management system)

□ Participation in national or international climate initiatives (e.g.: Race to Zero, SBTi, CDP)

 \Box Other

Life-cycle costing or whole-life costing

Technical specifications

243. To which of the following do the technical specifications relate? Select all that apply.

Energy efficiency

Product carbon emissions

□ Carbon disclosure or reporting requirements

 \Box An absolute or intensity-based emissions cap

□ Percentage of energy from renewable sources

Percentage of recycled materials (e.g. paper, concrete)

Use of low or zero-carbon energy/fuel technology (e.g. electric vehicles, heat pumps, solar panels)

□ Production methods (e.g. organic food or textiles, cold-mix asphalt, deforestation-free products)

□ End-of-life requirements (e.g. reuse, recycling, anaerobic digestion)

□ Availability of life-cycle assessment (LCA) data

Third-party certification/ecolabels

□ Supply chain considerations

□ Other (Please describe)

Contract Performance

249. Does the policy tool make allowances, recommendations or set requirements at the contract performance stage (e.g. contract clauses, key performance indicators or conditions which must be included to monitor and report on emissions or other metrics)?

No

Allowed and/or recommended

 \circ Required

Monitoring and Reporting

252. Does the policy tool include allowances, recommendations or requirements to monitor and/or report upon climate-aligned procurement?

 $\circ \operatorname{No}$

Allowed and/or recommended

Required

253. Does the policy tool specify the entity responsible for monitoring and reporting?

 $\circ \ \text{No}$

• Yes (Describe and reference the relevant section/subsection/paragraph of the policy tool) <u>The</u> <u>Public Procurement Service (PPS) Green Procurement Policy outlines specific obligations for the</u> <u>Ministry of Environment (ME) and public institutions to ensure the effective implementation and</u> <u>monitoring of green procurement practices.</u>

According to Article 7 of the Act on the Promotion of the Purchase of Green Products, the Minister of Environment must establish annual guidelines for the purchase of green products and communicate these guidelines to the heads of public institutions. These guidelines are meant to guide public institutions in aligning their procurement needs with environmental goals for the upcoming year.

Article 8 requires the heads of public institutions to formulate and publish a Green Product Purchase Implementation Plan within two months after the start of each fiscal year, in accordance with the guidelines specified in Article 7. These implementation plans must then be submitted to the Minister of Environment (or to relevant local governors, who will aggregate and submit them to the ME).

Article 9 outlines the reporting obligations for public institutions, stating that they must compile and submit their green product purchasing results to the Minister of Environment within three months after the end of each fiscal year. The ME is responsible for aggregating these results and making them public. Additionally, if there is a significant deviation in the purchasing performance compared to the previous year, the Minister may request further information from public institutions to understand the reasons for such changes.

<u>These articles collectively establish a robust framework for monitoring, reporting, and ensuring</u> <u>compliance with green procurement requirements, supporting the alignment of public procurement</u> <u>practices with broader environmental sustainability goals.</u>

254. Are targeted entities recommended or required to monitor and/or report any of the following data? Select all that apply.

Adoption of a climate-aligned and/or environmentally sustainable procurement plan or policy

- □ Staff training related to climate-aligned and/or environmentally sustainable procurement
- Number of tenders/contracts which include climate-related criteria
- \Box Value of tenders/contracts which include climate-related criteria
- □ Content of climate-related criteria
- □ Level of ambition of climate-related criteria

□ Reasons for not including climate-related criteria in tenders

□ Market response to climate-related criteria (e.g. number of tenders rejected, average or lowest/highest score awarded, feedback received)

□ Outcome of tenders in which climate-related criteria are applied (e.g. impact on award decision, costs, or other factors)

□ Audits of contractors' compliance with climate-related criteria during contract performance

□ Climate impact or outcomes of tenders/contracts

□ Other

258. Is it allowed, recommended or required that monitoring and reporting data be published?

 $\circ \ No$

Allowed and/or recommended

Required

259. Is there a central publication point?

 $\circ \ No$

• Yes (Describe and reference the relevant section/subsection/paragraph of the policy tool)<u>It is</u> required that the monitoring and reporting data be published under the Public Procurement Service (PPS) Green Procurement Policy. According to Article 9, Paragraph 4 of the Act on the Promotion of the Purchase of Green Products, the Minister of Environment is required to aggregate and publicly disclose the green product purchasing results of public institutions. This ensures transparency and accountability regarding the implementation of green procurement practices across government entities.

260. What is the recommended or required frequency of published reports?

- Yearly
- Every two years
- \circ Every three years
- \circ Every four years
- Every five years
- Every ten years or more

 \circ Other

• No prescribed frequency

Standards, Frameworks, and Guidelines

262. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
1. Paris Agreement			
2. The jurisdiction's Nationally Determined Contribution (NDC)			
3. IFRS S1			
4. IFRS S2			
5. Task Force on Climate- related Financial Disclosures (TCFD)			
6. GHG Protocol Corporate Accounting and Reporting Standard			
7. GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard			
8. CDP (formerly known as Climate Disclosure Project) reporting framework			
9. Science Based Targets initiative (SBTi)			
10. Science Based Targets initiative (SBTi) Net Zero Standard			
11. United Nations Sustainable Development Goals (SDGs)			
12. ISO 20400 Sustainable Procurement			
13. EU Green Public Procurement criteria and guidance			
14. UNEP Sustainable Public Procurement Implementation Guidelines			
15. OECD MAPS - Supplementary Module on Sustainable Public Procurement			
16. Asian Development Bank Guidelines for Sustainable Procurement			
17. African Development Bank Sustainable Public Procurement Guidance Note			

18. Inter-American		\checkmark
Development Bank Green		
Procurement Guidelines		
19. EDBR Project		
Requirements/Environmental		
and Social Action Plan		
20. World Bank		
Environmental and Social		
Framework		
21. Other		

Additional Important Information

265. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Policy Tool Name: Basic Act on Carbon Neutrality and Green Growth

3. Source material link(s):

https://web.archive.org/web/https://elaw.klri.re.kr/eng_mobile/viewer.do?hseq=59958&type=part&key =39

4. Which of the following governance domains does this policy tool relate to? Select all that apply.

□ Climate-related disclosure

Transition planning

□ Public procurement

6. Select the category which best describes the author/issuer of the policy tool.

 \Box Head of state and/or government

□ Independent regulatory or supervisory body

□ Legislature

□ Judiciary

Ministry/Department/Agency

 \Box Other (Please describe)

7. Status of the policy tool

Approved, in force

• Approved, not yet in force

• Other (Please describe)

9. Year of (planned) entry into force or year of publication

<u>2022</u>

10. Does the policy tool have an end date?

● No		
∘ Yes		

12. Briefly describe the policy tool's goal and/or purpose:

For example: The policy tool requires publicly listed companies to comply with the recommendations of the Task Force for Climate Related Financial Disclosure or to explain the absence of such disclosures.

The goal of the "Basic Act on Carbon Neutrality and Green Growth" is to establish a legal and policy framework for South Korea to achieve carbon neutrality by 2050. The policy aims to address climate change by reducing greenhouse gas emissions, promoting green growth, and supporting a fair transition towards a sustainable low-carbon economy. It sets legally binding national targets, such as reducing greenhouse gas emissions by 40% by 2030 compared to 2018 levels, and introduces policy measures including carbon-neutral budgeting, climate impact assessments, and coordination between different levels of government.

13. Name the authority(ies) responsible for overseeing implementation and/or enforcement. If not applicable, leave blank.

• 1. Ministry of Environment

• 2. 2050 Carbon Neutrality and Green Growth Committee

o **3**.

o **4**.

o **5**.

15. To provide contextual information, rate the capacity of Ministry of Environment to undertake the policy tool's implementation and/or enforcement.

0- No Capacity (Please explain)

- 1- Low Capacity (Please explain)
- 2- Medium Capacity (Please explain)

• 3- High Capacity (Please explain) <u>The Ministry of Environment in South Korea has significant</u> institutional capacity, expertise, and resources to implement and enforce the "Basic Act on Carbon Neutrality and Green Growth." It has a track record of overseeing major environmental policies, including greenhouse gas reduction programs and green growth initiatives, and is supported by cross-government collaboration with other ministries, agencies, and regional governments. The Ministry also works closely with the 2050 Carbon Neutrality Committee, which further strengthens its capacity to guide the country towards its climate goals.

• Prefer not to answer

• Not Applicable

16. To provide contextual information, rate the capacity of 2050 Carbon Neutrality and Green Growth Committee to undertake the policy tool's implementation and/or enforcement.

• 0- No Capacity (Please explain)

• 1- Low Capacity (Please explain)

• 2- Medium Capacity (Please explain)

Image: 3- High Capacity (Please explain) <u>The 2050 Carbon Neutrality and Green Growth Committee has a high capacity to undertake the implementation and enforcement of the "Basic Act on Carbon Neutrality and Green Growth." The committee consists of government officials, industry representatives, and experts from various sectors, allowing it to effectively coordinate across ministries and stakeholders. Its role includes setting strategic directions, monitoring progress, and ensuring alignment across different areas of policy implementation. Additionally, the committee is chaired by the Prime Minister and a civilian co-chair, providing strong leadership and authority to enforce the policy measures effectively.</u>

Prefer not to answer

• Not Applicable

.....

25. Which entities are targeted through this policy tool? Select all that apply.

Note: With regard to sectoral actors, in cases where mandatory and voluntary obligations are mixed (e.g., mandatory for one sector, voluntary for another), select "mandatory" as there will be further opportunity to clarify.

Mandatory	Voluntary	Not targeted
_		
-		
_		
\checkmark		
✓		
		-
\checkmark		

26. In cases where entities are targeted by sector, identify the sector to which the policy tool applies.

	Mandatory	Voluntary	Not applicable
All sectors			
Agriculture, forestry, and fishing			
Mining and quarrying			
Manufacturing			
Electricity, gas, steam, and air conditioning supply			
Water supply; sewerage; waste management and remediation activities			
Construction			
Wholesale and retail trade: repair of motor vehicles and motorcycles			
Transportation and storage			
Accommodation and food service activities			
Information and communication			
Financial and insurance activities			
Real estate activities			
Professional, scientific and technical activities			
Administrative and support service activities			
Public administration and defense; compulsory social security			
Education			
Human health and social work activities			
Arts, entertainment and recreation			
Other service activities			
Activities of households as employers; undifferentiated goods-and services-			
producing activities of			

households for own		
use		
Activities of extraterritorial organizations and bodies		

27. Describe the threshold criteria to identify entities for whom or instances in which compliance is mandatory.

Minimum number of employees (Enter min number of full-time employees - FTEs)	
Minimum revenue (Enter minimum revenue)	
Minimum assets (Enter minimum assets)	
Minimum contract value (Enter minimum contract value)	
Entity is headquartered in the jurisdiction	
Entities are subjected to disclosure or reporting requirements	

28. Can entities for whom compliance with the policy tool is mandatory opt out of the obligation (e.g. comply or explain)?

No

 $\circ \, {\rm Yes}$

30. Does the policy tool exclusively apply to entities' domestic operations, or does it also apply to entities' operations beyond the jurisdiction?

• Operations within jurisdiction only

• Operations beyond the jurisdiction

• Not applicable

32. What are the sanctions for non-compliance? Select all that apply and describe in the text field.

Monetary fine for failure to meet reporting obligations or to implement necessary carbon reduction measures.

□ Restriction on business activities

 \Box Voiding or setting aside of contract

□ Exclusion from government contracts

 \square Award of damages or compensation

 \Box Penalty for senior managers

 \Box Criminal penalties

\Box Not specified

□ Not applicable (e.g. in cases of voluntary tools)

Other Administrative orders to enforce corrective actions where non-compliance is detected.

33. Relative to other compliance activities required of entities in this jurisdiction, is the cost of compliance:

 \circ Below average

• Average

Above average

 \circ Not applicable

 \circ Unknown or prefer not to answer

.....

34. Provide supplemental explanation of your assessment of the associated costs of compliance. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Relative to other compliance activities required of entities in South Korea, the cost of compliance with the "Basic Act on Carbon Neutrality and Green Growth" is considered high. This is because the Act requires significant investments in emissions reductions, technology transitions, and reporting. For sectors such as manufacturing, energy, and transportation, the financial burden of upgrading infrastructure, improving energy efficiency, and meeting emissions targets is considerable compared to other regulatory obligations.

35. To provide contextual information, give a general assessment of the extent to which regulated entities have made compliance a priority.

• Below average

 \circ Average

Above average

Not applicable

 \circ Unknown or prefer not to answer

36. Provide supplemental explanation of your priority assessment. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

Many regulated entities, particularly those in high-emission sectors such as manufacturing, energy, and transportation, have taken compliance seriously due to the binding emissions reduction targets and the national goal of achieving carbon neutrality by 2050. These entities have been investing in energy efficiency, renewable energy adoption, and low-carbon technologies to meet the requirements. The government has also provided incentives, subsidies, and technical assistance to facilitate the transition, which has encouraged many entities to prioritize compliance.

37. Have the climate-specific provisions in this instrument ever been enforced?

 \circ No (If relevant, explain)

Yes

38. Briefly note one to two exemplary cases of enforcement. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The climate-specific provisions in the "Basic Act on Carbon Neutrality and Green Growth" have been enforced. The Act includes binding obligations for regulated entities, and enforcement has focused on compliance with greenhouse gas emissions reduction targets, reporting obligations, and adherence to sectoral transition measures.

For example, the government has conducted compliance monitoring through national reviews, such as the 2022 Carbon Neutrality and Green Growth Implementation Review, which evaluated progress across sectors and provided corrective guidance for non-compliant entities. Additionally, regulated entities have been required to implement emissions reduction measures and report on their performance, with specific sectors (like high-emission industries) being more rigorously monitored.

39. Are there monitoring systems in place to oversee the implementation and/or enforcement of the policy tool?

 $\circ \ No$

Yes

40. Describe the monitoring systems in place. Please reference the relevant

section/subsection/paragraph of the policy tool where monitoring systems are set.

<u>There are monitoring systems in place to oversee the implementation and enforcement of the "Basic Act on Carbon Neutrality and Green Growth." These include:</u>

<u>1. National Carbon Neutrality and Green Growth Implementation Reviews: Regular reviews are</u> conducted to assess compliance with greenhouse gas reduction targets and the effectiveness of policies. For example, the 2022 Carbon Neutrality and Green Growth Implementation Review evaluated the performance of different sectors, including the effectiveness of emissions reduction efforts.

2. Sector-Specific Performance Indicators: The government has established a monitoring system that includes sector-specific performance indicators. These indicators are used to evaluate compliance and ensure that entities are on track to meet emissions reduction goals.

<u>3. Carbon Neutrality and Green Growth Commission: The Commission monitors progress and</u> manages the implementation of the National Carbon Neutrality and Green Growth Basic Plan, ensuring alignment with the 2050 carbon neutrality goals.

41. Does the policy tool recommend or require periodic impact assessments?

 $\circ \operatorname{No}$

Recommended

Required

42. Select the option that best describes the frequency of periodic impact assessments recommended or required by the policy tool.

 \circ 0-2 years

• 2-5 years

 \circ 5-10 years

 \circ 10 or more years

 \circ Not specified

\circ Other

43. Does the policy tool recommend or require periodic reviews?

 $\circ \operatorname{No}$

Recommended

Required

44. Select the option that best describes the frequency of the recommended or required periodic reviews.

• 0-2 years

 \circ 2-5 years

 \circ 5-10 years

 \circ 10 or more years

Not specified

 \circ Other

45. Does the policy tool include mechanisms for enhancing policy or regulatory coordination with subnational governments (e.g. vertical coordination mechanisms such as appointing coordinating agencies, forming working groups, etc.)?

 $\circ \operatorname{No}$

Yes

46. Describe the mechanisms for enhancing regulatory coordination with subnational governments. Reference the relevant section/subsection/paragraph of the policy tool where mechanisms for coordination with subnational governments are set.

According to Article 4 of the "Basic Act on Carbon Neutrality and Green Growth," several mechanisms are in place to enhance regulatory coordination between national and subnational governments:

Integration of Principles: Both national and local governments must integrate carbon neutrality principles across sectors such as economy, society, education, and culture. This includes making efforts to improve laws, allocate budgets, and establish necessary infrastructure.

<u>Comprehensive Planning and Implementation: During planning and implementation, the impact on</u> <u>climate, economy, and environment must be comprehensively considered by both levels of</u> <u>government.</u>

<u>Consideration of Regional Characteristics: Local governments are required to consider regional</u> <u>characteristics when developing and implementing carbon neutrality and green growth measures,</u> <u>ensuring the policies are suitable for specific local conditions.</u>

Periodic Review and Evaluation: Both national and local governments must regularly review and evaluate climate response policies to assess their effectiveness, and adjust based on international trends and other governments' policies.

<u>Collaboration with Public Institutions and Stakeholders: The Act emphasizes cooperation between</u> <u>national, local governments, public institutions, businesses, and citizens to enhance greenhouse gas</u> <u>reduction and climate adaptation capabilities.</u>

<u>These mechanisms promote a coordinated effort between national and local governments, ensuring</u> <u>that climate response measures are tailored to both national targets and local contexts.</u>

47. Are there any government initiatives to enhance the capacity of targeted entities to implement or comply with the policy tool (e.g. industry working groups, outreach campaigns, education and training, etc.)?

 $\circ \, \text{No}$

Yes

48. Describe initiatives for enhancing the capacity of targeted entities to implement or comply with the policy tool. Reference the relevant section/subsection/paragraph of the policy tool where capacity-building initiatives are established. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.

The following provisions under Chapter 8 of the "Basic Act on Carbon Neutrality and Green Growth" specifically establish capacity-building initiatives for targeted entities to enhance their ability to comply with and implement the policy:

Article 54 (Promotion and Support for Green Economy and Green Industry):

This article mandates that the government develop initiatives to foster and support green industries, thereby enhancing their economic potential and competitiveness. It includes:

Gradual transition of existing industries to green industries.

Establishment of long-term, phased goals and strategies to promote green industries.

<u>Conversion of national infrastructure such as electricity, telecommunications, and transportation to</u> <u>environmentally friendly systems.</u>

Fostering human resources for green industries and creating green jobs.

<u>These provisions support capacity-building for entities transitioning to or expanding their role in the</u> <u>green economy.</u>

Article 55 (Promotion of Green Management by Companies):

The government is required to support companies in adopting "green management," which focuses on minimizing greenhouse gas emissions and maximizing resource and energy efficiency. Specific initiatives include:

Technical support for transitioning to eco-friendly production systems.

Support for SMEs in green management and commercialization of green technologies.

Facilitating technology transfer, joint development, and guidance from large enterprises to SMEs.

This article also emphasizes the disclosure of greenhouse gas reduction achievements and energy efficiency measures, helping companies comply with transparency requirements.

Article 56 (Promotion of Green Technology R&D and Commercialization):

The government is mandated to establish and implement initiatives to promote research, development, and commercialization of green technologies. This includes: Financial support for the development and deployment of green technologies. Fostering expertise in green technology through education and international cooperation. These initiatives are intended to build technical capacity for green technologies, making it easier for entities to comply with emissions reduction targets.

Article 59 (Support and Special Provisions for Green Technology and Industry):

<u>The government, within budgetary limits, may provide subsidies for green technologies and industries.</u>

<u>Credit guarantees can be provided to green technology and green industry businesses to ensure they</u> have the financial capacity to innovate and grow.

Tax reductions are also available for companies in green technology and industries, as set out in the relevant tax laws.

Domain-Specific Questions: Transition Planning Questions

Disclosure of Plans and Targets

132. Are targeted entities recommended or required to publicly disclose climate-related targets or transition plans?

 $\circ \, \text{No}$

Recommended

Required

Targets

135. Does the policy tool recommend or require targeted entities to have or develop climate-related targets?

 $\circ \ No$

 \circ Recommended

Required

136. Does the policy tool recommend or require entities to monitor progress in achieving their targets?

 $\circ \ No$

 \circ Recommended

Required

137. Describe and reference the section/subsection/paragraph of the policy tool relevant to monitoring progress in achieving targets.

<u>Article 27 (Greenhouse Gas Target Management for Regulated Entities) of the Basic Act on Carbon</u> <u>Neutrality and Green Growth outlines the requirements for monitoring progress in achieving</u> <u>greenhouse gas reduction targets:</u>

Paragraph 1: The government must designate businesses emitting greenhouse gases above a certain threshold ("regulated entities") and set emission reduction targets through consultation. These targets must be monitored within a specified planning period.

<u>Paragraph 3: Regulated entities must comply with targets and submit verified emission reports</u> <u>annually. These reports are subject to government review, and any necessary corrections must be</u> <u>made.</u>

This article establishes a framework for ongoing monitoring and reporting to ensure entities meet their emission reduction goals.

138. Does the policy tool recommend or require targeted entities to publicly report on progress in achieving their targets?

 $\circ \ No$

Recommended

Required

139. What is the recommended or required frequency of progress reports related to the achievement of targets?

Yearly

- Every two years
- Every three years
- Every four years
- \circ Every five years
- \circ Every ten years or more

 $\circ \text{ Other }$

No prescribed frequency

140. Which of the following targets, or data related to targets, does the policy tool recommend or require entities have or develop? Select all that apply.

	Recommended	Required	No
An absolute emissions			
reduction target			
An intensity-based			
emissions reduction			
target			
A net zero target			
Interim targets (e.g. 2030, 2050)			
Targets covering non- carbon GHG emissions			
A Scope 3 emissions target			
A target derived using a sectoral decarbonization approach			
A level of ambition for emissions reductions (e.g. 80% reduction)			
A baseline year from which progress is measured			
A target timeframe (e.g. by 2040)			
Targets for renewable energy procurement			
Targets for fossil fuel phase down/phase up			
Separate targets for GHG offsets and/or removals			
Targets or goals related to climate adaptation			
Targets or goals related to nature and biodiversity			
Other targets related to sustainability			

141. What is the recommended or required scope of emissions for absolute emissions reduction targets? Select all that apply.

Scope 1 emissions

Scope 2 emissions

Scope 3 emissions, relevant or material

□ Scope 3 emissions, a specified proportion of coverage (Please describe)

□ Scope 3 emissions, all

□ Not specified

.....

143. Does the policy tool recommend or require a scope of emissions which should be covered by the net zero target? Select all that apply.

Scope 1 emissions

Scope 2 emissions

Scope 3 emissions, relevant or material

□ Scope 3 emissions, a specified proportion of coverage (Please describe)

□ Scope 3 emissions, all

□ Not specified

144. What is the recommended or required year for the net zero target (e.g. net zero by...)?

 \circ Between 2030 and 2035

 \circ Between 2036 and 2040

 \circ Between 2041 and 2045

Between 2046 and 2050

 \circ Between 2051 and 2060

 \circ Between 2061 and 2070

 \circ Other

Not specified

145. What is the recommended or required year for interim targets?

2025-2030

o 2031-2040

o 2041-2050

 $\circ \text{ Other }$

 \circ Not specified

146. What is the recommended or required level of ambition for interim targets?

 \circ Reduction between 1-25%

Reduction between 26-50%

- Reduction between 51-75%
- \circ Reduction of over 76%
- \circ Other
- Not specified

147. For which of the following non-carbon GHGs are entities recommended or required to develop emissions reduction targets? Select all that apply.

Methane (CH4)

Nitrous oxide (N₂O)

Hydrofluorocarbons (HFCs)

Perfluorocarbons (PFCs)

Sulphur hexafluoride (SF6)

Nitrogen trifluoride (NF3)

Carbon dioxide equivalent (CO2e)

148. For which of the following sectors are entities recommended or required to develop targets derived using a sectoral decarbonization approach? Select all that apply.

Power generation
Industry
Transport Services
Services/Commercial buildings
Other Other sectors using a sectoral decarbonization approach
□ None specified
149. Does the policy tool recommend or require targets derived using a sectoral decarbonization approach be validated by a third-party?
○ No
 Recommended
Required
150. What is the recommended or required level of ambition for GHG emissions reductions targets?
 Reduction between 1-25%
 Reduction between 26-50%
 Reduction between 51-75%
 Reduction between 75-85%
Reduction between 85-100%
 Reduction of more than 100%
° Other

- o 1990-2000
- \circ 2001-2005
- \circ 2006-2010

 \circ 2011-2015

2016-2020

 \circ Other

152. Are entities recommended or required to disclose the methodologies by which they select baseline years?

No

 $\circ \, \text{Yes}$

153. What is the recommended or required timeframe for targets (e.g. by 2050, 2060)?

 \circ Between 2030 and 2035

 \circ Between 2036 and 2040

 \circ Between 2041 and 2045

Between 2046 and 2050

 \circ Between 2051 and 2060

 \circ Between 2061 and 2070

 \circ Other

Not specified

154. Describe and reference the section/subsection/paragraph of the policy tool relevant to targets for renewable energy procurement.

The "Basic Act on Carbon Neutrality and Green Growth" includes specific provisions to support renewable energy procurement through: Article 30 (Support for Regional Energy Transition): This article mandates that the government, in line with the basic principles of Article 3, develop and implement policies to support local governments in expanding the supply of new and renewable energy. The aim is to enhance regional energy transitions as part of the broader effort to address the climate crisis. Paragraph 1 outlines that the government must prepare plans for the expansion of renewable energy at the regional level and support local governments in this transition. Paragraph 2 allows the government to provide financial assistance to local governments to help cover the costs of implementing these energy transition policies, within the limits of the budget. Article 31 (Expansion of <u>Green Buildings</u>): This article requires the government to develop and implement policies to promote green buildings, which are characterized by high energy efficiency and increased use of renewable energy. These buildings are also designed to minimize greenhouse gas emissions. These provisions show that renewable energy procurement is a key component of the Act, with explicit support for expanding renewable energy use both regionally and through infrastructure projects like green buildings. The government is responsible for facilitating this transition by providing financial and policy support to local governments and other stakeholders.

155. Describe and reference the section/subsection/paragraph of the policy tool relevant to targets for fossil fuel phase down/phase out.

The "Basic Act on Carbon Neutrality and Green Growth" includes provisions that are relevant to fossil fuel phase down/phase out, particularly within the agricultural, forestry, and fisheries sectors: Article 45 (Promotion of Transition in Agriculture, Forestry, and Fisheries) Paragraph 1: The government is required to establish and implement policies to reduce greenhouse gas emissions from activities such as crop production and livestock farming, while ensuring food security as part of the transition to a carbon-neutral society. This highlights the commitment to reduce reliance on fossil fuels in these sectors as part of a broader effort to address the climate crisis. Paragraph 2, Item 3: Specifically, this paragraph mandates the development of policies aimed at: Reducing fossil fuel consumption in the agriculture, forestry, and fisheries sectors. Promoting the adoption of new and renewable energy sources and establishing energy circulation and self-sufficiency systems within these sectors. These provisions establish a framework for reducing fossil fuel use in agriculture, forestry, and fisheries, which aligns with the overall national goal of reducing greenhouse gas emissions and transitioning towards renewable energy sources. The phase down of fossil fuels is a critical part of the strategy to ensure that these sectors contribute effectively to the carbon neutrality goal by 2050.

159. Describe and reference the section/subsection/paragraph of the policy tool related to climate adaptation targets.

The "Basic Act on Carbon Neutrality and Green Growth" addresses climate adaptation targets in several sections, particularly focusing on monitoring, planning, and implementing adaptation strategies to mitigate climate risks. Relevant articles include: Article 38 (Establishment and Implementation of National Climate Adaptation Plan) Paragraph 1: The government is required to establish and implement a National Climate Adaptation Plan every five years. This plan aims to help the country adapt to the impacts of climate change by developing sector-specific and regional measures. Paragraph 2: The climate adaptation plan must include: Improvement of monitoring, forecasting, and utilizing capabilities for climate change. Evaluation of impacts and vulnerabilities by sector and region. Specific adaptation measures for each sector and region to reduce vulnerabilities. Measures for protecting vulnerable groups and regions against climate-related disasters.

Implementation) Paragraph 1: The government is required to annually assess the implementation of the National Climate Adaptation Plan and the detailed sectoral implementation plans. The results must be compiled into a report, reviewed by the Committee, and made publicly available. Paragraph 2: The report should include: Major adaptation measures and their implementation status by sector. Examples of best practices related to adaptation. Identified challenges and recommendations for improvement. These articles establish clear targets and plans for climate adaptation and provide for regular assessments to track progress. The government is mandated to ensure that the adaptation measures are comprehensive and cater to all sectors and regions, with special attention to vulnerable communities. The five-year cycle for planning and the annual monitoring ensure that adaptation efforts are responsive to evolving climate challenges.

160. Describe and reference the section/subsection/paragraph of the policy tool related to nature and biodiversity targets or goals.

The "Basic Act on Carbon Neutrality and Green Growth" outlines specific provisions related to nature and biodiversity targets or goals in Article 33: Article 33 (Expansion of Carbon Sinks and Related Ecosystems) Paragraph 1: The government must establish and implement policies to create and expand carbon sinks such as forests, farmlands, grasslands, wetlands, and marine environments like sea forests. The purpose of these carbon sinks is to absorb and permanently isolate greenhouse gases from the atmosphere, contributing to both climate goals and ecosystem conservation. Paragraph 2: The policies for enhancing carbon sinks must include the following: Goals and Basic Direction: Establish goals and basic directions for creating and expanding carbon sinks and improving greenhouse gas absorption capabilities. Implementation Assessment: Evaluate the current status of carbon sinks, including greenhouse gas absorption improvements, and establish implementation assessment methods. Biodiversity Protection Measures: Ensure that the expansion and improvement of carbon sinks protect biodiversity and maintain ecosystem health. This provision emphasizes that all activities to enhance carbon sinks must consider their potential impact on natural ecosystems and biodiversity. Information and Statistics: Collect data and statistics on greenhouse gas absorption to monitor progress. Additional Measures: Conduct research, develop expertise, ensure funding, and promote education to enhance carbon sinks and their greenhouse gas absorption capacity. Paragraph 3: The government can provide administrative, financial, and technical support if entities voluntarily take initiatives to expand carbon sinks. These provisions emphasize the protection of biodiversity while enhancing carbon sinks, ensuring that the efforts to combat climate change also contribute positively to maintaining and improving the health of natural ecosystems. The government must consider biodiversity impacts when developing carbon sinks, highlighting the dual goals of climate action and nature conservation.

161. Describe and reference the section/subsection/paragraph of the policy tool related to just transition targets or goals.

The "Basic Act on Carbon Neutrality and Green Growth" includes provisions related to just transition targets or goals in Article 30: Article 30 (Support for Regional Energy Transition) Paragraph 1: The government, in line with the basic principles outlined in Article 3, is required to formulate and implement policies to support energy transition at the regional level. This includes promoting the expansion of new and renewable energy to address climate crises and assist regional governments in transitioning towards sustainable energy practices. This provision is part of a just transition framework, ensuring that regions are supported and provided with the necessary resources for a fair transition to renewable energy. Paragraph 2: The government may provide financial assistance to local governments to cover all or part of the costs necessary for implementing energy transition support policies, as long as it is within the budgetary limits. This financial support is aimed at facilitating an equitable transition for all regions, minimizing negative socio-economic impacts and supporting communities through the transition process. These provisions emphasize a just transition by ensuring that all regions, especially those reliant on fossil fuels, are given the financial and administrative support they need to move towards renewable energy. The aim is to ensure that the transition to carbon neutrality is inclusive, reducing potential inequalities and fostering regional development as part of the broader national climate strategy.

162. Describe and reference the section/subsection/paragraph of the policy tool related to setting other targets.

Transition Plans

164. Does the policy tool recommend or require targeted entities to have or develop a transition plan?

 $\circ \operatorname{No}$

 \circ Recommended

Required

165. Does the policy tool recommend or require any of the following elements or criteria for transition plans? Select all that apply.

	Recommended	Required	Neither recommended nor required
A timeframe for the transition plan (e.g. 10 year plan, 20 year plan, etc.)			
Key Performance Indicators (KPIs) for monitoring transition plan implementation			
Updates to the transition plan			
Third-party verification and/or audited accuracy of the transition plan			
Identified methodology for scenario analysis			

166. Describe the recommended or required timeframe for the transition plan.

• 1-10 years

 \circ 11-20 years

 \circ 21-30 years

 \circ 31-40 years

 \circ 41-50 years

 $\circ \text{ Other }$

167. Describe the recommended or required Key Performance Indicators (KPIs) and reference the relevant section/subsection/paragraph of the policy tool.

<u>The Key Performance Indicators (KPIs) required for GHG Emission Management Companies are</u> <u>defined in the Enforcement Decree of the "Basic Act on Carbon Neutrality and Green Growth."</u> <u>Specific KPIs include:</u>

<u>Reference to the Enforcement Decree:</u> <u>Article 21 (Target Management Methods and Procedures):</u> <u>Paragraph 2 mandates that GHG Emission Management Companies submit implementation plans</u> that detail:

<u>General information on business operations.</u> <u>Specific emissions reduction targets and monitoring scope.</u> <u>Types and quantities of GHG emissions by facility.</u> <u>Energy usage details, including fuel types and quantities.</u> <u>These requirements serve as KPIs for companies to ensure compliance with the established emissions reduction goals.</u>

168. Select the option that best describes the recommended or required frequency of updates to transition plans.

0-2 years
2-5 years
5-10 years
10 or more years
Not specified
Other

169. Describe the recommended or required updates to transition plans and reference the relevant section/subsection/paragraph of the policy tool.

In the Enforcement Decree of the "Basic Act on Carbon Neutrality and Green Growth," updates to transition plans for GHG Emission Management Companies are outlined as follows:

Reference to the Enforcement Decree:

Article 21 (Target Management Methods and Procedures):

Paragraph 2: Requires companies to submit an implementation plan for achieving greenhouse gas management targets each year, and the plan must include emissions reduction goals and detailed monitoring methods.

Paragraph 10: If the GHG management target is not achieved, the company must submit an improvement plan to be incorporated into the next transition period's implementation plan.

170. Describe the recommendation or requirement to undertake third-party verification and/or audited accuracy of the transition plan and reference the relevant section/subsection/paragraph of the policy tool.

In the Enforcement Decree of the "Basic Act on Carbon Neutrality and Green Growth," there is a requirement for third-party verification to ensure the accuracy of greenhouse gas management data:

Reference to the Enforcement Decree:

Article 21 (Target Management Methods and Procedures):

Paragraph 5: GHG Emission Management Companies are required to submit a GHG emissions statement that includes verification results from an external verification institution. This requirement ensures that the emissions data are verified by a third-party entity, which enhances accuracy, transparency, and accountability.

171. Regarding the methodology for scenario analysis, does the policy tool recommend or require targeted entities identify and/or take actions to address data limitations?

No

Recommended

 \circ Required

173. Regarding the methodology for scenario analysis, does the policy tool recommend or require targeted entities disclose data limitations?

No

Recommended

 \circ Required

Monitoring, Oversight, and Implementation

176. Does the policy tool recommend or require entities undertake any of the following with regard to monitoring, oversight, and implementation? Select all that apply.

	Recommended	Required	No
Monitor progress in implementing their transition plan			
Develop financial plans for the implementation of their transition plan			
Integrate climate- related matters into their financial accounting			
Incorporate climate change considerations into their investment decision making and/or asset planning			
Incorporate climate change considerations into their capital allocation and/or expenditure plans			
Any other mechanisms for enhancing the achievement of targets and/or the implementation of transition plans			

177. Describe the obligation to monitor progress in implementing transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

The obligation to monitor progress in implementing transition plans is detailed in Article 21 (Target Management Methods and Procedures) of the Enforcement Decree of the "Basic Act on Carbon Neutrality and Green Growth":

Paragraph 2: Requires GHG Emission Management Companies to submit an implementation plan by December 31 each year. This plan should detail actions for achieving greenhouse gas reduction targets, including monitoring progress.

Paragraph 8: The supervising authority must evaluate whether the company has met its GHG management targets and record the results in the register by June 30 of the following year.

178. Describe the obligation to develop financial plans for the implementation of transition plans, referencing the section/subsection/paragraph of the policy tool.

<u>The Basic Act on Carbon Neutrality and Green Growth does not explicitly require companies to</u> <u>develop financial plans specifically for implementing transition plans.</u>

179. Describe and reference the section/subsection/paragraph of the policy tool relevant to integrating climate-related matters into financial accounting.

The Basic Act on Carbon Neutrality and Green Growth and its Enforcement Decree do not explicitly mention an obligation for companies to integrate climate-related matters into financial accounting

180. Describe the obligation to incorporate climate change considerations into investment decision making and asset planning, referencing the relevant section/subsection/paragraph of the policy tool.

The Basic Act on Carbon Neutrality and Green Growth does not explicitly mandate companies to incorporate climate change considerations into investment decision making or asset planning.

181. Describe the obligation to incorporate climate change considerations into capital allocation and/or expenditure plans, referencing the relevant section/subsection/paragraph of the policy tool.

The Basic Act on Carbon Neutrality and Green Growth does not explicitly require companies to incorporate climate change considerations into capital allocation or expenditure plans.

182. Describe the obligations related to other governance mechanisms for enhancing the achievement of targets and/or implementation of transition plans, referencing the relevant section/subsection/paragraph of the policy tool.

Engagement, Lobbying, and Governance

184. Does the policy tool recommend or require targeted entities align any of the following engagement and/or governance practices with their targets and/or transition plans?

	Recommended	Required	No
Value chain			
engagement			
Investor engagement			
Consumer			
engagement			
Policy engagement			
and lobbying practices			
Corporate governance			
structure for transition			
and verification			
Climate-related			
financial incentives for			
employees and board			
members			

185. Does the policy tool recommend or require targeted entities to disclose how they have used due diligence and/or stewardship to achieve their targets and/or implement their transition plans?

No

 $\circ \, \text{Recommended}$

• Required

Standards, Frameworks, and Guidelines

194. Does the policy tool require the use of or make reference to any of the following standards, frameworks, or guidelines? Select all that apply.

	Required	Referenced	Neither required nor referenced
IFRS S1			
IFRS S2			
Task Force on Climate-related Financial Disclosures (TCFD)			
CDP (formerly known as Climate Disclosure Project) Technical Note: Reporting on Climate Transition Plans			
International Integrated Reporting Framework			
Global Reporting Initiative (GRI)			
Sustainability Accounting Standards Board (SASB)			
Science Based Targets initiative (SBTi)			
Science Based Targets initiative (SBTi) Net Zero Standard			
European Sustainability Reporting Standards (ESRS)			
Other			

Additional Important Information

197. Note any additional important information about the contribution of the policy tool to net zero alignment not captured in the above questions. If referencing new sources (i.e. not referenced in Question 3), provide a web-archived link to the source material.