

Dailian articles from the hybrid event, “[Emerging synergies between national and corporate transition planning: Spotlight on Korea](#),” co-hosted by the TPI Global Climate Transition Centre ([TPI Centre](#)), the Centre for Economic Transition Expertise ([CETEx](#)) and the Institute for Green Transformation ([IGT](#)), during UNFCCC Climate Week and Korea Green Transformation (K-GX) International Week (20-26 April 2026) in Yeosu, Korea

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"Companies are Outperforming, Finance Is Standing Still" — Debate Over 'Poor Design' of Transition Finance Comes to the Fore

By Son Ji Yeon | Published: 24 April 2026, 07:01

- Financial Services Commission participates in GX session... consensus that finance is central to green transition
- 39% of Korean companies at highest level for transition plans... but link to investment remains 'disconnected'
- Absence of disclosure, data and roadmaps — making transition finance 'work in the market' is the challenge



CETEx Executive Director and LSE Professor Rob Patalano delivers opening remarks at the seminar "Emerging synergies between national and corporate transition planning: Spotlight on Korea," held at the Venezia Hotel Convention Centre in Yeosu, South Jeolla Province, on the afternoon of 23 April. © Institute for Green Transformation

With the government positioning the Green Transformation (GX) as a core policy agenda, concerns have been raised that the transition finance framework needed to support the GX agenda is inadequately designed and is failing to function in practice in the market. In other words, while industries and companies are rapidly advancing their transition preparations, a structural gap has emerged in which finance is failing to keep pace.

On 23 April in Yeosu, South Jeolla Province, on the sidelines of the UN Climate Change (UNFCCC) Climate Week, the TPI Centre, the Centre of Excellence for Transition Expertise (CETEx) both at the London School of Economics (LSE), and the Institute for Green Transformation co-hosted a seminar titled "Emerging synergies between national and corporate transition planning: Spotlight on Korea."

The Financial Services Commission (FSC) also participated in the seminar, discussing the role of finance and policy direction in the green transformation process.

The seminar was convened to examine whether the financial framework needed to channel capital flows into industrial and corporate transition has been properly designed, at a time when the government is pursuing the Green Transformation as a national strategy.

In particular, the need for more detailed institutional design that moves transition finance beyond a policy slogan and properly functions in the market emerged as the central issue on the agenda.

According to the presentations at the event, Korean companies' capacity for climate action was found to be high by global standards.

Analysis by the TPI Centre found that 39% (18 companies) of 46 major Korean firms assessed had reached Level 5, the highest level, corresponding to the stage of formulating and implementing transition plans.

Antonina Scheer, Deputy Director of Policy at the TPI Centre, noted that "Korean companies are outperforming within Asia in terms of Management Quality and Carbon Performance," but added that "an enabling financial structure is essential for this commitment to transition to translate into actual decarbonisation."

The problem lies with finance. While companies are developing transition plans, concerns were raised repeatedly that the financial mechanisms to connect those plans to actual investment and capital supply are lacking.

At present, transition finance is structured so that eligibility is determined primarily on the basis of a company's stated commitment to transition and its own plans.

External verification is optional rather than mandatory, and disclosure is also limited. This raises the concern that projects with uncertain real-world emissions reduction outcomes could be included among those eligible for financial support.

Oh Seon Ah, a researcher at the Institute for Green Transformation (IGT), noted that "transition finance risks being used as a tool to ease short-term cost burdens, paradoxically deepening carbon lock-in," and warned that "without rigorous standards and a verification framework, 'transition washing' can occur."

A lack of data and infrastructure was also identified as a limitation.

Some companies still do not produce ESG disclosures, and key data such as supply chain emissions (Scope 3) has not been sufficiently gathered.

This means the very foundation needed for investors to assess climate risk and allocate capital is inadequate.

The absence of sector-specific emissions reduction roadmaps was also flagged as a structural problem.



A panel discussion in progress at the seminar "Emerging synergies between national and corporate transition planning: Spotlight on Korea," held at the Venezia Hotel Convention Centre in Yeosu, South Jeolla Province, on the afternoon of 23 April. From left: LSE Professor Rob Patalano; Louise Kim, Director of APAC Sustainable Solutions at ING Bank; Oh Seon Ah, researcher at IGT; and Park Jaehoon, Director of the Industrial Finance Division at the Financial Services Commission. © Institute for Green Transformation

Current transition finance guidelines require that corporate transition plans be grounded in the government's sector-specific emissions reduction pathways, but those roadmaps still lack sufficient specificity.

As a result, it is difficult for the financial sector to set clear criteria for investment decisions.

The gap with global markets is also pronounced. The European Union and the United Kingdom are building frameworks to verify corporate climate strategies through mandatory transition plan disclosure.

South Korea, by contrast, remains at the stage of voluntary guidelines and phased disclosure.

A lack of policy signals was also identified as a problem in financial markets. Louise Kim, Director of APAC Sustainable Solutions at ING Bank, said: "For investors to channel capital into carbon-intensive industries such as steel and shipbuilding, clear policy direction, a consistent taxonomy and reliable data are prerequisites."

The FSC acknowledged that transition finance is still at an early stage and indicated its intention to supplement the framework in a direction that expands private sector participation from the current policy based on government funding.

Jaehoon Park, Director of the Industrial Finance Division at the FSC, explained: "Climate response and the green transformation are essential tasks on the path to a sustainable economic structure, and they require enormous capital. Government funding has played a priming role until now, but going forward we plan to shift to a structure in which private capital can participate more actively."

He added: "For transition finance to function properly in the market, it is important to build the foundation that allows financial institutions to evaluate corporate transition plans and incorporate them into investment decisions. We are gradually improving the disclosure framework, data infrastructure and taxonomy."

However, the effectiveness of transition finance remains challenging. Park noted: "We don't have sufficient quantitative assessment on the extent to which transition finance is actually contributing to carbon reduction and industrial transformation," and added: "We will continue to work with relevant ministries to progressively strengthen the institutional foundation."

Ultimately, the point is that finance is central to ensuring the Green Transformation moves beyond declarations to produce genuine structural change in industry.

Experts recommended that for transition finance to operate not merely as a policy instrument but as a market mechanism, more detailed policy design is needed, including mandatory disclosure, development of data infrastructure and refinement of sector-specific emissions reduction roadmaps.

Transition Finance Is Being Pursued, But... "Standards Are Loose, Verification Is Optional"

By Son Ji Yeon | Published: 25 April 2026, 07:09

- "Even with a plan, investment is impossible"... in absence of financial decision-making framework
- Third-party verification and 'voluntary' disclosure'... market warns of "transition washing"
- Financial authorities: "We understand the criticism, but we're at the early stage"... flexibility prioritised over speed



FSC Chairman Lee Eok-won presides over the fourth meeting of the Productive Financial Transformation, held on the morning of 25 February at the Chamber Lounge on the 20th floor of the Korea Chamber of Commerce and Industry in Jung-gu, Seoul, where relevant ministries, affiliated institutions, economic organisations, stakeholders, and experts gathered to discuss various tasks for the Green Transformation (GX) of the Korean economy and its companies. © Financial Services Commission

While the government is accelerating the introduction of transition finance to support the Green Transformation (GX), concerns have been raised that the structures needed for finance to genuinely support corporate transition have not yet been put in place.

In particular, the assessment is that standards for evaluating, verifying and connecting corporate plans to investment are inadequate, making it difficult for the policy to function in the market.

At the UNFCCC Climate Week session held on the afternoon of 23 April at the Venezia Hotel in Yeosu, South Jeolla Province, titled "Emerging synergies between national and corporate transition planning: Spotlight on Korea", criticism continued that transition finance risks remaining a policy slogan.

Panellists pointed out that the structure linking corporate transition plans to finance has yet to be established.

Rob Patalano, LSE Professor and CETEx Executive Director, said: "There is a clear gap between transition plans and the capital required," adding that "without the backing of financial markets, transition cannot be implemented."

The problem is that finance lacks a framework it can use as a basis for investment decisions.

The transition finance guidelines currently put forward by the Financial Services Commission (FSC) are designed on the premise of voluntary adoption by financial institutions, and neither mandatory external verification requirements nor disclosure standards have been clearly established.

While the structure is one in which financial institutions determine eligibility based on corporate transition plans, concerns have been raised that the assessment function is limited in practice because verification methods and evaluation criteria are not clearly defined.

The verification framework is seen as too loose to serve as a basis for investment decisions by financial institutions. In the field, concerns were raised that this structure could increase the risk of "transition washing."

Oh Seon Ah, researcher at the Institute for Green Transformation, said: "The current guidelines have a relaxed structure across eligibility, verification and disclosure alike," and called for "mandatory third-party verification and the establishment of clear standards."

The problem is the same from the perspective of global investors.

Louise Kim, Director of APAC Sustainable Solutions at ING Bank, explained: "A framework without independent verification is difficult for investors to accept," adding that "for transition finance to work, science-based pathways and sector-specific standards are needed."



TPI Centre Deputy Director of Policy Antonina Scheer presents via video link at the seminar "Emerging synergies between national and corporate transition planning: Spotlight on Korea," held at the Venezia Hotel Convention Centre in Yeosu, South Jeolla Province, on the afternoon of 23 April. © Institute for Green Transformation

The concern is that under the current structure, finance could remain a mere "formal intermediary" rather than a genuine "capital provider."

Concerns have also been raised about the policy design itself. The government has opted for a flexible approach to recognising the scope of transition finance, taking into account the transition of high-carbon industries.

The structure is designed to allow financial support even where the green taxonomy criteria are not fully met, provided there is a prospect of meeting them within a given period.

However, concerns have been raised that this flexibility could lead to a weakening of standards, given that projects with uncertain emissions reduction outcomes could be included among those eligible for support.

The financial authorities are aware of these points of criticism.

A financial authority official explained: "Transition finance is only just getting started, and we have no choice but to improve it in response to criticism," adding that "given our industrial structure, a complete Green Transformation all at once is not feasible, so guiding even partial transition is a realistic approach."

The official continued: "We don't have sufficient analysis of which sectors climate finance is actually being invested in and what emissions reduction effects it has produced," and noted that "data-based evaluation will be needed going forward."

The assessment is that while transition finance is a policy direction, the key elements needed for it to function as a market mechanism are still missing.

Experts emphasised that for transition finance to work effectively, four pillars must be built simultaneously: a clear definition; consistent evaluation criteria; a mandatory verification framework; and a structure linking capital flows to outcomes.

One industry figure diagnosed the situation as follows: "Climate finance, green finance, and transition finance are all being pursued at the same time, but the roles and boundaries of each are unclear. The biggest problem is that a concrete implementation structure at the government level is nowhere to be seen."

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[D-People Lounge] "South Korea's Transition Finance Is Missing a Puzzle Piece... Disclosure and Verification Frameworks Are Urgently Needed"

By Son Ji Yeon | Published: 27 April 2026, 07:04

- Korea has transparency but lacks standards and governance
- UK integrates sector-specific plans with finance in a unified design
- "The need is not to reduce investment, but to design the transition"



LSE Professor and CETEx Executive Director Rob Patalano, who visited South Korea for the seminar "Emerging synergies between national and corporate transition planning: Spotlight on Korea," held at the Venezia Hotel Convention Centre in Yeosu, South Jeolla Province, on the afternoon of 23 April, pictured in an interview with Dailian. ©Institute for Green Transformation

South Korea has positioned transition finance as a national strategy, but experts say it lacks the infrastructure for disclosure and information needed to evaluate corporate transition plans.

As a result, investment decision-making has become more difficult, and the inflow of private capital as well as actual implementation is being delayed.

Analysts note that even the government's guidelines remain voluntary, limiting their usefulness as a basis for investment decisions by financial institutions.

On 23 April in Yeosu, South Jeolla Province, *Dailian* met with Rob Patalano, Professor at LSE and Executive Director of CETEx on the sidelines of the seminar titled "

Emerging synergies between national and corporate transition planning: Spotlight on Korea," co-hosted by the TPI Centre, the Centre for Economic Transition Expertise (CETEx) both at the London School of Economics (LSE), and the Institute for Green Transformation (IGT).

Antonina Scheer, Deputy Director of Policy at the TPI Centre, participated via video call.

Rob Patalano is an international financial policy expert who previously led financial markets policy at the Bank of England and the OECD. He has also participated in international forums including the G20 Sustainable Finance Working Group and the Network for Greening the Financial System (NGFS). He currently oversees global transition finance strategy and policy cooperation at CETEx.

The TPI Centre, where Antonina Scheer serves as Deputy Director, provides climate transition assessment data used by investors managing approximately \$87 trillion in assets worldwide, playing a key role in setting global investment benchmarks.

Both experts were direct in their diagnosis: South Korea's transition finance has a sense of *direction*, but lacks the *investment decision-making infrastructure* needed to translate that direction into actual capital flows.

"A Missing Puzzle Piece... Granularity and Governance Must Be Strengthened"

Scheer described South Korea's transition finance policy as being "like a puzzle with one piece missing."

She emphasised that "the most important thing when setting and estimating climate budgets is transparency," adding that "Korea does have a good level of transparency in what it's spending towards climate goals relative to global standards, but on what specific funds will be allocated (climate budget tagging), there is a great opportunity for improvement."

Current transition finance guidelines are designed on a voluntary basis for financial institutions, and neither disclosure standards nor external verification mechanisms have been clearly mandated.

This leaves financial institutions without an adequate information base to evaluate corporate transition plans from an investment perspective, creating a structural barrier to private capital inflows.

The fundamental cause of delays in transition finance implementation, the experts argued, is not a lack of funds, but rather the *absence of information and standards that enable investment decisions*.

"If the Plan Is Unclear, We Can't Invest' ... No Structure to Attract Private Capital"

LSE Professor and CETEx Executive Director Rob Patalano identified *clarity* as the cornerstone of transition finance.

"Private actors will only move if the government is clear about what it will do, which sectors it will invest in, how much, and how funds will be allocated," he said. "Investors look at government plans to judge whether a project has a profit-generating structure. Only when that judgement is possible will pension funds, insurers, asset managers, and other private capital participate."

While South Korea has set a policy direction, the transition roadmaps for individual industries and the corresponding financing structures have not been sufficiently detailed, he noted.



LSE Professor and CETEx Executive Director, Rob Patalano, and TPI Centre Deputy Director of Policy, Antonina Scheer, pictured in an interview at the Venezia Hotel Convention Centre in Yeosu, South Jeolla Province, on the afternoon of 23 April. ©Institute for Green Transformation

Patalano drew on the UK as a model for transition finance in practice. "The UK's Transition Finance Council integrates sector-specific transition plans with financing plans in a unified design process, in cooperation with the government's Net Zero Council, the equivalent of Korea's Ministry of Climate, Energy and Environment," he explained. "This raises confidence in government policy and the national NDC and allows the private sector to use it as a basis for investment and business planning."

He also highlighted the importance of clear policy signals to markets: "The UK, as a G20 nation, is working to demonstrate that it is building this kind of transition finance framework."

Patalano added that "if South Korea establishes such a structure, it will be well-positioned to show G20 nations that it has made genuine progress in transition finance, and private capital participation will become much more active." Given that South Korea is set to chair the G20 Summit in 2028, the remarks carry particular

weight regarding the urgency of developing a more complete transition finance framework.

"Gaps in Disclosure and Verification... Risk of Disadvantage for Korean Companies"

Gaps were also identified in the ESG disclosure framework, with transition plan disclosure and Scope 3 (supply chain emissions) data emerging as key risk areas. Scheer noted: "In our responses to the public consultation of the Korean government, including the Financial Services Commission, we confirmed that there are notable gaps in transition plan disclosure and on Scope 3 in particular."

She explained that "from an investor's perspective, Scope 3 emissions are extremely significant, investment decisions are made based on how a company manages its total emissions and what level of carbon exposure exists in its supply chain."

"If this information is not provided in a timely manner, investment judgements become difficult, and Korean companies may end up at a disadvantage as a result," she warned.

She further stressed that "for fossil fuel-based industries and automobile manufacturers, supply chain emissions account for a large share of total emissions, making Scope 3 management a central element of transition plans. Without it, it is difficult to assess the genuine level of transition."

She also noted that "when companies set targets, they must disclose how they plan to achieve them. Transition plan disclosure is directly linked to corporate credibility."

"For High-Emission Industries, the Key Is not to Divest, But to Design the Transition"

The experts also argued that the essence of transition finance lies not in simply reducing investment in high-emission industries, but in designing *how those industries will transition*.

Reducing portfolio exposure to high-emission sectors may lower reported emissions, but is unlikely to translate into real-world industrial transformation.

The true transition finance, they said, lies in capital allocation and industrial strategy that presuppose transition, in other words, in designing sector-specific transition plans, technology investments and financial structures.

Scheer explained: "Transition finance is an opportunity for investors, governments and companies alike to rethink what transition away from high-emission industries actually means. Simply reducing investment in those industries due to decarbonisation goals has its limits." She added: "At the portfolio level, reducing exposure to high-emission sectors may lower reported emissions, but it is unlikely to lead to actual industrial transformation. What matters is a forward-looking approach, not simple divestiture, but designing how the transition will happen."

Concretely, she outlined three requirements: science-based target setting; benchmarking against the current baseline; and alignment with sector-specific plans.

"It is necessary to set targets, then verify their feasibility and scientific validity against current levels, and ensure alignment of sector plans with the 1.5°C goal," she said. "On that basis, concrete R&D investments (capex) and implementation plans must also be presented."



LSE Professor and CETEx Executive Director Rob Patalano, who visited South Korea for the occasion, pictured in an interview with Dailian immediately following the seminar "Emerging synergies between national and corporate transition planning: Spotlight on Korea," held at the Venezia Hotel Convention Centre in Yeosu, South Jeolla Province, on the afternoon of 23 April. ©Institute for Green Transformation

Patalano framed industrial transition not as an environmental issue but as a matter of corporate competitiveness.

"For carbon-intensive industries like steel, it is worth setting aside the external pressures of the green transition for a moment and first asking: from a pure competitiveness standpoint, what happens if you don't innovate in the next five to ten years?" he said.

He also pointed to the shifting global competitive landscape: "Chinese and European companies are already investing in hydrogen and advanced technologies, and over the long term, this will lower their costs and improve their competitiveness. Korean companies need to make the same judgement."

"Even setting aside environmental factors, companies need to ask what the rational choice is from a competitiveness perspective," he added. "Without innovation,

competitiveness will decline, government burdens will increase, and there will be negative impacts on shareholders and society as a whole."

He concluded: "When you factor in corporate efficiency, competitiveness and resilience to energy crises, transition becomes an unavoidable choice, especially for carbon-intensive industries, where technological innovation is likely the most rational path forward."

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