

Government Fully Recovers approx. KRW 9.6 Billion (USD 6.50 Million) in Costs from Schindler ISDS Case

- Swift Recovery Within One Month of the Award, Marking a Complete Victory -
- Largest Recovery of Costs in Korean Government ISDS History -

- Yesterday(April 15, Wednesday)*, the Government of the Republic of Korea completed the full recovery of approximately KRW 9.6 billion (USD 6.50 million) in costs incurred in the investor-state dispute settlement (ISDS) proceedings, with payment received in full from Schindler.

* in installments from April 10 (Friday) through yesterday (April 15, Wednesday)

- This outcome is the result of a meticulous strategy employed by the Ministry of Justice (KMOJ) – including a preemptive Demand Letter – to enforce the costs award following the Government’s complete victory in the Schindler ISDS case on March 14, 2026 (KST).

- The recovery was achieved ▲ within just one month of the arbitral award, and represents ▲ the largest recovery of costs by the Korean Government in any ISDS case, fully protecting the national treasury.

- Accordingly, the Government has: ① fully defended against Schindler's damages claims – initially approximately KRW 490 billion (USD 332 million), and finally approximately KRW 325 billion (USD 220 million) – and ② recovered its costs in full.

- Minister of Justice JUNG Sung-ho remarked: "The recovery of KRW 9.6 billion (USD 6.50 million) in legal costs brings the legal dispute with Schindler to a close as a complete victory for the Republic of Korea. This is a hard-earned outcome reflects the Government's unwavering commitment to doing its utmost until the very end."
- The Ministry of Justice (KMOJ) will continue to work closely with relevant government agencies, outside counsel (Bae, Kim & Lee and Debevoise & Plimpton), and experts to vigilantly monitor and respond to any potential annulment proceedings by Schindler, remaining steadfast in its commitment to protecting the national interest and taxpayers funds.

1. Abstract

- The Government of the Republic of Korea received a final award in its favor in the investor-state dispute settlement (ISDS) case brought by Schindler Holding AG, a Switzerland-based global elevator company, against the Government in October 2018 under the Korea-EFTA Investment Agreement* (the "Schindler Case"), with the arbitral tribunal rendering its decision at 02:03 a.m. (Korea Standard Time) on March 14, 2026.

* The Korea-EFTA Investment Agreement refers to the investment agreement between the Republic of Korea and the EFTA member states of Switzerland, Iceland, and Liechtenstein

- The arbitral tribunal dismissed Schindler's claims for damages in their entirety — initially approximately KRW 490 billion (USD 332 million), and ultimately approximately KRW 325 billion (USD 220 million) — and, applying the "costs follow the event" principle, ordered Schindler to pay the Government's total costs of approximately KRW 9.6 billion (at the exchange rate on the date of the award, USD 6.50 million), plus interest accruing until payment.

- Following a carefully executed strategy, including the dispatch of a Demand Letter to Schindler just five days after the award on March 19, the Government received full payment of approximately KRW 9,620,950,000* (USD 6.50 million) from April 10(Fri) to 15(Wed), 2026, thereby completing the recovery.

* Comprising KRW 4,114,223,715.63, USD 2,457,469.15, GBP 826,692.13, and EUR 105,972.40 (at exchange rates as of April 13, 2026)

- The Republic of Korea has thus not only successfully defended against Schindler's damages claims of approximately KRW 325 billion (USD 220 million) to KRW 490 billion (USD 332 million) in full, but has also recovered the entirety of its costs incurred throughout the arbitration proceedings.

2. Key Procedural History

※ based on KST

- 2018. 7. / 10. Notice of Intent and Notice of Arbitration submitted by Schindler
- 2020. 1.~2024. 4. The parties exchanged written submissions
- 2024. 4. 22.~26. Hearing held (The Hague)
- 2026. 3. 14. Arbitral award rendered (full victory for the Government)
- 2026. 3. 19. Government issues Demand Letter to Schindler
- 2026. 4. 15.(yesterday) **Government completes full recovery of approximately KRW 9.6 billion (USD 6.50 million) in costs**

3. Recovery of Costs: Early Recovery Through KMOJ's Proactive Measures

Government's Proactive Recovery Measures, Led by KMOJ

- Immediately following the arbitral award on March 14, 2026, the Government — led by KMOJ — moved without waiting for any action from Schindler and commenced enforcement proceedings for the recovery of approximately KRW 9.6 billion (USD 6.50 million) in costs.
- On March 19, 2026, just five days after the award, KMOJ dispatched a Demand Letter to Schindler, notifying them that failure to make full payment within the deadline specified in the award (April 12) would result in additional claims for default interest from April 13 onwards; and that non-payment could trigger formal enforcement proceedings*.

*** Referring to the process of tracing assets held by Schindler in jurisdictions around the world, initiating legal proceedings in those jurisdictions to obtain enforcement judgments, and proceeding with compulsory enforcement measures such as attachment of assets.**

- As a result, the Government received the full amount of approximately KRW 9.6 billion (USD 6.50 million) in costs transferred to the account designated by KMOJ, in installments from April 10 (Friday) , just 27 days after the award, through April 15 (Wednesday)*.

*** This reflects the several business days required to process incoming wire transfers of foreign currencies and Korean won from overseas.**

Record-High ISDS Cost Recovery

- The approximately KRW 9.6 billion (USD 6.50 million) recovered in this case is the largest amount the Korean Government has ever recovered in costs from a claimant in an ISDS case. This surpasses the previous record of approximately KRW 7.4 billion (USD 5 million) recovered from Lone Star in December 2025, within one month of the favorable decision in the annulment proceedings.

[Key ISDS Cost Recovery Cases]

- **Full recovery of approximately KRW 7.4 billion (USD 5 million) in costs from Lone Star (December 2025)**
 - On November 18, 2025, the Government achieved a complete victory in the Lone Star ISDS annulment proceedings, with the ad hoc Committee ordering Lone Star to pay the Government's total costs of approximately KRW 7.4 billion (USD 5 million).
 - Full recovery was achieved on December 17, 2025.
 - ※ See KMOJ Press Release dated December 17, 2025: "Full Recovery of Approximately KRW 7.4 Billion (USD 5 million) in Lone Star ISDS Costs"
- **Full victory for the Government in ISDS arbitration brought by a Chinese investor (May 2024)**
 - On May 31, 2024, the tribunal rendered an award in favor of the Republic of Korea in the ISDS case brought by a Chinese investor (Mr. Min) — with an initial claim of approximately KRW 2 trillion (USD 1.4 billion) — ordering the claimant to pay the Government's costs of approximately KRW 4.9 billion (USD 3.55 million) plus interest.*
 - * Currently, enforcement of the costs award and annulment proceedings are ongoing following the claimant's application for annulment.
 - ※ See also KMOJ Press Release dated June 2, 2024: "Chinese Investor ISDS Case: Arbitral Award Rendered"
- **Elliott's application to dismiss annulment proceedings rejected (October 2023)**
 - On October 18, 2023, the English court rejected Elliott's application to dismiss Korea's set-aside application, ordering Elliott to pay 50% of the Government's costs, amounting to approximately KRW 43.7 million (USD 32,200).
 - ※ See also KMOJ Press Release dated October 19, 2023: "Elliott's Application to Dismiss Annulment Proceedings Rejected in Full"

4. Significance and Future Plans

Record Recovery Through Proactive Measures

☐ Record-High ISDS Cost Recovery

- The approximately KRW 9.6 billion (USD 6.50 million) recovered in costs represents the largest recovery ever achieved by the Korean Government across all ISDS cases it has conducted, and demonstrates the Government's commitment to minimizing losses to the national treasury by recovering public funds expended in dispute proceedings directly from the opposing party.

☐ Results of Proactive and Assertive Recovery Measures Led by the Competent Authority

- Immediately following the award, KMOJ — as the lead ministry for ISDS matters — dispatched a preemptive Demand Letter, enabling the Government to complete recovery swiftly without incurring any additional enforcement costs, thereby contributing to the national economy.
- In typical ISDS cases, a losing investor will often delay or refuse payment of costs to the state, compelling the state to initiate separate enforcement proceedings abroad, including actions before foreign courts to obtain enforcement judgments and subsequent attachment of assets.
 - In the present case, however, Schindler's payment of the full amount of costs allowed the Government to avoid such enforcement expenses and the attendant drain on administrative resources.

☐ Upholding the "Costs Follow the Event" Principle and Protecting the National Interest

- While international arbitration tribunals frequently order each party to bear its own costs, the Government actively advocated applying the "costs follow the event" principle throughout the proceedings.

- The tribunal accepted this position in rendering its award in favor of the Republic of Korea, ordering Schindler to pay the full amount of the Government's costs. The Government pursued recovery through to completion, preventing wasteful expenditure of taxpayer funds and thereby protecting the national interest.

☐ **Demonstrating the Government's Whole-of-Government ISDS Response Capacity**

- The Government's ISDS response team led by KMOJ — the International Investment Dispute Response Team — not only prevailed in the complex dispute against a global company, but also protected the national interest by demonstrating a high level of expertise and driving force leading up to the enforcement of costs after the rendering of the award.

Future Plans

- The Government intends to transfer the approximately KRW 9.6 billion (USD 6.50 million) recovered into the national treasury in accordance with the National Finance Act and other applicable laws and regulations.
- Going forward, KMOJ, working in close coordination with relevant government agencies, domestic and international outside counsel, and external experts, will remain vigilant in monitoring and responding to any set-aside proceedings that Schindler may initiate, and will do its best to protect the national interest and the precious taxes of the people.

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Annex

Procedural History of the Schindler ISDS Arbitration (Based on Dates in the Award)

Development	Date	Description
Written Pleadings		
Submission of the Notice of Arbitration by Schindler	2018. 10. 10.	Receipt of Schindler's Notice of Arbitration
Constitution of the Arbitral Tribunal	2019. 1. 13.	Presiding Arbitrator: Lawrence Shore Appointed by the Government: Loretta Malintoppi Appointed by Schindler: Neil Kaplan
Submission of the First Memorial	2020. 1. 24.	Schindler submits the Statement of Claim
Submission of the First Counter-Memorial	2020. 6. 5.	The Government submits the Statement of Defence
Submission of the Second Memorial	2022. 8. 19.	Schindler submits the Statement of Reply
Submission of the Second Counter-Memorial	2023. 3. 10.	The Government submits the Statement of Rejoinder
Submission of the Third Expert Report on Damages	2023. 12. 7.	Schindler submits the Third Expert Report on Damages
	2024. 2. 20.	The Government submits the Third Expert Report on Damages
Hearing and Post-Hearing Submissions		
Skeleton Argument	2024. 4. 3.	Both Parties submit Skeleton Arguments
Hearing	2024. 4. 22. - 26.	Oral Hearing Held (The Hague)
Post-Hearing Brief	2024. 7. 5.	Both Parties submit Post-Hearing Briefs
Award	2026. 3. 13.	Full Victory for the Government (Received at 02:03, March 14 (KST))