

Support citizens Pension with good conditions



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Non-discrimination in the workplace, respect for the human rights of the social weak

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Energy saving, environmental pollution prevention efforts, eco-friendly purchase expansion

*Appendix

(History of awards, Independent Assurance Statement)

About This Report

Since 2012, the National Pension Service(hereinafter referred to as the “NPS”) has published a sustainability report to share its sustainability activities, performance, and future plans with key stakeholders. This is the tenth report published by the NPS, which reports the key issues that stakeholders are interested in and the various activities and plans that the NPS is promoting to realize social value.

Reporting Period and Scope

This report focuses on the NPS's activities and performance from January 1, 2020 to December 31, 2020. The main management activities include 2021, and we provide data for the last three years (2018–2020) to analyze the quantitative performance by year. The main coverage is the headquarters and regional headquarters of the NPS.

Reporting Principles and Standards

This report is based on the core option of the Global Reporting Initiative(GRI) Standards, a sustainability reporting standard, and further reflects the ten principles of the UN Guiding Principles Reporting Framework (GPRF)and the UN Global Compact(UNGC).

Report Validation

This report has received verification from a third party as an independent external agency to ensure the suitability of the reporting process and the reliability of the reporting content.

Report inquiry contact

In case of requiring additional information about the report or have any questions, please contact us below. For more information, visit the NPS's website. (www.nps.or.kr)

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“

We will stably operate the fund as an asset of later years of citizens and improve the profit rate.

”

Letter from CEO

Dear Stakeholders,

Established in 1987 to ensure stable old age for the people, the National Pension Service has recorded 22.11 million insured persons and 5.39 million recipients in 34 years, and the National Pension Fund has grown to KRW 8.34 trillion, the world's third largest pension fund. (As of December 2020) Especially this year, in the midst of a prolonged global crisis called COVID-19, we have set up a year of "Happiness for the people, pensions for all of the people" to ensure the stable life of the people as a central institution to ensure the aging. Above all, in order to provide the best pension welfare services to the people and become a trusted organization, the NPS intends to make further efforts as follows:

First, we will create a solid pension system that is trusted by the people.

Last year, the NPS focused on increasing the insured period of its insured persons through strengthening support for vulnerable people premiums and transferring to the daily worker system, and has been working to eliminate pension blind spots and customized welfare services for customers, such as phasing out the scope of the comprehensive survey of support for long-term lover services. In the future, we will devote ourselves to ensuring the stability and accuracy of Insured persons management and pension payments and to realizing the 1-national 1-pension based on the conversion of non-face customer service system.

Second, we will prepare for the era of 1,000 trillion funds based onto ESG.

In the last year of 2020, the Fund Management Headquarters achieved KRW 72.1 trillion in fund management revenue even in the COVID-19 crisis. In the future, we will continue this stable performance, establish an ESG integration strategy that reflects the new global ESG investment trend, and expand strategic partnerships with the world's leading operators to establish a standard for K-ESG to drive the expansion of ESG investment in Korea.

Third, we will realize the social value of win-win and cooperation in response to changes in the environment, both inside and outside the country.

In order to overcome the unexpected COVID-19 crisis last year, the NPS dispatched 6,967 support personnel a year to the Central Accident Prevention Headquarters and Airport quarantine Station, and participated in overcoming the national crisis by using the NPS's work and capabilities, such as sponsoring protective goods for older recipients. In the future, we will expand the field of realizing social value related to the industry through the support of small and medium-sized enterprises, the creation of financial IT industry ecosystem, the development of old-age preparation services, programs specialized for the new middle-aged.

As Korean society enters into an aging society, it faces various social challenges, such as low birthrate and economic polarization. Through communication and cooperation with various stakeholders, the NPS will do its best to realize sustainable social values in addition to the stable operation of the system and the fund. With the continued interest and support of our stakeholders, we hope that the National Pension Service will be able to take the opportunity to leapfrog the changes in the internal and external environment. Thank you.

CEO of National Pension Service Yong-jin Kim



Main Outcome in 2020

National Pension Fund Operation Outcome

The annual operating income of the National Pension Fund in 2020 was 9.70% based on the amount weighted return rate, the income amounts were KRW 72.1 trillion, and the average annual cumulative return after the establishment of the fund in 1988 was KRW 6.27%, and the cumulative return was KRW 439.6 trillion. In 2020, global financial markets, including domestic ones, showed higher volatility than ever due to concerns of a global recession caused by the global spread of COVID-19. In these conditions, the national pension achieved a yield of 9.70% based on the high performance of the rapid recovery of the stock market, and achieved the proceeds of KRW 72.1 trillion. Last year, the stock market fell sharply at the beginning of the year due to economic concerns following the spread of COVID-19. However, yields have risen rapidly as expectations of economic normalization spread, including quantitative easing in the United States, stimulus measures in major countries, and improved performance by companies. Bonds have been affected by the spread of COVID-19, resulting in a decline in global economic growth, increased valuation profits due to the decline in interest rates due to fiscal and monetary policy in each country, and alternative investment assets have contributed positively to a rise in the overall return of the fund based on stable interest and dividend returns and the rise in the value of Based on good performance last year, medium- and long-term returns have also been stable. Since the establishment of the fund in 1988, by the end of 2020, the average annual cumulative return of 6.27% and cumulative return of 439.6 trillion won has been good, with a three-year average of 6.89% and a five-year average of 6.60%.

(Based on the amount weighted profit rate, market price, Unit : KRW 100 million, %)

	2020		Recent 3 years (2018~2020)		Recent 5 years (2016~2020)		After the fund is established (1988~2020)	
	Profit	Profit rate	Profit	Profit rate	Profit	Profit rate	Profit	Profit rate
Total	721,437	9.70	1,397,013	6.89	2,054,393	6.60	4,396,213	6.27
Public area	-	-	-	-	-	-	190,827	8.26
Financial area	721,405	9.72	1,396,782	6.90	2,054,069	6.61	4,197,163	6.21
Stock	653,082	21.36	877,820	11.15	1,377,709	11.94	1,860,565	9.49
Domestic	468,600	34.89	390,240	10.26	713,583	12.30	1,041,069	8.99
Overseas	184,482	10.76	487,581	11.97	664,126	11.58	819,495	10.23
bond	48,031	1.39	324,541	3.45	413,554	2.62	1,874,471	4.49
Domestic	53,762	1.74	305,284	3.37	366,974	2.54	1,740,867	4.50
Overseas	-5,731	-1.61	37,256	4.26	46,580	3.49	133,604	4.36
Alternative investment	21,079	2.38	177,448	7.54	264,163	7.37	452,522	7.89
Domestic	24,153	9.87	59,235	8.23	84,471	7.29	166,816	7.07
Overseas	-3,075	-0.48	118,214	7.23	179,692	7.41	285,706	8.46
Short-term funds	-17	-0.06	1,071	1.24	1,805	1.22	15,702	3.61
Welfare area	-46	-2.90	-82	-1.87	-121	-1.73	6,036	6.09
Others	78	0.63	312	0.89	445	0.79	2,188	1.55

National Pension Fund Finance Area Outcome

In 2020, the National Pension recorded a time-weighted return rate of 9.58% in the financial area, and all asset groups achieved a baseline return rate(BM)of more than 9.58% in the financial area. Domestic stocks with the highest returns in the financial area recorded a yield of 34.66%, exceeding 1.21% p against the benchmark rate, and overseas stocks recorded 10.22%, exceeding 1.41% p against the benchmark rate. This is due to a strong recovery in the domestic and foreign stock markets, with KOSPI rising by 30.75% over the past year and global MSCI ACWI(ex-Korea, USD)rising by 15.84%. The second highest-yielding alternative investment asset recorded a yield of 2.57%, 1.00% p higher than the benchmark yield. In particular, domestic alternative investments exceeded 3.24% p compared to the benchmark return rate, and overseas alternative investments exceeded 0.36% p compared to the benchmark return rate. Bond assets were also affected by the decline in domestic and foreign market interest rates, such as three-year treasury bonds fell 38.5% p

last year, and 100.4% p U.S. treasury bonds fell, with domestic bonds yielding 1.71% and overseas bonds yielding 0.19%. Despite the relatively large drop in interest rates, overseas bonds have a lower yield than domestic bonds because the -6.0% year-on-year decline in the dollar-against-KRW rate has been reflected in yields. Nevertheless, overseas bonds recorded an excess yield of 0.72% p compared to the benchmark yield, and domestic bonds recorded an excess yield of 0.13% p.

(Time-weighted Profit rate, Unit : %, %p)

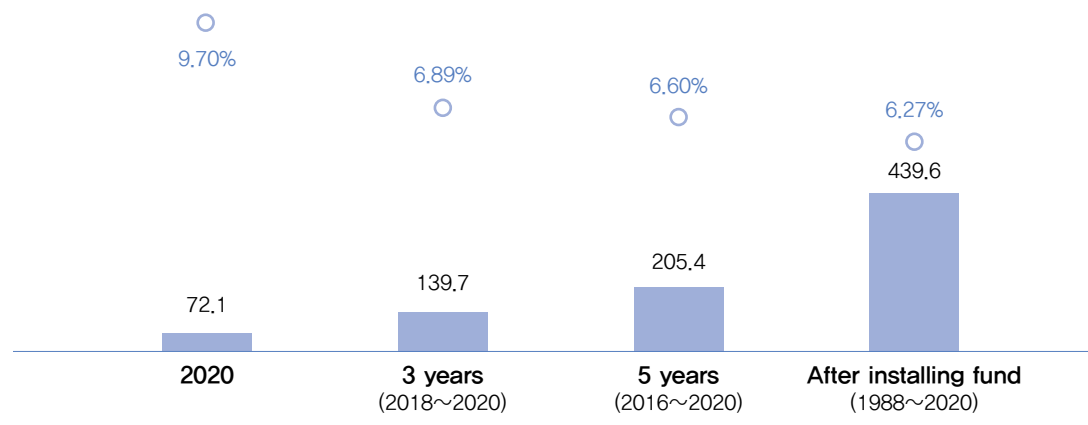
	2020			3-year annual average (2018~2020)			5-year annual average (2016~2020)		
	Fund	BM	Difference	Fund	BM	Difference	Fund	BM	Difference
Entire finance area	9.58	8.59	0.99	6.54	6.29	0.25	6.31	6.02	0.29
All	20.76	19.33	1.43	9.26	8.82	0.44	10.83	10.30	0.53
Stock									
Domestic	34.66	33.45	1.21	7.96	7.42	0.55	10.92	10.11	0.82
Foreign	10.22	8.81	1.41	11.06	10.62	0.44	10.80	10.50	0.29
All	1.43	1.25	0.18	3.47	3.38	0.09	2.57	2.52	0.05
Bond									
Domestic	1.71	1.59	0.13	3.35	3.27	0.09	2.47	2.42	0.05
Foreign	0.19	-0.53	0.72	5.39	5.23	0.15	4.06	4.01	0.05
All	2.57	1.57	1.00	8.07	7.43	0.64	7.76	6.71	1.04
Alternative investment									
Domestic	10.48	7.23	3.24	8.60	6.82	1.77	7.52	6.68	0.85
Real estate	15.63	8.72	6.90	10.40	7.21	3.19	9.12	7.22	1.90
Infrastructure	3.21	4.64	-1.44	6.22	6.61	-0.38	5.69	6.07	-0.38
Private fund investment	12.69	8.42	4.27	9.05	6.65	2.40	7.79	6.88	0.91
Foreign	-0.04	-0.40	0.36	8.16	7.94	0.22	8.09	6.91	1.18
Real estate	-4.36	-0.62	-3.74	6.27	7.03	-0.75	6.70	5.88	0.82
Infrastructure	-1.47	-0.08	-1.38	7.61	7.52	0.09	7.88	5.25	2.63
Private fund investment	6.63	-0.59	7.22	11.36	9.62	1.74	10.63	9.96	0.67
Hedge fund	2.06	1.48	0.58	4.97	6.02	-1.05	-	-	-
Private fund loan	9.49	-1.30	10.79	-	-	-	-	-	-

Comparison of mid-long term (5 years) average profit rate

Fund operating outcome

■ Profit ○ Profit rate

(Amount weighted Profit rate, Unit : KRW trillion)




NPS Overview

Organization Overview

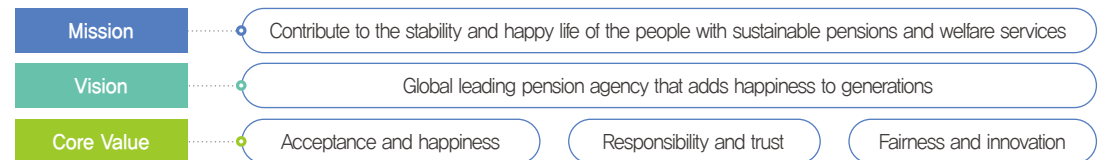
The NPS was established in 1988 with the aim of promoting the stability and welfare of the people by paying pension benefits for old age, disability and death. As of December 31, 2020, we have been providing pension services to 22.11 million insured persons and 6.19 million recipients, and we operate a fund totaling 833.7 trillion won and provide various welfare services.

View Details: National Pension Cyber Advertisement Hall (https://www.nps.or.kr/jsppage/cyber_pr)

General status	
	Organization Name National Pension Service
	Main department Ministry of Health and Welfare
	Date of establishment September, 1987
	Grounds of establishment Article 24, National Pension Act
	Address of the main office 180 Giji-ro, Deokjin-gu, Jeonju-si, Jeollabuk-do, Korea
	Number of employees 7,461

Value chain

The NPS has set its mission, vision, and core values with a commitment to strengthen the security of aging income, increase the sustainability of pensions, and provide the welfare services that the people need to create a “happy country for the people” where the stability and happiness of the people is realized.



Vision Promulgation

◆

We practice the following in order to be a reliable lifelong partner in ensuring the stable and comfortable life of the people through the operation of the pension system and the provision of welfare services.

- One We will create a social support system that everyone enjoys based on generational solidarity.
- Two We will strengthen the trust of the people by transparent and responsible fund management.
- Three We will contribute to improving the quality of life by providing the welfare services that the people need.
- Four We will continue to create a variety of social values.
- Five We will be a global leader through the operation of the national pension, national pension.

Personnel (number of people) (as of 2020.12.31)

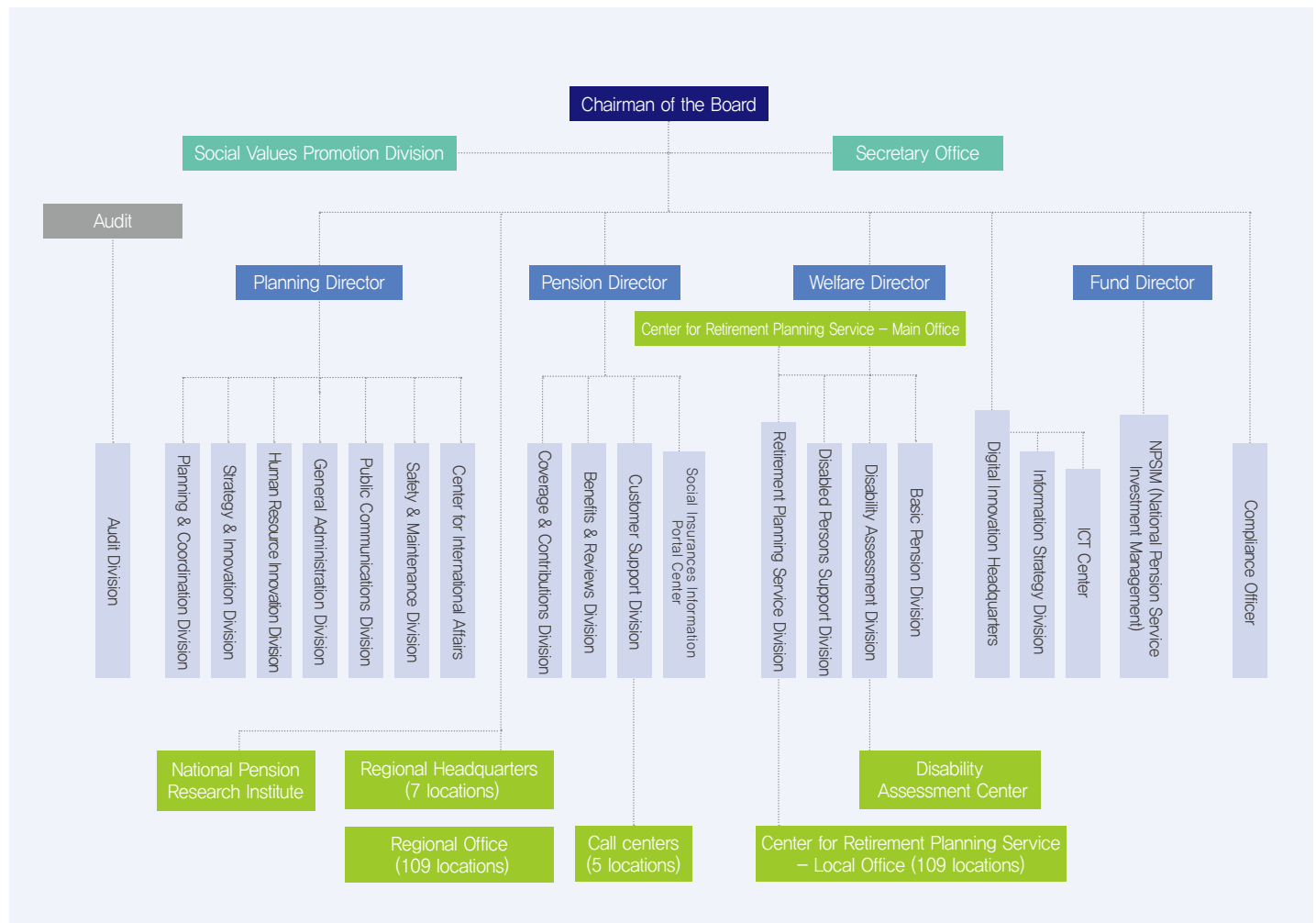
(Unit: Ea)

Classification	Total	Executive	General position					Separate, part-timers	Temporary positions	Research positions	Fund Management Job	Functional positions	Indefinite Contract Job
			Level 1	Level 2	Level 3	Levels 4~6							
Total	7,461	6	60	240	848	4,193	336	2	43	301	2	1,430	







Organization

The NPS operates 14 offices, 2 units, and 2 centers, and the “Fund Management Headquarters”, “Compliance Monitor”, and “Digital Innovation Headquarters”, as well as the “Disability Screening Center”. It operates 7 regional headquarters, 109 branches and call centers, and has a National Pension Research Institute as its affiliated organization.

Organization Chart(As of 2020.12.31)



Main Business Status

		
Insured persons management	Pension payment	Fund Management
<ul style="list-style-type: none"> • Manage and maintain records for insured persons • Levy of pension insurance fee, monthly amount of base income Proper management 	<ul style="list-style-type: none"> • Improve salary-related schemes and work standards • Calculation and payment of beneficiary benefits • Provision of payroll services and follow-up management 	<ul style="list-style-type: none"> • Fund Management Asset Allocation • Management of domestic and foreign stocks, bonds, and alternative assets • Risk management of fund management
		
Welfare Services	International Cooperation	Research
<ul style="list-style-type: none"> • Aging Preparation Service • Disability registration screening, Support for the disabled activities • Basic pension application information reception and recipient management 	<ul style="list-style-type: none"> • Signing and enforcing social security agreements • Management of foreign payees • Advanced institutional transfer and international cooperation 	<ul style="list-style-type: none"> • Pension System and Social Insurance research • Research on fund management efficiency measures • Disseminate Institutional Key Trends

Governance

Composition of the Board of Directors

The NPS organizes and operates the Board of Directors, which is the highest decision-making body, in accordance with the Board of Directors operating regulations. In accordance with the "Law on the Operation of Public Institutions," the chairman of the NPS serves as chairman, but the non-executive directors constitute more than a majority of them to secure independence. As of December 2020, the NPS's Board of Directors consists of a chairman, four permanent directors, and nine non-executive directors.

Composition of the Board of Directors (As of 2020.12)

Division	Statement	Gender	Affiliation and Position
Chairman of the Board	President Yongjin kim	Man	Chairman of the Board of Directors of the National Pension Service
Senior Director	Senior Director Jungbae Park	Man	Planning Director of the National Pension Service
	Senior Director Yonggu Kim	Man	Pension Director of the National Pension Service
	Senior Director Younghee Na	Woman	Welfare Director of the National Pension Service
	Senior Director Hyojun Ahn	Man	Director of the National Pension Service Fund
Non-Executive Director	User Representative Yonggeun Kim	Man	Vice President of the Korea Executive General Association
	Worker Representative Jaegil Yoo	Man	Vice Chairman of the Democratic Labor Party
	User Representative Seungwon Seo	Man	Vice-President of the SME Central Association
	Worker Representative Dongho Lee	Man	Secretary-General of Korea
	Regional insured persons Representatives Youngmi Yoon	Woman	Co-representative of Green Consumer Nature Association
	Regional insured persons Representatives Yunju Lee	Woman	Lawyer
	Recipient Representative Soonmyung Oh	Woman	Former Director of the Financial Department in the Financial Consumer Protection Department
	Recipient Representative Myungryoung Ju	Man	Representative of the Korean Retired Association
	Senior Director Hyunhoon Lee	Man	Director of Pension Policy of the Ministry of Health and Welfare

Board Operation

The NPS has made institutional efforts to increase board attendance, such as regularizing the schedule of the Board of Directors and pre-announcing the next schedule 30 days in advance. As a result, the number of board meetings rose by two year-on-year, and in particular, the attendance rate of senior directors improved by 2.8% p year-on-year. In addition, the Board of Directors has improved the follow-up management process so that each relevant department reviews the recommendations of the Board and reports the results of the measures, leading to more active recommendations and management reflection.

Board Operation

Division	Units	2018	2019	2020
Board of Directors held	Times	11	14	16
Assumed Agenda	Case	50	50	59
Amendment and Pending		4	8	3
Attendance rate	All	80.0	93.0	94.0
	Senior Director	95.2	94.3	97.1
	Non-Executive Director	69.8	92.0	92.4

Reflect the Board's key economic Recommendations for 2020

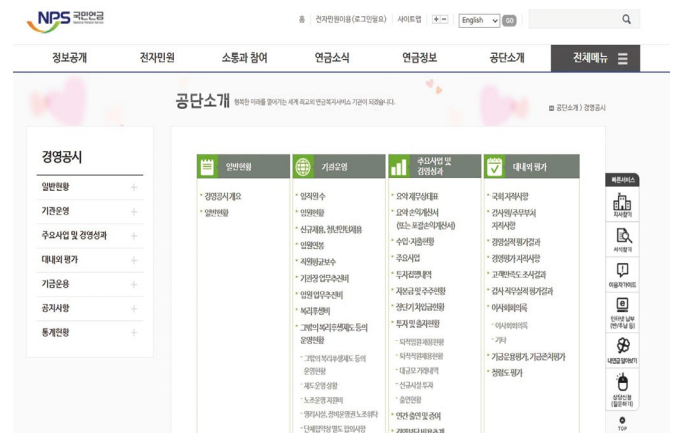
Main Business Recommendations	Results of reflection on the management
Strengthen trustee accountability activities and require external disclosure for several amendments to internal control of fund management	Trustee Accountability Activities Report Published (June 2020)
Require to consider gender balance and reflect labor opinions when forming the Executive Recommendation Committee	<ul style="list-style-type: none"> Enlargement of female ratio Appointed from the Two Major Labor Organizations (Korea Labor General, Democratic Labor General)
Pre-emptive preparedness for disaster situations such as COVID-19 and rapidly changing times	Reflected in the next generation information system construction project

Professional Committee Operation

General Management Division	Department of Institutional Society	Fund Management Division
1 Permanent Director	1 Permanent Director	1 Permanent Director
2 non-executive directors or more	2 non-executive directors or more	2 non-executive directors or more

Evaluation and compensation of the board of directors

The NPS sets the basic salary of the permanent director in accordance with the "Remuneration Regulations" and the "Law on the Operation of Public Institutions", and is paid differentially according to the results of the annual comprehensive evaluation. The evaluation takes into account the performance of performance contracts, the management evaluation of public institutions, the practice of ethical management inside the NPS, and the efforts to improve management. The annual salary of the executive and the allowance paid to the non-executive directors are disclosed through management disclosures on the NPS's website.

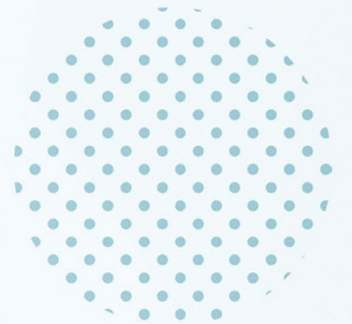
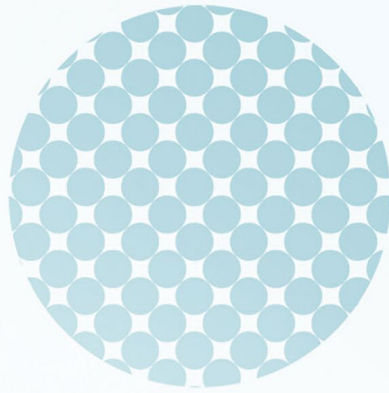




2021
NPS Sustainable Management Report



Special Report





Case of Responsible Investment Considering ESG of the National Pension Fund

Definition of responsible investment

The National Pension Fund implements responsible investment in order to increase long-term and stable revenue, and develops and expands responsible investment strategies. Responsible investment can be implemented through ESG incorporation, which considers ESG factors in the decision-making process, and Active Ownership, which induces ESG-related risk management skills improvement and corporate value through voting rights and constructive dialogue on the investment subject. ESG investments can be divided into ESG Integration, which considers financial and non-financial factors such as ESG together, Screening, which selects or excludes investment targets based on ESG, and Thematic, which simultaneously pursues risk-adjusted returns and ESG performance. In addition, Active Ownership may be divided into shareholder activities, such as the exercise of voting rights at the general meeting of shareholders of the investment target company, dialogue with the investment target company, and shareholder proposals.

Responsible investment system of national pension fund

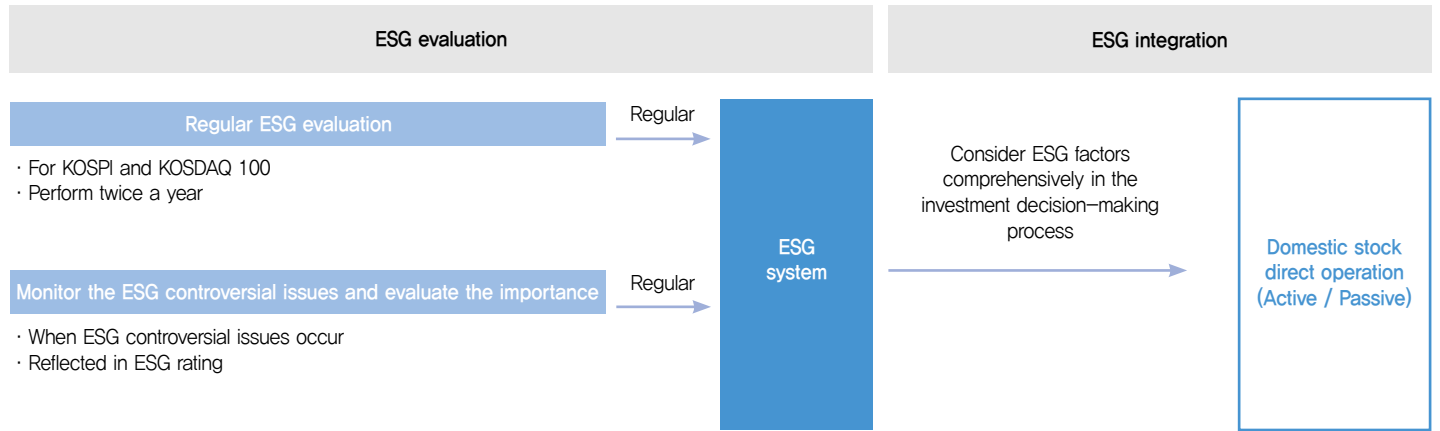
PRI classification system	Definition	Fulfillment Status	Notes
1. ESG Incorporation			
① ESG Integration	Consider financial and non-financial factors, such as ESG, together	Fulfilled	Consider ESG rating when direct management of domestic shares
② Screening	Include or exclude certain industries that are rated positively and negatively from an ESG perspective in the investment candidate group (positive screening)	Scheduled	As the Fund Management Committee decides on the introduction of the investment restriction strategy and the declaration of de-coal, it will implement the investment restriction in coal mining and power generation by implementing a step-by-step implementation of the investment restriction in the future
③ Thematic	Pursue risk-adjusted profit and ESG performance at the same time	Not fulfilled	–
2. Active Ownership			
④ Proxy Voting	Exercise of voting rights at the General Meeting of shareholders	Fulfilled	Exercise of stock voting rights at home and abroad
⑤ Engagement	Non-management shareholder activities: Conversations with companies (private conversations, private focus, public focus) Management Participation Shareholder activities: Shareholder proposals, etc. (After public focus) Litigation: Shareholder representative litigation, damages litigation, etc.	Fulfilled	Dialogue with companies on domestic stock focus management issues and unexpected concerns



ESG Integration

The fund has been laid the foundation for the implementation of the ESG integration strategy over a long period of time. In September 2006, the fund began operating a responsible investment-type foster fund, establishing an ESG-related internal research system and establishing a strategy, and building a foundation for the introduction of ESG integration strategy, and is applying it to domestic stock direct management and foster management(Responsible Investment type). The Fund's ESG integration strategy is implemented based on ESG evaluation. The fund will implement an ESG integration strategy by establishing an evaluation system and internal system that can consider ESG elements by companies, and by comprehensively considering ESG elements along with financial elements in the investment decision process when the management station is directly operating domestic shares.

ESG evaluation and ESG integrated process



Regular ESG evaluation

In order to systematically analyze non-financial factors such as the environment, society, and governance of the investment target, the Fund has a unique ESG evaluation system that reflects the characteristics of the fund, and conducts ESG evaluations twice each year on domestic listed shares(KOSPI+KOSDAQ100). The Fund's ESG evaluation system consists of 52 evaluation indicators of 13 issues that affect corporate value in the areas of environment, society, and governance.

National Pension Fund Domestic Stock ESG Evaluation System

	Issues	Evaluation indices
Environment (E)	Climate Change	GHG management system, GHG emissions, energy consumption
	Clean production	Clean production management system, water use, chemical use, air pollutant discharge, waste discharge
	Development of eco-friendly products	Eco-friendly product development activities, Eco-friendly patents, eco-friendly product certification, product environmental improvement
Society (S)	Human Resource Management and Human Rights	Salary, benefits, Employment increase, Organizational culture, Longevity, human rights, labor practices
	Industrial Safety	Health safety system, health safety system certification, designation of interspersed multiple business sites
	Subcontracting Transactions	Trading target selection process, fair trade self-compliance program, supplier support activities, subcontracting law violations
	Product Safety	Product safety system, product safety system certification, product-related safety accidents
	Fair Competition and Social Development	Establishment of Internal Trading Committee, Process management inhibition, information protection system, donations
Governance (G)	Shareholders' Rights	Management rights protection device, device to converge shareholders' opinions, Shareholders' meeting disclosure time
	Board Composition and Activities	Separation of CEO and Chairman of the Board, independence of the board structure, composition of outside directors of the board, and activities of the Board, Establishment and configuration of Compensation Committee, Appropriateness of directors' remuneration policy
	Audit System	Proportion of outside directors of the Audit Committee, proportion of long-term audit(member), proportion of non-audit service costs compared to the cost of audit service
	Risk on Affiliates	Ratio of contingent liabilities to net asset of affiliates, ratio of sales trade of affiliates, and ratio of purchase trade of affiliates
	Dividends	Interim/quarter dividend basis, total stakeholder earning rate, dividend paid in last 3 years, underpaid dividend

As of the end of 2020, the fund has conducted assessments of 908 listed companies in Korea, and the distribution of ratings calculated in six grades based on ESG scores is as follows:

2020 ESG Assessment Results

(Units: ea)

AARating	ARating	BBRating	BRating	CRating	DRating	Total
74 (8.1%)	145 (16.0%)	192 (21.1%)	243 (26.8%)	187 (20.6%)	67 (7.4%)	908 (100%)

ESG information, including ESG evaluation results, is provided to domestic stock direct management stations within the fund through the ESG system and is examined along with financial information in the investment decision process. In addition, based on the ESG evaluation results, if the regular ESG evaluation results have fallen below a certain level, we will conduct shareholder activities if necessary through qualitative evaluation, etc. During the second half of 2020, the Fund conducted a research service "Improving the ESG evaluation system of National Pension domestic shares and building the ESG evaluation system of bonds" to make recommendations regarding the direction of improving the ESG evaluation system of domestic shares and the introduction of the ESG evaluation system of domestic bonds. Based on this, we will improve the ESG rating system for domestic stocks during 2021 and introduce an ESG rating system for domestic bonds. In the future, the fund will continue to improve and supplement the evaluation system, such as ESG evaluation indicators, taking into account various factors such as internal and external conditions.

ESG Contextual issue monitoring and severity assessment

In accordance with the “Principles on Trustee Responsibility” and the “Guidelines on Trustee Responsibility Activities”, the National Pension Fund monitors ESG-related incidents that may affect corporate value and conducts a severity assessment centered on severity 1 and recurrence probability 2 to measure the impact that the matter will have on corporate value and shareholder value. The Fund will adjust the ESG evaluation results or link them to shareholder activities, taking into account the results of the medium-sized evaluation, the equity ratio and the share of the fund’s holdings, etc. On the other hand, if the investment target company is associated with shareholder activities for unexpected concerns based on the results of the critical evaluation, it may be selected as a non-public conversation target company in accordance with the procedures and standards of the “National Pension Fund Domestic Stock Trustee Liability Activity Guidelines”. Details of shareholder activities for unexpected concerns are as follows: Refer to 3, “Shareholder Activities”. In 2020, the Fund conducted a critical evaluation of 34 ESG-related matters, adjusted the ESG evaluation results for one of these companies and provided the results to the domestic stock direct management station.

Applying the ESG Integration Strategy

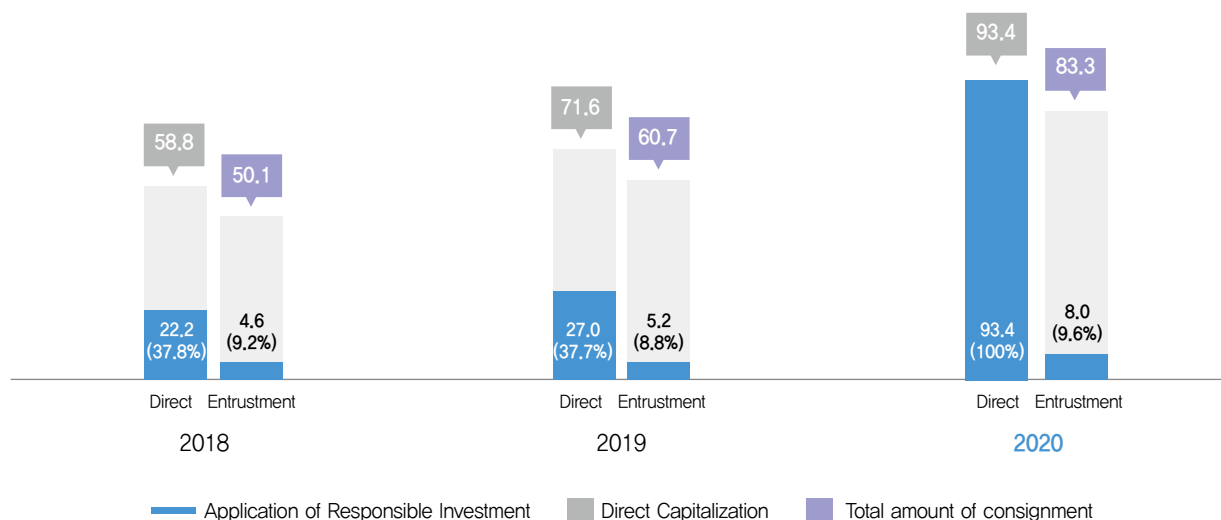
Since 2017, the Fund has applied an ESG integration strategy to some of its domestic stock direct management assets(Active type). In November 2020, the Fund has established the “Domestic Stock ESG Integration Strategy Guidelines”, which includes a passive ESG integration strategy and enhanced implementation measures compared to the existing one, and applies the ESG integration strategy to the entire domestic stock direct management assets. In accordance with this, the internal operating station will check the ESG details when reviewing the new items that are incorporated into the investment group and attach the operating station comments and ESG reports to the review report if they fall under the sub-rating. In addition, when checking the group of investable stocks, we will check whether they are over-transferred against the benchmark for those that are Class C, and we will write a review report on the reasons and investment opinions for maintaining the over-transfer.

Responsible Investment Consignment Fund

The National Pension Fund is one of the many types of domestic stock consignment funds that operate responsible investment-type consignment funds. As of the end of 2020, there are total of nine responsible investment consignment fund consignment operators, with an operating size of about 8 trillion won. The Responsible Investment fund follows the “NPS-FnGuide Responsible Investment Index”, a benchmark developed by the fund that reflects the characteristics of the responsible investment fund type. The fund takes into account the type characteristics of the selected responsible investment management company, and reflects the expertise and morality of the responsible investment manager, the responsible investment strategy and process, and the compliance with the responsible investment guidelines, etc.in the evaluation, and the responsible investment manager is able to implement a variety of responsible investment strategies. In November 2020, Responsible investment foster fund operators are obliged to submit operational reports related to responsible investment, and they are used for monitoring.

Scale of ESG investment in domestic stocks

(Unit: KRW trillion)



1) Evaluation taking into account of the size of the damage, the likelihood of punishment, the water level, the duration of the damage, etc.

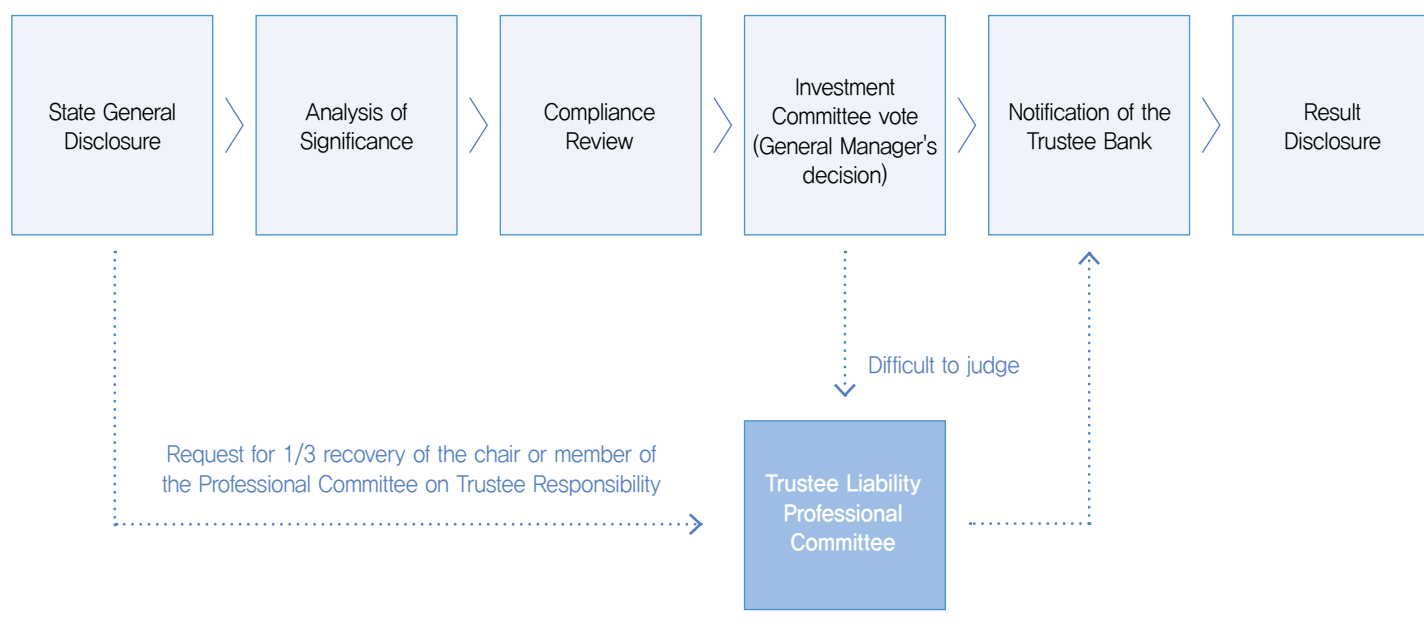
2) Evaluation of communication, improvement level, repetition level, etc.

Exercise of voting rights

Criteria and Procedures

The National Pension Fund exercises its voting rights in good faith in accordance with its faith to benefit National Pension insured persons and recipients of listed shares held in accordance with the National Finance Act and the Fund Management Guidelines. The Fund shall exercise its voting rights in accordance with the "Guidelines on Responsible Activities of the National Pension Fund Trustee", which stipulates the criteria for the exercise of voting rights, the procedure for the exercise of voting rights, and the method for the exercise of voting rights, with reference to the advice of external institutions for professional and faithful voting rights.

Voting Rights Exercise Procedure



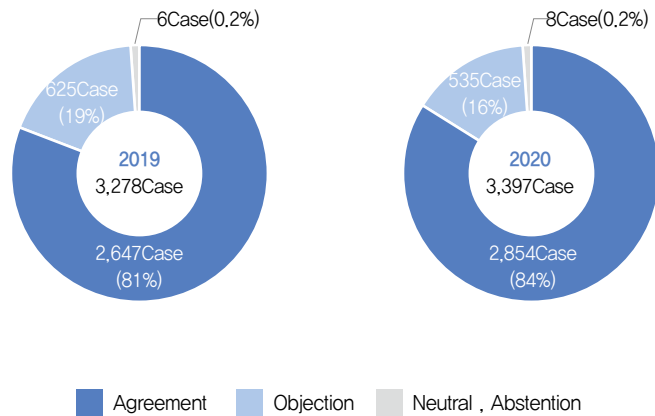
The National Pension Fund shall exercise its voting rights through deliberation and determination of the Investment Committee set up at the Fund Management headquarters by the National Pension Service in accordance with the share of the fund's holdings and the cost of its holdings. In the event of a request to the Professional Committee for trustee Responsibility because it is difficult to determine, or if more than one-third of the members of the Professional Committee for Trustee Responsibility believe that it has a large impact on long-term shareholder value, the Professional Committee for Trustee Responsibility determines the direction of the exercise of voting rights. In addition, the Fund Management Committee has decided to establish guidelines for delegating non-voting rights to the consignment operator from the regular general Meeting of shareholders in March 2020 to the consignment operator for voting rights corresponding to a portion of the fund's holdings.

Disclosure and Status

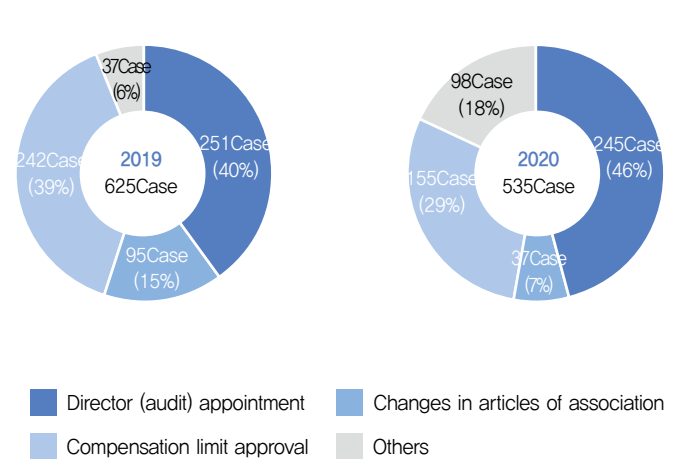
Within 14 days of the holding of the General Meeting of shareholders, the National Pension Fund discloses the detailed reasons for the objection, including the history of the exercise of the voting rights of the Fund and the grounds for the guidelines, on its website. In all cases, the direction of the exercise of voting rights may be disclosed before the general Meeting of shareholders in the event that the equity held by the Fund is more than 10% or more than 1% of the holding ratio, and in the event that the professional Committee for Trustee Responsibility has decided. In 2020, the fund announced 123 shareholders' meetings in advance.

In 2020, the National Pension Fund exercised its voting rights on the total of 3,397 assumptions at the 854th general meeting of shareholders of domestic shares.

Voting Rights Exercise Status



Exercise of voting rights against



Voting Rights Exercise Status

① Approval of Financial statements

The National Pension Fund has a low dividend payment level, but has decided against it(March 2020) by comprehensively considering the characteristics of companies and industries that require financial resources to focus on investment rather than dividends(A company), while the dividend payment level is low, there is no dividend policy, and good financial health aspects(B company). On the other hand, the Fund approved the Company's financial statements(including the statement of disposal of surplus), which was contested by the Board of Directors and the Shareholder's proposal, taking into account the company's financial health, the current and surplus cash flow, and the comparison with the same industry.

② Appointment of Directors and Auditors(Audit Committee)

The National Pension Fund has decided against(March 2020) external directors(D companies) of corporation that invest more than 5% of their capital, full-time employees(E companies) within the last 5 years of companies that are major business partners with the company, and full-time employees(F companies) within the last 5 years of companies that have regular advisory contracts with the company. In addition, the Fund decided against(March 2020) against the Supreme Court convicted in-house directors(G companies) who have a history of undermining corporate value or infringing shareholder rights, and who have served as in-house directors at the time of embezzlement(H companies), such as the largest shareholder, who have neglected their monitoring obligations at the time of undermining corporate value or infringing shareholder rights.

③ Change of Articles of Incorporation

The National Pension Fund has decided against (March 2020) in the events that it was concerned about undermining shareholder value, on the introduction of an ultra-majority resolution agenda for the purpose of hostile M&A defense(company I), and the subject of the approval of the financial statements (company J) and the subject of resolution to pay special contribution among the agenda for change in executive severance pay payment regulations (company K) were changed, by the resolutions of the board of directors, at the general meeting of shareholders, without justifiable reasons.

④ Approval of director compensation limit

The National Pension Fund has reviewed the data on the level of compensation and decided in favor(March 2020) that the amount of remuneration is not linked to the amount of remuneration and management performance, while the amount of remuneration is excessive(L company), and the amount of remuneration are linked to the amount of remuneration (M company).

Shareholder Activities

The National Pension Fund has introduced the “Principle on Trustee Responsibility(Stewardship Code)” in order to faithfully fulfill its obligations as a good manager, such as increasing the long-term profitability and stability of the fund and strengthening the independence and transparency of the exercise of shareholder rights. Through this, the scope of the exercise of shareholder rights, such as the exercise of voting rights and dialogue with dividend-related companies, has been expanded to executive remuneration, legal violations, etc., and the fund conducts shareholder rights in accordance with the standards and procedures of the “Guidelines on Trustee Liability Activities” and the “Guidelines on Domestic Stock Trustee Liability Activities”.

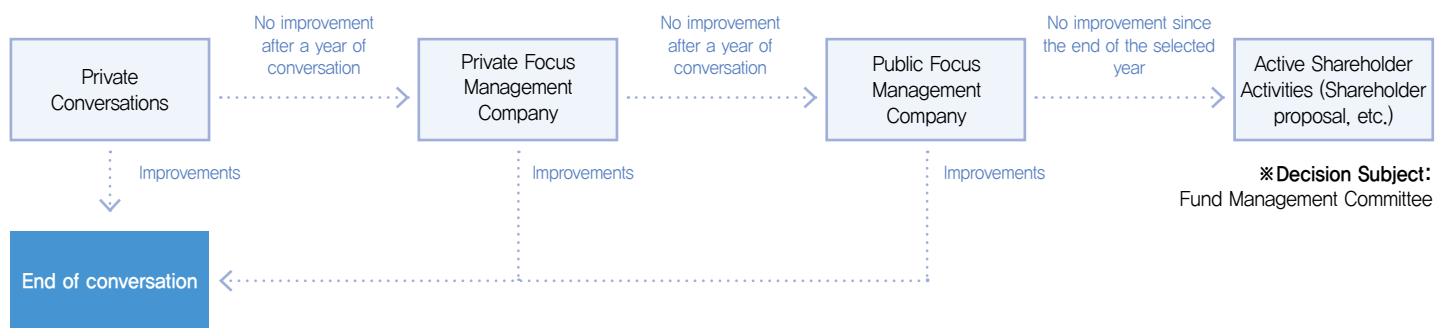
On the other hand, when the “Principle on Trustee Responsibility” was introduced, the Fund’s corporate management interference concerns and the return of short-term trading profits were first introduced, and the management participation shareholder rights 3 were implemented after all the conditions were provided, but only if the Fund Management Committee decided that the shareholder value might be compromised by the deviant behavior of Korean Air and Hanjin Kal 4(February 2019)to exercise the rights of shareholders to participate in the management that had been allowed. Since the need to increase the predictability and transparency of the Fund’s shareholder activities and dispel concerns about corporate management and autonomy violations has increased, the Fund has established the “Active Shareholder Activity Guidelines” (December 2019), which transparently set out the principles, standards, and procedures for active shareholder activities. The National Pension Fund conducts shareholder activities in accordance with guidelines and guidelines, which encourage companies to voluntarily establish improvement books that can increase shareholder value.

Shareholder activities on priority management matters

In order to increase the Fund’s long-term and stable revenue, the National Pension Fund has selected and carried out shareholder activities as important management matters, such as the establishment of a corporate dividend policy, the adequacy of executive remuneration limits, matters that may undermine corporate value or infringe shareholder rights due to concerns about violations of laws, matters that have been voted against but have not improved, and matters that have

Shareholder activities on focus management matters are promoted through step-by-step procedures such as selection of target companies, private conversations, selection of private focus management companies, selection of public focus management companies, and shareholder proposals in accordance with the criteria of the “National Pension Fund Domestic Stock Trustee Liability Activity Guidelines”. In the event that there is no improvement despite step-by-step shareholder activity, an open letter may be sent to combine the exercise of voting rights to the related matters or the appointment of the Board of directors at the Meeting of Shareholders.

Shareholder Activity procedures related to focus management matters



*Selection and improvement of the target company Owner: Trustee liability professional committee

3) Shareholder rights that exert virtually influence on the company, such as shareholder proposals related to the appointment of officers
 4) In accordance with the vote of the Fund Management Committee, the Fund proceeded with the shareholder proposal in accordance with the relevant procedures, but at Hanjin Kal’s regular shareholders’ meeting in March 2019, the shareholder proposal of the Fund was finally rejected(48.66% agreed, 51.34% objected, etc.).

Criteria for selecting the target company for the focus management matter

Establishment of dividend policy of the company	If not establishing a reasonable dividend policy or do not make a dividend in accordance with a reasonable dividend policy
Executive Remuneration Limit Adequacy	If violating shareholder rights and interests by proposing a limit on directors' remuneration that is not related to the amount of remuneration, the management performance of the company, etc.
Concerns about legal misconduct undermine corporate value or infringe shareholder value	If the following cases are based on objective facts, such as investigations by state agencies ① Embezzlement and transfer in connection with the Company ② Unfairly supporting a special related person or other company (Unjustly supporting act) ③ Acts of attributing unfair profits to related persons (Devoting profit by management)
Matters without improvement in the continuous exercise of voting rights	In case of the case without improvement even the objections have been presented on the fund among the entire agenda from the regular meeting of shareholders of the company
Declining results of regular ESG assessments	As a result of the regular ESG evaluation, the comprehensive ESG rating falls by 2 or more and is below Class C.

① Establishment of dividend policy of the company

The National Pension Fund has selected companies that do not establish or disclose reasonable dividend policies, or that do not dividend accordingly. In 2020, the NPS carried out trustee responsibility activities such as sending letters and interviews to 31 companies related to the establishment of dividend policy. Through the establishment of a friendly communication channel with the target company, rather than presenting specific figures and levels for dividends, the company has established a reasonable dividend policy autonomously and has led to improvements to communicate with the market. As a result, there have been improvements in investors' predictability of dividends as companies disclose reasonable dividend policies through non-public conversations, such as the Financial Supervisory Board's electronic disclosure system and website.

The Fund has conducted private conversations with persons who may represent the company, such as the Board of directors and management of M, N companies, in relation to the procedures and purpose of the shareholder activities of the fund related to the establishment of the dividend policy. Prior to the conversation, the company did not have a designated dividend policy, but during a private meeting on the dividend policy, we deeply sympathized with the need and purpose of establishing the dividend policy. As a result, in the case of M company, the amount equivalent to a certain percentage of operating income will be reduced to shareholders, and the rest will be retained in-house to increase competitiveness through reinvestment, so that all stakeholders will continue to implement the dividend policy to maximize value-added value, and in the case of N company, a certain percentage of consolidated net income will be in accordance with the disclosure of this dividend policy, there have been improvements such as allowing investors to clearly understand the company's decision-making criteria for the company's dividend, and increasing the predictability of the company's dividend.

② Executive Remuneration Limit Adequacy

The National Pension Fund has selected a company that is subject to a private conversation by taking into account the ratio of the actual pay to the directors' remuneration limit among companies that have opposed the approval of the directors' remuneration limit at the recent General Meeting of Shareholders because the directors' remuneration limit assumed by the General Meeting of shareholders is not linked to In 2020, the fund conducted dialogue with 12 companies, including correspondence and consultation, and led them to establish a friendly communication channel with the target company and develop an action plan to increase shareholder value. As a result, there was a voluntary improvement in the adequacy of the remuneration limit, such as the company setting up a compensation committee and adjusting the remuneration limit for directors.

The Fund has conducted private conversations with persons who may represent the company, such as the Board of Directors and management, regarding the procedure and purpose of the Fund's shareholder activities related to the adequacy of the executive remuneration limit, and concerns that the general meeting of shareholders related to the directors' remuneration limit may be adjudicated if the difference between the directors' remuneration limit and the actual payment amount is large. As a result, the Board of Directors of the Company approved the establishment of a compensation committee and the establishment of operating regulations within the Board of Directors to improve shareholder value and increase transparency of management.

③ Matters that may undermine corporate value or violate shareholder rights and interests due to concerns about violations of laws and regulations

Based on objective facts such as prosecution, FTC voting, etc., the National Pension Fund has selected companies that may undermine corporate value or violate shareholder rights and interests due to concerns about embezzlement, assignment, unfair support, and management bias. In 2020, the Fund conducted conversations with 25 companies, including correspondence and interviews, and recommended that the target company build a friendly dialogue channel and develop an action plan to increase shareholder value.

The Fund has been conducted with private conversations with persons who can represent the company, such as the Board of Directors, management, etc., regarding the purpose and procedures of the Fund's shareholder activities related to the arrangement of management, the facts about the conduct of the company that may violate the law, measures, and improvement measures, and as a result, P Company has been lifted from the company subject to private conversation in early 2020. From the half-term of 2020, the fund has further systematized the selection process for companies that are subject to non-disclosure regarding legal violations concerns and significantly expanded the number. The Fund selects companies that are subject to private conversations related to concerns of violations of the law on a quarterly basis, and even in cases that have occurred in the past, the Supreme Court decision has not been confirmed, and the company has not been closed. As a result, there are 14 companies that are subject to private conversations related to concerns of violations of the law that were selected as new in 2020, and each company will conduct private conversations for about one year from the time it was selected as a private conversation target company, and then determine whether it will improve in 2021.

④ Matters related to the exercise of voting rights in the ongoing objection

Within the last five years, the National Pension Fund has selected companies that have exercised opposing voting rights more than once for the same reason, among the selection of directors and auditors(Members), taking into account the number of times they exercise opposing voting rights, the number of open positions, and the percentage of their holdings. In 2020, the Fund conducted conversations with 11 companies, including correspondence and interviews, and guided them to develop a plan of action to increase shareholder value by seeking to form a consensus on the reasons for objection to the guidelines for responsible activities of the target companies and trustees. As a result, there have been improvements in the implementation of action plans by companies.

The Fund has conducted private conversations with persons who may represent the company, such as the Board of directors and management, regarding the purpose and procedures of the Fund's shareholder activities related to the continuous exercise of the voting rights, the reasons for the Fund's continued exercise of the voting rights(Former employees of the major shareholder(corporation) (Outside director, Q company), excessive adjunct(In-house director, R company)), etc. As a result, both Q and R companies have a sufficient understanding and dialogue about the reasons for the non-performing of the Fund's continued objection, and there have been improvements such as the exclusion of officers from the General Meeting of Shareholders(Q company) or the reduction of the number of companies serving as officers(R company).

⑤ Declining results of regular ESG assessments

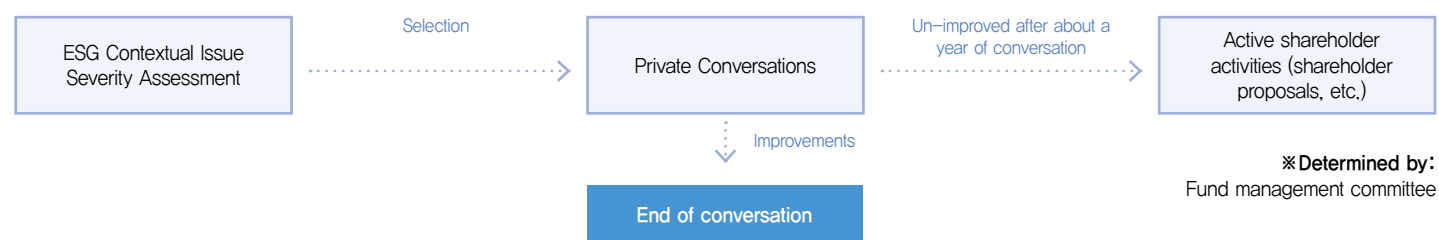
As a result of the regular ESG evaluation, in the case of domestic stock investment companies with a lower rating(C,D)due to a decline in the overall rating over the previous year, the National Pension Fund will determine whether the company is selected for non-public conversation based on a qualitative evaluation of the fund's asset exposure and the reasons for the decline in In 2020, the Fund conducted conversations with one company, including correspondence and interviews, and recommended that it establish a friendly dialogue channel with the target company and develop an action plan to increase shareholder value. As a result, there were improvements such as strengthening corporate disclosure, establishing improvement measures, and implementing action plans.

The Fund selected S company as a private company in connection with the decline in the results of its regular ESG evaluation, and held talks for about a year with the Board of directors, management, and other persons who could represent the company. During the private conversation, the fund explained the purpose of shareholder activity, the procedures and the reasons selected, and S company deeply sympathized with the purpose of the private conversation and implemented improvement measures and measures related to the matter. Specifically, S company has established an environmental management screen on their website, enhanced environmental and social information disclosure, such as disclosing on-gas emissions data, energy usage data, and safety-related information, and set up procedures to ensure product safety. In addition, the Board of Directors has decided on the establishment and operation of the Outside Director Candidate Recommendation Committee, and has taken steps to establish new regulations related to the Committee.

Shareholder activities for unforeseen concerns

In order to increase shareholder value and increase the long-term return of the fund, the Fund promotes shareholder activities in the event that there is a risk of undermining unexpected corporate value or infringing shareholder rights and interests in relation to the environment, society, and governance. In accordance with the standards of the “Domestic Stock Trustee Liability Activity Guidelines”, the Fund will conduct a critical evaluation of companies that have encountered ESG contractual issues 5, select companies that are subject to private conversations, and promote shareholder activities through a step-by-step procedure from private conversations to shareholder proposals. In the event that there is no improvement in spite of step-by-step state activities, an open letter may be sent at the general meeting of shareholders if it is determined that there is no room for improvement, such as linking the exercise of voting rights to the appointment of directors, or refusing to make a private conversation.

Shareholder activity procedures related to unexpected concerns



※Selection and improvement of the target company Owner: Trustee Responsibility Professional Committee

Unexpected concern-related private conversation cases

(Case of communication with product safety companies)

Since 2016, the Fund has conducted conversations with companies such as domestic and foreign investment companies that produce or distribute products such as T company, in order to minimize the risk of adversely affecting shareholder value in connection with product safety incidents that have caused large-scale life damage. Through this, we have identified facts and measures, established relevant policies to ensure that the same accident does not recur, established human and material systems, and transparently disclosed information. As a result, in the case of product production companies, there have been improvements such as establishing policies to strengthen the management of harmful chemicals, establishing INFRA to prevent recurrence such as establishing related systems and expanding organizations, establishing new committees within the board of directors and strengthening the reporting system. In addition, in the case of distribution companies, there have been improvements such as strengthening product safety verification, conducting PB product evaluation through external agencies, and disclosing all ingredients on the website for the products of concern. In 2019, the Fund will conduct dialogue with the company, such as correspondence and interviews, and will continue to monitor the company for the investigation of the national agency related to the accident.

(Case of communication with industrial safety companies)

Since 2016, the fund has conducted conversations with companies such as correspondence and interviews with U company that has continuously suffered damage to life due to the development of disease in workers in their workplaces. Through this, we continued to check facts and measures, prepare measures for the safety and health management of workers, and conduct conversations about the transparent disclosure of information. In 2018, the company made a formal apology and made a compensation plan for the affected workers, and conducted a comprehensive diagnosis of the production line through an external independent organization consisting of experts in various fields such as industrial health and preventive medicine, and accepted the recommendations for improvement.

In 2020, the National Pension Fund sent 35 letters to companies on various ESG-related issues, such as investigations by national institutions such as ESG-related inspections and police investigations, violations of environmental laws, and damage to life in business sites, and conducted a critical evaluation. Based on the results of the critical evaluation and the contents of the letter, no company was selected as a new non-public company in 2020, and the fund continues to monitor ESG transactional issues of the investment target company.

5) Issues and incidents affecting the value of the enterprise

Active Shareholder Activities

In December 2019, the National Pension Fund established the “National Pension Fund Active Shareholder Activity Guidelines” for increasing corporate value and transparent and fair shareholder activities. Active shareholder activities in accordance with these guidelines are not intended to participate in the management of the company, but to further increase the value of the company and its shareholders by talking and discussing with the target company of the shareholder activities related to the focus management issues and unexpected concerns. In the event of a shareholder activity requirement, the Fund will make efforts to verify facts and make sufficient dialogue with the company to improve the problem in accordance with the “National Pension Fund Domestic Stock Trustee Liability Activity Guidelines”, and will carry out “Active shareholder activity” only in cases where it is extremely difficult to improve the issue.

Content of active Shareholder Activities

Division	Contents
Target	· Public focus management companies, companies that do not have improvement among companies that are subject to non-public conversations related to unexpected concerns
Judgment Criteria	· In order to increase long-term revenue and shareholder value, the company's industrial characteristics and corporate conditions, the effectiveness of the shareholder proposal, cost effectiveness and symbolic significance to the market, etc. are comprehensively considered
Selection Method	· The Trustee Responsibility Professional Committee determines the company without improvement, reviews the shareholder proposal and the contents of the shareholder proposal for the company and reports it to the Fund Management Committee – The Fund Management Committee practically determines whether or not the shareholder proposal is promoted based on the review of the professional Committee
Shareholder Proposal Content	· The Fund Management Committee finally determines the appropriate shareholder proposals within the scope of the Commercial Law and Capital Markets Law



Filing a Lawsuit

The National Pension Fund may file shareholder representative lawsuits, damages lawsuits, etc. in accordance with the standards and procedures of the “National Pension Fund Domestic Stock Trustee Liability Activity Guidelines” for the purpose of contributing to increasing the long-term shareholder value of the investment target company. The Fund does not file a lawsuit for the purpose of having virtually no influence over the company or its officers or meeting the requests of other shareholders, and if the complaint requirements are met, we will file a lawsuit only if it is determined that the lawsuit will contribute to increased shareholder value in the long term, taking into account the cost compared to the effect from the lawsuit as well as the probability of winning the case.

International Community Activities for Responsible Investment

In June 2009, the National Pension Fund joined Principles for Responsible Investment 6(PRI), a global institutional investor consultation on responsible investment. Since 2016, the NPS has been submitting a Transparency Report on its responsible investment status. In September 2019, the Fund joined the International Corporate Governance Network 7(ICGN) and Asian Corporate Governance Association 8(ACGA), a global institutional investor cooperation organization related to corporate governance and institutional Investor shareholder activities, in order to implement the Trustee Book principles and increase relevant competencies in accordance with the introduction of the "Principle on Trustee Responsibility(Stewardship Code)". In November 2020, the fund joined the Asia Investor Group on Climate Change9(AIGCC), a consultation on climate change/low carbon investment by Asian institutional investors, to increase understanding of environmental issues and expand its network. In the future, the Fund will use research and research data, best practices and guidelines provided by ICGN, ACGA and AIGCC to increase the Fund's ESG-related capabilities and expertise, and expand exchanges with overseas deferred funds and asset managers through related activities.

The National Pension Fund is affiliated with and active in the Global Responsible Investment Consultative Body



- 6) Principles for Responsible Investment(PRI) is a global initiative on responsible investment established through the cooperation of UNEP FI, UN Global Compact and financial institutions, which sets out six principles for institutional investors to effectively apply the method of responsible investment throughout their investment activities (3,038 signing institutions as of March 20, total operating size approximately 12 to 6,417 trillion won)
- 7) ICGN(International Corporate Governance Network)is the world's largest cooperative organization for corporate governance, providing research, research, and network on corporate governance (more than 800 member organizations in 43 countries as of 20.7 months)
- 8) The Asian Corporate Governance Association(ACGA) is a cooperative organization established to improve the financial environment ecosystem, including the corporate governance structure of Asia, and performs analysis of corporate governance-related laws and regulations (110 members in 17 countries for 20 years)
- 9) Asia Investor Group on Climate Change(AIGCC)was launched to provide climate change-related investment information for Asian institutional investors, encourage action to reduce carbon emissions, share research data and best practices, and support institutional investors to cooperate in climate change-related investment activities and policy participation (A total of 54 members of deferred payments, asset managers and related institutions for 20 years)

Shareholder Activity Statistics

Domestic Stock Voting Rights Exercise History

In 2020, the National Pension Fund exercised a total of 3,397 voting rights at 854 shareholder meetings for domestic shares, 2,854 in favor(84.0%), 535 against(15.8%), 8 neutral/abstention(0.2%), and 535 against 245 directors and auditors(45.8%), 37 changes to the Articles of Incorporation(6.9%), and 155 approval of remuneration limits(29.0%), other 98 cases(18.3%).

① Voting Rights Exercise History

Year of Exercise	Number of companies investing on stocks (cases)	Total numbers of stocks exercised (case)	Total number of agenda exercised (case)	Exercise History		
				Pros (Ratio)	Cons (Ratio)	Neutral / Abstention (Ratio)
2020	1,033	854	3,397	2,854 (84.01%)	535 (15.75%)	8 (0.24%)
2019	1,059	767	3,278	2,647 (80.75%)	625 (19.07%)	6 (0.18%)
2018	764	768	2,864	2,309 (80.62%)	539 (18.82%)	16 (0.56%)

② Opposite events of each agenda

Reasons for objection	2018		2019		2020	
	Number of cases	Ratio(%)	Number of cases	Ratio(%)	Number of cases	Ratio(%)
Directors and Audit Precepts	226	41.9	251	40.2	245	45.8
Changes in articles of association	47	8.7	95	15.2	37	6.9
Directors and Audit Remuneration	230	42.7	242	38.7	155	29.0
Other	36	6.7	37	5.9	98	18.3
Total	539	100.0	625	100.0	535	100.0

③ Reasons for objections to Directors and Audit Details

Causes of objection on appointing directors or auditors	2018		2019		2020	
	Number of cases	Ratio(%)	Number of cases	Ratio(%)	Number of cases	Ratio(%)
Long-term service (more than 10 years)	35	15.5	52	20.7	33	13.5
Full-time directors in the most recent 5 years in the connection with our company, affiliates, or other important relationship	61	27.0	58	23.1	77	31.4
Low board attendance (lower than 75%)	27	11.9	15	6.0	24	9.8
Excessive cum	47	20.8	34	13.5	43	17.5
Consistent Surveillance	12	5.3	16	6.4	10	4.1
Other	44	19.5	76	30.3	58	23.7
Total	226	100.0	251	100.0	245	100.0

Performance History of Shareholder Activities

The National Pension Fund conducts shareholder activities in accordance with the guidelines, such as sending private letters, private interviews, and sending open letters, while promoting shareholder activities related to important management matters and unexpected concerns about the investment target company. In addition, we are conducting state activities such as sending non-public letters and interviewing companies that are aware of the investigation of national institutions or have encountered ESG issues. In addition, we carry out shareholder activities at the request of the company, such as ESG-related explanations, performance descriptions, and general meeting of shareholders. In 2020, the National Pension Fund conducted 225 shareholder activities through correspondence and interviews with 109 companies.

History of conversations with companies related to important management matters and unexpected concerns

(Unit: Case)

Classification	Themes	Number of companies		Sending a letter		Discussion		Subtotal (Letter delivery and interview)	
		19 years	20 years	19 years	20 years	19 years	20 years	19 years	20 years
Material matters	Establish dividend Policy	35	31	44	40	33	27	77	67
	Executive Remuneration Limit	6	12	6	12	9	20	15	32
	Legal Violation Concerns	4	25	5	37	5	19	10	56
	Continuous opposite voting right	5	11	5	11	14	14	19	25
	Regular ESG evaluation	1	2	1	2	1	3	2	5
Unexpected concerns		9	28	21	35	5	5	26	40
Total		60	109	82	137	67	88	149	225



Sustainability Vision and Goals

The NPS has set up a social value realization mission to 'improve the quality of life of the people by providing inclusive pension welfare services and contribute to the realization of a sustainable society,' and has established a detailed realization strategy to systematically create social values linked to the NPS's business under the three major realization values of "Peace of Mind", "Fairness" and "Respect."

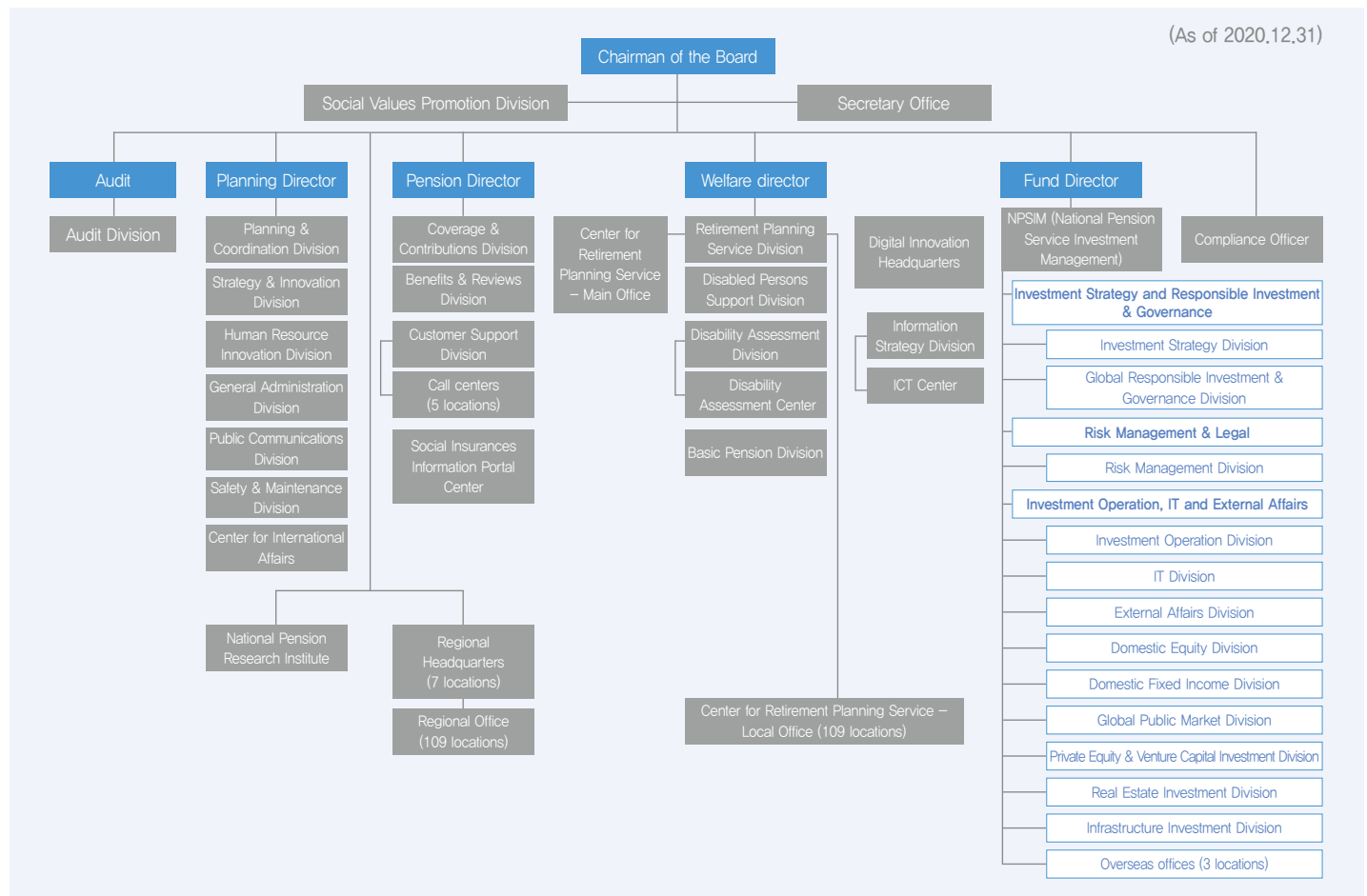
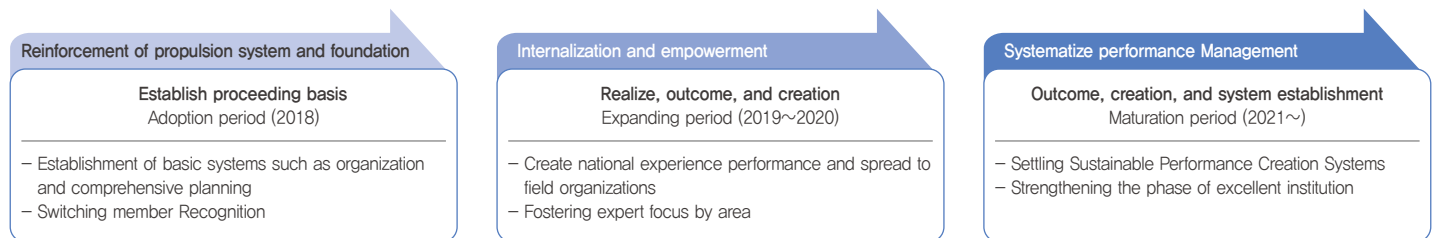
Social Value Strategy System



Social Value Promotion Organization

In 2018, the NPS established the “Social Value Realization Group”, an organization dedicated to social values directly under the President of the Board. The Social Value Realization Group oversees and checks the entire social value realization plan of the NPS, and oversees the practice and support of areas such as jobs, social contribution, and growth. In 2019, we have established a general organization in an effort to increase our enterprise execution power. Within the “Social Value Realization Group Job creation Team” and “Safety Management Group” directly under the Planning director have been established to increase the response force in the area of job safety and environment, where government policies have been strengthened. In addition, the existing “Department of Social Value Creation” was expanded to ‘Department of Win-win Cooperation’ to ensure the professional and systematic implementation of regional development and social and economic revitalization policies and strengthen partnerships with local governments. By 2020, we are focusing on creating national experience performance and spreading to field organizations and fostering experts in each field.

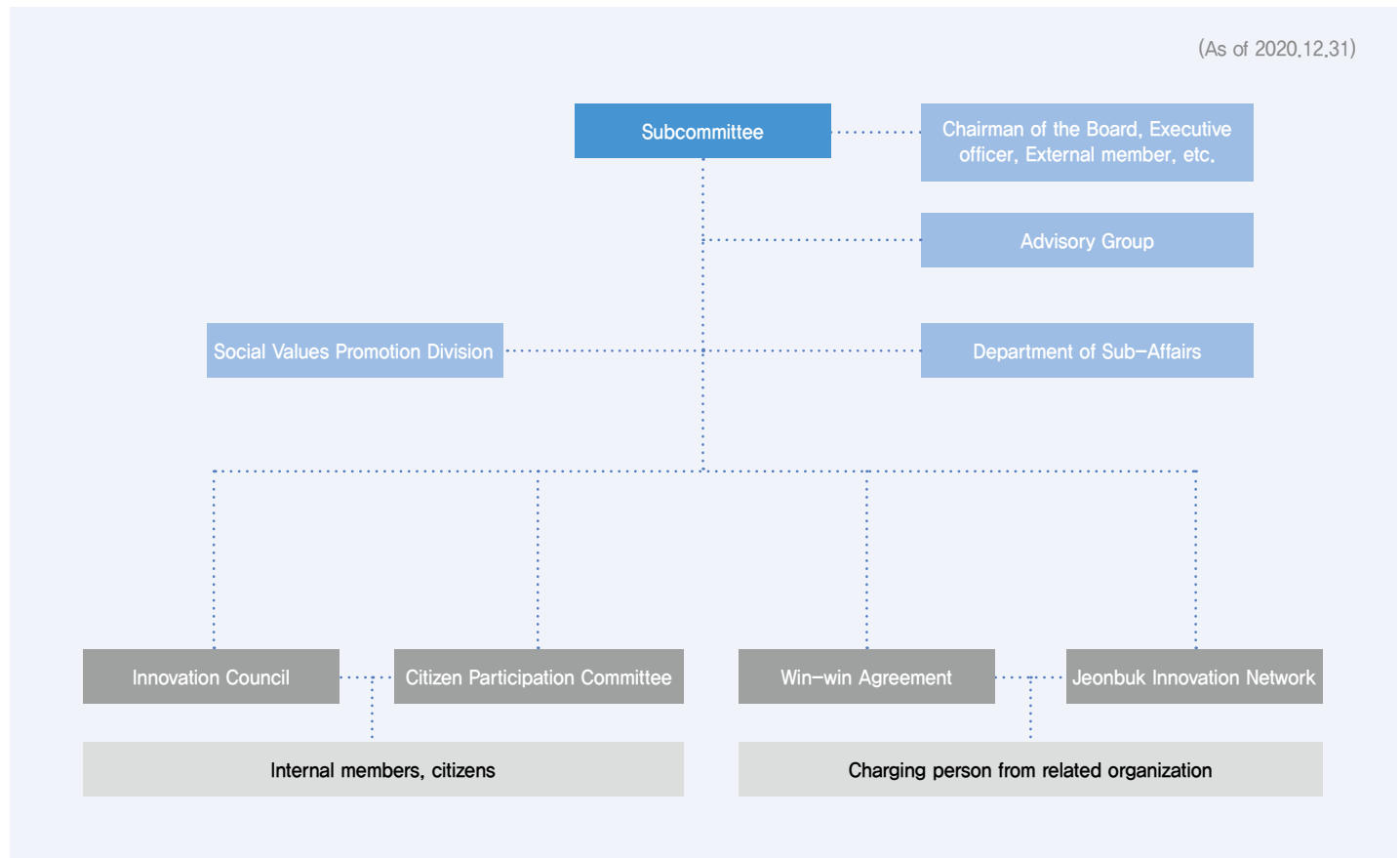
Social Value Implementation Roadmap



Promotion Organization Main Role

Division	Main Roles	Remarks
Policy Decisions · Subcommittee, etc. · Advice for social values	· Establish strategies to realize social values and determine main policies · Advice for the social values policies	Chairman of the Board, Executive officer, External member, etc.
Dedicated Organization · Social value realizing party · Department of Sub-Affairs	· Overall proceedings of social values · Perform the duties	—
Engagement and Communication · Innovation committee · Citizens participating committee	· Collect and suggest internal ideas · Suggestions from citizens including innovation or social values	Internal members, citizens
	· Win-win committee · Jeonbuk innovation network	· Establish cooperation system related to local win-win · Cooperation to realize social values

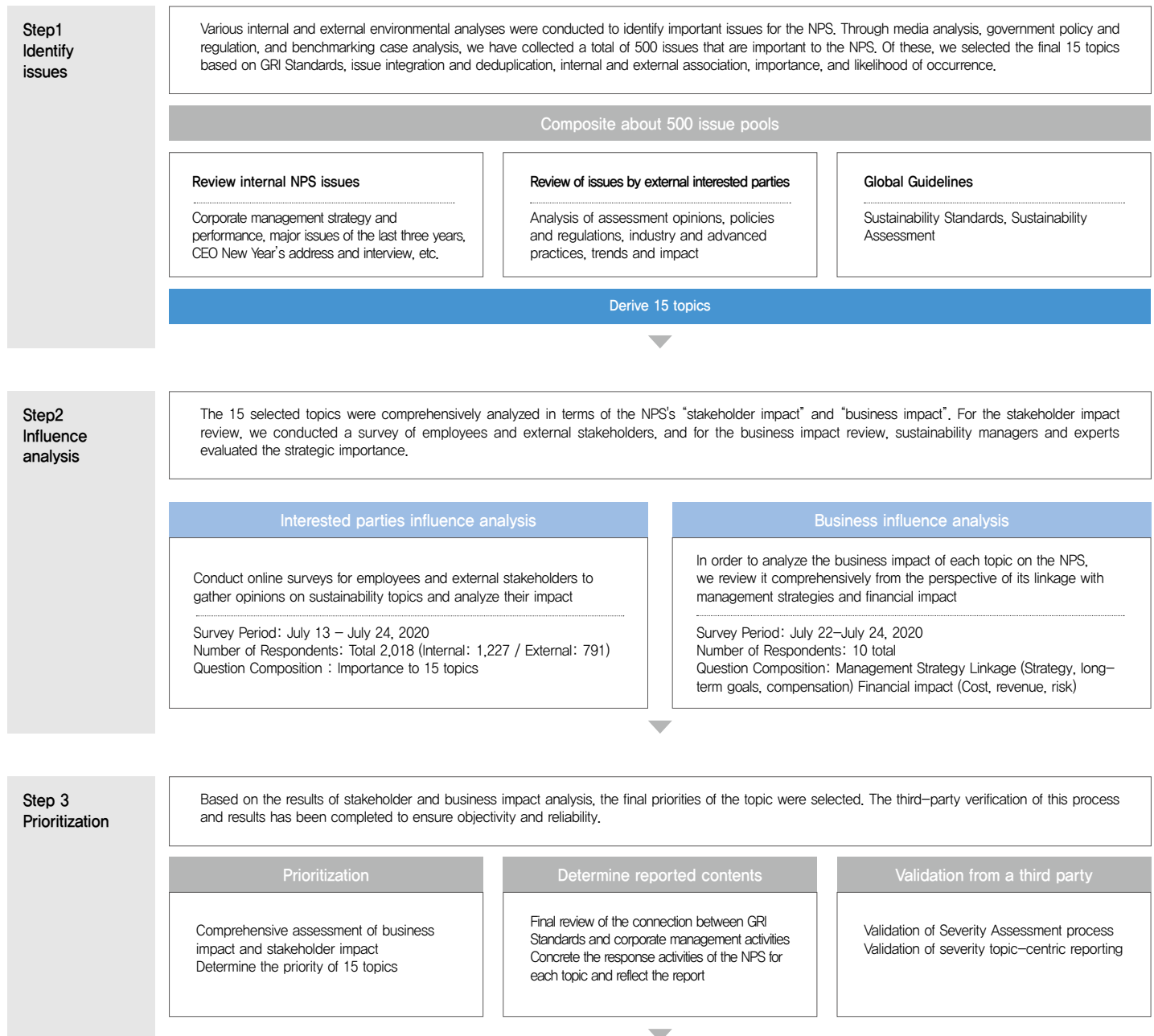
Promotion Organization Decision-making process



Importance evaluation

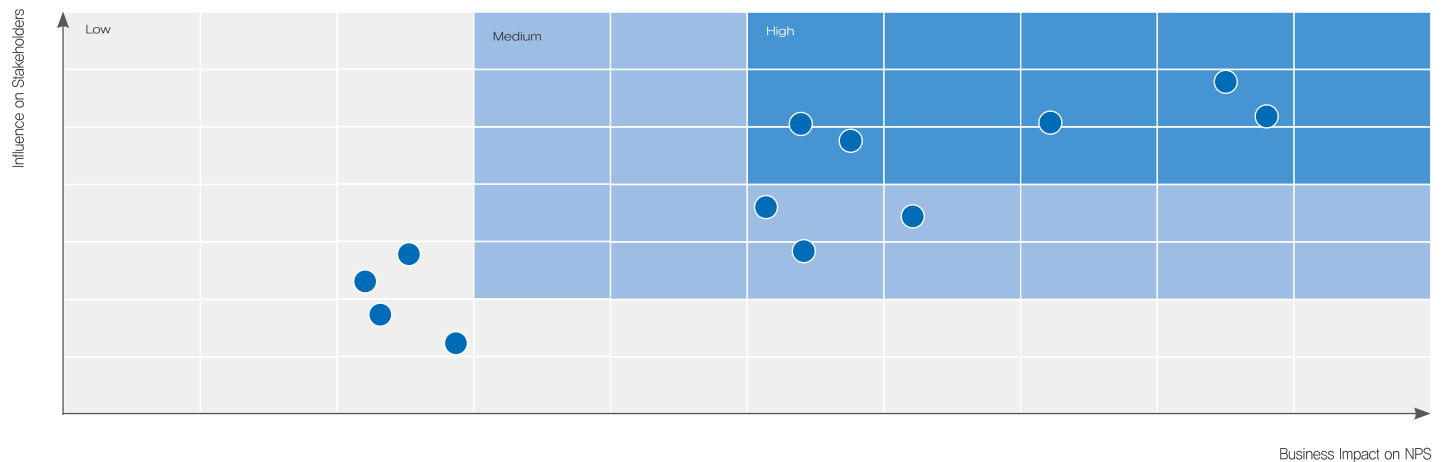
NPS conducted a critical assessment to identify the interests of both the internal and external environment and stakeholders, reflect them in the report, and identify sustainability issues that the NPS will focus on. We comprehensively reviewed internal issues such as management strategy and performance, government policies and regulations, industry common issues and advanced practices, GRI Standards, and global guidelines such as UNGC's top 10 Principles. This led to the formation of the NPS's sustainability issue pool and the decision to consider the stakeholder impact and the business side impact.

Importance evaluation process



Severity Assessment Results

As a result of the severity assessment, pension system, fund management, risk management, ethics and integrity, and customer information protection were the top five major topics. We focused on the NPS's management approach and key activities on each topic, and we also included other issues in the report to disclose all of the issues that are important to the NPS to stakeholders.

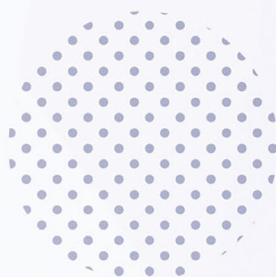
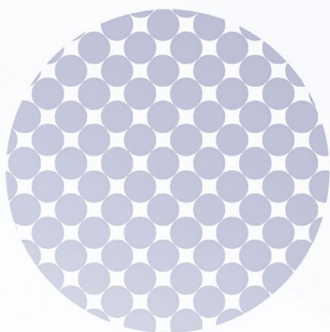


Ranking	Topics	Reporting Boundaries					Key Reporting Content	Written report
		Employees	Customers (insured persons/recipients)	Suppliers	General Citizens	Government/ Related Institutions / Media and Academia		
1	Pension System	●	●		●	●	Strengthen pension guarantees and innovate pension services, etc.	35–36
2	Fund Management	●	●		●	●	Stable revenue generation, trustee responsibility activities, etc.	37–38
3	Risk Management	●	●	●	●	●	Increase in elderly poverty and response to global economic conditions, etc.	44
4	Ethics and Integrity	●		●		●	Poor management eradication, anti-corruption, and transparency, etc.	49–50
5	Customer Information Protection	●	●				Protection of personal information, strengthening sensitive information management, etc.	43
6	Economization	●	●	●		●	Economic low value allocation, fund management revenue, etc.	7–8
7	Human Rights Management	●	●	●	●		Expand support for vulnerable groups, increase the role of social safety networks, etc.	51–52
8	Welfare Services		●		●	●	Expand support for vulnerable groups, increase the role of social safety networks, etc.	40–41
9	Talent Management	●					Fair recruitment, workforce training, etc.	51
10	Governance	●				●	Strengthen the role of the Board of directors, reorganize the organization of institutions, etc.	11–12,30
11	Industrial Safety and Health	●		●			Safety of employees, strengthening disaster response, etc.	29
12	Stakeholder Engagement		●	●	●	●	Stakeholder communication, expanding information disclosure, etc.	50
13	Community				●		Social contribution, support for local financial ecology, etc.	42–46
14	Supply Chain			●			Win-win with partners, fair trade culture, etc.	24,30,40
15	Climate Change Response and Environmental Management	●			●		Low-carbon economy, expansion of green product purchases, etc.	54–55



2021
NPS Sustainable Management Report

Sustainable Management Outcome



Pension system	35
Fund Management	37
Welfare services	40
Customer Service	42
Community Engagement	44
Process Operation Practices	49
Anti-corruption * Ethics	50
Human Rights Management	51
Labor Practices	53
Environmental Management	54
Realizing a carbon neutral society	55

1

Pension Scheme

As a daily worker, as a business worker :



2.21 million people
Increase by 860,000 compared to the previous year ▲

Payment Exceptionals:
340,000 people ▼

Pension Rights Holders
800,000 people ▲

Insured persons Management

Expansion of the daily worker system

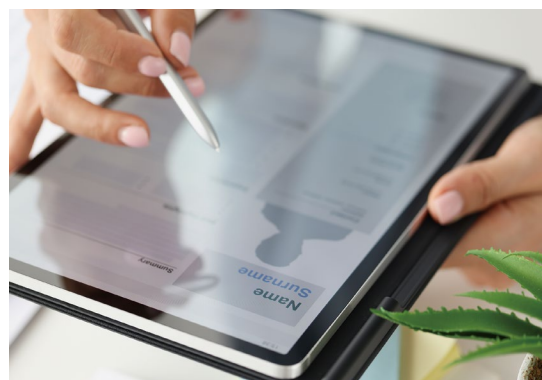
The NPS is actively working to identify missing persons from pension subscriptions and incorporate them into the system so that more people can receive more pensions. In particular, in order to strengthen the membership of daily workers with low pension subscription rates due to unstable working activities, a total of 2.21 million daily workers were transferred to business workers, an increase of 860,000 from the previous year, as a result of the analysis of the causes of missing subscription by business type and institutional complement, and the guidance for those who

Conversion of income declarer exempted from payment by type

Due to the nature of the work, there is a high risk of accidents, but due to economic burdens such as income instability, special types of workers such as courier and quick service articles that are excluded from payment and are increasing, we have selected them as the priority subscription promotion target and focused guidance. Through these income declaration-inducing efforts, the number decreased from 5.1 million in 2010 to 4.15 million in 2015. In particular, the number of people in 2020 was 3.1 million, a decrease of 1.05 million from 2015. In 2021, 340,000 of the total payment exceptions became income declarators, and 800,000 of those who secured pension rights increased.

Strengthen voluntary system subscription

In order to realize the 1 national 1 pension and eliminate the pension blind spot, The NPS is actively promoting the transfer of institutional rights by providing guidance to career-interrupted women and baby boomers with past subscription histories. For women and baby boomers who are difficult to secure pension rights, we have strengthened our efforts to provide information such as age characteristics, pension insured period, and existing premium payment history, and to send information to those who can increase the insured period through return and withdrawal as current insured persons.



(As of the end of 2020)

Division	Customized guidance	Affiliate Performance
Career-interrupted Women	Target guidance based on age characteristics and payment history (Over 50 years of age/under, exempted persons, etc.)	5.5 million Income declaration conversion
Baby boomer	Select resume holders who are likely to re-sign up, produce and send old-age preparation statements by type	1.8 million income declaration conversion



Premium and Arrears
Upper limit

9% ▶ 5%

Premium Support Rate

40~90% ▶ 90%

Pension Benefit Scheme

Strengthen aging income guarantee through system improvement

The NPS is promoting improvements to the pension system in the direction of reducing the burden on insured persons and protecting their rights. The NPS has provided a basis for support through an amendment to the National Pension Act to ensure that 220,000 low-income individually insured persons, who are relatively elderly and poor, can also receive a certain portion of the premium to be paid, reflecting the social situation of the self-employed people who need supports. The system has been improved to reduce the burden on the people of KRW 77.9 billion per year, including reducing the upper limit of premium arrears from 9% to 5%, and strengthening the premium support rate for business workers who applied for support from 40–90% to 90%. In addition, we have set minimum payment standards for recipient deaths to improve the problem that pensioners will receive less than those who die during subscription if they die early. In addition, the proportion of single-child households is constantly increasing, so that birth credits can be applied from the first child to the social changes in the population.

Research on pension systems to ensure aging income

Due to the nature of the national pension, which is designed to have a larger profit from the pension than the premium paid, it is necessary to eliminate blind spots and operate a harmonious system for the financial health. To this end, the NPS is studying the limits of the current system and measures to improve the system through research on advanced cases abroad in terms of three major issues: “Strengthening income security,” “Reducing blind spots,” and “Sustainability of the system.”

2

Fund Management

Fund Management

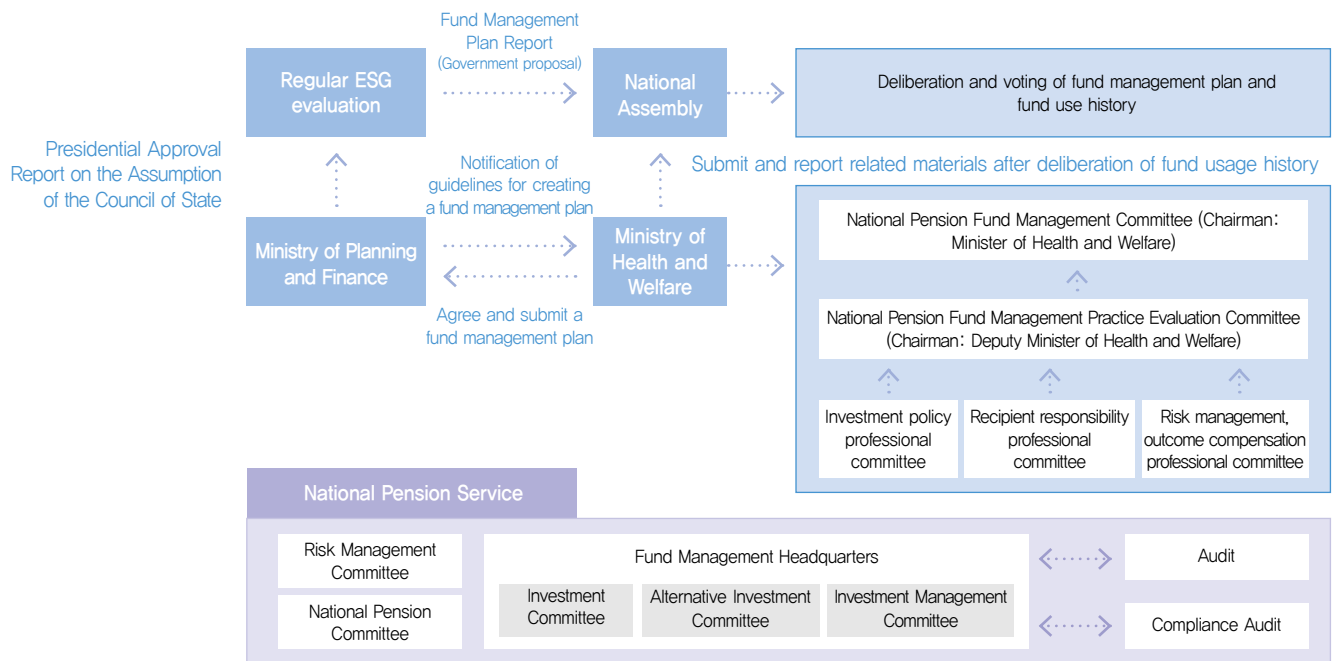
Fund Management decision-making system

The decision-making system for the management and operation of the National Pension Fund is governed by the National Pension Act. Accordingly, major matters such as the management plan of the fund and the evaluation of its performance are deliberated and decided by the National Pension Fund Management Committee, which participates in workers' representatives, individually insured persons representatives, user representatives, and related government agencies, and the Minister of Health and Welfare is responsible for the management and operation of the National Pension Fund, but is entrusted to the NPS.

The National Pension Fund is managed and operated by the Minister of Health and Welfare in accordance with Article 102 of the National Pension Act, and the main decisions on the management of the fund are made through the National Pension Fund Management Committee, chaired by the Minister of Health and Welfare. In addition, for the expertise of decision-making, the Fund Management Committee has three professional committees, including the National Pension Fund Management Practice Evaluation Committee.

The Minister of Health and Welfare has established the "National Pension Fund Management Committee" as the highest decision-making body on the operation of the fund in accordance with the National Pension Act to deliberate and vote on the main matters regarding the operation of the fund, such as the guidelines for the fund operation, the year-by-year operation plan, and the evaluation of the Minister of Health and Welfare oversees the management and operation of the National Pension Fund, but entrusts the work to the National Pension Service. In order to systematically and professionally manage and operate the fund, the National Pension Service has established a fund management headquarters consisting of investment experts, and conducts tactical asset allocation, investment enforcement, and market monitoring and portfolio management. On the other hand, the Minister of Health and Welfare sets up a fund management plan every year, which is approved by the President after deliberation by the Fund Management Committee and the Council of State, and the government reports it to the National Assembly.

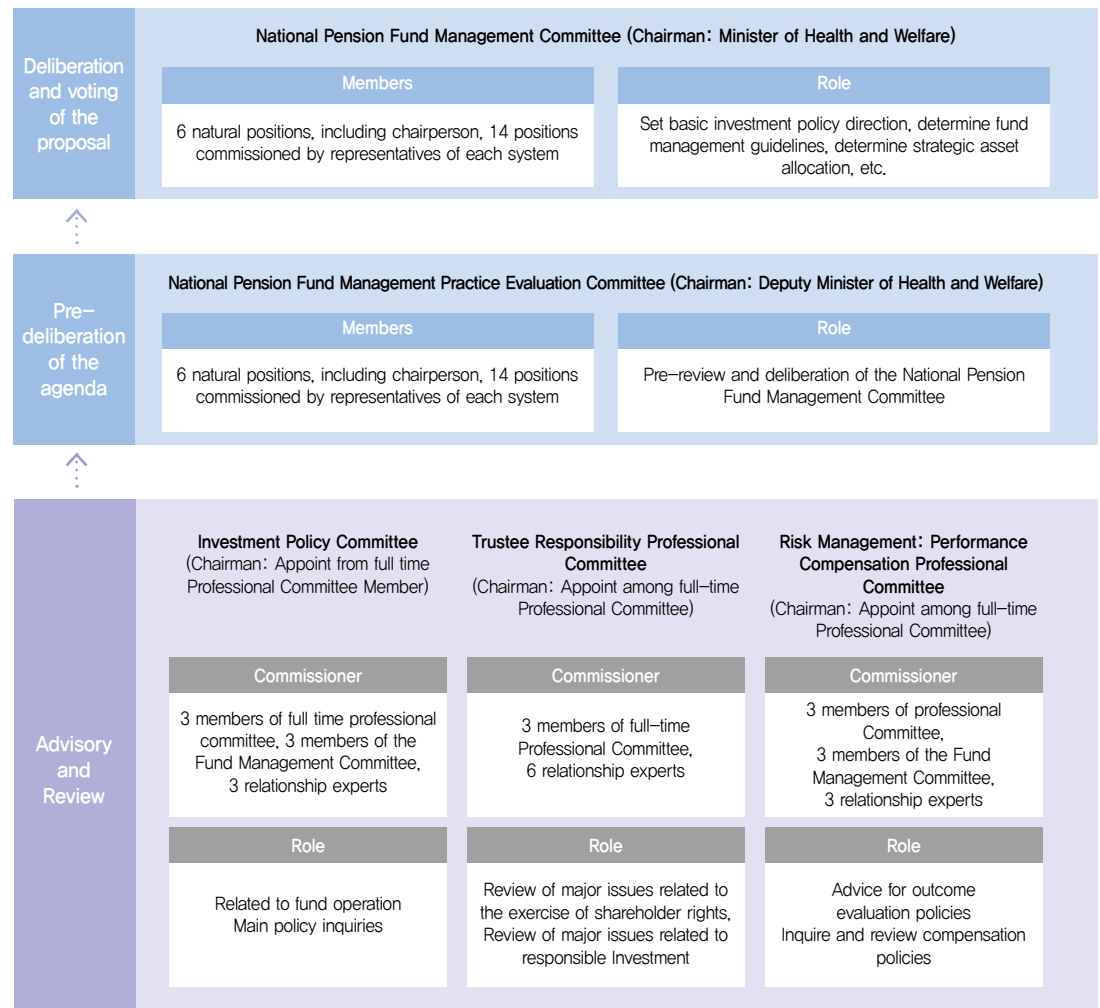
National Pension Fund Management System



The “National Pension Fund Management Committee” established by Article 103 of the National Pension Act consists of six members of the National Pension Service, including the Chairman, the Minister of Health and Welfare, the President of the National Pension Service, four deputy ministers of the relevant ministries, 12 representatives of users, workers, and individually insured persons to increase transparency and representation of the fund Management, and 20 knowledgeable and experienced relationship experts. The Fund Management Committee is held at least four times a year and deliberates and votes on fund management guidelines, medium–to long–term and annual fund management plans, fund management risk management, performance evaluation and performance compensation.

Fund Management Committee In order to ensure the professionalism and efficiency of decision–making, there is a ‘National Pension Fund Management Practice Evaluation Committee’ established by Article 104 of the National Pension Act as a sub–organization. The Practical Evaluation Committee, consisting of experts in the fields of economics, management, and finance, as well as accountants and lawyers, reviews the issues assumed by the Fund Management Committee in advance and provides technical and professional feedback to assist the Fund Management Committee in its work. The Working Evaluation Committee is chaired by the Deputy Minister of Health and Welfare, and consists of six members of the government, including the chairman, 12 representatives of users, workers, and individually insured persons, and two related experts.

The main decision–making mechanism for the management of the National Pension Fund

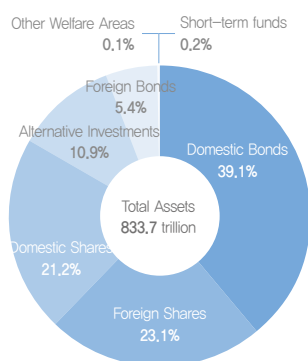


Welfare Services



KRW **833.7** trillion

Share of National pension assets



Classification	Amount	Weight
Financial Area	833.1	99.9%
Domestic Shares	176.7	21.2%
Foreign Shares	192.8	23.1%
Domestic Bonds	326.1	39.1%
Foreign Bonds	44.9	5.4%
Alternative Investments	90.7	10.9%
Short-term funds	2.0	0.2%
Other Welfare Areas	0.6	0.1%
Total Assets	833.7	100%

Increase of stable income

Portfolio Status

As of the end of 2020, the assets of the National Pension Fund are KRW 833.7 trillion, of which 99.9% of the assets of the financial area are KRW 833.1 trillion. The share of bonds is KRW 370.9 trillion in market terms, the largest share of fund assets, but through continued investment diversification, the share has decreased to 44.5% from 47.7% at the end of 2020. The second highest share of equity assets was KRW 369.4 trillion, an increase of 3.7% p from the previous year to 44.3%, and we reduced the share of bonds and expanded the share of stocks to diversify our investments. In addition, at the end of 2020, alternative investment is KRW 90.7 trillion, 10.9% of the total fund assets, of which KRW 24.7 trillion is invested in domestic property, infrastructure, venture capital, private equity, etc., and KRW 65.9 trillion is invested in overseas real estate, infrastructure, private equity, and hedge funds. Compared to the end of 2019, the share of alternative investment decreased by 0.5% p, but the amount of investment increased by KRW 6.4 trillion.

Fund Management Performance

The 2020 annual operating income of the National Pension Fund is 9.70% based on the amount weighted return rate, the proceeds are KRW 72.1 trillion, the average annual cumulative return since the establishment of the fund in 1988 is KRW 6.27%, and the cumulative return is KRW 439.6 trillion. In 2020, global financial markets, including domestic ones, showed higher volatility than ever due to concerns of a global recession caused by the global spread of COVID-19. In these conditions, the National Pension recorded a yield of 9.70% based on the high performance of the rapid recovery of the stock market, and achieved a proceeds of KRW 72.1 trillion.

Establish a medium-term asset allocation policy

In 2020, the Fund Management Committee set a target return rate of 5.2% by 2025, taking into account the outlook for real economic growth and consumer price growth in the future. In addition, volatility and correlation were derived from the market's time series data based on the expected return rate by asset group and the benchmark by each asset group, and the optimal asset allocation was derived taking into account the direction of the fund management policy. In accordance with the medium-term asset allocation plan, the National Pension Fund's target portfolio by the end of 2025 has been set at 15% domestic stocks, 35% foreign stocks, 25% domestic bonds, 10% foreign bonds, and 15% alternative investments. In addition, the Fund Management Committee has established an annual fund management plan for 2021, reflecting the income and expenses of the fund based on the target share by asset group by medium-term asset allocation. In 2021, the implementation portfolio of the National Pension Fund was set at 16.8% domestic stocks, 25.1% overseas stocks, 37.9% domestic bonds, 7.0% overseas bonds, and 13.2% alternative investments.

Expand Global Investment

As of the end of 2020, foreign investment in the National pension is KRW 303.9 trillion, and the proportion of foreign investment is 36.5%. In order to overcome the limitations of the domestic capital market due to the huge fund-raising scale, increase stability through decentralized investment, and minimize market shocks when recovering liquidity, the National Pension continues to expand overseas investment. As the share of overseas investment in the National Pension Fund is expected to be up to 50% by 2024, the need to establish a comprehensive overseas investment plan, such as strategy and risk management by asset group, and secure sufficient personnel and infrastructure to secure fulfillment. In addition, as the increase in foreign exchange expositions due to the expansion of foreign investment has increased the impact of exchange rate fluctuations on fund management performance, the foreign exchange management system has also been improved to actively manage the risk of exchange rate fluctuations by adjusting the share of foreign exchange expositions based on the dollar.

Expand Alternative investments

Overall alternative investment returns totaled 2.57% on a time-weighted return basis last year, surpassing 1.00% p on the benchmark, and all of the remaining detailed assets, except domestic infrastructure, overseas real estate, and overseas infrastructure, exceeded benchmark returns. As well as the recent three- and five-year average annual returns, respectively, have exceeded the benchmark and are showing stable performance.

3

Welfare Services

Aging Preparation Service

Since 2008, the NPS has started providing aging preparation services and has been making efforts to provide boudoir services for the people's healthy aging. In each branch of the NPS, we have deployed dedicated personnel to support aging, providing integrated services from diagnosis to follow-up management, and we have held joint campaigns with the community, such as 'Aging Preparation Hanmadang', to build a local unit aging preparation platform. In addition, we are expanding the "looking for old-age preparation education" that has been promoted for existing local residents and vulnerable people to companies and small business groups so that more people can access the old-age preparation education of the NPS.

[Improved aging support services]

Division	Improvement	Achievements in 2020
Expansion of educational operations	-Reflect mandatory subjects of pension education	-Cumulative number of educational personnel 4,241,262
Strengthen post-consultation management	-Selection of practical tasks when consulting on aging preparation -Check whether the consultation is carried out next month and 3 months later	-Improve the practice rate of old-age preparation tasks (increase pension amount, leisure activities, etc.) (72.6% in 2019 → 73.4% in 2020)
Local close-fitting services	-Consultation of public bodies, municipalities and local public bodies -Provide integrated services for regional units by linking infrastructure	-Linkage Service satisfaction 82.8 points

Establish new academy corporation including the social cooperative



25

Create job based on social economy



205

With the retirement of the baby boomer generation and the increase in life expectancy, the issue of aging is becoming the biggest issue in Korean society. In this situation, the NPS is helping the middle and senior generation ahead of retirement to design a second life to suit their circumstances and needs. Until last year, if we focused on training for reemployment in the new middle-aged people through a demonstration project, we have been fully promoting our attempts to expand the new midlife area to self-realization and social contribution from 2018. For those who are interested in social economy, we supported start-up consulting and start-up space, and collaborated with local governments and social economic organizations to realize excellent business ideas. As a result, in 2020, a total of 25 new midlife academy related companies, including social co-operatives, were established and 205 social and economic-based jobs were created.

Field	Main Programs	Achievements in 2020
Social and economic base Start-up Challenge	-Hospital accompanying service training for those interested in community care -Shared housing education to stabilize residential welfare for senior single-person households	-Hospital Safety Pass Cooperation -Establishment of community housing corporation, etc.
Provide recharging opportunities	-Book writing challenge with the 'Artist Birth Project' that looks back on me	-Completed a total of 57 writing-related academies, such as the Artist's Birth project -Published 40 books (including audiobooks)
Connecting hobby activities and social participation	-Operation of 'Local Travel Designer' to plan travel content in small cities in Korea	-Create a local public relations community supported by the local government, such as 'Yeongwol Communication Company'

Basic pension service

In order to achieve the policy goal of 70% of the actual supply rate of basic pensions, the NPS has identified and customized new services for adults who can receive basic pensions across the country. We have increased the timely application rate through a step-by-step application process in parallel with mail and mobile to ensure that there is no disadvantage due to the delay application for the basic pension for those who are 65 years of age who are the starting age of payment. Through big data analysis, we have identified an additional 220,000 people who are older than 70 years of age who have no history of application guidance or are likely to receive income levels. In addition, we selected households in the welfare crisis where basic pension income support is urgent as a priority guide, and we promoted in-depth guidance on non-paid resident registrants to find benefits for 7,591 vulnerable people.

The government decided to raise the basic pension amount from KRW 250,000 in March 2018 to KRW 300,000 in 2021, but decided that income support measures to relieve poverty for the elderly were urgent and announced a “Step-by-step increase plan.” For the lower 20% of the income of 1.55 million adults, the early implementation of the increase policy from April 2019 resulted in a reduction in the relative poverty rate for the elderly(1.2% p) in 2019 compared to 2018. In order to ensure that the phased increase in the basic pension can be achieved without a hitch, the NPS will sequentially expand support to adults who are lower 40% of income in 2020 and lower 70% of income in 2021. In addition, 2.1 million recipients have been properly guaranteed real value as much as price fluctuations by revising the relevant laws to advance the time of the basic pension increase from April to January each year, reflecting the rate of price growth.

As the number of basic pension recipients increases, and the number of older recipients aged 80–90 who are not easy to report timely changes, the possibility of cases of negative basic pension payments is also increasing. The NPS separately manages high-risk groups that are likely to receive negative payments and conducts intensive actual investigations through on-site checks. In 2020, we expanded the number of people identified by 39.5% (8,113 people) compared to the previous year, in cooperation with the municipality to expand the target of the focus confirmation survey from 90 years old to 85 years old and to accurately identify changes in the marriage relationship. In addition, we have established an efficient department water supply prevention system, such as introducing an ex officio process for the occurrence of a clear reason for the suspension of eligibility for water supply, such as death.

Disabled Services

In July 2019, the disability rating system was abolished after 31 years, and the NPS is promoting the design of a ‘Comprehensive survey to support customized services for the disabled’ to replace it. We are building a new disabled service support system step by step with the aim of providing as much as necessary to the person who needs it, reflecting the characteristics of the type of disability and the needs and environment of each of the chapter lovers, away from the uniform service provision that was the biggest problem of the existing disability rating system. From the first year of the system improvement, activity benefits for all types of disability have been increased evenly, and the benefits have been expanded to mild-disabled people who have needed activity support services in the past, but have not received services that are classified as level 4–6 of disability in bulk.

Division	Existing	Improvements
Activity Support Target	For severely disabled people who are level 1–3 of disability (Mild disabled persons are excluded from the service)	Target parties that need physical services (All disabled 1.3 million people aged 60–64)
Comprehensive Survey table	Physical function-oriented evaluation indicators	Comprehensive consideration of visual and auditory and developmental disability characteristics
Activity Support Salary	Lack of sufficient consideration of disability status, etc.	Expand basic salary to reflect disability status and living radius in salary

The NPS is also leading the way in promoting the welfare of unregistered disabled people who exist in the blind spot of the disabled welfare system. By providing disabled registration guidance services for unregistered disabled people identified in the National Pension(Disability Pension) screening process, 397 unregistered disabled people were able to enjoy welfare benefits of KRW 8.7 billion. In addition, we promoted the "Human Rights for the Disabled 119" project in earnest to find unregistered disabled people who are affected by alienation and abuse and support the entire process and costs required to register for the disabled, so that 24 disabled people who are exposed to physical and emotional harm can receive anti-theft help.

4

Customer Service



Prevent pension payment delays and omissions



Simplify pension claim documents



Promoting ICT-based innovation



Providing non-factual public services



Providing AI-based counseling services

Service Innovation

Improve the accuracy of pension work

The NPS, which handles more than 14 million subscription information changes per year, has strengthened cross-checks between external data and corporate-held data to ensure accurate management of subscription history. In particular, in order to prevent the reporting of errors in small businesses that lack administrative power, we have advanced the subscription history management system using other agencies and tax data. In addition, we have strengthened the pension payment step-by-step verification system and equipped with a system to monitor salary payment decisions at all times to prevent error payments, and we have established an automatic guidance system to prevent delays or omissions in pension payments for 1,134 recipients per year.

Operating a reasonable and fair pension system

The NPS has relaxed the criteria for non-factual claim recognition when claiming lump sums (existing KRW 1.5 million → KRW 2 million) and has established a link system so that the NPS can directly obtain the documents required for pension claims through external agencies such as the police department to increase the convenience of pension claims. In addition, we have simplified pension claim documents for foreigners who have difficulty issuing marriage certificate. In addition, the NPS has secured the fairness of the system in its efforts to prevent fraud. By utilizing big data, we are accurately selecting the target of the confirmation of the high probability of fraudulent payments and blocking the fraudulent payments early. On the other hand, 12.8 million fraudulent applicants were excluded in advance by maintaining the relevant system and strengthening the verification system so that premiums were not supported by high-value asset owners.

Increase business efficiency using ICT

Satin is promoting innovation in ICT-based ways of working. In order to introduce robot business automation technology (RPA) into simple and repetitive tasks such as statistical work and DM shipping, we have selected eight priority applications and are operating a demonstration system. As a result of Applying it to work such as data verification, we have identified the effect of reducing human errors that can occur during manual work and improving the speed of business processing. In addition, by establishing an automatic entry system for business site declarations through automatic character recognition technology (QR, OCR), we are realizing one-stop complaint processing based on IT information technology, such as simplifying the filing process (existing 6 steps → 2 steps) and reducing processing time (existing 5 minutes → 1 minute).

Expanding mobile-based pension services

By expanding the service delivery channel to mobile, the NPS is strengthening the delivery of information to the public and taking the lead in providing non-public services. 22.8 million mobile electronic documents were sent, about 40% of the total information. By expanding the electronic complaint service, such as various reports and applications of the dedicated mobile app 'National Pension by me', non-face pension claims increased by 575% compared to the previous year.

Operation of smart consultation system

By introducing AI-based chatbots and text counseling services, the NPS has begun to provide counseling services at any time that the people want, regardless of business hours. The chatbot consultation service introduced in August 2019 has responded efficiently to 1.29 million simple repeat consultations, and since September, we have conducted a text consultation service considering the 20-40s who are familiar with the use of smart devices to eliminate the hassle of wired/visiting counseling and contribute to improving the satisfaction of the situation. In addition, we will utilize, collect, and analyze big data to provide intelligent personalized information services.



Increase the trust of the people

The “Personal Information Protection Management System Certification (ISO27701)” is an international certification that evaluates whether the organization's work system for the protection of personal information meets the guidelines. As a result of the high level of personal information management in the entire personal information management system of the public, including the pension business system and homepage, the public information Protection Committee has achieved the “highest level” for six consecutive years (15–20 years) in the diagnosis of the level of personal information management of public institutions. In 2016, it obtained the “Information Protection Certification” (ISO27001) and was recognized for its ability to manage information protection at an international level, and in 2020, it managed the Fund BCP(business Continuity Planning, a plan to maintain business continuity in the event of a disaster)in the global pandemic situation to ensure business stability, and also strengthened customer contact protection activities through cameras and flexible work.

Customer Information Protection

In order to prevent advanced cyber breaches, the NPS has introduced an intelligent analysis control system based on big data and enhanced its ability to respond to breaches, while building a security environment with new technologies such as the cloud and modernizing core infrastructure such as information security servers and software. Through such a shrewd response, we have achieved 31 consecutive years of cyber breaches since our inception. The NPS has expanded its internal control base for personal information and fund information. In parallel with the external shipping pre-approval system of fund information, we have recorded all shipping history in the email system and introduced an additional data extraction function in the landline phone recording system. In addition, we are strengthening the inspection of the securities information terminal management practice of the foreign office, the information management of the stock management department, etc.

Division	Main Contents
Introducing an intelligent analysis challenge system	Introduction of high-speed search engine and analysis function in DB enables real-time analysis of infringement logs and scenario correlation
Modernize core infrastructure	Replacing new firewall equipment, switching security solutions Windows 10, introducing new network access control equipment, etc.
Information Security Remote Audit	First implementation of information security remote audit to compensate for the limitations of on-site inspection, Battery inspection (2 times)

5

Community
engagement

500,000
jobs per year
for Seniors



Create **72**
year Job



4,753 Disabled
Service-related Jobs

Job Creation

NPS Job Referral System

The NPS has established an “NPS job referral system” that combines national pension big data and external job data to guide customized jobs to those who visit the NPS, such as old-age preparation counseling. Through its own development and advanced business location information analysis system, it is not a way to provide a simple job location list, but it is also working to provide customized job matching services by analyzing companies with high work mobility routes and employment possibilities while meeting the requirements desired by job seekers. In 2020, we plan to gradually expand our performance through exchanges between the Government Employees Pension Service and the local win-win and the creation of jobs for the elderly and disabled.

Create later-life service linked employment platform

The NPS operates the “New Midlife Academy”, an old-age preparation program that reflects the needs of the New Year middle-aged people, and supports the establishment of a social and economic corporation for those who wish to participate in society by completing the Academy. In 2020, we supported the establishment of eight social and economic corporations, including co-operatives, in conjunction with projects to solve social problems such as housing shortages and elderly health, through collaboration with municipalities, and created 72 new midlife jobs. In addition, we operate a job referral service for those who have visited the NPS for aging preparation counseling. In response, we created 72 job openings for new middle-aged people. We also selected companies based on the characteristics of job seekers in 50s and 60s and analyzed the NPS’s data on employed people to recommend the industries and blue-chip companies with higher potentials of re-employment.

Create jobs through financial ecology and investment expansion

The NPS is also working on creating a job creation foundation through the creation of a financial ecosystem in the region where the fund management headquarters is located. In order to foster the Jeonbuk Region, which lacks financial infrastructure compared to Seoul, as an asset-management financial city, and to contribute to the creation of a stable operating environment for the fund, the Department of Pension Management was opened at the local university to maintain regional offices of financial institutions in and out of the country, and to respond to the In addition, we are operating our own workforce training program to create a virtuous cycle in which trained local talent is employed in related industries. In addition, we contribute to the creation of jobs in the private area through expanding fund investments in social indirect facilities and consigning asset management work.

Create jobs by expanding the support business area for people with disabilities

In 2019, the NPS established a demand-oriented disability support system. In the process of designing a new comprehensive survey system that evaluates the difficulties of daily life and the need for services of people with disabilities, the NPS’s research work has expanded and 43 internal jobs have been created. In addition, an additional 4,753 related jobs have been created in the private area as the demand for activity support has increased, along with improved levels of disabled services. In particular, in 2020, Chairman Kim Yong-jin took office, stating his commitment to promote welfare services that support people with disabilities.

Create innovation jobs in the private area using ICT technology

In 2019, the NPS opened the NPS IT R&D Center for information fusion and regional ICT activation, with the participation of the NPS, academia (two universities) and private (13 companies), to support the growth of 33 related companies, including information technology-based start-ups. The IT R&D Center is an open, shared innovation space where local companies, universities, and municipalities collaborate, and is an infrastructure that allows ICT research achievements to be commercialized and linked to start-ups. In addition to supporting office space and start-up funds for prospective founders in the ICT area, we also provide professional skills such as mentoring, and we also contribute to the expansion of youth jobs through supporting the improvement of employment capacity in the IT area.

ICT Youth Employment Support Program

Division	Support Program
Field Practice / Experience	College student work experience and career design, Internal/external big data analysis case Lecture ICT company experience support to develop human resources with practical skills(4-month program)
Excellent Partner Employment link	Connect employment from the companies with outstanding cooperation of ICT of the NPS

Role of ICT R&D center

Institutional Collaboration	Participated in 8 places such as Kakao Bank and 9 places such as local companies/universities
Recruitment Support	Employment link support for small and medium-sized enterprises
Business Opportunities	Promotion of informatization business of previous corporate activities
Talent Training	Career design and credit-linked field practice
Start-up Support	IT Prospective start-up company selection and growth support
R & D	Joint implementation of research projects such as new technology/service applications

Utilize Big Data Utilization to link employment

118 people in "Job Aba" program, the Gyeonggi-do employment foundation

17 people in "Go Fine Employment" in Gimhae

Create jobs through Big Data sharing

The NPS uses big data to support local job policies and contribute to the creation of employment in the community. We effectively support the employment policy of the municipality by providing analysis of customized pension information that takes into account the characteristics of the municipality.

Support employment based on NPS big data analysis

Division	Job Matching
Job Matching	Provide a platform for providing job data to municipalities and affiliated employment centers, etc. *Provide effective information during employment consultation by always-on analysis of employment and unemployment status by city/county
Youth Employment Support type	Provide youth employment status and youth employment income distribution data in the city / county
Excellent Company Support type	Provide materials for selecting small companies that need support such as funding and export consultation

Successful full-time transition

The NPS has converted 1,231 non-regular employees into full-time employees in various fields, including environmental security, facilities, unique businesses, and call centers. In the transition process, we are promoting organizational convergence and fraud prevention through improved treatment and systematic personnel management, such as matching the wage system that was operated differently between similar jobs. In addition, we also strive to improve the working conditions of workers engaged in the business, such as children's homes, Cheongpung resorts, and restaurants, which are operated in a private commissioned manner.

Enhanced employment safety through premium support

The NPS supports pension insurance for small businesses and low-income self-employed people so that those who struggle to maintain economic activity and employment due to the protracted economic recovery and delay in Corona 19 do not lose their jobs, such as jobless and closed business. By strengthening collaboration with the municipality, we have unearthed a total of 51,629 small and small business sites in the region, and have supported a total of KRW 10.9 billion in insurance premiums through co-payment of financial resources. In addition, we are expanding countries that have signed social insurance exemption agreements to reduce the burden of foreign social insurance fees on our companies and workers who are active abroad.

Create local jobs that solve social problems

Taking into account the reality of declining quality jobs in the region, the NPS is developing a social jobs collaboration model that can combine various subjects and resources to create jobs and contribute to solving the problems of the local history society. In 2019, we created 291 social jobs by promoting job-specific jobs that are struggling to find employment. In 2020, as part of the job sharing project, 50 youth jobs were created by leveraging the resources of employee wage reductions through labor agreements.

Create jobs

Division	Project name	Number of people
Senior	Business to keep senior traffic safety	744
Juvenile	Social company juvenile compensation (mobile market) project	7
Career-interrupted women	Home caring service education program	30
Recipient of basic living	Revive non-operating PC/donating project	4

Support vulnerable people and strengthen community ties

Promotion of social contribution activities

Through its own social contribution brand, "Sharing Love", the NPS has been steadily promoting various social contribution activities for stakeholders related to the NPS. In contrast to the traditional one-sided and one-sided outreach, we are working to implement a society that lives well by supporting marginalized neighbors in a large framework of socially responsible management while promoting a variety of businesses in connection with our main business so that all people can enjoy pension benefits.

Finance IT Industry Eco-system to drive regional growth

In order to foster the Jeonbuk region as a third financial city along with Seoul and Busan, the NPS has developed a strategy to promote infrastructure and institution maintenance with the vision of an "international financial city where capital and people gather" and is working to create a foundation. This is reflected in the current government's national operation plan and the five-year plan for national balance development, and we want to develop the financial industry and the financial IT industry into a special city through cooperation with the government, municipalities, public companies, and related institutions.

Finance Industry Fostering Strategy

Division	Directions of proceedings	Projects
Infrastructure Construction	Step-by-step promotion of Jeonbuk Financial Town development	Establishment of Jeonbuk International Financial Center (~2023)
Big Data	Integration of deferred money and financial data and establishment of convergence center Promote fintech startup start-up and support R&D	Promotion of data center construction (~2023)
Talent Training	Development and operation of linked major and practical-oriented training programs to train professional personnel in practical-oriented asset management	Department of Pension Management opened(University)
Attracting Institutions	Proceed to transfer asset operating financial organizations	3-step professional personnel training process operation(Satin)
International Events	International financial forum jointly held by government, local communities, and the NPS	

Financial-based regional industry development and recruitment of local talent



National Balance Development Target

Contribution to regional economic revitalization

In order to help small farmers who have a high proportion of agriculture and are difficult to secure stable sales routes due to the economic downturn, the NPS operates a "Local food regular Market place" that minimizes the distribution stage by opening the factory in front of them. The Friday market, which has the catchphrase "Value consumption every Friday", "is recognized by the government as the" First and only regular market place for public institutions." In addition, through the participation of residents, the NPS is supporting the establishment and growth of relevant organizations to identify major issues in Jeonbuk Innovation City(such as jobs and conditions in Zhengzhou) and solve them. We have established a business car wash service self-supporting project for the creation of jobs and economic activity opportunities for the local vulnerable people(the upper level of basic recipients), and we have established and operated a "Caring Child Care Social Cooperation" to improve the settlement conditions through meetings and workshops to identify local issues and seek solutions.

NPS local economy promoting model



Revitalize the local economy

The virtuous cycle of the local economy of more than KRW 3 billion, such as the purchase of local products(Expands small farm sales and promotes consumption in the community)



Promote social enterprise growth

Provide infrastructure to expand sales of social and economic-based companies, support the establishment and growth of self-supporting companies



Solve community problems

Spread culture of safe food consumption and production and safe community (Helping out child care)

Social Enterprise

Support social and economic enterprises

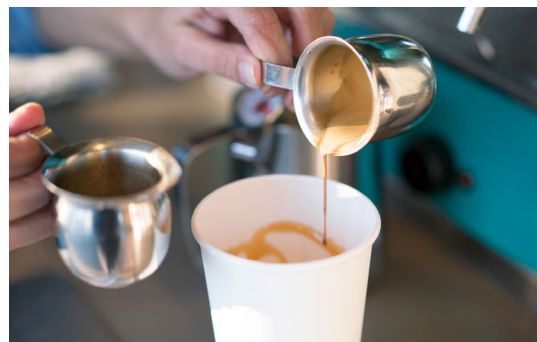
The NPS promotes a variety of support for social enterprises with the aim of growing together with small and medium-sized enterprises using the system and funds. In order to strengthen the new middle-aged people's capacity, we operate a social economic start-up academy, start-up consulting, and support the establishment of co-operatives, support the use of facilities to support free rental of space in the NPS office or eco-friendly car wash, support the mobile market vehicle for the development of the market of social enterprises, and support consulting for social enterprises.



Established business car wash self-supporting business unit



Vehicle support for the receipt of goods in the joint sale of social enterprises



Support on opening and running NPS Cafe 36,5



Support on social enterprises and sales channels by running regular Friday market

Support for empowerment	Social and Economic Start-up Academy	<ul style="list-style-type: none"> ▶ Support for individual start-up consulting and public offering after the Academy is run for the new middle-aged to people interested in social and economic companies · Establishment of 4 companies, procurement of 2 start-up funds, and creation of 53 jobs · Create 62 jobs, including 8 Incorporation in 2020
	Community Housing Academy	<ul style="list-style-type: none"> ▶ Support community housing construction seekers to lead to actual construction after parallel theory and field exploration · Established 3 corporate offices (passed Seoul City community housing certification) and created 27 jobs
	Rehabilitation home care	<ul style="list-style-type: none"> ▶ Support for residential welfare of vulnerable people, such as elderly households, after training the house repair skills such as wall papering · Plan to convert self-supporting companies, create 9 jobs
	Operation of the NPS Hope Raising Center	<ul style="list-style-type: none"> ▶ Promote growth by providing free office space to the six companies that have moved into the NPS's office and supporting product sales such as joint marketing
Facility utilization Support	<ul style="list-style-type: none"> ▶ Social companies and co-operatives using some of the space in the NPS's office (NPS cafe 36.5) Supports free rent to maintain 12 jobs such as married migrant women ▶ Support "Eco-friendly car wash" ran by a self-supporting company in Corporate's office, Support for income growth and welfare exit vulnerable people(basic recipients, upper secondary) (After the implementation of the 2019 demonstration project, the 2020 business model is advanced to enter the market and create 13 vulnerable people jobs) 	
Vehicle Support	<ul style="list-style-type: none"> ▶ In order to facilitate the purchase of goods by elderly people in the agricultural village area, and to develop sales channels for social companies, mobile market vehicles are supported (5 units in total) · 7 jobs created, won the Prime Minister's Award at the 21st Sustainable Development Award Competition 	
Sales route support	<ul style="list-style-type: none"> ▶ Regular direct market operations in collaboration with Wanju Local Food Co-op (Every Friday) ▶ Farm&Mom's marketplaces for small business and female self-employed support (Once a month) ▶ Held a sales fair to promote local excellent products (Twice a year) ▶ Support the discovery of new customers and the securing of sales channels by holding public purchase information meetings and creating public purchase clusters ▶ Increase the contract limit of the number of social companies (KRW 20 million→KRW 50 million) to continue to ease the entry limit of social companies and achieve the purchase rate of government rights for five consecutive years (Over 1.5% p compared to government rights in 2020) 	
Support Social Enterprise workers	<ul style="list-style-type: none"> ▶ Support to improve information protection vulnerable environment by conducting information security consulting for four companies, including social enterprises 	

6

Fair operation custom

Current status of citizens participating and communicating channel in each type

Common Channel

- Innovation City Win-win Council
- National proposal
- National Pension Advisory Group
- Citizen Participation Committee
- Safety Newspaper
- Safety Management Committee
- YouTube / Instagram

Fund

- Fund Management Committee
- Fund Management Professional Committee
- Trading Restriction Review Committee

Policies

- Promotion of salary system improvement
- Basic Pension Citizen Participation Council



National Pension on Air
<https://www.npsonair.kr/>



Youtube
<https://www.youtube.com/user/NationalPensionService>



Instagram
<https://www.instagram.com/npstagram/>



Facebook
<https://www.facebook.com/proNPS>

Protection of the rights and interests of the Great People

National participation and communication activation

After active efforts both internally and externally in terms of enabling people's participation online and accessibility of communication, the NPS has achieved the highest award in the Public Enterprise category for the Korean People's SNS Award in 2020. With the opening of the national Pension content platform 'National Pension on-air', the NPS has received high praise in that it has increased the accessibility of representative social network services(SNS)such as YouTube and Facebook to be able to check in one place. As proof of this, about 700,000 people visited in the five months since its opening. In particular, the fact that we are strengthening online communication with young people through 'National Pension Basic' for future insured persons is also an activity that we are actively promoting for interactive communication in the future as the role of communication for the understanding of the system and the fund, and the commitment of the NPS to a sense of mission.

Improve convenience with communication with citizens

Channels	National Needs Opinion	Reflection of national opinion
Scheme (Subscription, Pension)	I'm not comfortable with fax work when reporting and applying to the business site.	▶ Establish QR · QCR simultaneous Webfax automatic reporting system
	I want to improve online accessibility.	▶ Non-visit through the mobile app · Remote service provision · 1.82% increase in app downloads/KRW 5.4 billion budget savings
Fund	Increase fund management returns to prevent pension depletion	▶ Establish comprehensive measures to improve fund management returns · Promote expansion of overseas investment share, etc.
	Please operate the aging funds of the people transparently	▶ Expand the publication of large national information on fund management · Preparation of management committee activity report * Disclosure / Enhancement of fund management disclosure
Agency Operation	Please create a safe facility for disasters and disasters	▶ Conducting safety inspections of offices, Cheongpung Resorts, etc. · 43 locations, 822 improvement elements identified * Measures / Safety and Health management system certification
	I'm worried that the pathogen will be transmitted during face-to-face work.	▶ Prevent pathogen transmission between people and employees through employee vaccination · Support for 4 types of influenza, etc. for 672 business employees(Korean Society of Epidemiology advisory)

Expand public information

In October 2020, as part of the meeting of the people's right to know, the NPS distributed major research reports and summaries for 2019 to over 180 braille libraries and organizations related to the visually impaired across the country. In addition, the NPS supports national experience services through the opening of high-quality public data, and to this end, we are expanding 42 new openings according to the new data opening plan by 2021. For regional customized data analysis, the NPS has agreements with six metropolitan cities, 121 municipal districts, and three national and public institutions to provide various data. In addition, the NPS also provides 5060 generation custom data to employment-related organizations such as the Elderly Workforce Development Circle and Work Network.

Small and Medium-sized enterprises support

Support for small and medium-sized enterprises to strengthen competitiveness

In the meantime, since 2011, the NPS has promoted a total of 18 traditional markets and 1 company 1 market sisterhood projects at its headquarters and offices across the country. We have supported the growth of small and medium-sized enterprises by supporting the growth of a part of the employees' sponsorship fund, and we have promoted various growth activities such as expanding the sales of small and medium-sized enterprises and supporting the protection of technology, and fostering start-up and venture companies in the R&D center. In May 2020, we opened a "Companion Growth Mall" for public employees to promote the purchase of small and medium-sized enterprises' products, and we are also taking the lead in revitalizing the local economy by operating a "Pension Market" that sells the products of small and medium-sized enterprises in the region. In recognition of these efforts, in 2020, the NPS was awarded by Minister of Medium-term Award and the President's Commendation for revitalizing the Traditional Market at the Accompanying Growth Week ceremony organized by the Ministry of Medium-Term. In particular, in 2020, 16 million won of the executive performance returned due to Corona 19 was used for co-growth projects to support global marketing for start-up companies and to support worker leave Gabi for partners. In particular, 'Don't Worry Deputy Director Kim' has contributed to raising positive awareness of the traditional market and improving sales through customized delivery services, free consulting on the traditional market.

7

Anti-
corruption,
Ethics**Ethical Management****Strengthening ethical management system**

The NPS continues to develop its organization, standards, and systems to revitalize ethical management. In order to respond to social issues and changes, we reorganized our audit organization, strengthened our legal experts, and reestablished our ethical management infrastructure, including establishing operating standards for expanding active administration and introducing a integrity verification system for promotion screening. In addition, we have strengthened our ethical management system, including improving the code of conduct of employees, applying the principle of non-compliance with violations of integrity obligations, and improving the human resources system for fair recruitment.

Spread Ethical Integrity Culture

The NPS conducts customized ethical integrity training by job stage and business characteristics. In addition to expanding the existing job-specific curriculum, we also conduct introductory education on ethics and integrity for full-time employees, and we operate a specialized education course that takes into account the degree of exposure to ethics violations and the professionalism of the work. Internally, we have contributed to the spread of integrity culture at home and abroad, such as the participation of international Anti-corruption conferences at the International Anti-Corruption Conference(IACC)¹, by providing incentives such as awards through the Integrity Mileage system to inspire the commitment of employees to practice integrity.

Ethical Management Reporting and Monitoring

The NPS is working to revitalize the reporting culture while strengthening the internal and external reporting system, such as the establishment of a new reporting support center for sudden damage. We have established a manual on the procedures for handling business when reporting sudden damage, and we have used it to improve the relevant system by monitoring the entire ethical management information system, such as the operation of the period of reporting the violation of organizational culture, and the investigation of the level of recognition of the reporting system. In 2020, 10 cases were improved through the public offering of ideas to identify unfair and pack quality factors, and 76 cases were confirmed through self-inspection of staff for pack quality experiences. We have established a declarant protection manual separately, and we have strengthened the declarant protection system, such as the declarant protection pledge for the person in charge of the reporting process, and the immediate exclusion from our business in case of violation of the manual. In addition, we are strengthening the notification channel guidance for stakeholders such as contractors. As a result, in 2020, there were 0 cases of corruption and infringement of the rights of public interest, and the number of anonymous reports increased to 156 in 20 years from 139 in 19 years, and the recognition of anonymous reports also rose from 76.3% in 19 years to 86.8% in 20 years.

Preemptive internal control system operation

The NPS operates a systematic and effective internal control system through a three-step internal control system, and analyzes, evaluates, and feedback the entire audit activity from an external perspective through an internal control channel in which external experts such as the Audit Advisory Committee and Integrity Ombudsman participate. In addition to classifying the risk rating by the NPS's business area into five levels and conducting intensive audits of high-risk groups, we are strengthening the monitoring of the prevention of violations of social responsibility in the management process from a national perspective, leading to pre-inspection and voluntary opening lines to prevent cases of over-budget enforcement. In order to raise an autonomous practical culture, we operate a Integrity help desk to consult on compliance with the Code of Conduct, and we strengthen compliance support services such as legal advice on legal issues in the process of conducting business.

¹) Online Report Center is the largest anti-corruption international forum organized by the National Interest Committee and the International Transparency Organization(TI), with about 3,500 people from more than 140 countries, including governments, international organizations(OECD, IMF, UNDP World Bank, etc.), academia, and civil society

8

Human Rights Management

Human Rights Management Governance

The NPS recognizes the importance of human rights and strives to protect the human rights of all stakeholders surrounding the NPS, including employees, customers, partners, and related institutions, as well as the community. Through internal regulations such as the Human Rights Management Guidelines, we promote the evaluation of human rights impact and establish procedures for reporting and remediation of human rights violations. The Human Rights Management Charter and guidelines are disclosed to the outside through the NPS's website. The Human Rights Management Committee, consisting of various stakeholders and experts, deliberates and votes on key decisions related to human rights management, and the results are reflected in management every year through the establishment, implementation and promotion of the comprehensive human rights Management plan. We have a social Value Realization group directly under the Chairman of the Board as a general department to improve human rights awareness within and outside the company and to identify various cooperation projects.

[Human right management system]

Goals	Realize zero risk of human rights violations by practicing human rights respect management							
Promotion Strategy	Strengthen prevention-oriented human rights management practice infrastructure		Human rights management in connection with the spread inside and outside the country					
Execution Challenges	<ul style="list-style-type: none"> Strengthen the operation of human rights violations prevention and relief procedures Improvement of human rights management implementation system and infrastructure maintenance 		<ul style="list-style-type: none"> Establishment of human rights management system of partners Strengthening of great national services Strengthen customer information management and customer rights protection 					
	<table border="0"> <tr> <td style="text-align: center;">Norms</td> <td style="text-align: center;">Organization</td> </tr> <tr> <td> <ul style="list-style-type: none"> Human Rights Management Charter Human Rights Management Guidelines Case handling guidelines(Sexual harassment, workplace harassment) </td> <td> <ul style="list-style-type: none"> Social Value Implementation Group Human Rights Management Council Human Rights Management Committee, Reading Group </td> </tr> </table>		Norms	Organization	<ul style="list-style-type: none"> Human Rights Management Charter Human Rights Management Guidelines Case handling guidelines(Sexual harassment, workplace harassment) 	<ul style="list-style-type: none"> Social Value Implementation Group Human Rights Management Council Human Rights Management Committee, Reading Group 	<table border="0"> <tr> <td style="text-align: center;">Evaluation Monitoring</td> </tr> <tr> <td> <ul style="list-style-type: none"> Human Rights impact assessment Human Rights Awareness Index Participation in education </td> </tr> </table>	Evaluation Monitoring
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Propulsion System								

Strengthening human rights awareness of employees

The NPS regularly checks and feedback human rights management business issues in its dedicated department of human rights management and effectively promotes stakeholder rights and interests in each area of the NPS's work. In addition, in order to promote human rights respect activities in each department, we operate a checklist that can self-diagnose the impact of human rights when establishing a business plan, and designate a departmental human rights officer so that human rights management activities that take into account the characteristics of education and departmental work can be conducted. In addition, the NPS has developed and promoted various programs for the internalization of human rights awareness of its members. We conduct campaigns and human rights management quiz events to promote the interest and empathy of internal employees for human rights, and improve human rights sensitivity and develop human rights leadership of cadres through specialized training by job stage. In addition, we conduct specialized training on major human rights issues such as bullying, harassment in the workplace, and violence in the four major areas.

[Internalize the human right recognition with participatory program]

Participatory Training Program	Promotion Content
Human Rights Management Quiz	Conduct quiz events for all employees through in-house boards
Specialized training for department heads and human Rights officers	Understanding the need for human rights management and international norms related to human rights for 141 department heads and branch human rights officers. Learning support for human rights management manuals, etc. for public institutions
Professional training on human rights issues	Training of professional instructors in related fields such as carjacking, workplace harassment, emotional worker protection and prevention of violence in the four major areas

Identify and improve human rights risks

Respect for human rights in order to improve the effectiveness of management, we conduct an evaluation of human rights impact on all areas of our work every year to identify and improve actual and potential human rights violations that may occur in the process of promoting our business. We supplement the Human Rights Impact Assessment manual of the National Human Rights Commission to meet the characteristics of the public, and provide more detailed procedures

than the steps presented in the guidelines, such as the composition of the relevant department consultative body and the secondary evaluation through the Human Rights Management Committee, to carry out the human rights impact assessment in a timely manner. The Human Rights Impact Assessment of Agency Operations has 173 indicators, and the human rights impact Assessment of major projects has developed 40 unique indicators to check the impact of human rights by selecting welfare service projects in consideration of the elimination of welfare blind spots and the protection of vulnerable people. In addition, in 2020, COVID-19 human rights impact assessment was conducted with 30 indicators to diagnose and improve the human rights impact of the COVID-19 Crisis Management process. In this process, a total of 12 potential human rights issues were discovered and improvements were made.

[Main issues and improvement assignments from human right influence evaluation in 2021]

Main projects	
Field	Issues and Improvements
Later life preparation	Expansion of construction pension information-associated service
The handicapped resource/ screening	Application information for non-applicants for activity support services after the age of 65
	Improved labor capacity evaluation system to improve the convenience of people with adhering diseases
Basic Pension	Improved braille guidance for the visually impaired
	Improve basic pension simulation calculation system
	Strengthening the prevention of violations of recipients 'rights by introducing a 'Pause system'
	Shortening the survey cycle to check changes in basic pension recipients
Agency Operation	
Field	Issues and Improvements
Establish human right management	Establishment of human rights management system Reorganization of homepage to increase information accessibility of stakeholders
Protect human right of clients	Provide service including the sign language video for the hearing impaired people
	Build a review billing system through a mobile app
COVID-19	
Field	Issues and Improvements
Work health and safety	Implement risk evaluation separately for pregnant employees
Influence on environment and local community	Reinforce safety education including the method of disposal of hazardous items related to COVID-19

Prevention and relief of human rights violations

In addition to conducting active prevention activities on human rights violations, the NPS responds carefully and closely from the point of view of the complainant and victim in the event of human rights violations through systematic remedial procedures. In the event of human rights violations, the NPS will conduct human rights violations relief procedures in accordance with the "Human Rights Management Guidelines", and in particular, it will establish a separate strong management system for major human rights violations issues and organize a "Labor-management Case Processing Committee" to respond to them. Through surveys, self-inspection, various reporting channels and type-specific grievance systems, the NPS conducts relief measures in the event of human rights violations, and continuously checks and complements the relevant systems that have had issues.

[Policy for the protection from human right infringement]

Classification	Related policies
Consultation window	Designated and operated by the Human rights officer of the entire department, and operated a grievance consultation office for public companies and trade unions,
Case investigation	Operation of anonymous consultation channels through intranet and Red Whistle
Protect reporting party or victim	Objective case investigation through the joint labor and labor-related case processing committee
Punish the responsible party	Ensuring thorough anonymity, stating the obligation to protect victims, granting victims paid leave (5 days), etc.

9

Labor Practices

Talent Award of the NPS



Open employment

The NPS employs employees in the event of business expansion or vacancy, and has an open competition test in principle. The Preferred Pension Award is based on the mission of contributing to the stability of people's lives and happy lives with sustainable pensions and welfare services, and the vision of the Global Leading Pension Agency to add happiness to generations. Based on the core values of inclusion and happiness, responsibility and trust, process and innovation, we employ three talent awards: "Practical Ethics", which emphasizes an NPS person with the best professional ethics, "Autonomous Innovation", which emphasizes a smart NPS person of innovation and technology, and "Global Professional", which emphasizes an NPS person who increases global expertise. In addition, in order to establish a comprehensive female talent management system, the NPS Comprehensive Plan for Female Talent Training has been established to strengthen efforts to utilize female talent through a competency-oriented process recruitment process. As a result, 29.8% of female managers at level 3 or higher in 2020 and a 7.3% p increase in the proportion of women among new recruits compared to the previous year.

Labor-management communication

The NPS is building cooperative labor relations based on active labor communication and continuous labor respect policies. We recognize the union as a companion of management and have achieved results such as a declaration of joint labor for the realization of social value through active labor communication, a joint labor agreement for sharing jobs, and an improvement in the third-level promotion system. In addition, the NPS has established five committees to promote participation and cooperation between labor and labor through a total of 13 labor councils in five major areas, including labor, human rights, and safety, and has established five committees to improve working conditions based on labor and labor consultations: the Professional Committee for handling harassment cases in the workplace, the Safety Management Committee, the TF for eliminating the wage gap.

Health and Safety

The NPS proclaims safety management as the highest value for the safety of the people, and emphasizes the importance of health and safety to the highest priority in the content of the realization of the social value of the national experience among the four strategic goals. As we operate a national organization that provides pension services, we increase facility safety satisfaction through pre-emptive preventive activities that prioritize the safety of visiting customers. In addition, in order to strengthen the safety of Cheongpung Resort, a former national recreation facility, we have achieved zero safety accidents through the installation of lakeside crash prevention facilities, maintenance of hiking trails, emergency risk snow measures during aging facilities, and improvement of long-term aging facilities. In order to implement a workplace where all workers can be assured, the NPS has established a direction to improve the working environment through a close prior analysis of the workplace environment, job force, and work characteristics, such as the form of the office. In order to create an accident-free working environment, the first risk assessment of all workplaces was conducted, 822 risk factors were identified, and 793 of these were immediately taken into action. In order to protect office employees who are vulnerable to emotional labor, we produce/distribute an entire manual containing legal psychological treatment support, and we operate a customized worker support (program EAP) to pre-emptively manage and prevent job stress. In addition, we are promoting improvements to the system to designate employees for care, such as disabled people, elderly people, and pregnant women, and to eliminate factors for safety. The NPS has set up a strategy to promote the safety management of facilities such as offices in consideration of the environment, such as the relevant laws, to eliminate potential risk factors. In addition to conducting 480 regular statutory inspections of all the facilities of the office, we have promoted special inspections to discover and take action on 158 additional hazards. As a result, 43 office facilities across the country, including the NPS's headquarters, have non-stop operations without safety accidents. In addition, in order to strengthen the risk management of the construction site of the newly built office, we are challenging the zero major disaster of the construction site through the safety management of blind spots using drones, the operation of the "Safety Inspection Day", and the strengthening of safety facilities to prevent the crash of construction workers.

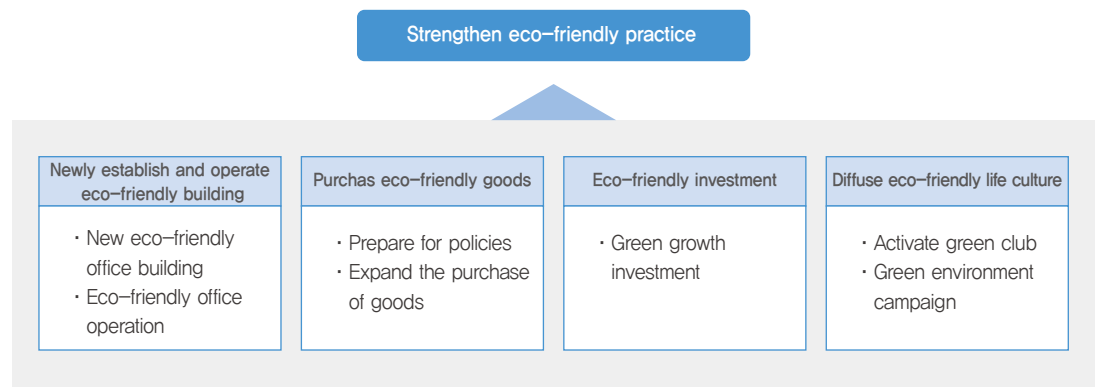
10

Environmental Management

Environmental Management

Policy to pursue

The environment is a key area of sustainability management. In order to realize the new growth power of the green technology business, our NPS has established an environmental vision of “an exemplary institution that practices carbon reduction in life.” In order to implement this, we will not only practice environmental management through the new construction of eco-friendly energy hall, the purchase of green products, and the investment of green companies, but also through the support of eco-friendly clubs, the use of personal cups, the zero-ban movement, the non-smoking campaign, and the use of public transportation. In addition, we will actively participate in government-led green projects to respond effectively to climate change.



Energy saving and environmental pollution prevention

New eco-friendly office building and eco-friendly hall operation

The NPS has designed its headquarters as an eco-friendly low-carbon building and operates a new and eco-friendly hall to operate energy efficiency at a level of 1st class. Eco-friendly buildings promote and promote the construction of eco-friendly buildings by certifying the environmental performance of buildings through the evaluation of factors that affect the environment, such as saving energy and resources, reducing emissions of pollutants, and creating a comfortable living environment.

GHG Reduction

In order to reduce energy, the NPS actively promotes energy saving by supplying high-efficiency equipment and LED lighting, installing new and renewable energy generation facilities such as solar, conducting regular energy-saving training and campaigns, improving environmentally friendly facilities such as lighting off and compliance with cold and heating temperatures, and improving the behavior of its employees as selected as an excellent agency for reduction.

Expand eco-friendly purchases

Green product purchase performance and eco-friendly life culture spread

The NPS is promoting the expansion of the purchase of green products that purchase eco supply chain by purchasing eco-friendly products that can minimize environmental pollution, and purchasing products that have less impact on the environment and human body compared to other products for the same use. Within the NPS, we have established contract-related regulations and systems for green purchasing, and we are taking the lead in environmental protection by operating practice programs for green product purchase, such as low-pollution cars, expanding eco-friendly product purchase items, and strengthening the foundation for green purchasing. Total purchases of green products in 2020 were KRW 5,142 million, an increase of KRW 1,965 million from KRW 3,177 million in 2019, a 62% increase compared to last year.

11

Realizing a carbon-neutral society

Establish an eco-friendly management system

Worldwide, climate change impacts continue to be a problem. As the world's third largest pension agency, the NPS strives to systematically manage environmental management in all business processes, such as eco-friendly investment and eco-friendly agency management.

[Eco-friendly management system of the NPS in 2020]

Goals	Actively contribute to the government's carbon neutral policy by strengthening industry-associated environmental conservation activities	
Strategy	① Actively implement government policies such as GHG reduction	② Promotion of environmental conservation business in connection with the NPS
Assignments to proceed	<ul style="list-style-type: none"> Reduce GHG through the design and operation of eco-friendly offices Purchase of green products, etc. 	<ul style="list-style-type: none"> Reduce paper usage with ICT-based business innovation Actively practice social responsibility in the environmental field of the fund

GHG Reduction

The NPS is designated as a public area GHG and energy Target management agency and strives to reduce GHG emissions every year. Most of the greenhouse gases emitted by Satin are indirect emissions, and more than 97% are emissions from the use of electricity in their own offices. In order to reduce hot gas, we are working in parallel with technical efforts such as eco-friendly design and operation of our offices, dissemination of high-efficiency equipment and LED lighting, introduction of new and renewable energy such as solar and geothermal, compliance with proper air conditioning and heating temperatures in our offices, and improvement of the behavior of our members. With this effort, in 2020, the company's GHG emissions were reduced by 10,217 tCO2eq by 38.8% compared to the standard emissions of 16,706 tCO2eq, far exceeding the recommended target of 30% by the Ministry of the Environment.

[Performance of green gas reduction for the past 10 years]

Classification	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Reference Emissions (tCO2eq)	7,589	8,304	8,927	9,648	5,624	13,287	13,319	14,385	16,667	16,706
GHG Emissions (tCO2eq)	7,085	6,752	6,871	7,833	4,007	8,573	9,500	10,255	10,592	10,217
Reduction rate (%)	6.641	18.690	23.031	18.812	28.752	35.478	28.673	28.710	36.449	38.842

ICT-based business innovation saves paper usage

The NPS is also working to save the amount of paper used in the course of its work as a pension system operation, welfare service provision and fund management agency. As of the end of 2020, we have saved 4,573,50,000 A4 sheets of paper by replacing the mail that is notified to national pension insured persons and recipients with mobile, and by reducing the paper format spent on salary claims by establishing a digital window in the complaint room.

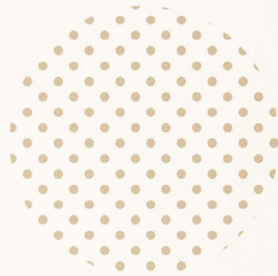
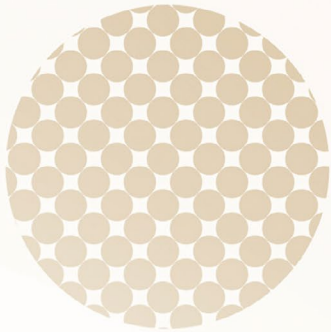
Strengthen environmental responsibility through funds such as expanding ESG investments

As the largest ESG investor in Korea, the NPS is expanding ESG investment in the stock and bond area, and is promoting efforts to drive eco-friendly management of domestic companies, such as sending non-public letters to companies that cause significant environmental pollution through trustee responsibility activities, demanding improvements.



2021
NPS Sustainable Management Report

Appendix



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Independent Assurance Statement

To readers of NPS Sustainability Report 2021

Introduction

Korea Management Registrar (KMR) was commissioned by the National Pension Service (NPS) to conduct an independent assurance of its Sustainability Report 2021 (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of NPS. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with NPS and issue an assurance statement.

Scope and Standards

NPS described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the Core Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
 - Management approach of Topic Specific Standards
 - GRI 205: Anti-Corruption
 - GRI 418: Customer Privacy

As for the reporting boundary, the engagement excludes the data and information of NPS' partners, suppliers and any third parties.

KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by NPS to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with NPS on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

Inclusivity

NPS has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

NPS has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

NPS prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of NPS' actions.

Impact

NPS identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021 · 2015 – Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with NPS and did not provide any services to NPS that could compromise the independence of our work.



SRV1000
Sustainability Committee Assurance



AA1000
Licensed Report
000-129/V3-YIJX0

E. J. Hwang

March 2022 Seoul, Korea

GRI Standards Index

Universal Standards(GRI 100)

Themes	Indices	Page	
Organization profile	102-1	Organization Name	9-10
	102-2	Activities, Representative Brands, Products and Services	9-10
	102-3	Headquarters Location	9-10
	102-4	Business Area	9-10
	102-5	Property Structure Characteristics and legal forms	9-10
	102-6	Market Area	9-10
	102-7	Size of organization	9-10
	102-8	Information about employees and workers	11-12
	102-9	Your organization's supply chain	44-46
	102-10	Significant changes in the organization and supply chain	N/A
	102-11	Preventative Principles and Approaches	51-52
	102-12	External Initiatives	26
	102-13	Affiliated Associations	62
Strategy	102-14	Statement of the Supreme Decision-Maker	5-6
	102-15	Core Impacts, Risks and Opportunities	5-6
Ethic and transparency	102-16	Organizational values, principles, Standards of conduct and norms	50
	102-17	Ethics Guidance and Grievance Mechanisms	50
Governance	102-18	Governance Structure	51-53
	102-22	Composition of the Supreme Governance Body and its committees	51-53
	102-23	Chair of the Supreme Decision-making Body	38
	102-24	Appointment and selection process of the Highest Governance Body	51-53
	102-35	Compensation Policy	51-53
Participation of interested parties	102-40	Stakeholder List	51
	102-41	Freedom of Association and Collective bargaining	46
	102-42	Stakeholder identification and Selection criteria	51
	102-43	Stakeholder Engagement	51
Report custom	102-44	Stakeholder Key Issues	51
	102-45	All companies included in the organization's consolidated financial statements	About This Report
	102-46	Reporting Content and how to apply reporting scope	About This Report
	102-47	List of important issues	33
	102-48	Modification of previous report information	7-8
	102-49	Changes from a critical issue and scope perspective	30
	102-50	Reporting Period	About This Report
	102-51	Date of publication of the latest report	About This Report
	102-52	Reporting Cycle	About This Report
	102-53	Report Inquiry	About This Report
102-54	GRI Standard Application Options	About This Report	
Management access	102-55	GRI Index	
	102-56	External Verification	
	103-1	Reasons for selecting critical topics and Reporting Boundaries	32-33
	103-2	Management Approach and Components	32-33
	103-3	Evaluation of management approach	32-33

Topic Specific Standards–Economic Performance(GRI 200)

Theme	Indices		Page
Economy outcome	201-1	Creation and Allocation of direct economic value	7-8
Indirect economy effect	203-1	Providing investment and services for the public interest	35-55
	203-2	Indirect Economic Impact	44-48
Anti-corruption	205-2	Notice and training on anti-corruption policies and procedures	50
	205-3	Identified corruption cases and actions against them	50

Topic Specific Standards–Environmental Performance(GRI 300)

Themes	Indices		Page
Energy	302-1	Energy consumption	54-55
Water	303-5	Water consumption	54-55
Emission	305-1	Direct GHG emissions (scope 1)	54-55
	305-2	Indirect GHG emissions (scope 2)	54-55
Environment compliance	307-1	Violation of environmental laws and regulations	54-55

Topic Specific Standards–Social Performance(GRI 400)






Themes	Indices		Page
Employment	401-1	Number and percentage of new hires and employees	53
	401-2	Compensation for full-time employees that is not provided to non-regular or part-time employees	53
	401-3	Child Care Leave	53
Industrial safety health	403-1	Industrial safety health system	17
	403-4	Participation, consultation, and communication of laborers in the industrial safety and health	53
	403-5	Training workers for occupational safety and health	53
	403-8	Workers subject to industrial safety and health management system	53
	403-9	Business-related Injuries	53
Training and education	404-2	Job Training and Lifelong Education Programs	50
Diversity and equal opportunity	405-1	Composition of Governance bodies and workers	51-52
Human right evaluation	412-1	Human Rights Impact assessment or human Rights target Business sites	51-52
	412-2	Training employees on human rights policies and procedures related to business	51-52
Customer information protection	418-1	Number of complaints that have been proven to be in violation of customer personal information protection and loss of customer information	43

Sustainable Management Initiative

UN Sustainable Development Goals(UN SDGs)

The UN SDGs consist of 17 goals and 169 details and zero that the international community must achieve together to solve universal problems of humanity, global environmental problems, economic and social problems. The NPS has declared its support for the UN SDGs, and in 2020, it shared its practice as an SDGs excellence implementation company.

UN SDGs goals	Potential influence	Activities of the NPS	Page
 1 No Poverty Combating Poverty	Contribute to solving poverty by supporting premiums for the economically vulnerable	Promote Durunuri insurance premium support project	45
		Support for low-income self-employed pension insurance	45
		Support for small and small business premiums through local government collaboration	45
 2 Zero Hunger Famine Eradication and Food Security	Contribute to the eradication of famine in the economic vulnerable layer through the NPS project	Temporarily exempt people who are affected by COVID-19	45
		Contribute to the welfare exit of basic recipients through self-supporting companies	47
 3 Good Health and Well-being Healthy life and well-being	Various support programs to promote the health of stakeholders such as recipients, employees, etc.	Support various social participation opportunities for older recipients, such as self-development and volunteer programs	40
		Create a protected work environment for workers and support healthy lives	53
		Provide stress management programs for emotional labor employees	53
 4 Quality Education Quality Education	Promote educational opportunities through the provision of quality educational programs	Support scholarship for vulnerable pensioner children	Website
		Foster financial professional personnel in collaboration with local governments and local universities	46
		Provide core work empowerment program for employees	53
 5 Gender Equality Gender Equality and Women's Rights	Support women's human rights enhancement and empowerment through institutional support and educational programs	Promote the expansion of National pension support for women who have lost their careers	35
		Expand female manager ratio and female placement in core positions	53
		Build an NPS Job Referral system	44
 8 Decent Work and Economic Growth Sustainable economic growth and quality jobs	Create domestic jobs through stable fund management and institutional support	Create jobs for domestic financial companies through expanding private outsourcing of fund management services	18
		Create jobs by matching jobs and opening private instructors associated with old-age preparation counseling	44
		Expand investment in social infrastructure facilities such as SoCs through the National Pension Fund	39
 9 Industry, Innovation and Infrastructure Establishment of social infrastructure, sustainable industrialization	Build social infrastructure using funds and revitalize sustainable economic development	Promote the revitalization of the local economy through the traditional market revitalization support project in Jeonbuk	46
		Finance IT Industry Eco-system to drive regional growth	46
		Expand daily worker system	35
 10 Reduced Inequalities Eliminate Inequality	Support system blind spot vulnerable insured persons through business promotion Support disabled and vulnerable people in employment through institutional support	Expand disabled mobility support services	41
		Make efforts to eliminate unreasonable discrimination within the NPS, such as blind recruitment, recruitment efforts for high-schoolers and local talent, and expansion of female managers	53
		Complete non-regular full-time conversion	45

UN SDGs goals	Potential influence	Activities of the NPS	Page
11  Create sustainable cities and residences	Contribute to the provision of stable public services by raising the level of services in connection with the fourth industry	Increase business efficiency using ICT and operate smart consultation system, etc.	42
		Develop welfare service models and programs that contribute to national life, such as the advancement of big data-associated with old-age preparation services	40
12  Responsible consumption and production	Contribute to the revitalization of the local economy by procuring from companies in the region of the NPS	Purchase and contract of NPS in the area of satin material	46
		Provide support for small and medium-sized enterprises to strengthen competitiveness	49
13  Prevent climate changes	Direct and indirect impacts on Climate Change and air pollution	Exceeding environmental conservation goals, such as GHG reduction	54–55
		Paperless administration to reduce the use of papers	55
		Strengthen the fund's social responsibility role, such as expanding ESG investment	55
16  Building a responsible and inclusive system	Contribute to the promotion of a sustainable society by responsible fund management	Expand ESG investment and strengthen transparency and responsible investment activities based on the principle of faithfulness	15–18
		Strengthen ethical management system and spread ethical integrity culture	50
		Practice human rights respect for employees and stakeholders	51–52
17  Global partnership	Contribute to the sustainable development of international society through cooperation with stakeholders	Vietnam, Cambodia, Mongolia, Nepal, Indonesia and other developing countries to practice national pension system, school environment improvement, cultural exchange, etc.	Website
		Strengthen the foundation for responsible investment through joining the UN PRI	63
		Conduct global social contribution activities	Website

UN Global Compact(UNGC)

The NPS joined the UN Global Compact in October 2012 and adheres to the top 10 principles of human rights, labor, environment and anti-corruption. In 2019, NPS was named to the LEAD group of the UNGC Korea Association in recognition NPS's contribution to ensuring the stable life of the people with sustainable pensions and welfare services. The NPS will continue to work further to spread UNGC's value and achieve its sustainable development goals.

UNGC 10 principles			Page
Human rights	Principle 1	Companies must support and respect internationally declared human rights protections.	51
	Principle 2	Companies actively strive to avoid being involved in human rights violations.	52
Labor	Principle 3	Companies support the freedom of association and the practical recognition of collective bargaining rights.	53
	Principle 4	Excludes all forms of forced labor,	53
	Principle 5	Effectively eliminate child labor,	53
	Principle 6	Eliminate discrimination in employment and work.	53
Environment	Principle 7	Companies support a preventative approach to environmental issues,	54
	Principle 8	Carry out measures to promote environmental responsibility,	54
	Principle 9	Promote the development and spread of environmentally friendly technologies.	54
Anti-corruption	Principle 10	Companies oppose all forms of corruption, including unfair acquisition and bribery.	50

UNGP(UN Guiding Principle) Reporting Framework

The UNGP Reporting Framework is a global guideline for reporting human rights–related issues. The various activities that the NPS has undertaken to protect and promote the human rights of stakeholders are included in this report in accordance with the UNGP Reporting Framework.

Classification	Questions	Details	Page
Part A. Governance to respect Human Rights	A1 Human Rights Policy	Whether human rights species will foreign disclosure	51–52
	A2 Internalization of Respect for Human Rights	Efforts to internalize the will to respect human rights	51–52
Part B. Focus Reporting Areas	B1 List of Major Human Rights Issues	Key human Rights Issues associated with business activities	51–52
	B2 Identify key human Rights Issues	How to Select Major Human Rights Issues	51–52
	B3 Key Human Rights Management Areas	How to select areas and regions where major human Rights issues occur	Main office and local office of the NPS
	B4 Potential Human Rights Issues	Key human Rights Issues and other potential human Rights Issues	51–52
Part C. Governance to respect Human Rights	C1 Detailed Policies for key Human Rights Issues	Detailed policies for key human Rights issues	51–52
	C2 Stakeholder Engagement	Stakeholder engagement by key human rights issues	51–52
	C3 Impact Assessment	Identifying ongoing major human Rights Issues	51–52
	C4 Response to human Rights issues	Reflect decision–making processes and activities on key human rights issues	51–52
	C5 Performance Evaluation	Effectiveness of activities to address major human rights issues	51–52
	C6 Post Support	Post–mortem support for human rights victims	51–52

UN Principles for Responsible Investment(PRI)

The NPS joined the UN PRI in 2009 and each year submits a ‘Transparency Report’ in accordance with the reporting framework. The UN PRI is an international Principle of Responsible investment that includes six provisions that require non–financial environment, society, and governance to be taken into account in addition to the financial aspects of the investment target company.

Principle 1	We actively reflect ESG issues in our investment analysis and decision–making processes.
Principle 2	We are active investors who integrate ESG issues into our investment philosophy and operating principles.
Principle 3	We ask investors to disclose information about ESG issues.
Principle 4	We strive for PRI compliance and implementation in the financial industry.
Principle 5	We cooperate with each other to promote its effectiveness in the implementation of the PRI.
Principle 6	We disclose the details and progress of the implementation of the PRI.

Awards

Date	Awards
2019. 12	Minister's Commendation for Outstanding cases of Innovation City development
2019. 12	Prime Minister's Award for Job Creation 2019
2019. 12	2019 South Korea Job Merit Agency Commendation Vice Chairman of the Job Committee Award
2020. 01	Agency Commendation for expanding the Social Security Agreement
2020. 05	Presidential Award for Achievement in improving the human rights, safety, and welfare of children
2020. 05	National Balance Development Committee '2020 National Balance Development Target'
2020. 06	Award of Minister of State for Mobile Electronic Notice Performance Presentation
2020. 07	Presidential Commendation for Aging Response
2020. 07	"Presidential Commendation" for Disabled People's Day Yu Construction Award
2020. 08	Winner on the Pension Award of the year
2020. 09	Asia-Pacific Global Investor Award
2020. 10	Winner of this year's Pension Award
2020. 12	Chairman of the Committee on Growth of Public Institutions
2020. 12	Presidential Commendation for revitalizing traditional Markets
2020. 12	Commendation from the Minister of Welfare for 'Excellent Institution for the Protection of the Elderly'
2020. 12	Commendation from the Minister of Employment and Labor for Fair Recruitment Blind Recruitment
2020. 12	President's Award for Job Creation
2020. 12	First half Excellent Administration and Policy Case Selection Award for Excellence in the Public institution area
2020. 12	Asian Investment Award

Subscription of the group

Korea Society of Social Security	IPC(International Pensions Conference)
Insurance Research Institute	Korea Society for Social Welfare Policy
Korea Social Welfare Council	Korea Economic Society
Korea Executive General Association	Russel 20-20(20-20 Investment Association)
Korean Social Welfare	Seoul Economist Club
PPI(Pacific Pension Institute)	Korea Society of Labor Economics
Korea Financial Society	Korea International Financial Society
Korea Research and Research Society	Korea Institute of Labor Research
Korea Development Research Institute	Korea Pension Society



In order to reduce environmental pollution and waste of resources in the design and printing process as much as possible, this report has been prepared by avoiding spot color, use of soybean oil ink in the printing process, and coating process as much as possible.