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Pension with
good conditions

NPS Sustainable Management Report 2022

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Management Report
2022**

About This Report

The National Pension Service (NPS) has published a sustainability report since 2012 to share its sustainability activities, performance and plans with key stakeholders. This is the eleventh report of the NPS, which demonstrates key issues that stakeholders are interested in and the various activities and plans that the NPS is promoting to realize social values.

Period and Scope

This report focuses on the activities and performance of the NPS from January 1, 2021 to December 31, 2021. Major management activities in 2022 are included and data for the last three years (2019-2021) is provided for yearly quantitative analysis. The main coverage of this report is the headquarters and regional headquarters of the NPS.

Principles and Standards

This report is based on the core option of the GRI (Global Reporting Initiative) Standards, a sustainability reporting standard, as well as 17 UN SDGs, UN GPRF (UN Guiding Principles Reporting Framework) and ten principles of UNGC (UN Global Compact).

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.

Contact for Inquiry

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

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Overview

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CEO Message

Dear stakeholders,

Established to ensure people's happiness after retirement in 1987, the National Pension Service has been playing a pivotal role in the old-age income security of Korea. Marking the 34th year of the adoption of the National Pension system, it has grown into the third largest pension fund in the world with 22 million insured people, 6 million recipients and a fund scale of KRW 900 trillion. The NPS is determined to make the following efforts going forward to provide sustainable pension and inclusive welfare services.

First, the NPS will implement a pension system and welfare service that benefits all people.

It has strengthened the old-age income security of all people by actively increasing people who report income in the system and pension premium support for the vulnerable population.

In 2022, it has made diversified efforts to realize a scheme of one pension per person by conducting a new project to support contributions of low-income individually insured people, and the NPS will do its best to remove blind spots in the pension system going forward.

Second, the NPS will enhance communication with the public.

With the operation of the Promoting Committee for Strengthening Publicness last year, the NPS discovered and improved tasks of public inconvenience to reflect the voices of the public in advancing the pension system.

It will continue to make efforts to provide welfare services close to people's lives not only by offering accurate information about the pension system necessary for the public but also by regarding the voices of the public as a top priority in system operation and pension reform going forward.

Third, the NPS will ensure the transparency and stability of the fund operation.

Despite hardships from the prolonged COVID-19 pandemic, the NPS achieved an outstanding annual rate of return of 10.77% last year by diversifying investment and expanding target asset groups. However, this year, the investment landscape has significantly deteriorated due to worldwide interest rate hike, inflation, and the aftermath of Russia-Ukraine War. It will do its best to stably manage people's precious assets by boosting risk management.

Fourth, the NPS will earnestly practice ESG management.

The NPS has made various efforts to fulfill its social responsibility by promoting mutual growth with small and medium-sized partner enterprises, increasing the old-age income of senior citizens in agricultural and fishery villages with the adoption of the Community Pension, and engaging in activities for the vulnerable to contribute to society. As it has laid a stepping stone for effective practicing of ESG management with the establishment and declaration of a strategic system for ESG management last year, the NPS will discover tasks of the organization for our society and future generations, while ardently carrying out them.

Our society is facing various difficulties, such as economic slowdown at home and abroad, low fertility rate, population aging and climate crisis. Despite this backdrop, the NPS will continue its effort for a happy future for our society built on a Sustainable Pension System. We look forward to your support and interest going forward.

Thank you.

Chairman & CEO
of the National Pension Service,
Tae-hyun Kim

김태현



NPS Overview

Organization Introduction

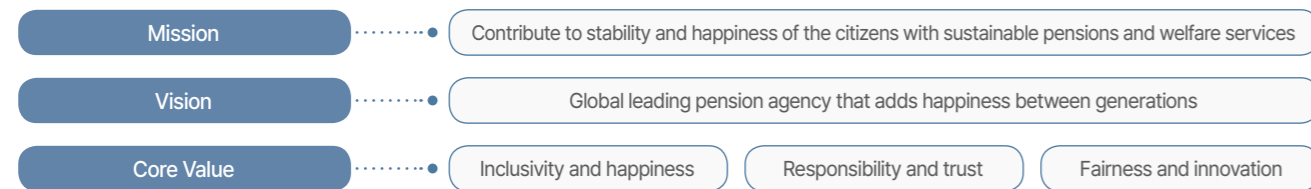
The NPS was established in 1987 to promote the stability and welfare of people by providing pension benefits for old-age, disability and death. As of December 31, 2021, it has been offering pension services to 22.35 million insured persons and 6.07 million recipients while operating a reserve fund totaling 948.7 trillion won and various welfare services.

Organizational information

	Name of Organization Responsible	National Pension Service
	Ministry	Ministry of Health and Welfare
	Date of Establishment	September 1987
	Ground of Establishment	Article 24 of National Pension Act
	Location of Headquarters	180, Giji-ro, Deojin-gu, Jeonju city, Jeollabuk-do Province
	Number of Employees	7,521

Value System

The NPS has set its mission, vision and core values with a commitment to creating a "happy country for the people" where stability and happiness of the people are realized by strengthening old-age income security of people, improving the sustainability of pensions and offering welfare services.



Vision Declaration

The NPS practices the following to be a reliable lifelong partner of the people who ensure their stable and comfortable life through the operation of the pension system and the provision of welfare services.

- One.** Create a social support system built on generational solidarity that everyone benefits.
- Two.** Strengthen the trust of the people through transparent and responsible fund management.
- Three.** Contribute to improving the quality of life by providing welfare services necessary to the people.
- Four.** Continuously create diverse social values.
- Five.** Aim to be a global leader through exemplary operation of the national pension.

Number of Employees (Total) (as of Dec. 31, 2021)

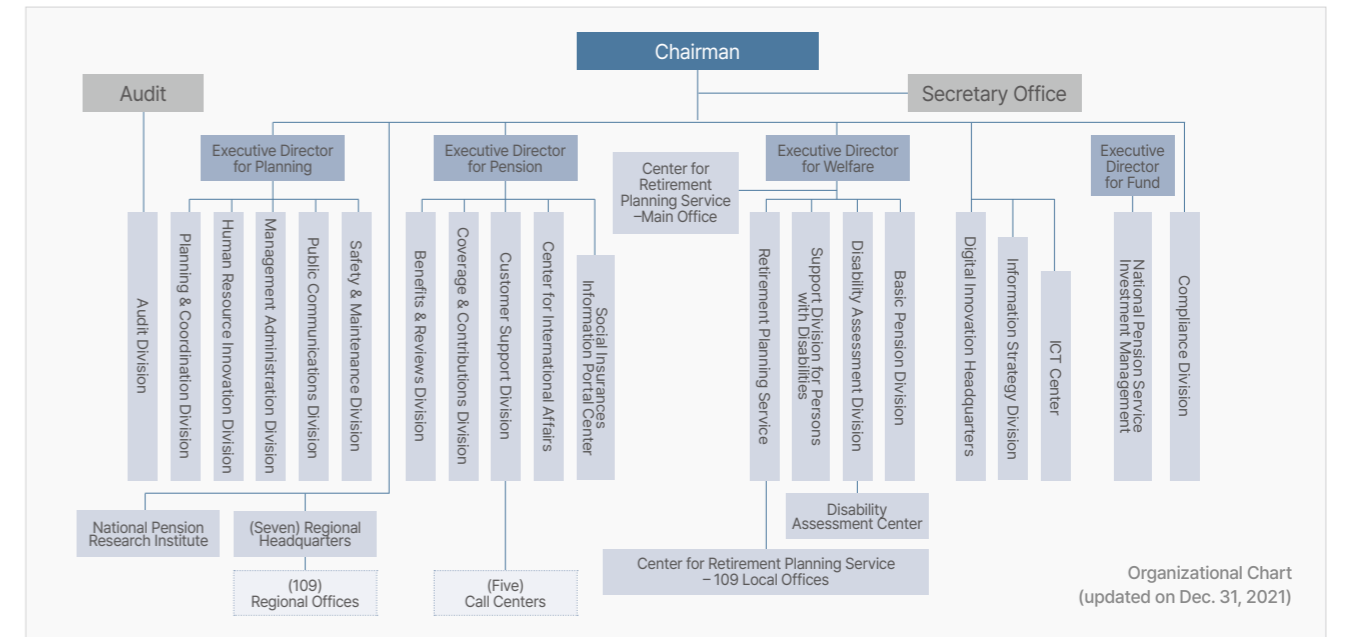
(Unit: person (%))

Total	Executive	General					Fund management	Research	Extraordinary civil service	Technicians	Indefinite contract
		Subtotal	Level 1	Level 2	Level 3	Level 4~6					
7,521 (100)	6 (0.1)	5,695 (75.7)	60 (0.8)	240 (3.2)	849 (11.3)	4,546 (60.4)	341 (4.5)	43 (0.6)	2 (0.0)	2 (0.0)	1,432 (19.0)

* Including a separate quota of 265 persons under the wage peak system and a flexible quota of 50 persons

Organizational Structure

The NPS has 14 divisions, two units, two centers and headquarters consisting of Fund Management, Compliance Division and Digital Innovation" along with the Disability Screening Center. It also operates seven regional headquarters, 102 branches, call centers and its affiliated organization, the National Pension Research Institute.



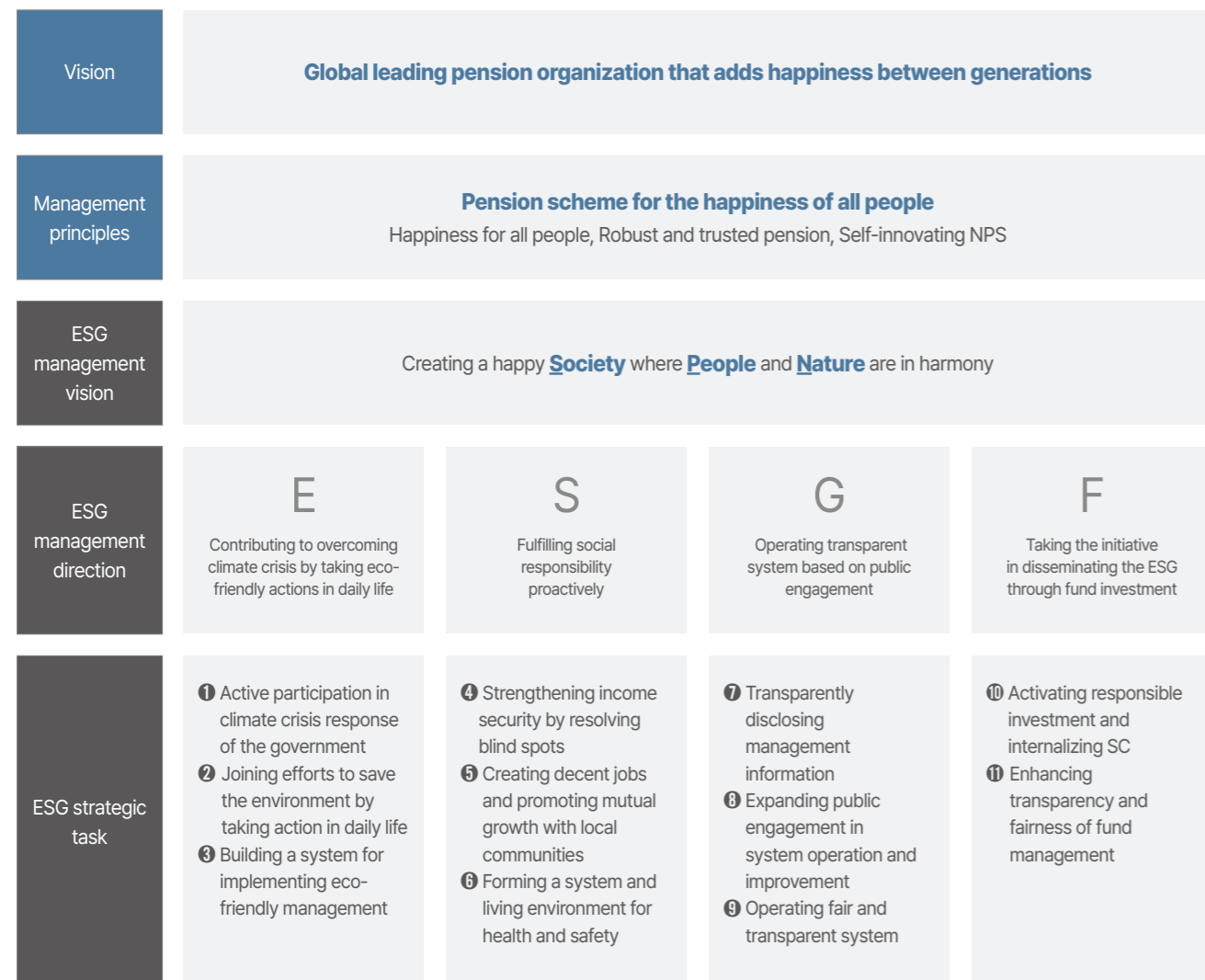
NPS Main Projects



Sustainability Management Strategy

The NPS has established a dedicated body to build a more sophisticated ESG management system than in 2021 by revising the organizational regulations and initiating the operation of a TF team where representatives of the headquarters and branches participate in employee engagement and communication. After analyzing the internal and external environment and diagnosing its ESG management performance, the NPS has found its unique direction and strategy for ESG management. To enhance the understanding of the employees about ESG, the organization shares the info and trends of ESG through its company bulletin board while making an effort to internalize the ESG management by providing online and offline education. The NPS plans to further advance ESG management system and self-diagnosis model, as well as strengthen and expand its capability for ESG management by promoting training for employees and startups and inviting experts for discussion.

Strategic Scheme of NPS for ESG Management



* ESGF: E(Environmental), S(Social), G(Governance), F(pension Fund)

Structure of ESG Management Promotion Organization



Promoting Organizations and Key Roles

Name of Organization	Main Role	Notes
NPS ESG Management Committee	Playing roles in establishing ESG management plans, reviewing performance and evaluation as the highest decision-making body	<ul style="list-style-type: none"> * Article 5 of the Rules for Social Values Realization shall apply mutatis mutandis to the operation of strategic committee on social values, while reviewing reform direction of the rules ** Operating subcommittees on Human Rights Management, Job Creation, Ethical Management, Social Contribution, Mutual Growth, Mutual prosperity with Regions, Energy Committee, Occupational Safety and Health Committee and Anti-Corruption and Integrity Promotion Group
NPS ESG Working-level Committee	Reviewing the progress of ESG tasks and extracting tasks for improvement centering on heads of competent divisions in the headquarters	NPS ESG Dedicated Body
NPS ESG Dedicated Body	Drawing up ESG plans, providing ESG education and related materials, producing meeting materials and support dissemination of performance	* Establishing under the Social Value Department of Management Administration Division (regulation reflected, July 1, 2021)
NPS ESG Implementation Body	Promoting implementation of ESG tasks and dissemination of performance utilizing the national network consisting of headquarter divisions, seven regional headquarters and 102 branches	* Launching and operating field monitoring group on process of ESG management

ESG Management Goals (by 2030)

Under the NPS ESG management vision of “Creating a Happy Society where People and Nature are in harmony,” the NPS makes an effort to set and implement its strategic tasks in E (Environmental), S (Social), G (Governance) and F (Fund).

Direction	Strategic task	Implement task	Index	Current	2030 target
E Contributing to overcoming climate crisis by taking eco-friendly actions in daily life	1 1Active participation in climate crisis response of the government	Actively implementing GHG and energy target management for public sector (two tasks)	GHG reduction performance	30% reduction	50% reduction
			Green automobile operation	22.2%	100%
	2 Joining efforts to save the environment by taking actions in daily life	Carbon footprint reduction project (three tasks)	Employee participation rate in GHG reduction	Not measured	100% (7000t reduction yearly)
S Fulfilling social responsibility proactively	3 Building a system for implementing eco-friendly management	Creating a working environment without paper (two tasks)	Environmental management (ISO14001) verification	Not measured	Verification
	4 Strengthening income security by resolving blind spots	Strengthening retirement income security by expanding coverage to the vulnerable (three tasks)	Percentage of pension holders among the vulnerable	44%	72%
	5 Creating decent jobs and promoting mutual growth with local communities	Supporting growth of regional economy through exchange and cooperation (three tasks)	Job creation	10,829 jobs	14,200 jobs
G Operating transparent system based on public engagement	6 Forming a system and living environment for health and safety	Contributing to creation of safer facility and living environment (four tasks)	Number of safety accidents occurred in company building	Zero	Zero
	7 Transparently disclosing management information	Broaden disclosure of ESG management information (two tasks)	ESG disclosure expansion	Limited disclosure to mandatory items	Continuous expansion of disclosure items
	8 Expanding public engagement in system operation and improvement	Efforts to reflect voices of the public from various channels (two tasks)	Number of recommendations of system and service	17 recommendations yearly	40 recommendations yearly
F Taking the initiative in disseminating the ESG through fund investment	9 Operating fair and transparent system	Implementing ethical compliance management through stronger system for voluntary compliance (three tasks)	Reinforcing voluntary compliance system (CP)	Preparing verification	Grade A
	10 Activating responsible investment and internalizing SC	Broadly conducting responsible investment and systematizing implementation of stewardship code (two tasks)	Activating responsible investment and systematizing implementation	Building foundation for responsible investment activation	Continuous expansion of responsible investment
	11 Enhancing transparency and fairness of fund management	Strengthening information disclosure of fund investment (two tasks)	Enhancing transparency and fairness of fund investment	Expanding disclosure of alternative investment information	Continuous improvement of transparency in fund management

Stakeholder Engagement

Identifying Stakeholders and Core Needs by Value Stage

The NPS categorizes stakeholders by each stage of value creation in the pension system. After discerning stakeholders by value stage and identifying core needs, it operates tailored communication channels. Through the channels, it processed a total of 66 internal tasks and pending issues in 2021, as well as successfully revised eight provisions such as criteria of recognition of persons to be paid survivor pension through old-age income security and other institutional discussions. Opinions collected from explanatory sessions of the National pension advisory group and other events are actively reflected in the management activities of the NPS.

Value stage	Stakeholder	Core need	Communication strategy	Communication channel
Value creation	Employees, labor unions, etc.	- Realizing vision, sharing pending issues - Balancing work and life	Sharing vision and values	- Internal platform (Jini plus) - Labor-management joint committee
Value impact	Government, National Assembly, media outlets, etc.	- Reflecting in policy, strengthening cooperation	Collaboration in policies	- Discussion and explanatory session for the National Assembly - Video conferencing on work coordination
Value cooperation	Financial institutions, local communities, etc.	- Creating profits	Raising awareness about mutual growth	- Social value network - Consultative body for mutual prosperity for regions
Value purchase	Insured persons, beneficiaries, etc.	- Old-age income security - High-quality customer service	Expanding participation	- Citizen committee - National pension advisory group

Discovering Tasks through Improving Communication System by Public Engagement Process

The NPS recognizes the importance of reflecting public engagement and communication in the operation of the organization in a practical manner. To that end, it has been discovering tasks to continuously improve the communication system of each public engagement process.

Category	Communication system	Improvement details	Outcome
Discovery and Proposal	- Voice of the public (VOC) - Proposal from the public (Dudream)	- Drawing improvement tasks after classification and analysis by type - Increasing rewards, hosting proposals from the public events	- Discovered 56 improvement tasks - Proposal participation (259 cases → 287 cases)
Improvement and Implementation	- Policy Improvement Promotion Group - Disability Level Assessment Committee	- Expanding participation of external experts and working-level employees in the field - Improving to actively reflect opinions from community of persons with disabilities	- External experts (one person → two people) - Chairperson of the committee (employee → welfare expert)
Communication and Exchange	- Citizen Committee - National pension advisory group	- Installing contactless channel dedicated to public engagement - Expanding contactless operation of advisory group	- Completed the installation on website - Hosted video conference (four times)



Hearing Public Opinion from Various Channels

Promoting the Discovery of Demand-oriented Cooperation Tasks

Public engagement and activation of communication. The NPS has been making effort to build internal and external innovation networks and expand the system in which innovative ideas and best practices in carrying out tasks are shared with members of the organization. Facing the era of living with COVID-19, the NPS has continuously been promoting the expansion of internal and external networks for the connectivity of online and information and the discovery of demand-oriented cooperation tasks through respective field networks. Through this, it has established a three-step guide system for phishing prevention, built an issuing system of electronic certificates for the convenience of the public, added the participation of childbirth credit (850 people) and unemployment credit (590,000 people), as well as supported farmer's market and others to help with the place of business and sales channels of local enterprises.

Expanding Internal and External Networks for the Connectivity of Online and Information in the Post-COVID-19 Era

Category	Network of innovation	Accomplishments	
Internal	Self-learning	Knowledge sharing through certificate expedition, Ontong pro, learning organization, etc.	Enhancing reliability through the stronger work capability
	Promotion of innovation	Commercializing and drawing spontaneous innovative ideas by organizing and operating the Innovation committee, Millennial board (youth institute), Digital R&D planning group, etc.	Commercializing ideas from the Youth institute, increasing channels for a contactless working environment
External	Public engagement	National pension advisory group, Citizen committee	Designing plans and road maps for ESG management
	Governmental connectivity	Promoting information connectivity with the Policy improvement promotion group, public health centers, Supreme court, social insurance institutions, correctional facilities, National Tax Service, Ministry of Foreign Affairs, Ministry of Environment, etc.	Enhancing the convenience of the public by enabling the one-stop issuance and submission of electronic certificates
	Mutual prosperity for regions	Nanum foundation, Digital literacy research institute, Jeonbuk innovation network, local governments (73 regions), Korea Foundation for Cooperation of Large and Small Business, Rural Affairs, Center for Mutual Growth	Supporting contributions, fostering local talent, etc. Prime Minister's commendation for Mutual Growth
	International cooperation	International Finance Conference (joined by Michael Bloomberg in 2021 and other leaders in finance at home and abroad)	Supporting a finance city vision for Jeonbuk

Raising awareness about the system through active communication with future generations

To raise awareness about the national pension system, the NPS has established youth networks by discovering tasks through Industry-University cooperation with Jeonbuk National University and Ewha Womans University, while creating and sharing tailored content for youth generation on major online communities such as Instagram, Facebook and blogs to increase communication with future generations. As a result, a survey on the necessity of a national pension demonstrated a 4.1 percent increase from the last year and the 2030 generation accounted for 44 percent among contest winners.

Service Innovation

Promoting preemptive regulatory innovation

The NPS has organized a Regulation Verification Committee consisting of more than half of the experts in the private sector and hosts more than one half-yearly meeting regularly.

From public opinions collected, 57 regulations such as policies and guidelines were discovered and revised, as well as 13 difficulties of medium and small enterprises were resolved.

Maximizing Benefits of the Public by Providing Creative Services and Improving Work Efficiency

The NPS has revised unnecessary regulations and rapidly adopted effective policies by hearing public opinions through the 'Regulation Verification Committee' and 'Dedicated Channel for Regulatory Improvement'. For example, its voice phishing prevention and relief services for old-age beneficiaries are designed to save up to 100,000 people from phishing crimes. Furthermore, the revision of the redetermination system for the benefit of kidney patients has reduced the inconvenience of the recipients and saved 1.6 billion KRW in issuing costs and others.

To ease the cost burdens of issuing medical certificates for recipients of basic living security, the NPS could help the recipients save 300 million KRW for issuing medical certificates and reduce yearly hospital visits of 9,543 people by exempting them from receiving medical assessment when they are recognized as having a condition of permanent damage. It has also shortened 97 percent of processing time by building a one-stop automated system for social insurance reporting to make reporting work process of social insurance in local governments more efficient.

[Discovery of best practices]

Maximizing Public Benefits through the Provision of Creative Services and Improvement of Work Efficiency

Provision of voice phishing prevention and relief service	Improvement of redetermination system for kidney patients
<p>Rationale</p> <ul style="list-style-type: none"> Confirmed messenger phishing cases impersonating the NPS → How can we safely protect old-age pension recipients from an ever-evolving phishing scam? 	<p>Rationale</p> <ul style="list-style-type: none"> Civil complaints on inconvenience and burdens from kidney patients who are required to submit redetermination documents every two years → How can we reduce the inconvenience of about 28,000 persons with kidney diseases?
<p>Measures taken</p> <p>Planning comprehensive services that cover from prevention to relief from phishing scams in cooperation with financial institutions</p> <p>Three-stage prevention</p> <ol style="list-style-type: none"> Notification from NPS employees (when claiming pension) Kakao talk notification (when receiving the first pension) SMS notification (frequently) <p>Relief service</p> <p>Providing phishing scam damage relief insurance free of charge to vulnerable old-age recipients (up to 10 million KRW)</p>	<p>Measures taken</p> <ul style="list-style-type: none"> Resolving the inconvenience and burdens of applying for and submitting documents by linking data of blood dialysis with the National Health Insurance Service Extending the cycle of redetermination (two years → four years) and recognizing as a condition of permanent damage when receiving the same redetermination result more than three times
<p>Outcome</p> <ul style="list-style-type: none"> Offering Financial Crime Compensation Insurance to 100,000 recipients Damage relief effect worth up to 1 trillion KRW 	<p>Outcome</p> <ul style="list-style-type: none"> Saving 1.59 billion KRW of issuing fees and other costs Easing psychological and financial burden of kidney patents
Exemption from medical assessment for recipients of basic living security with a condition of permanent damage	One-stop automation of social insurance reporting for local governments
<p>Rationale</p> <ul style="list-style-type: none"> Obtaining medical certificates is too expensive for recipients of basic living security → Do they need to submit a medical certificate for workability assessment every year even if there is no possibility of getting improved? (a civil complaint from the Ministry of Health and Welfare, July 2021, age 46) 	<p>Rationale</p> <ul style="list-style-type: none"> Making social insurance reporting more efficient for local governments is required → How about linking data of social insurance institutions given that local governments plan to newly build an electronic human resources system?
<p>Measures taken</p> <ul style="list-style-type: none"> Ten illnesses such as amputation and deformation are added to a condition of permanent damage, skipping medical assessment when a condition of permanent damage is recognized Minimizing errors and burdens during the reception of local governments by building an information system for a condition of permanent damage 	<p>Measures taken</p> <ul style="list-style-type: none"> Developing an automated social insurance reporting system where users can process with a click after entering entrance and resignation in local HR systems Defining the role and responsibility of each institution clearly after persuading local governments (NPS) Taking full responsibility for developing a report form (Local government) Securing consent form for use of personal information Applying and developing standardized DB and interface
<p>Outcome</p> <ul style="list-style-type: none"> Saving 300 million KRW of costs from hospital visits of 9,543 people yearly and issuing medical certificates through the exemption of medical assessment 	<p>Outcome</p> <ul style="list-style-type: none"> Processing time for report forms shortened by 97.8% (82.1 seconds per report → 1.8 seconds) Estimated to save 94 million KRW of costs for sending and receiving faxes

Identifying Key Social Values

Survey on Stakeholders

The NPS conducts public surveys and FGI (focus group interviews) with its employees on a regular basis to identify social values that stakeholders expect the organization to create and that it needs to continuously produce. The latest survey was carried out from August 10 to 25 (833 respondents), some key questions and answers related to the duties of the NPS are cited in this report. The NPS will exert effort to understand social values that the organization should focus on, trends of social values and advice on social value creation from various channels to reflect the collected opinions in its activities of creating social values.



What do you think is the role that the National Pension Service should proactively play to fulfill its social responsibility and implement ESG management?



Public

- I believe the NPS could be a leading public organization in ESG management if it first makes internal efforts to realize climate change and GHG energy target management by adopting contactless document submission and broader use of electronic documents.
- I think the NPS should take a recipient-oriented approach, keeping in mind that the cause of its foundation is to serve people. Build up fund management and execute reformation to be prepared against pension exhaustion.
- Strengthen responsibility for the customers and provide support for socially marginalized people.
- Be proactive in exercising voting rights by implementing the stewardship code.
- Formulate measures to promote the right to know through communication with the public and active promotion, along with helping people easily understand how the fund is managed.



Customer (insured person, recipient)

- Safeguard the pension system. The most important thing is to allow people to enjoy pension benefits in the future.
- It is important to secure the stability of fund management through reasonable investment.
- I believe transparency, expertise and sustainability of the organization are important.
- Increase social responsibility activities and realization of social values.



Expert and related organization

- Most of all, it is necessary to proactively disclose its performance, secure transparency of fund management and have more active communication.
- As a quasi-public institution, it should do its best to address blind spots under the national pension system, conduct transparent management and carry out social responsibility activities with a sense of responsibility.
- Implementing ethical management is essential for ensuring transparency and stability of fund management.



Employee

- Not only faithfully implement governmental policies such as GHG reduction, but it also should expand its responsibility for environmental conservation by declaring decarbonization in fund management.
- It needs to make efforts to enhance corporate transparency and values by communicating with businesses.
- Strengthen public trust in the national pension system while improving the trust of future generations in pension benefits and fund management.

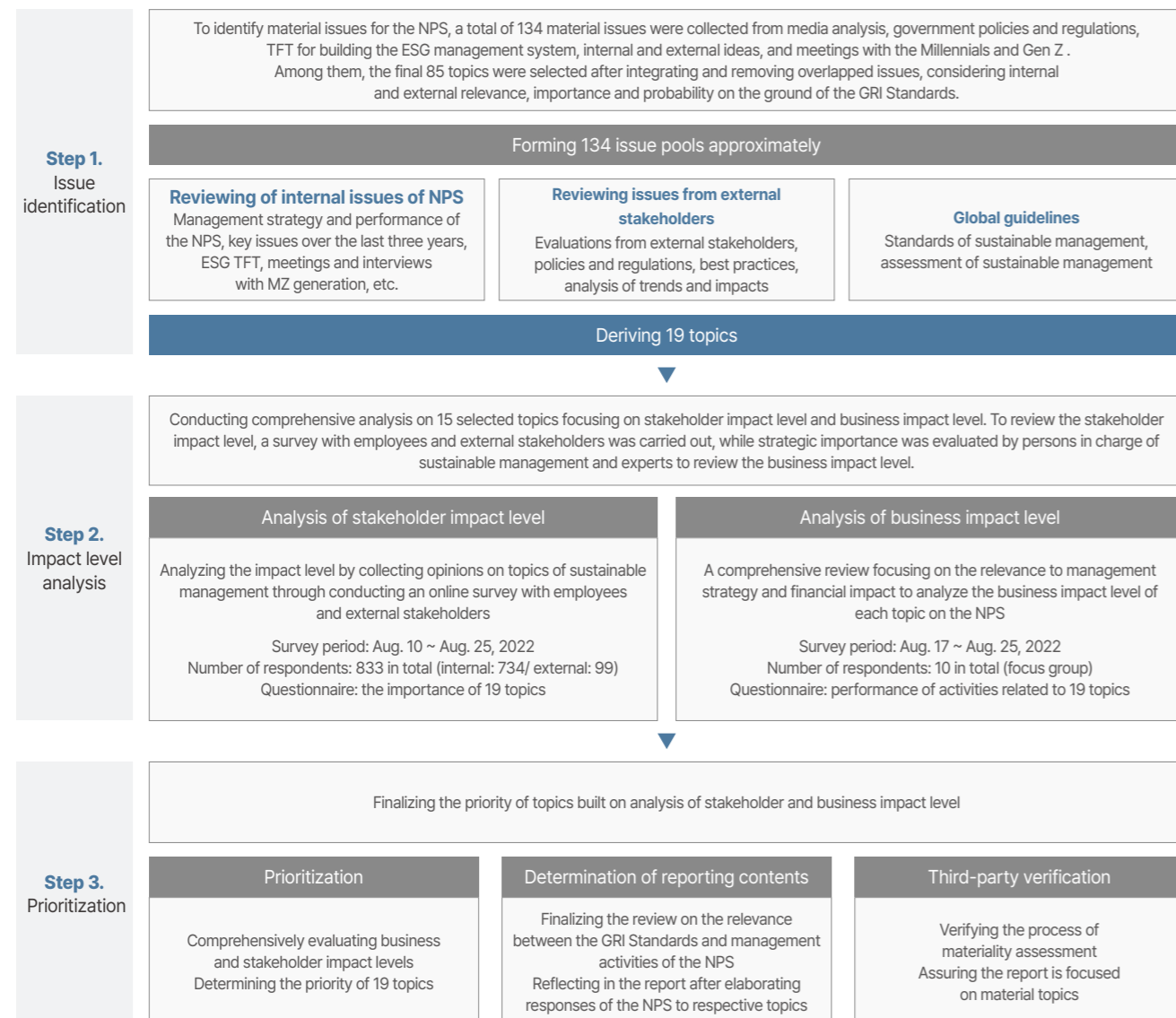


Materiality Assessment

Materiality Assessment

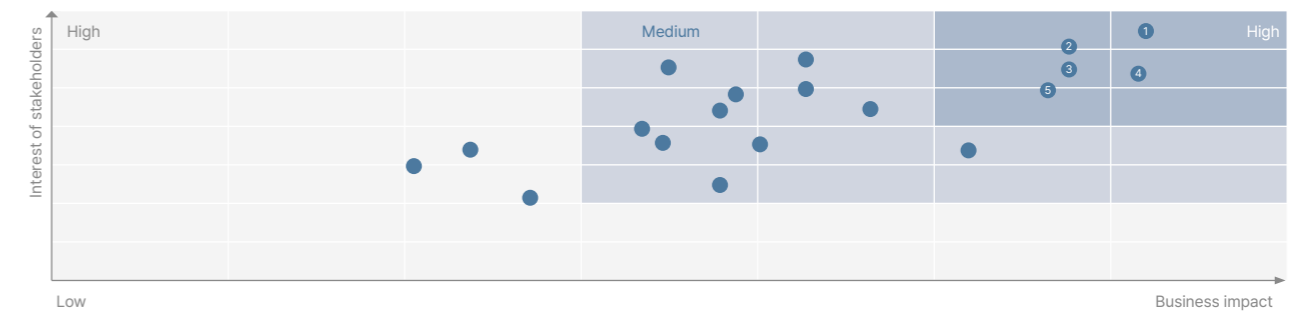
The NPS carried out a materiality assessment to identify the internal and external environment and its stakeholders' interests and reflect them on the report while finding out the sustainable management issues that we should focus on. To this end, we comprehensively reviewed the NPS's internal issues such as management strategy and performance, government policies and regulations, common issues in the industry and best practices and the global guidelines including GRI Standards and ten of UNGC. As a result, we created an issue pool regarding sustainability management and decided on its material topics considering the impact level of stakeholders and business. As a result of the stakeholder survey, both internal and external stakeholders considered environmental and social issues important, as well as social responsibility activities in local communities.

Materiality Assessment Process



Materiality Assessment Results

The pension system, fund management, risk management, ethics and integrity and customer information protection have become the top five topics of the NPS as a result of the materiality assessment. The NPS's management approach and key activities on each topic were the focus of the report, as well as other important issues for the NPS were contained and shared with all stakeholders.



Rank	Topic	Reporting scope					Key report content	Page
		Employee	Customer (insured person/recipient)	Partner company	Public	Government / Related institution		
1	Risk management	●	●	●	●	●	Securing stability of fund management	66
2	Safety and health	●	●	●	●	●	Managing safety and healthcare of employees	44
3	Ethical and transparent management	●	●	●	●	●	Preventing unfair practices and corruption	55
4	Ethical and transparent management	●	●	●	●	●	Complying with ethical management	55
5	Specialization of fund management	●	●	●	●	●	Reinforcing transparency of fund management	60
6	Information security management	●	●	●	●	●	Protecting personal information	47
7	Safety and health	●	●	●	●	●	Corporate culture and well-being of employees	44
8	Human rights and talent management	●	●	●	●	●	Anti-discrimination and respecting diversity	48
9	Climate change impact management	●	●	●	●	●	Responding to climate change risks	30
10	Systematic promotion of environmental management	●	●	●	●	●	Building eco-friendly management system	30
11	Diversity of pension system	●	●	●	●	●	Increasing insured persons among the vulnerable and strengthening old-age income security	39
12	Specialization of fund management	●	●	●	●	●	Expanding responsible investment and systematizing implementation of stewardship code	60
13	Climate change impact management	●	●	●	●	●	GHG-energy target management in the public sector	35
14	Systematic promotion of environmental management	●	●	●	●	●	Eco-friendly activities	36
15	Communication channel	●	●	●	●	●	Reflecting public opinions from various channels	13
16	Information security management	●	●	●	●	●	Expanding disclosure of ESG management information	47
17	Diversity of pension system	●	●	●	●	●	Creating decent jobs	40
18	Mutual prosperity and contribution for community	●	●	●	●	●	Strengthening social responsibility activities	41
19	Mutual prosperity and contribution for community	●	●	●	●	●	Supporting mutual growth for partner companies	42

Adoption and Dissemination of Community Pension that Helps Community Take Care of Senior Citizens.

Community pension is a project that contributes to society by paying pensions monthly to senior citizens in the village from a raised fund with business profits of a village and facility profits supported by the NPS and local governments.

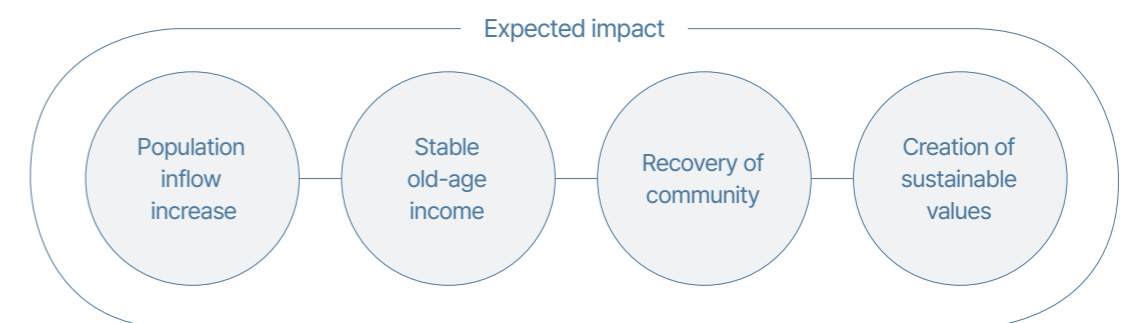
Rationale

Formulating countermeasures against old-age income insecurity of senior citizens is one of the key social challenges in Korea given that the nation demonstrates the fastest aging population among OECD member states, as well as the highest elderly poverty. In particular, the average income of the elderly generation in agricultural and fishery villages is below the national average. Issues such as regional economic recession and the possibility of going extinction are on the rise due to rural-to-urban migration.

In this context, as an organization responsible for supporting people's stable life after retirement with sustainable pensions and welfare services, the NPS has introduced and disseminated the Community Pension as a measure to increase the income of senior citizens in agricultural and fishery villages whose old-age income is relatively lower than others.

Overview of the Community Pension

The Community Pension is a social responsibility project that raises a fund with a combination of a percentage of existing business profits of a village (profits of village corporations such as a farming association and cooperative) and revenues (facility revenues newly provided to a village in cooperation local government, public institutions and businesses) generated from offering facilities to village community corporation to pay monthly pensions to senior citizens in the village.



Preparation for Adoption and Cooperation with Related Organizations

Before carrying forward the Community Pension, it was required to check the feasibility of the project. In cooperation with the National Pension Research Institute and local governments, the NPS studied similar cases at home and abroad, while conducting research for model development for two years (2019 ~ 2020) by analyzing the feasibility of the project in three villages of Iksan City, where showed the highest population decline in Jeonbuk Province. Meanwhile, it also drew up a general operation plan for Community Pension in 2021 after engaging in continuous discussions with public and private consultative bodies.

Project Outcome (1st Community Pension Village)



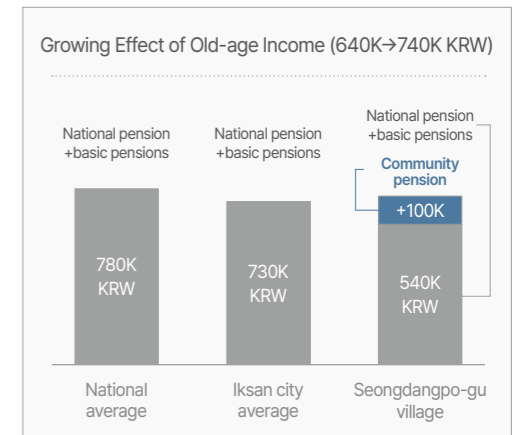
(Completion Ceremony of the First Village with the Community Pension)

The NPS initiated the project in earnest after completing the general operation plans. As a result of a public contest among three villages that analyzed the feasibility of the Community Pension during study and research, Seongdangpo-gu village of Iksan City has been selected as the first village to adopt the Community Pension.

To facilitate the application of the Community Pension, six organizations (Iksan City, Korea Foundation for Cooperation of Large and Small Business, Rural Affairs, Saemangeum Development Corporation, etc.) such as local governments, public organizations, and businesses signed an MOU and defined respective roles, as well as mobilizing finances through the Agricultural and Fishing Villages Collaborative Cooperation Fund.

Despite multiple hardships faced in the process of promoting the project, consultations and discussions with partner organizations and village residents helped overcome the challenges.

The NPS hosted a business briefing (three times) for residents of Seongdangpo-gu village to reach a consensus so that the younger residents would agree to raise a pension fund with village revenues, as well as proposing the installation of photovoltaic facilities after having several meetings as a solution for continuity of revenues that ensure profits over the next 20 years. With this effort, the payment of the Community Pension has started in August 2021 for the first time in Korea. The fund raised with revenues from the village, the NPS and consultative bodies have allowed 28 residents over 70 in Seongdangpo-gu village to receive 100,000 KRW every month for the rest of their life.



Organization	Role description
National Pension Service	<ul style="list-style-type: none"> Setting appropriate pension benefits (amount and pensionable age) of the Community Pension Insured person management, follow-up monitoring Partial financial support for facility investment
Village community	<ul style="list-style-type: none"> Determining the adoption of the Community Pension through consultation with village residents Raising a fund with its business profits in the same ratio as facility revenues Making efforts to create and increase sustainable profits for the village community Creating a participatory environment through solidarity among village residents Adjusting through a democratic decision-making process in the case of disagreement in opinions among village residents
Local government	<ul style="list-style-type: none"> Selecting a village community Designating and managing dedicated personnel inside the village Supporting management consultation for maximizing profits of the village community Providing partial financial support for facility investment
Cooperating organization	<ul style="list-style-type: none"> Supporting the development of a village community utilizing own capabilities of respective organizations Providing partial financial support for facility investment
Korea Foundation for Cooperation of Large and Small Business, Rural Affairs	<ul style="list-style-type: none"> Raising a facility fund for the Community Pension and processing the consignment and reception of the organizational fund Assessing mutual growth of public institutions and requesting the participation of organizations applicable to the Mutual Growth Index Recruiting local governments applicable to the project and selection Conducting an audit on proper implementation after the end of the project

Efforts for Dissemination and Internal & External Assessment

While the NPS promoted the initiation of the payment in the first Community Pension village, it developed and distributed the standard operation procedures of the Community Pension for systematic dissemination of the project model. It also hosted explanatory sessions and expert fora, making efforts to promote the project sustainably by receiving letters of intent from local governments that showed interest in the project in cooperation with Korea Foundation for Cooperation of Large and Small Business, Rural Affairs. Based on the achievement from the first project village, the second (Geumseong village of Iksan City) and third (Dogae village of Wanju-Gun) project villages were determined in the first half of 2021. Recognized for its efforts in mutual growth with agricultural and fishery villages, the NPS has won commendation from the Prime Minister for its contribution to mutual growth.



Going Forward

In the first half of 2022, the NPS has upgraded the Community Pension to a nation-led project by signing an MOU with four organizations (Ministry of Oceans and Fisheries, Korea Foundation for Cooperation of Large and Small Business, Rural Affairs, Suhyup Bank and Korea Fisheries Infrastructure Public Agency) as an effort to expand the project to fishery villages. As a result, it plans to provide pensions from the end of this year after the preparation period by promoting a pilot project in four experiential and recreational communities in a fishing village. The NPS aims to make a continuous effort to activate the regional economy and increase old-age income to address elderly poverty while contributing to the recovery of communities in agricultural and fishery villages with the national deployment of the Community Pension.

Highlights

1. 2021 NPS Highlights
2. Social Value
(Goal & Performance)
3. Climate Change Response

National Pension, a Pension Belongs to the People

1.1 Strengthening Old-age Income Security through Broader Public Participation

- Expanding participation of daily hire workers in the national pension plan to realize inclusive pension welfare services (2.13 million persons)
- Bolstering the 1-10-100 project to strengthen old-age income security (1-10-100 project: a long-term project that aims at participation for over "one month", pension premiums payment for over "ten years" and pension amount of at least "one million" KRW for all people)
- Boosting inclusivity by adopting employment insurance for all people (scheme of one pension plan per person)

22.35 million people (record-high participation)

1.2 Improving Welfare Service to be Customer-oriented

- Better survey results on satisfaction with the customer-oriented level of welfare services (99.1 points/ last year: 94.9 points)
- Supporting contributions for low-income workers and individually insured persons (220K persons/ supported 53 billion KRW per year)
- Accelerating the adoption of stable asset management services for persons with developmental disabilities
- Supporting various research related to pension reforms (expert forum (seven times), research tasks (five), etc.)

5.86 million people (record-high participation)

1.3 Accelerating Digital Transformation

- Protecting entitlement to receive benefits and saving social costs by linking online data with the Family Relations Registration of the Supreme Court for the first time among public organizations.
- Eliminating the need for hospital visits and saving social costs by providing direct diagnosis to persons with disabilities using an on (溫, warm) tact remote imaging system.
Offering visualized consultation by operating a touch screen type digital counseling window
(Winning the Good Practice Awards Asia and Pacific of International Social Security Association (ISSA))
- Adopting a blockchain-based contactless confirmation system using biometric authentication for persons entitled to receive benefits overseas for the first time in Korea.
- Providing mobile services for requesting pensions and introducing Phishing-STOP services.

18 days

(shortened from 21 days to three days in contactless eligibility confirmation)

National Pension, One of the World's Top 3 Largest Pension Funds Trusted by the People

1.1 Expanding Fund Reserves

- Fostering fund management personnel to build up world-leading capability of operating the fund marking an era of 1,000 trillion KRW fund scale (3.3% decrease in turnover rate in fund managing position).
- Streamlining investment procedures and increasing efforts for alternative investment through a strategic partnership with top management companies.

948 trillion KRW (fund reserves/ Dec. 2021)

1.2 Enhancing Trust through Stronger Responsible Investment and Transparency of Fund Management

- Expanding target asset group for responsible investment and strengthening ESG integration strategy following the activation road map of responsible investment.
- Enhancing transparency of fund management through disclosing more items for alternative investment

Top 10 largest investment items

→ **Full disclosure of alternative investment items**

1.3 Investment Risk Management and Diversification

- Reinforcing preemptive response to potential crises by adopting the NPS Crisis Index as the Crisis Index by State for expansion and segmentation.
- Achieving high profits by expanding the proportion of overseas stocks and bonds, as well as increasing personnel in overseas and alternative investment (proportion of overseas investment 43.6%).
- Augmenting the proportion of ESG investment (28.9 trillion KRW increase in 2021 ESG investment)

10.77%

(fund management rate of return/ 9.7% in the previous year)

Realizing Social Values through Expansion of ESG Management

1.1 First-ever Public Organization Winning the Commendation from the Environment Minister for Two Consecutive Years

- Drawing up NPS ESG management plans reflecting core tasks and strategic systems such as activation of ESG-oriented investment.
- Declaring decarbonization and limiting investment in coal mining and power industries.
- Operating the company building eco-friendly with the energy management system and 100% deployment of LED
- Allocating GHG reduction target by company building and installing electric vehicle charging stations inside the company building (30 charging stations, in 25 buildings)
- Launching NPS ESG Plus Forum (May 2021) with financial institutions, businesses, etc.

42.1% (GHG reduction/ 39.0% in the previous year)

1.2 Winning the Commendation from the Prime Minister for Mutual Growth

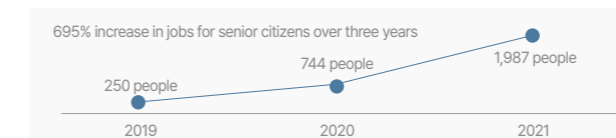
- Being the first-ever quasi-public institution that promotes the activation of pension sharing by establishing the Nanum Foundation (July 2021)
- Building educational institutions to nurture financial experts in regions (attracted Jeonju branch of the Korea Institute of Financial Investment)
- Receiving the commendation from the Prime Minister for Mutual Growth for successfully introducing the Community Pension where a village community takes care of senior citizens.

366 million KRW

(supporting children eligible for survivor pensions)

1.3 Supporting Job Creation in the Private Sector

- Nurturing startups through supporting the growth of medium and small-sized businesses and industry-university-institute cooperation
- Creating 11,882 new jobs by promoting projects such as the National Pension Guide for Senior Citizens and Digital Wonder Woman Project for women in a career break.
- Encouraging job creation in the private sector by deploying public-private cooperation models and offering support for new middle-aged start-up founders.



8,475 people

(job creation in welfare for persons with disabilities)

Creating a Working Environment where Employees are Happy

1.1 Organizational Culture Built on Communication and Respect

- Designing a comprehensive plan to create an organization where employees want to work in harmony.
- Launching a Proud NPS Employee award (person with practical ethics)
- Disseminating a culture of promoting human rights by revising the charter for human rights management.
- Assuring practice of fair work processing and others in the Ten Promises for Integrity (Mar. 2021)
- Selected as an outstanding organization with integrity by the Anti-Corruption & Civil Rights Committee for five consecutive years
- Posting Letters with the CEO on the company bulletin board and operating the Pine Forest, an anonymous/closed bulletin board

92.4 points

(evaluation of organizational culture/ 91.2 points in the previous year)

1.2 Safe Organizational Culture

- Expanding safe management system (KOSHA-MS)
- Advancing internal monitoring system to support ethical management (establishing Ethical Management Division, initiating an audit on fund management for driving ESG responsible investment, building anti-corruption infrastructure)
- Introducing the safely-hire attorney system and operating integrity help desk.
- Launching help line online education and receiving 94.9 points for regular exposure on Intranet (improvement in awareness about ethical and human rights)

100% (employees' completion rate of ethical education)

1.3 Establishing Smart Organizational Culture

- Drafting ESG strategy and disseminating organizational culture by setting KPI
- Achieving flawless disclosure for five consecutive years by strengthening transparency with a preemptive expansion of ESG voluntary disclosure (selected as an outstanding organization in disclosure of management information).
- Making NPS a proud organization by promoting the reestablishment and internalization of the NPS People Award.

89.3 points

(innovative working process index/ 87.9 points in the previous year)

Social Values Goal & Performance

Under the three directions of stable life, sustainable growth, and improving trust in institutional management, the NPS has set four target goals and 12 target strategies. The performance has been constantly monitored with a core index of sustainable management, while key performances are transparently disclosed through a sustainable management report and the Alio disclosure system each year.

Social Value Performance Management

Goal			Performance				Social value elements	Relevance to UNSDGs				
Target goal	Target strategy	Description of strategy	Key index	Unit	2019	2020			2021	Long-term goal (2025)		
Healthy old-age welfare scheme	1	Strengthening security with pension	Reducing risks of poverty after retirement by increasing old-age income security and pension coverage, removing blind spots in the old-age income of all people.	Expansion of those report income in the plan	%	85.3	86.0	86.2	86.8	③ Providing health and welfare ⑤ Supporting the socially marginalized ⑩ Creating the public good	① ⑩	
				Take-up rate of National Pension	%	44.1	46	48.3	56.2			
				Take-up rate of basic pension	%	66.7	66.7	67.6	70 (actual take-up rate 100%)			
	2	Providing tailored welfare services	Ensuring basic living standards of the public by responding to risks in each life cycle and core area.	Awareness about planning life after retirement	Point	93.1	93.4	90.5	91.7		Over 95 points	② ⑩
				Satisfaction with daily financial service	Point	93.6	94	94.1	95			
				Speediness of comprehensive survey on support for services for persons with disabilities	Point	84.1	88.6	92.5	95			
	3	Responsible fund management	Bolstering activities of fulfilling responsibilities and transparency following the good faith principle, while augmenting a long-term foundation for profits to enhance the sustainability of the pension.	Obtaining target profits in fund management	%	100	100	100	100		Advancing responsible investment and execution of stakeholder's rights	⑨ ⑩ ⑬
				Bolstering implementation of responsible investment	Nonmetric	SC establishment	Expanding responsible investment and execution of stakeholder's rights	Expanding responsible investment and execution of stakeholder's rights	Advancing responsible investment and execution of stakeholder's rights			
Safe living environment	4	Building systems for disaster response and safety management	Establishing a management system that builds an optimal environment where employees work safe and the public has safe access to NPS services.	Verification of occupational safety and health management system	Nonmetric	KOSHA-MS verification	Five centers verified (accumulated)	Seven centers verified (accumulated)	Maintaining verification system in the headquarters and all regional headquarters	② Ensuring safe working and living environment ⑪ Conserving the environment	⑪	
				Infringement of pension fund information	Case	ZERO	ZERO	ZERO	ZERO			
	5	Bolstering support for safety in lives of the public	Disseminating a culture of safety in society while maintaining the highest security level of the pension information system.	Satisfaction of the public with facility safety	Point	92	94	95	Over 95 points		③ ⑪	
				Number of personnel who support the safety vulnerable	Person	7,582	6,566	6,920	Over 10K people			
	6	Creating a sustainable environment	Thinking about future generations and actively practicing eco-friendly policies to contribute to the sustainability of the environment.	Achieving GHG reduction target	%	100	100	100	100		⑬	
				Achieving purchase target of green products	%	100	100	95.4	100			
Fair and mutually prospering society	7	Offering decent jobs and equal opportunity	Sharing mutual prosperity with the public, creating decent jobs and providing nondiscriminatory equal opportunity	Internal and external job creation	Job	7,679	10,581	11,882	12,252	⑥ Cooperating with businesses for mutual prosperity ⑦ Creating jobs ⑧ Community ⑨ Regional economy	⑧ ⑨	
				Satisfaction with HR operation in NPS	Point	83.3	86.8	88.1	90.3			
	8	Development of regions and activation of regional economy	Contributing to mutually prosperous, balanced development with regions together with society and realizing a society where all people lead a decent life.	Purchase contract with local enterprises	100 million KRW	169	57	58	Over 20 billion KRW		④ ⑫	
				Social contribution mileage	Point	182,122	69,361	57,675	70,000			
	9	Strengthening fair economy and corporate cooperation	Leading the order of a mutually prosperous and fair economy with businesses, while realizing mutual growth by helping medium, small and micro-sized businesses raise their competitiveness.	Satisfaction with contract	Point	94.8	95.5	95.9	96.2		⑨ ⑬	
				Purchase proportion of medium and small-sized enterprises	%	94.2	94.9	88.9	over 95%			
Mutual growth evaluation	Grade	Fair	Fair	Excellent	Excellent							
Participation-based transparent management	10	Strengthening foundation for practicing ethical management	Designing a working system built on integrity and strengthening the practice of ethical management among employees to enhance trust in public organizations.	Ethics index of employees	Point	93.2	95.9	-	-	① Protecting human rights ④ Ensuring labor rights ⑫ Democratic decision-making	⑤	
				Awareness about ethics and human rights	Point	-	-	88.2	93.4			
	11	Disseminating a culture of respecting labor and human rights	Forming a foundation of management that allows the NPS to change its basic principles of management to be centered on human rights.	Comprehensive integrity	Grade	Grade 2	Grade 2	Grade 2	Grade 1		③	
				Organizational culture index	Point	88.8	89.2	90.1	90.9			
	12	Expanding communication and participation	Built on the provision of broader information for healthier communication with the public and stakeholders, formulating an institutional foundation to realize participatory democracy.	Satisfaction with work and life balance	Point	86.9	88.7	90.1	91.3		⑫	
Customer satisfaction				Point	88.8	90.9(good)	90.9(good)	good				

Climate Change Response

As environmental issues are rapidly emerging globally, the NPS has proactively reestablished its strategies for climate crisis response considering its expanded responsibility on environmental conservation and the duty of public organization to fight against climate change and manage risks.

Environmental Management Strategy Scheme of the NPS

Goal	Leading carbon neutrality of public organizations through proactive carbon reduction and practice of environmental conservation			
Mid and long-term road map	Short-term (by 2023) Voluntary carbon reduction of 3,500 tons (estimated mandatory reduction of 7,200 tons)	Mid-term (by 2030) Voluntary carbon reduction of 7,000 tons (estimated mandatory reduction of 10,000 tons)	Long-term (by 2040) NPS becoming an organization with carbon neutrality (standard emission/mandatory + voluntary reduction)	
Company-wide strategy (relevance)	The pension system, welfare service (mobile notification, contactless work processing)	Assuring sustainable growth (fund management: ESG investment)	Realizing social values (designing and operating eco-friendly company building)	Innovating operation of the organization (improving supply chain and conduct of employees)
Promoting field (interest relation)	Supporting carbon neutrality policy (public, business, employee)	NPS projects (system, welfare, fund) (public, business, employee)	NPS operation (public, business, employee)	
Promoting tasks	Strengthening its determination for carbon neutrality with Decarbonization Declaration in fund management Supporting a society with carbon neutrality through cooperation	Increasing paperless administrative processes and services in key projects Expanding focus on the environment (E) in fund management	Faithfully implementing the fundamental mandate of the public organization Steadily reducing carbon emissions by expanding the responsibility of the organization	
Performance index	NPS performance in GHG reduction target/ performance in promoting paperless/ performance in voluntary carbon reduction efforts			
<Strengthening foundation to expand responsibility from adaptive carbon emission to proactive carbon reduction>				
Foundation for taking actions	[As-is] Managing emissions complying with related laws [Standard] ISO26000 etc. [Org.] Energy Conservation Promotion Committee [Comms.] Environment Information System, etc.	[To-be] Broader emission management + discovering more climate change adapting projects [Standard] ISO14001, government's 2050 carbon neutrality scenario, etc. [Org.] ESG Committee, Working-level consultative body (newly launched), Environmental management advisory group (newly launched) [Comms.] Expanding disclosure, broader GHG emission management		

NPS's Efforts and Performance

Active participation in efforts toward carbon neutrality to hold warming below 1.5°C to address climate change.

Category	Description	Outcome
Declaring decarbonization in fund management	<ul style="list-style-type: none"> Joining global solidarity for green growth and climate crisis response Resolution on adopting investment limit strategy in coal mining and power generation industries by the National Pension Fund (Fund Management Committee, May 2021) 	<ul style="list-style-type: none"> Reflecting the severity of climate change and the importance of ESG investment principles Strengthening preemptive risk management facing stronger global regulations such as carbon border tax
Contributing to the carbon neutrality of society built on cooperation	<ul style="list-style-type: none"> (New energy) Installing PV (70kWh ↑) in Seongdangpo-gu village, supporting the replacement of LED (50kWh ↓, 13 households in total) for the vulnerable (Carbon sink) Attracting indoor garden creation project in Jeonju City (39.6m²) (Campaign) Jubging (plogging), a movement for the use of reusable containers in traditional markets 	<ul style="list-style-type: none"> (New energy) Reducing 34,042.2kgCO₂eq (Carbon sink) Offsetting and reducing 49.5kgCO₂eq in total (Campaign) Garbage collection: Reducing 1,925kgCO₂eq Carbon 36tonCO₂eq ↓

Continuous Promotion of Innovation in Scheme Operation Focusing on Environmental Conservation

Firmly promoting paperless service as a core task for environmental conservation in operating the scheme.

Category	Description	Outcome
Pension system	<ul style="list-style-type: none"> Sending mail notifications to customers who cannot receive them through mobile: 52.751 million ↓ Kakao/Naver (1st choice) → MMS (2nd choice) → paper mail (3rd choice) Receiving claim for benefits via digital window (touch screen), etc.: 893K ↓ Skipping a report card after improving portals for social insurance, etc.: 5 million ↓ 	<ul style="list-style-type: none"> Advancing eco-friendliness and right to know by promoting mobile and mail notification in balance Saving 58.819 million papers in total from claims for benefits and assessment documents → Reducing 309.6tonCO₂eq ↓
Disability welfare	<ul style="list-style-type: none"> Exempting kidney dialysis patients from assessment documents by using health insurance information and streamlining procedures for persons with permanent disabilities by improving regulations: 155K ↓ Eco-friendly assessments such as contactless disability assessment and e-deliberation on support services: 20K ↓ 	

Establishing Standards of K-ESG and Driving Environmental Management of the Business

Establishing K-ESG standards and forming consensus	Continuously driving environmental management of the business
<ul style="list-style-type: none"> Infrastructure Revising guidelines of responsible investment, modifying ESG evaluation model Consensus Publishing ESG publications led by the NPS chairman, contribution → Rising interest from the public and business in environmental issues, such as climate change and waste 	<ul style="list-style-type: none"> Applying ESG comprehensive strategy to over 50% of total asset groups (by 2022) Investing \$150 million in the global Timberland Fund and 990 billion KRW in green bond

Taking a Leap to be a Leading Organization in Environmental Management through Innovative Institutional Operation Focusing on Carbon Neutrality

[Being faithful to duty] Selected as an outstanding organization in Greenhouse gas reduction for two consecutive years

Range of management	Adaptive response (emissions in compliance with the regulation)	Proactive response (voluntarily limit emission)
Direct emission (IC engine)	<ul style="list-style-type: none"> Achieving government target of eco-friendly motor vehicle Purchasing (15) and renting (3) eco-friendly motor vehicles 	<ul style="list-style-type: none"> Installing EV charging stations (in 25 buildings, 30 stations) Disseminating culture by securing parking spaces dedicated to eco-friendly motor vehicles
Indirect emission (electricity use)	<ul style="list-style-type: none"> Improving facilities by applying high-efficiency energy equipment and conducting regular energy diagnosis Complying with mandatory proportion for renewable energy 	<ul style="list-style-type: none"> Voluntary disclosure of the amount of water uses and waste emission (Environmental information system) Placing blackout curtains in the southeast windows of the headquarters and one-hour earlier PC-off system Carbon emission reduction through telecommuting and electricity use in the office ↓
Supply chain emission (energy distribution)	<ul style="list-style-type: none"> Not applicable (under no legal obligation) * Product production, use, energy distribution, etc. 	<ul style="list-style-type: none"> Purchasing products with a green certificate and recommending low-carbon diet and use of mugs Equally recommending rented offices to save electricity in daily lives

Standard emissions: 16,823.2tonCO₂eq, reducing 42.1% compared to the government target 32%

[Expanding responsibility of the organization] Actively taking actions as a leading organization in carbon neutrality

Category	Efforts and outcome of practicing carbon reduction at work (carbon 305.7kgCO ₂ eq ↓)
Breaking customs (paperless meetings, etc.)	<ul style="list-style-type: none"> Improving meeting culture by using tablet PC and installing video conference room: saving 10,800 meeting materials Advancing accounting guidelines by streamlining evidentiary documents of expenditures: saving 11,354 accounting documents
Inducing to improve the conduct of employees	<ul style="list-style-type: none"> Placing recycling bins while removing individual trashcans when rearranging office space: Recycling ↑ Installing mug sterilizers (product of green innovation enterprise) in all divisions in the headquarters building: 27,567 paper cup saving effect

Performance of 2021
Being the first public organization to receive commendation from the environment minister for two consecutive years and a certified organization achieving GHG reduction goals for ten consecutive years.
Overachieving the government carbon emission 2021 target of 32% by 10.1%.
Target 5,383.4tonCO₂eq, Performance: 7,090.9tonCO₂eq = (mandatory) 5,383.4tonCO₂eq + (voluntary) 1,707.5tonCO₂eq

Focus Area

1. Environmental
2. Social
3. Governance
4. Fund

Environmental

The environment is a core of sustainable management. The NPS has established its environmental vision of "leading carbon neutrality of public organizations by practicing environmental conservation voluntarily and proactively." Under the vision, the NPS has built environmental management system and has been operating it by managing the environmental risks of the organization and fund, while supervising an entire process of new and existing substances under the lead of a safety division.



Systematic Promotion of Environmental Management

Recognizing that climate change is an issue not only for the NPS but also for individuals, families and all people, it aims to continuously and proactively respond to it by raising responsibility and attention, sharing ways to practice environmental conservation and building an organizational system.

Environmental Management Strategy to Lead Carbon Neutrality

Environmental Management

The NPS plans to be a leading organization in environmental management through institutional innovation focusing on carbon neutrality. To this end, it has expanded its duty as a public organization and reestablished the environmental management strategy of taking the initiative in the carbon neutrality of public organizations by proactively reducing carbon emissions and practicing environmental conservation as a leading organization in carbon neutrality. In this regard, the NPS has strengthened its willingness to achieve carbon neutrality by declaring decarbonization in fund management, contributing to a society with carbon neutrality built on cooperation and bolstering activities to reduce carbon emissions related to the operation and projects of the NPS.

With key indicators, such as NPS performance in meeting greenhouse gas reduction targets, in paperless activities and in voluntary carbon reduction efforts, it plans to build up a foundation for stronger responsibility toward Proactive carbon reduction from Adaptive carbon reduction. The NPS will also actively participate in the government's 2030 Nationally Determined Contribution (NDC) to effectively respond to climate change.

Greenhouse Gas Management in the Public Sector

Greenhouse Gas Reduction

The NPS is an organization subject to the GHG and energy target management system in the public sector. Most greenhouse gases are indirectly emitted and over 95 percent of them are generated from electricity use inside the NPS buildings. To decrease the emission of greenhouse gases, the NPS has made technical efforts, such as eco-friendly design and operation of company buildings, distribution of highly efficient devices and LED lights, the introduction of PV, geothermal power and other renewable energy sources along with maintaining appropriate office temperature, adopting earlier compulsory turn-off time and other efforts that improve the conduct of employees. As a result, the NPS has overachieved by 42.15 percent than the standard emission of 16,823CO₂eq by recording 9,732tCO₂eq in 2021, which is far higher than the Ministry of Environment's recommended target of 32 percent, as well as being selected as an outstanding organization in greenhouse gas emission for two consecutive years.

Outstanding organization in carbon reduction
for 2 years consecutively
(Ministry of Environment)

Certified organization for the GHG reduction target
for 10 years consecutively
(Ministry of Environment)

Records of Greenhouse Gas Reduction over a Decade

Unit: (tonCO₂eq)/%

Category	2013	2014	2015	2016	2017	2018	2019	2020	2021
Standard emission	8,927	9,648	5,624	13,287	13,319	14,385	16,667	16,706	16,823
GHG emission	6,871	7,833	4,007	8,573	9,500	10,255	10,592	10,217	9,732
Reduction rate	23	18	28	35	28	28	36	38	42

GHG emission compared to standard emission
42% reduction

Climate Change Impact Management

The NPS recognizes that ever-growing global environmental issues, such as climate change and resource depletion are the core are to address in sustainable management. It has set environmental conservation as a strategic task when establishing mid and long-term management strategies while managing the performance with carbon reduction records.

Activities for Environmental Conservation

Participation in Realizing Carbon Neutrality

Declaring decarbonization in fund management The NPS intends to join global solidarity for green growth and climate change response to implement the decarbonization declaration in fund management, resolving to adopt the investment limit strategy of the National Pension Fund on coal mining and power generation industries (Fund Management Committee, May 2021). By reflecting the severity of climate change and the importance of ESG investment principles, it plans to strengthen preemptive risk management on stronger global regulations, such as carbon border tax.

Contributing to carbon neutrality society built on cooperation The NPS has decreased a total of 34,042kgCO₂eq by installing PV (70kWh↑) in Seongdangpo-gu village, replacing LED (50kWh↓, 13 households in total) for the vulnerable to support the new energy field. Furthermore, attracting indoor garden creation project in Jeonju City has reduced hovering 49kgCO₂eq with carbon sinks and the NPS has actively joined efforts to realize carbon neutrality through Jubging (plogging) and a movement for the use of reusable containers.

* Promoting Yonggi Nae (bring containers) Project in the Mangwon market in Seoul from a proposal of the Corporate Venture team

Innovating Policy Operation Focusing on Environmental Conservation

Promoting paperless service The NPS has built a system where paper mail is sent to customers who cannot receive mobile notifications, accepting claims for benefits through digital windows, report form revision through improving web portals of 4 social insurances to minimize environmental pollution, reducing 309.8tonCO₂eq by saving 55.81 million papers in total.

ESG comprehensive strategy through modifying ESG evaluation model The NPS has announced that it will apply ESG comprehensive strategies to over 50 percent of its asset group by 2022, continuously driving the environmental management of the business.

Innovating Institutional Operation Focusing on Carbon Neutrality

GHG reduction The NPS has joined efforts in restraining the emission of carbon dioxide voluntarily through purchasing and renting eco-friendly motor vehicles, installing EV charging stations inside the company building and securing parking spots dedicated to eco-friendly motor vehicles. Not only the NPS has made

continuous endeavors to cut greenhouse gas emissions by voluntarily disclosing water uses and waste emissions, carrying out regular energy diagnosis and minimizing electricity use in the office, but it also has taken active actions to lay a foundation for resource-saving and circulation through promoting the use of mugs in all headquarters divisions and discouraging the use of disposable products as a leading organization in carbon neutrality. With the efforts, the NPS has achieved a 42 percent reduction instead of the mandatory reduction target of 32 percent compared to the standard emissions.

Establishing an Eco-friendly Management System

Strengthening planning functions of dedicated organizations Operating the Energy conservation promoting committee and Environmental management advisory committee, the NPS has extended the planning functions of dedicated organizations for systematic management of the performance to practice environmental conservation under a stronger promoting system for environmental management. To manage qualitative efforts, such as the education performance of employees and donations to environmental organizations, it has applied the Green points built on its own standards.

Operating Reward Schemes on Environmental Management

The NPS has been making effort to practice and disseminate environmental management while operating a reward scheme to encourage the active participation of all employees. To concentrate company-wide efforts, it provides rewards to a division that did outstanding work in priority tasks based on the Green points accumulated over the year and bolsters the activities for environmental conservation.

Reducing GHG by providing paperless services

309.8 tonCO₂eq



Commendation from the Minister of Environment (2021/ Most outstanding organization for Greenhouse gas reduction)

Social

In the recent global business landscape, businesses not only pursue economic values but also promote sustainable growth with social responsibility activities and stakeholders pay close attention to the non-financial performance of the business. The NPS plans to expand its social responsibility as a "Global leading organization that adds happiness between generations" by boosting the inclusivity of the pension system with diversity, practicing mutually prosperous management with local communities and realizing people-oriented social values.



Diversity in the Pension System

The NPS aims to contribute to the happiness and stability of people's lives with sustainable pension and welfare services. To this end, it has strengthened the management of insured persons to prevent anyone to be left out of pension benefits.

Expanding Vulnerable Insured Persons and Strengthening Old-age Income Security

Management of Insured Persons

Expanding participation of daily-hire workers to the system The NPS puts effort into actively discovering and helping omitted eligible persons participate in the system so that more people can receive the benefits. In particular, to strengthen the membership of daily-hire workers with low pension participation rates due to unstable working activities, it conducted an analysis of the reasons for missing people from the system, complemented policies to expand eligibility and provided information to those who have not participated in the plan. As a result, a total of 2.13 million daily-hire workers were transferred to workplace-based insured persons.

Participation of daily-hire workers in the pension system

2.13 million people

Strengthening Voluntary System Participation To realize one pension per person scheme and remove blind spots in the pension system, the NPS has promoted the transfer of women in career breaks and baby boomers with past participation history into the plan by providing participation information. For women and baby boomers who find it difficult to secure entitlement to receive benefits, it has increased its efforts to offer tailored information considering age characteristics, pension participation period and pension premium payment history, as well as sending information to those who can increase the insured period through return and withdrawal among currently insured persons. With the inflow of employees in a special type of employment, the number of insured persons with the national pension increased by 250,000 from the last year.

Strengthening Old-age Income Security

Increasing old-age income security through institutional improvement The NPS has promoted improving the pension system to reduce the burden on insured persons and protect their rights. It has provided a ground for support through a revision of the National Pension Act so that low-income individually insured persons, who are in relative old-age poverty, can also receive a percentage of the premiums to be paid, reflecting the reality that not only workers in a place of business of the self-employed but also the self-employed need assistance. Increased by 470,000 compared to last year, a total of 5.86 million insured persons receives stable old-age income support.

Total recipients of the pension (record high)

5.86 million people

Quality Job Creation

Job Creation

Creating Sustainable Jobs Related to NPS Growth Engines

To be prepared for an era of fund size of 1,000 trillion KRW, the NPS has drafted a joint master plan with Jeonbuk Province to foster a financial city and talent, as well as create jobs in the financial sector. To support startups and their growth in fintech, it has also built a financial innovation big data platform and center that creates 17 jobs, assists the hiring procedures of start-ups and sets up a youth supporting platform for job and starting a business through disseminating mutually prosperous job models by clustering local underutilized properties with a Center for Mutual Growth in Gochang-gun.



MOU between the NPS and Korea Financial Investment Association (an expert organization in facilitating fund management)

Creating jobs for vulnerable job seekers Under the Digital Wonder Woman Project, the NPS has nurtured women in career breaks to be digital literacy instructors and has successfully helped 50 participants get a job. This is an example of creating jobs in the private sector in cooperation with the NPS Corporate Venture, Shinhan Bank, Dongguk University Korea Start-up, Seoul Women's Development Center and others through the Educational Content and Knowhow for Old-age Planning Service of the NPS. With this achievement, the NPS has enhanced the digital literacy of those under the digital blind spots and has received an appreciation plaque from the Kwangju Creative Economy Innovation Center, recognized for developing a successful and cooperative job creation model. Furthermore, the NPS has generated 131 jobs by fostering retired senior citizens to be pension guides, as well as 133 jobs for private instructors for planning life after retirement by supporting the Triple-cropping life project for the new middle-aged.

Creating jobs contributing to society through stronger support for disability activities By expanding eligible persons to support services for disability activities, the NPS has compensated for the activity supporting benefits of long-term care beneficiaries, contributing to job creation in the welfare of persons with disabilities.

Supporting the job retention of subcontractors and medium and small-sized enterprises The NPS has supported management consulting to help medium and small-sized enterprises retain jobs while backing the business expenses and listing of social enterprises to activate the social economy and to assist with job retention and creation. It has also contributed to job retention by encouraging online exposure and live commerce content production to help with establishing sales channels for 11 start-ups in Jeonbuk Province.

Creating jobs for senior citizens

744 people
→ 1,987 people

Mutual Prosperity and Community Contribution

The NPS has determined to strengthen its leading role in creating social values through mutual prosperity and contribution to communities to achieve sustainable growth in our society. To this end, the NPS plans to reinforce connectivity and cooperation with related networks and pursue mutual growth with partner companies, as well as connect the effort with its work related to the duty.

Bolstering Social Responsibility Activity

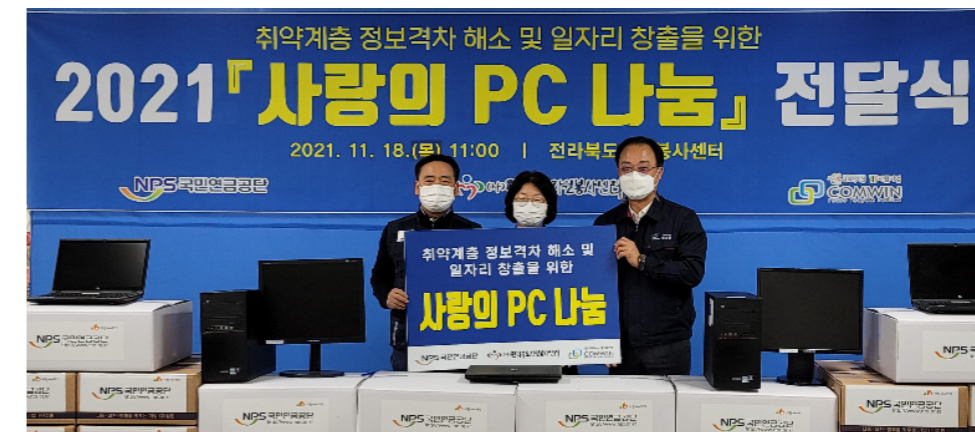
Mutual Prosperity with Regions and Social Responsibility

Augmenting cooperation to foster the financial industry in Jeonbuk The NPS has expanded the attraction of offices of partner financial institutions (branches) in Jeonbuk Province and fostered the fintech industry. As a result, Jeonbuk has invited three financial institutions, such as Shinhan bank and 151 billion KRW of investment, while the NPS provides support to 16 startups in cooperation with Jeonbuk Province.

Activating local economies The NPS has helped micro-businesses increase their revenues by producing and distributing a brochure with information on the pension system and a list of famous restaurants in Jeonju City where the headquarters of the NPS is located. It also prioritized local enterprises when selecting a business to make a contract with the NPS for its headquarters building management, while making an effort to activate the local economy by joining Dream Festival for Local Businesses for economic revitalization in the region.

Support for the socially marginalized The NPS has made its efforts to resolve growing social inequality after the COVID-19 pandemic by providing housing expenses and other financial support for self-reliance to child beneficiaries of survivor pension above protective age, offering educational PCs to digitally vulnerable people after modifying unused computer equipment of the NPS and distributing protective equipment to recipients with impaired mobility and senior citizens living alone. It also started to share 69 facilities, such as conference rooms and underutilized spaces in the company building with the public to facilitate the recovery of daily life in the communities.

Receiving an award (from the Prime Minister) for disseminating a spirit of cooperation for mutual prosperity (November 2021)



Delivering educational PCs to the vulnerable (Nov. 18, 2021)

Support for Stronger Competitiveness of Micro, Small and Medium-sized Enterprises

The NPS has endeavored to strengthen the competitiveness of small and medium-sized enterprises by initiating the benefit-sharing system and protecting core technologies while contributing to the activation of local economies and job retention of startups by assisting them with establishing initial sales channels by helping them create live commerce content for Naver Shopping in cooperation with Jeonbuk Creative Economy Innovation Center. It also reinforced the competitiveness of micro, small and medium-sized enterprises by supporting local small and medium-sized enterprises (Sysgen) to accumulate technological knowhow, nurturing venture companies and startups in cooperation with Jeonbuk Province and providing advisory field consulting (eight cases) for small and medium-sized partner companies.

Efforts to Increase Support and Purchase for Social Economy Enterprises

The NPS has made continuous efforts to expand the purchase and support of social economy enterprises (social enterprise, cooperative, village enterprise, self-sufficient enterprise, etc.). It has realized a resource circular economy by promoting the reuse of resources and helping the launch of a self-support project group for collecting and recycling coffee shop resources (PET, paper cups, milk packs, etc.) while supporting the Self-support Labor Project of Lightning-speed Visiting Car Wash Service in 20 centers by connecting self-sufficient centers across the nation. Given that the social economy is in crisis due to the COVID-19 pandemic, decrease in employment of the vulnerable and business revenues, the NPS has discovered social enterprises with growth potential through public contests and supported the revenue increase, employment creation, marketing channels and improvement of service infrastructure for selected social economy enterprises. As a result, the average revenues of the four selected enterprises increased by over 50 percent compared to last year, creating a total of 19 jobs.

Discovering and Supporting Social Economy Enterprises through Public Contests

<p>The Won Food (Support in BI development)</p>	<p>The Nicer Produce (Support in patent application)</p>	<p>The Nicer Produce (Support in patent application)</p>	<p>The Erum (Support in smart app development)</p>
			

2021 Performance in Mutual Growth of Public Organizations

First Grade

Supporting projects for startups

165 companies supported
(cooperated with Jeonbuk Province)



Safety and Health

The NPS proclaims safety management as “the highest value for the safety of the people” and puts the significance of health and safety on the NPS core value. Furthermore, it strives to realize a secure working environment by improving working conditions and enhancing the well-being of all employees.

Safety and Health Management for Employees

Advanced Safety Management System

The NPS proclaims that it “prioritizes the safety of the people and employees” and advances the disaster response and safety management system. In 2020, the organization got the highest score in the “Safety Activity Level Assessment” conducted by the Ministry of Employment and Labor and built KOSHAMS. In 2021, it expanded the team (from 281 to 285 members) and appointed a health manager to make the safety system stronger and professional.

It enhanced the safety of facilities including Cheongpung Resort with the increased budget on safety and health, which was increased YoY by 40% to 7.1billion KRW.

Since the introduction of Serious Accident Punishment Act (SAPA) boosted the necessity of enhancing the safety of facilities, the NPS applied KOHA-MS to two local branches with a large number of buildings and are planning to apply it to 100% of branches by 2022.

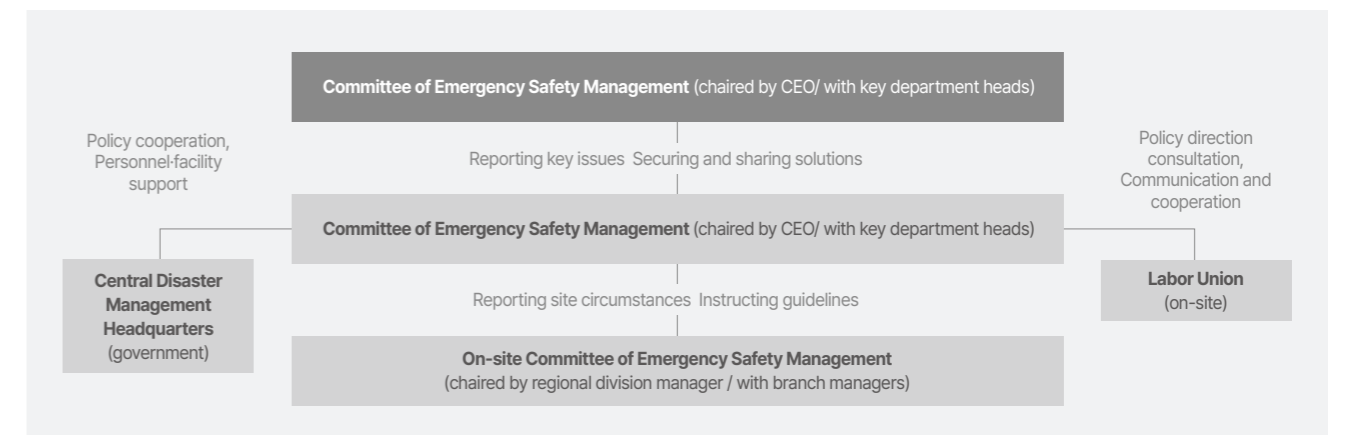
Throughout these active safety management activities, the accident rate in corporate facilities including office buildings and Cheongpung Resort is zero, and the satisfaction level of the 24 employee safety trainings with 10,865 participants was 4.88 out of 5. As such, the organization is securing a safety-best working environment.

Budget for safety and health increased to **7.1 billion KRW** (by 40% YoY)

Management of Employee Health and Disease Control

The NPS introduced “Follow-up Care for Employees with Disease Detected” for the first time among Korean public institutions since it perceives employees’ health condition as a subject of corporate management. The NPS completely prepared Industrial Accident Prevention Manual and Procedures standardized by office buildings and workplaces, and established protective measures for workers through monitoring and inspecting the regulatory situations for the protection of workers. By doing so, the concept of employee safety and health is being expanded from creating an accident-free workplace into enhancing the health and welfare.

Operation of Emergency Safety Management System



Working Environment and Employee Well-being


Working Environment

Based on the core value of inclusiveness and happiness; responsibility and trust; fairness and innovation, the NPS is creating corporate DNA, working environment and personnel policy in consideration of the three talents of “practical morals” with the best work ethic, smart “autonomous innovators” with innovation and new technology and “global specialists” with higher global expertise. Following “3 step change model” by Ken Blanchard, the NPS actively conducted an internalization campaign via interactive communication and have built close relationship among employees by assigning an executive position to a younger employee in order to promote customized service to those in their 20s and 30s through management innovation and digital communication. As a result, we recorded the highest score of 92.9 in vision, strategy awareness level (91.8 last year).

NPS Talents



Interactive Internalization Campaign “Permeating into Communicative Daily Life”

Value System Daily Check-in	Value System Determination Challenge
<p>Conducted survey on the compliance with the value system and impression on it</p> <p>- 9,376 employees voluntarily participated for 6 consecutive days</p>	<p>Made determination for a change from various units</p> <p>- 150 employees from 17 units (same department, same-year colleague) participated</p>
	
<p>Subjective Answer Example</p> <p>Q. What would you say to yourself of tomorrow?</p> <p>A. Today, as well, for the happiness of the people, my family and myself</p>	<p>Comments Example</p> <p>post) I rely on the reliable and respected National Pension Service!</p> <p>comment) I trust the National Pension Service! I feel reassured to have the Service!</p>

Employee Well-being

The NPS is adopting the up-stream method to take care of not only employees' health but also mental conditions under the awareness that employees' health problem is not an individual issue but a corporate matter. In particular, in the NPS workplaces, the P-D-C-A system is being operated to guarantee the fair level of safety for all, and the protection for the vulnerable (pregnant women, persons with disabilities, facility management staff) is being strengthened.

By doing so, the NPS built a safe and efficient workplace and received the Place Innovation Excellent Organization Award by the Ministry of Public Administration and Security with the score of 90.3 in safety satisfaction Assessment. The NPS successfully reduced the work stress level by 17%p b by expanding targets of mental health management in employees (482 persons in 2020 → 1,857 persons in 2021))

The NPS has been securing the sustainability of welfare system through active communication and cooperation between employees and with local communities. To do so, it is running a fair welfare system which includes various worker types (indefinite contract workers, suppliers), and co-participated in recreational programs with suppliers and outsourcing contractors.

*. Upstream Method: trial to find and resolve the source of a problem and an approach that an accident rate can be lowered with healthier and happier employees

Labor and Management Communication

The NPS is building more cooperative labor-management relationship based on the active communication and continuous policy management respecting the labor. It perceives the labor union as a partner of the management and produced successfully achievements improving the corporate working culture. For example, the NPS announced Joint Declaration of the Labor and Management for the Realization of the Social Value, added Ethical Management Team, revisited the moral ethics, strengthened human rights management and operated a joint labor-management council. Furthermore, the organization is also promoting the participation and cooperation of the labor and management through 13 joint labor-management councils in 5 major areas including labor, human rights and safety. The Service is also exerting its effort to protect the employees' rights and safety by expanding “infertility leave” and establishing “Heart-sharing center” and “NPS Health Care Center”.

Information Security Management

In the digital era where everything connects, the utilization and management of personal information plays a crucial role. The NPS will gain more trust from the public by collecting and utilizing the personal information in a transparent manner and operating and managing it more safely.

Personal Information Protection

Build a Pro-active Protection System in the Era of Digital Transformation with the Spread of Contact-less Activities

The NPS is recognizing the necessity for a stronger protection system for personal information since the scope and quantity of the public data requiring public management following the open-utilization-expansion stance. Thus, it supports for safe utilization of personal information through systematical management of the acquired personal information based on IT, advancement of personal information file management system, establishment of integrated access record management system, setting new standards for provision of personal image information, and conducting trainings and campaigns to raise the awareness on the protection of personal information. The NPS is also building a preventative system against personal information abuse by all-time monitoring on personal information and confirming the purpose of a download. By doing so, the Service has been maintaining the highest level in the personal information management assessment for 7 consecutive years.

Assessment of Personal Information Management Level

The Highest Level for 7 Consecutive Year

(Personal Information Protection Commission)

Build Systematical NPS Response System against Cyber Attacks

In the era of digital transformation, the cyber-infringements become more intellectualized, so the NPS is fortifying the protection system against cyber-attacks. It conducts a cyber-hacking response exercise in cooperation with the relevant agencies such as the NIS and operate a standalone “Cyber Security Monitoring Center” for 24/7. The NPS recorded the highest level (Excellence) in the NIS Information Security Management Status Assessment in 2021 and obtained International Information Protection Management System Certification (ISO27001). Furthermore, in order to join the ESG management movement, it provided practical trainings on information security experts for the students majoring in the information security in cooperation with 2 local universities including Jeonbuk National University, which led to increasing awareness on the information security.

Obtained International Information Protection Management System Certification

ISO27001

ISO27701

Expansion in ESG Management Information Disclosure

Efforts to Enhance the Transparency by Expanding Information Disclosure into the Public

The NPS facilitates organizational information disclosure in a more transparent manner and keeps developing demand-oriented data in response to the increasing public needs for the ethical management and for the information disclosure on the management and ESG. In terms of management disclosure, the period of material generation per items and that of information disclosure have been shortened. Moreover, the NPS achieved more transparency by expanding the information disclosure on the alternative fund investment and pre-emptively initiating the voluntary disclosure on ESG information. In terms of standardizing the provided data format, in order to improve the data quality, it expanded the disclosure of high-quality data and provide data that the public require in advance. As a result, the NPS achieved the first grade in the Public Data Quality Management Assessment for 2 consecutive years by standardizing the provided data format and conducting empowerment trainings on data handlers.

Management Information Disclosure

Has been Impeccable For 5 consecutive years

Human Rights and Talent Management

The NPS perceives Human Rights Management as one of the core sustainable managements and will exert more efforts to protect human rights of employees and the key stakeholders. Furthermore, it will keep developing the growth engine for the employees and the organization by continuously improving HR development system specialized in the 3 NPS talents.

Human Rights Management and Respect for Diversity

Human Rights Management Governance

The NPS is putting all-out efforts to safeguard the human rights of all stakeholders including employees, partnering companies, related organizations, as well as the local community. It enacted and promulgated "Human Rights Management Charter" and formulated internal rules such as "Human Rights Management Guidelines" to promote human rights impact assessment and establish the process for reporting and addressing human rights abuses. The Guidelines and Charter of Human Rights Management are open to the public through the NPS website. The Human Rights Management Commission consisting of multiple stakeholders and experts deliberates and makes decisions on key agendas pertaining to human rights management. The result from it is reflected to the management every year through planning, implementing and reviewing the Comprehensive Plan for Human Rights Management. The Ethical Management Department is newly established under the Human Resource Innovation Division, carries out activities to raise the internal and external awareness on human rights issues and discovers various cooperation projects. Also, through 3-layered inspection system on human rights protection, the NPS is fortifying the human rights respect management.

All employees' human rights management training completion rate

100%

Increasing Awareness of Employees on Human Rights Issues

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, the NPS operates 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. The NPS conducts 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 order to emphasize the importance of human rights management, it made all employees complete the training courses on human rights managements 100% by reflecting the completion rate into the personnel Assessment of division heads.

The number of Human Rights Indicators monitored by Human Rights Impact Assessment

249

Human Rights Management Implementation System

Objective	To realize ZERO human rights abuse by respecting the human rights of employees and stakeholders		
Strategy	Shifting human rights management paradigm to "Prevention First"	Leading the human rights management	
Action Plan	<ul style="list-style-type: none"> Establishing an implementation system for human rights management Operating a human rights protection level inspection system Strengthening the operation of prevention · relief process for human rights abuse Raising the awareness on human rights protection 	<ul style="list-style-type: none"> Carrying out career-related human rights protection activities both internally and externally Implementing ESG management customized to the NPS 	
Promotion System	Standards	Organization	Assessment · Monitoring
	<ul style="list-style-type: none"> Human Rights Management Guidelines Human Rights Management Charter Guideline on the Prevention of Sexual Harassment & Violence and the Protection of Victims 	<ul style="list-style-type: none"> Ethical Management Department Human Rights Management Commission Human Rights Management Consultative Body 	<ul style="list-style-type: none"> Human rights impact assessment Awareness on the ethics and human rights Contributions to social values Training participation rate

Promoting Employee Education and Participation for Improving Awareness and Sensitivity of Human Rights

Category	Implementation Result
Employees	· Enhanced educational effects by regularizing and revising the educational contents of human rights management in a case-based way
Higher positions such as a head of an organization	· Carried out a play-form leadership training program under the theme of inter-generational communication in a public office · Carried out a seminar for the high-ranking positions, on the prevention of sexual violence, to enhance the preventive effects and strengthen the remedies for victims
Strengthening Education	<ul style="list-style-type: none"> HQ person in charge · Developed expertise by attending "the course on business and human rights empowerment" conducted by the National Human Rights Commission Ombudsman · Empowered by producing and publishing a weekly newsletter of a manual for human rights violation prevention and consultation Human rights officer · Conducted human rights management trainings for human rights officers and division head. · Carried out in-person commissioned relapse prevention education for the human rights violators (254 in total, excerpted from National Human Rights Commission) Stakeholders · Provided human rights management educational materials to the major partnering companies including Cheongpung Resort, BTO and daycare center
Increasing Education Completion Rate	· Gave more scores for the participation in human rights management trainings (1point→2points),
Running Participatory Events	· Held a contest on employees' mutual-respect contents, and operated a special human rights week events including a human rights book fair
Achievements	· Got 94.8% of the answer "Improved" in the survey on the human rights violation status (initial result), made all employees complete the training courses on human rights managements 100% by reflecting the completion rate into the personnel Assessment of division heads.

Identify and Improve Human Rights Risks

In order to improve the effectiveness of human rights respect management, the NPS conducts an Assessment of human rights impact on all areas of the NPS's work every year to identify and improve actual and potential human rights violations that may occur in the process of promoting its business. It supplemented the Human Rights Impact Assessment manual of the National Human Rights Commission to meet the characteristics of the public and provided more detailed procedures than the steps presented in the guidelines, such as the composition of the relevant department consultative body and the secondary Assessment 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 205 indicators and the human rights impact Assessment of major projects has developed 44 unique indicators to check the projects' impact on human rights to safeguard the human rights of insured persons and recipients of the National Pension.

[Main issues and Improvement Assignments from Human Rights Impact Assessment in 2021]

Institutional Operation	
Field	Issues and Improvements
Establishment of human rights management system	Materialized the Human Rights Management Charter in consideration of the changing circumstances in human rights management and the NPS's characteristics
Non-discrimination in employment	Abolished the submission of "physical examination results" in the process of recruitment
Responsible management of contract parties	Revised the 'regulation on transaction of contract business, to include the submission of "checklist on voluntary compliance with fair trade" when concluding a contract Supported to spread the culture of human rights protection in the major partnering companies (provided human rights related posters and educational materials)
Environmental rights guarantee	Ran a healthcare center in the office building in case of an emergency
Human rights protection for employees	Distributed manual pocketbooks for responding unusual complaints, and created and promoted educational contents Operated a nursing room to protect the maternal rights of female employees

Institutional Operation	
Field	Main Projects
Protection for rights of the insured	Improved the system to enable issuing a certificate, as well as sending it via email and fax for the convenience of the 4 major social insurance service users Simplified the application process of the National Pension for prison inmates as one of the human rights vulnerable.
Protection for recipients' rights	Expanded non-face-to-face service utilizing ICT for enhancing users' convenience and preventing infectious diseases from spreading Complimentary installation of "Timer-kok" to build a social safety net for the elderly recipients Provided daily necessity for the low-income people and facilitated the gathering of recipients which has been constrained due to the 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 conducts human rights violations relief procedures in accordance with the "Human Rights Management Guidelines", and in particular, the NPS establishes a separate strong management system for major human rights violations issues and separately organize a "Complaint Deliberation Committee" as a joint process done by the labor and the management to respond to the issues.

Category	Related Policies
Reporting-Counselling Counter	Designated and empowered human rights officers and complaint counsellors; operated a complaint counter in the NPS and in the labor union; operated anonymous consultation channels through intranet, the Red Whistle and a reassurance lawyer
Labor-management Joint Inspecting System	Operated Complaint Deliberation Committee to objectively investigate cases
Protection Policy of Victims	Applied the guidelines for resolving cases per human rights violation types; expanded the coverage of victim protection and complemented the guidelines to separate the process of investigation and deliberation; strengthened the punishment on secondary offenders
Perpetrator Punishment	Put offenders on temporary leave from a job assignment; applied zero-tolerance policy including heavy penalties; strengthened the punishment on secondary offenders
Employee Human Rights Protection	Distributed manual pocketbooks for responding unusual complaints; created and promoted educational contents and operated a nursing room to protect the maternal rights of female employees

Talent Management

Build a System for Human Resource Development to Realize the Vision and Talent Potentials

Under the goal of "cultivating pension welfare specialists well-trusted by the people and proud of their work", the NPS is promoting the human resource development plan centered on the 4 major HRD strategies of "nurturing full-fledged pensioners", "developing talents who lead the future", "cultivating talented people dedicated to their work position" and "building a platform of innovative education". In order to keep building the capacity of field employees, a systematically customized career course consisting of three stages according to their experience and level has been introduced. Through coaching skill training tailored to the purpose and situation of the members, the work performance as well as the growth capability of employees and organization has been enhanced. In addition, to prepare for the large-scale retirement of baby boomer managers, the NPS strengthened the next-generational leadership program and expanded the application of various educational trends such as flip learning to increase its adaptability to work. Through these efforts, it received the grand prize in the public development sector of the 2021 Korea Human Resources Award hosted by the Korea HRD Association.

External Achievement in Human Resource Development System: Grand prize in the public development sector of the 2021 Korea Human Resources Award



Socially Equitable Employment

Since the role of the public sector in creating quality jobs is being highlighted, the NPS is fortifying the open and tailored employment policy such as providing more jobs for the youth and creating a separate recruitment system for the socially vulnerable. Thus, the NPS is operating a higher-level employment policy than the standard of socially equitable employment recommended by the government. By developing duties corresponding to each job trait, it is helping the new recruits work for their job in a stable manner after employment.

Category	Detailed Recruiting Policies	Recruits number (2021)
The youth, high school graduates, local talents	Employed more youth and local talents by promptly filling up the vacancies	263
Persons with disabilities	Found a work task favorable to persons with disabilities such as call center for persons with disabilities and dispatched them to the position	16
The elderly	Found a work task favorable to the elderly such as facility management and converted them to a regular worker; secured the stability with the special admission of the youth living in an aged area	27
Low-income family and multi-cultural family	Supported the employment of the socially vulnerable by providing a separate recruitment	4

Governance

The NPS will create a sustainable value through the corporate-wide ESG management based on the transparent governance system. Also, its efforts to communicate and build a trust with stakeholders will continue.

Structure of the Board of Directors

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 2021.12)

Title	Name	Gender	Affiliation and Position
Chairman of the Board	Kim Yong-jin	M	Chairman of the Board of Directors of the National Pension Service
Executive Director (4)	Park Jung-bae	M	Planning Director of the National Pension Service
	Kim Jung-hak	M	Pension Director of the National Pension Service
	Park Yang-sook	F	Welfare Director of the National Pension Service
	Ahn Hyo-joon	M	Director of the National Pension Service Fund
User Representative	Lee Dong-geun	M	Vice President of the Korea Executive General Association
Employee Representative	Yoon Taek-geun	M	Vice Chairman of the Korean Democratic Federation of labor
	Lee Dong-ho	M	Secretary-General of Federation of Korean Trade Unions
Non-executive Director Regional Insured Persons Representative	Yoon Young-mi	F	Co-representative of Green Consumer Nature Association
	Lee Yeon-joo	F	Lawyer at the Korean Bar Association,
Recipient Representative	Joo Myung-ryong	M	Representative of the Korean Retired Association
	Oh Soon-myung	F	Former Director of the Financial Department in the Financial Consumer Protection Department
Senior Director	Chung Ho-won	M	Director of Pension Policy of the Ministry of Health and Welfare



Operation of the Board of Directors

The NPS has made institutional efforts to increase board attendance, such as pre-announcing the schedule in advance and re-announcing it in a systematical way and, as a result, the attendance rate of executive directors improved by 2.7%p year-on-year. Since it conducted on-site management programs for non-executive directors for 4 times and provided tailored support and enough time for agenda review in order to develop the expertise, management recommendations were increased by 6 cases (by 9.2% YoY). Also, the NPS enhanced the transparency of the organizational operation by introducing a policy that requires the participation of the Board of Directors in the Employee Representative Meeting. Furthermore, it improved the process ordering each department to review the recommendations from the Board and report the result of the following actions, which led to more active recommendation and reflection on the management.

Category	Units	2019	2020	2021
Board of Directors	Times	14	16	13
Proposed Agenda	Cases	50	59	51
Amendment and Pending		8	3	1
Attendance Rate	All	93.0	94.0	96.7
	Executive Director	94.3	97.1	97.4
	Non-executive Director	92.0	92.4	95.4

Major Management Recommendation	Results of Reflection on the Management
Need for human resource staffing with the increased importance on the ESG policy of the public organization	Published "The NPS ESG Management Plan", created ESG management work and dispatched the person in charge
Need for human resource staffing with the increased importance on the ESG policy of the public organization	Discovered "1-10-100 Project" as a tailored strategy for managing the blind spot
Need for revisiting the strategies for enhancing the flexibility on persons with disabilities and building more trust	Included 10 disorders such as the Tourette syndrome and CRPS into the corporate classification of disorders and developed a system that automatically calculate the date of complete recovery

Assessment and Compensation of the Board of Directors

The NPS sets the basic salary of the executive 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 Assessment. The Assessment takes into account the performance of performance contracts, the management Assessment 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.

Ethical and Transparent Management

Under the awareness that the foundation of the sustainable management is enabled by the practice of ethical and transparent management, the NPS is building a system against unfair conducts and corruptions and striving to create a favorable environment for the practice of ethical compliance management.

Prevention of Unfair Conduct and Corruption

Establishment of Clean Management System The NPS built anti-corruption management system and received the International Standard ISO37001 (Dec 2021). It has successfully established a global-standard anti-corruption management system by reinforcing the multi-layered inspection system through pre-emptive internal control system and strive to enhance the transparency in the organizational operation by revising the anti-corruption management guidelines and manual. The transparency has been improved by pro-actively and pre-emptively disclosing the information on the overall operation. It is also striving to satisfy the people's rights to know. For the fund management, the NPS not only expanded the disclosing items of alternative investment and regular disclosure of fund operation profits, but also disclosed the history of the stakeholders' activities, exercise of voting rights and conversation with companies in a timely manner. Also, it strengthened the professional capacities of the audit for a stronger internal containment through work allocation of external experts and expansion of participation in the audit procedures.

Operation of Internal Containment System Based on the Key Risks The NPS pre-emptively eliminated the risk factors by operating Internal Containment System Based on the Key Risks. In particular, it revisits and improve the vulnerable sectors of each department by systematically evaluating the risks of the 4 major sectors including policy and fund. The management status is regularly monitored by conducting an audit on the fund operation to promote ESG responsible investment and the fund profits. The number of internal consultation requests regarding the compliance management including the Anti-graft Law has been increased (99 cases in 2020 → 110 cases in 2021 / on monthly average) by establishing anti-corruption infrastructure and reinforcing the consultation on the ethical compliance management to realize the social value. The number of reports from anonymous channels has also risen (7 cases in 2020 → 9 cases in 2021 / on monthly average). The NPS supplemented the administrative supports, for example, expanded the pre-audit on IT utilization and investment on facilities since there have been more accidents related to IT technologies.

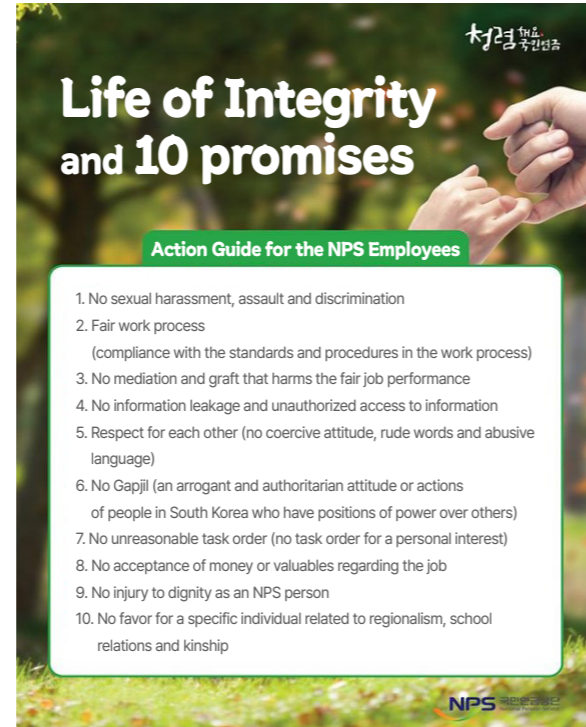
Practice of Ethical Compliance Management

Ethical Management

Strengthening Ethical Management System The NPS continues to develop the organization, standards and system for active operation of the ethical management. It revisited the audit structure and added legal experts in response to the daunting issues and changes of the society. The NPS also resettled the infrastructure for the ethical management such as setting operational standards for the expansion of active administration and introducing the integrity verification system in the promotion assessment process. Also, the NPS improved the code of conduct of the employees and strengthened the ethical management system by applying zero-tolerance policy in the violence of integrity obligation and improving the HR system for a fair recruitment.

Spread of Ethical Integrity Culture

The NPS is creating the ethical integrity culture by operating various communicational programs and reinforcing the educational system. It supplemented the educational contents for the ethical management and diversified the training programs including a role-playing performance for the inter-generational communication. As a result, the satisfaction level of the training grew by 1.3 points and the participation rate of all employees was 100%. It strived to internalize and spread the ethical sensitivity by sending a letter of standing auditors to the external stakeholders and providing ethical training materials, resulting in the increases in the integrity level of the contractors' integrity assessment (95.6 points in 2020 → 96.1 points in 2021). Also, the NPS ran a reward program following the integrity mileage achieved by the exemplary employees in integrity activities and provided various incentives by giving the opportunity for domestic-overseas training first in order to encourage employees to actively practice the integrity activities. The NPS has led the culture of integrity globally by being the one and only public organization hosting a workshop and by running a promotion booth in the 2020 IACC.



*** IACC, International Anti-Corruption Conference**
 As the largest international conference on anti-corruption in the world, it provides a venue for cooperation and information exchange on anti-corruption (bi-annual event). In 2020, Korea and TI (Transparency International) co-hosted the IACC.

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. The NPS has established a manual on the procedures for handling business when reporting sudden damage, and the NPS has 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.

FUND

The NPS has a responsibility as a long-term investor to protect and promote the operating assets and trustee who manages and operates the annuity insurance of the people. Therefore, in order to maximize the profit in a long-term and stable manner, the NPS is fulfilling the liability of trustee by making responsible investment and exercising the rights of shareholders.



Key Achievements of 2021

Achievements of the National Pension Fund

The annual operating rate of return for 2021 of the National Pension Service is 10.77% based on the amount-weighted rate of return, and the profit is KRW 91.2 trillion. In 2021, the stock market was strengthened as the economy recovered through the implementation of global economic stimulus measures in response to COVID-19, the spread of vaccines and the improvement in companies' earnings. In particular, overseas stocks achieved a high return rate of 29.48% thanks to the strong global stock market and the appreciation of the won-dollar exchange rates. Alternative investment also recorded a higher rate of 23.80% thanks to an increase in the value of holding assets led by the economic recovery and recovery of corporate performance, an increase in the won-dollar exchange rate and stable interest dividend income. On the other hand, domestic bond performance was less than expected as market interest rates increased due to inflation concerns and policy rate hikes. The 3-year average rate of return of the National Pension Service was 10.57% and the 5-year average rate of return was 7.90%, recording solid long-term performance. In particular, the returns were solid for three consecutive years with 11.31% in 2019, 9.70% in 2020, and 10.77% in 2021 despite high market volatility. In addition, since the establishment of the fund in 1988, the average annual cumulative return rate has been 6.76% and the accumulated revenue is 530.8 trillion KRW.

(Based on Time-weighted Rate of Return / Unit : %, %p)

Year	2021		Recent 3 years (2019-2021)		Recent 5 years (2017-2021)		Since the establishment of the Fund (1988-2021)	
	Revenues	Rate of Return	Revenues	Rate of Return	Revenues	Rate of Return	Revenues	Rate of Return
Entire Fund	912,144	10.77	2,367,829	10.57	2,721,098	7.9	5,308,358	6.76
Public Sector							190,827	8.26
Welfare Sector	-38	-2.19	-100	-2.08	-142	-1.91	5,997	5.94
Financial Sector	912,119	10.79	2,367,659	10.59	2,720,798	7.92	5,109,282	6.72
Domestic Stocks	109,746	6.73	721,584	17.55	769,932	11.89	1,150,815	8.71
Overseas Stocks	584,932	29.48	1,143,014	23.24	1,170,957	16.77	1,404,427	14.05
Domestic Bonds	-43,448	-1.3	119,497	1.26	275,848	1.82	1,697,419	4.04
Overseas Bonds	37,218	7.09	64,267	5.56	74,811	4.56	170,823	4.75
Alternative Investment	224,174	23.8	320,822	12.29	431,249	10.92	676,696	10.13
Short-term Asset	467	1.1	863	0.85	1,642	1.03	16,169	3.39
The others	63	0.46	269	0.71	442	0.74	2,251	1.45

Achievements in the Financial Sector of the National Pension Fund

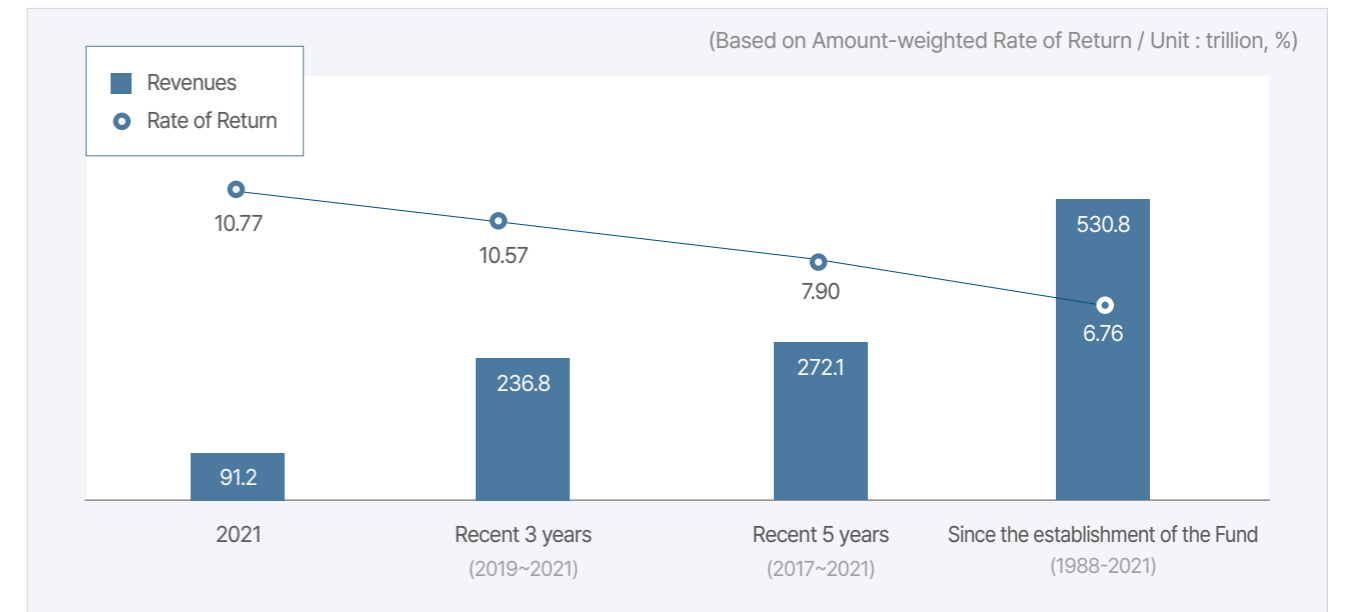
The NPS recorded 10.86% of the time-weighted rate of return in the financial sector in 2021, exceeding the benchmark rate of return (BM) by 0.04%p. In particular, alternative investment recorded a high rate of return of 23.97% thanks to the large increase in the value of holding assets led by the economic recovery and corporate performance improvements, the increase in the won-dollar exchange rate and positive dividend earnings. It exceeded the standard rate of return by 3.16%p, leading to the overall excess performance in the financial sector. In addition, overseas stocks recorded a return of 29.77%, the highest among assets in the financial sector, and domestic stocks also achieved a good return of 5.88%. This is thanks to the economic recovery and corporate performance improvement led by the global economic stimulus measures and the development and distribution of vaccines. Since the first half of the year, the returns of domestic and overseas bonds were sluggish due to market interest rate hikes caused by the global reduction in quantitative easing. However, the National Pension Service has achieved good results, recording 10.59% and 7.54% over the past three and five years and has continued to achieve 3-year average and 5-year average of 0.50%p and 0.33%p, respectively, compared to the standard rate of return.

(Based on Time-weighted Rate of Return / Unit : %, %p)

	2021			For the recent 3 years			For the recent 5 years			
	Fund	BM	Excess	Fund	BM	Gap	Fund	BM	Gap	
Entire Finance	10.86	10.82	0.04	10.59	10.09	0.5	7.54	7.21	0.33	
Stock	Domestic	5.88	5.81	0.06	17.04	15.84	1.2	10.97	10.23	0.74
	Overseas	29.77	30.64	-0.87	23.48	23.17	0.32	14.49	14.14	0.35
Bond	Domestic	-1.25	-1.33	0.07	1.32	1.23	0.09	1.84	1.79	0.05
	Overseas	7.26	7.93	-0.67	6.39	6.4	-0.01	4.7	4.7	0
Alternative Investment	23.97	20.82	3.16	11.78	10.42	1.36	10.37	8.87	1.5	
Short-term Asset	1.69			0.84	-		1.17			

The National Pension Fund Status

(Based on Amount-weighted Rate of Return / Unit : trillion, %)



Specialization of Fund Management

Heralding the era of 1000 trillion KRW, the NPS will faithfully fulfill the role as a global leading pension agency by re-establishing the decision-making process of fund operation and management and nurturing the talents with deeper expertise.

Fund Management Decision-making System

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 major decisions on the management of the fund are made in the National Pension Fund Management Committee, chaired by the Minister of Health and Welfare. In addition, to amplify the expertise of decision-making, the Fund Management Committee has three professional committees including the National Pension Fund Management Practice Assessment Committee.

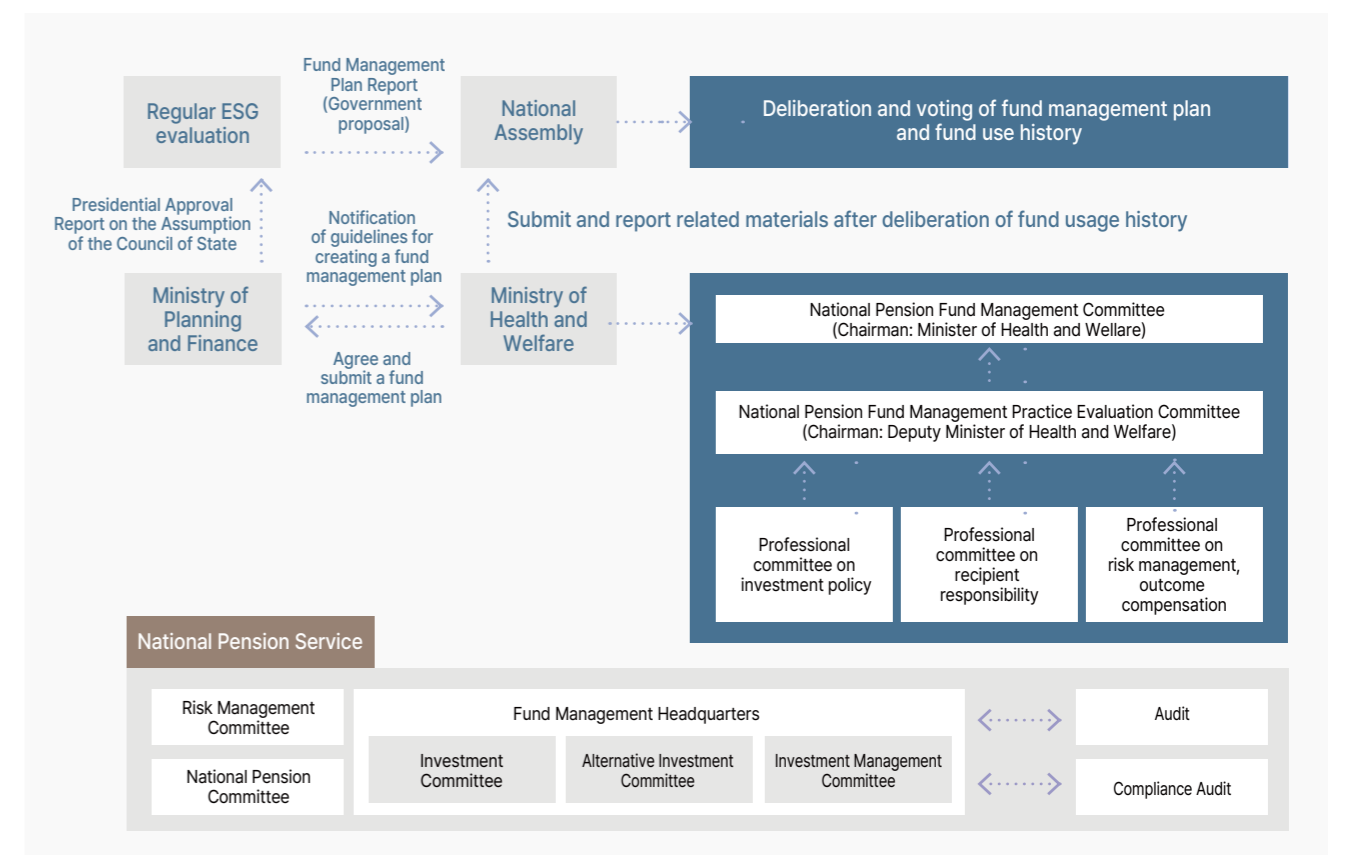
Operation Principles

The National Pension Fund stipulates the principles of fund management in the fund management guidelines in order to conduct the fund operation and management business in a reasonable and efficient manner fitting for the purpose. Thus, the Investment Management Headquarters is faithfully managing and operating the fund following the principles of fund management which includes profitability, stability, public nature, flexibility, sustainability and operational independency.

Profitability	The National Pension Fund shall seek as high return as possible within the scope of not impairing the long-term stability of the fund, in order to lower the burden of contributions, especially for future generations, and keep the real value of the fund.
Stability	The National Pension Fund shall be managed stably so that the volatility of the overall return and the risk of loss are within the allowable range.
Public Nature	The National Pension System is a system for all citizens, and since the size of the savings accounts for a large portion of the national economy, it shall be managed in consideration of the ripple effect on the national economy and financial market.
Flexibility	The National Pension Fund shall be managed in consideration of the liquidity to facilitate the payment of pension benefits, and measures should be taken in advance to minimize the impact on the financial market when disposing of invested assets.
Sustainability	The National Pension Fund shall operate fiducially and faithfully in consideration of factors such as environment, society, and governance in order to enhance the sustainability of investment assets.
Operational Independency	The National Pension Fund shall be managed in accordance with the above principles so as not to undermine these principles for other purposes.

The National Pension Service operates the Risk Management Committee, Investment Committee, Alternative Investment (Sub) Committee and Investment Management Committee in accordance with the National Pension Fund Operation Guidelines and National Pension Fund Management Regulations to further strengthen expertise in each field and to increase decision-making transparency. The Risk Management Committee is chaired by the CEO of the National Pension Service and consists of the head of the fund management division and 5 or more and 7 or less external experts. The Risk Management Committee deliberates and decides on major risk management matters prior to the execution of the investment, receives a report on the status after the execution of the investment and requests corrections if necessary.

The Investment Committee is chaired by the head of the Investment Management Headquarters and consists of eight members including three department heads or department heads of the strategy/risk management/support division designated by the head of the Investment Management Headquarters and no more than 3 team leaders appointed by the chairperson and the head of the Investment Management Headquarters. The Investment Committee deliberates and decides on investment guidelines and plans for all assets implemented by the Investment Management Headquarters.



Fund Management Process

The National Pension System makes investment in accordance with the 5-year mid-term asset allocation plan decided by the National Pension Fund Management Committee every year and the annual fund management plan for its implementation. The mid-term asset allocation plan, which becomes the goal for the next five years, is established in consideration of expected returns and volatility of each asset based on domestic and overseas economic prospects such as GDP and CPI. In this way, the target weighting for each asset class is presented. The annual fund management plan serves as a strategic implementation goal that takes into account domestic and foreign investment conditions and portfolio status and presents the targeted goal for each asset.

In 2021, the National Pension Fund Management Committee proposed a target rate of return of 5.1% by 2026, considering the future real economic growth rate and consumer price inflation. In addition, it calculated the volatility and correlation derived from the market time-series data based on the expected return and benchmarks of each asset and published the optimal asset allocation plan considering the fund management policy direction.

According to the medium-term asset allocation plan, the target portfolio of the National Pension Fund by the end of 2026 has been set at around 50% of stocks, around 35% of bonds and around 15% of alternative investments. In addition, the National Pension Fund Management Committee established an annual fund management plan for 2022 by reflecting the fund's income and expenses based on the target ratio for each asset based on medium-term asset allocation. The implementation portfolio of the National Pension Fund for 2022 is set at 16.3% of domestic stocks, 27.8% of foreign stocks, 34.5% of domestic bonds, 8.0% of foreign bonds and 13.4% of alternative investments.



Set a Goal for the 2026 Portfolio Following the Mid-term Asset Allocation Plan

Stock **50%**
 Bond **35%**
 Alternative Investment **15%**

Efforts for Professional Management of Personnel and the Achievements

The NPS is promoting the nurturing of pension fund experts through customized job training and systematic field training based on results of the competency assessment. It abolished the experience requirement in the process of hiring assistant operating personnel, recruit young talents with potential and nurture them into experts. In particular, by introducing the Career Development Program (NPS WING) to strengthen fund management expertise, the organization has established a systematic education system for nurturing talents specialized in overseas investment.

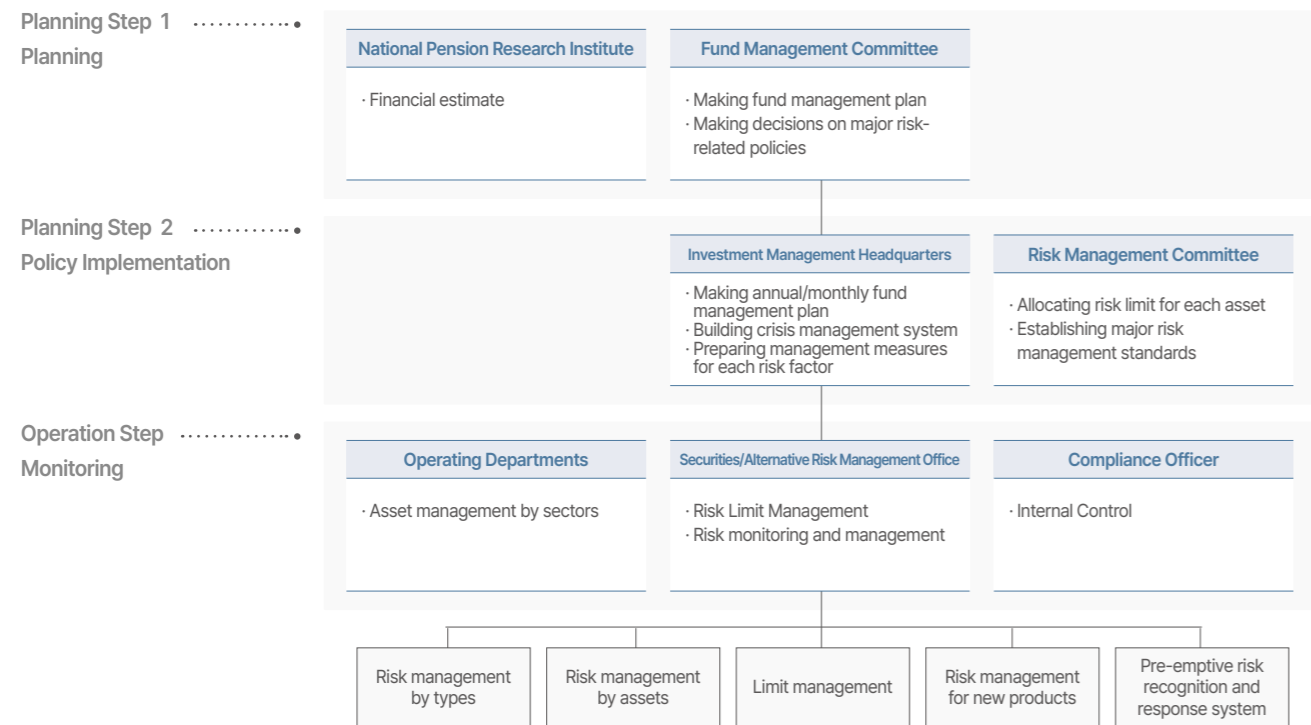
Nurturing Talents Specialized in Overseas Investment with the Introduction of NPS WING Program



Risk Management

The NPS is thoroughly managing risk factors by reinforcing the management system for various risk factors at a time when investment risks are rising due to increased uncertainty in domestic and overseas economic and financial conditions. The Risk Management Committee, chaired by CEO of the National Pension Service and including external experts, allocates the risk factors for each asset and establishes major risk management standards to control the budget risks. The Securities Risk Management Office and the Alternative Risk Management Office in charge of risk management copes with the investment risk factors. In addition, a separate compliance officer independently carries out internal control of fund operation. Separately, regular audits are conducted by the corporation's internal audit, as well as external agencies such as the Board of Audit and Inspection and the National Assembly.

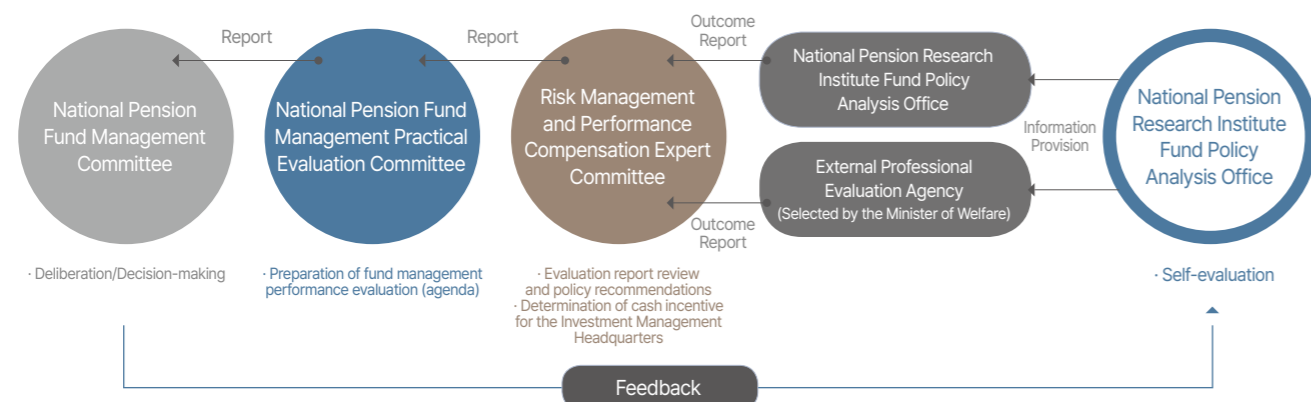
Risk Management Process



Achievement Assessment

The purpose of performance Assessment on fund management is to enhance trust in fund management by objectively and transparently informing the public of operational performance and to improve and develop the operation of the National Pension Fund by utilizing the results of performance Assessment. The Assessment of operational performance is conducted annually, but in principle, a long-term Assessment of more than three years is included in addition to the quantitative comparative Assessment with benchmarks and qualitative Assessment such as improvement of the operating system and risk management.

For the Assessment of the previous year's fund management performance, the Risk Management and Performance Compensation Special Committee reviews the performance Assessment reports prepared by the National Pension Research Institute, an internal Assessment agency of the NPS and an external professional Assessment agency selected by the Minister of Health and Welfare, after deliberated by the Working-level Assessment Committee. It will be finalized around the end of June of the following year.



Understanding of Responsible Investment of the National Pension Fund

Definition of Responsible Investment

The National Pension Fund implements responsible investment to increase long-term and stable profits, and establishes and expands responsible investment strategies. Responsible investment can be implemented through ESG Investment (ESG Incorporation), which considers ESG factors in the investment decision-making process, and the exercise of shareholder rights (Active Ownership) that improve ESG-related risk management capabilities and the corporate value through the exercise of voting rights and constructive dialogue on investment targets.

System of Responsible Investment of NPS

PRI Category	Definition	Implementation	Note
1. ESG Incorporation			
Ⓞ ESG Integration	Considering both financial and non-financial factors such as ESG	Implemented	Considering ESG level when directly managing domestic stocks and bonds (corporate bonds, etc.)
Ⓞ Screening	Specific industries evaluated positively or negatively from the perspective of ESG are included (Positive Screening) or excluded (Negative Screening) in the investment candidates.	Implementation planned	Preparing measures to implement phased investment restrictions in accordance with the declaration of coal phase-out by the Fund Management Committee
Ⓞ Thematic Investment	Pursuing risk-adjusted returns and ESG performance at the same time	Not yet implemented	-
2. Active Ownership			
Ⓞ Proxy Voting	Exercising voting right at the general meeting of shareholders	Implemented	Exercising voting rights in domestic and foreign stocks, etc.
Ⓞ Engagement	Shareholder activities not engaged in the management: conversations with companies, etc. (private conversations, private focus and public focus) Shareholder activities engaged in the management: shareholder proposals, etc. (after conversation with public focus companies) Litigation: Shareholders' derivative suit, damage compensation suit, etc.	Implemented	Conducting dialogues with companies on key domestic stock management issues and unexpected concerns, etc.

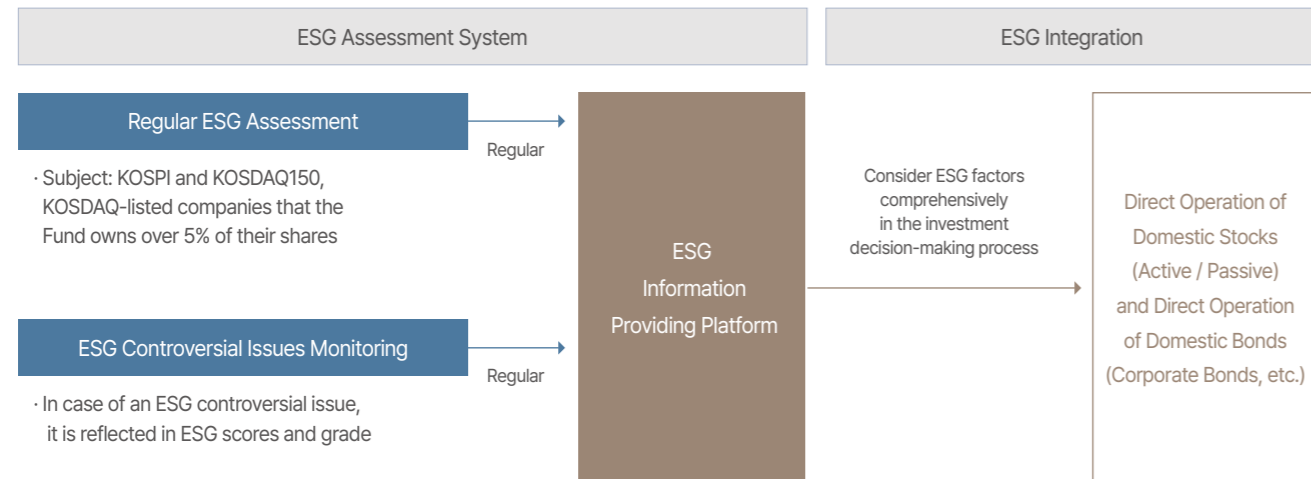
Implementation of Responsible Investment of the National Pension Fund

ESG Integration

The Fund has laid the groundwork for implementing the ESG integration strategy over a long period of time. Starting with the establishment of an ESG Assessment system for domestic stocks in November 2015, the Fund has established a foundation for the introduction of an ESG integrated strategy, such as preparing an ESG-related internal research system and a strategy, and is applying it to direct management of domestic stocks and domestic bonds (corporate bonds, etc.). In addition, according to the 'National Pension Fund Responsible Investment Promotion Plan' decided by the Fund Management Committee in November 2019, the Fund is gradually expanding the target assets for the ESG integration strategy.

The Fund's ESG integration strategy is being implemented based on ESG Assessment. When the Fund directly manages domestic stocks and domestic bonds (corporate bonds, etc.) by establishing an Assessment system and internal system that can consider ESG factors if each company, ESG integration managers comprehensively consider ESG factors along with financial factors in the investment decision-making process and implement the strategy.

ESG Integration Assessment and ESG Integration Process



ESG Investment Restriction (Negative Screening)

When the National Pension Fund's Fund Management Committee established the 'National Pension Fund Responsible Investment Promotion Plan' in November 2019, it was decided to additionally review the necessity of introducing the investment restriction strategy, application targets and methods. In February 2021, it was decided to review its introduction in the field of climate change first, and in May, the Fund Management Committee declared the introduction of a strategy to limit investment in coal mining and power generation to address climate change and decided to prepare specific implementation plans through research workers.

Since December 2021, as a preparatory stage for the introduction of the investment restriction strategy, research services were conducted to set the scope, standards and methods for selecting the target industries. The results of the research services were reported to the Fund Management Committee in April 2022.

ESG Assessment System for the National Pension Fund's Domestic Stocks

	Categories (14)	Assessment Index (61)
Environment (E)	Climate Change	Greenhouse gas monitoring system, Greenhouse gas emissions, energy consumption and pro-active response to climate change
	Environmental Impact Management	Environmental management system certification, environmental management goal and green manufacturing management, water consumption, chemicals consumption, air-pollutant emission and produced wastes
	Eco-friendly Product Development	Eco-friendly products development activities, eco-friendly product patents, eco-friendly product certification and product green-level improvement
Society (S)	HR Management and Human Rights	Salary, benefits, employment increase, organizational culture, years of service, human rights and labor practices
	Industrial Safety	Occupational safety and health system, occupational safety and health organization, safety and health management system certification and designation of workplaces prone to industrial accidents
	Fair Trade	Trade partner selection process, voluntary compliance with fair trade, support activities for business partners, cases of violation of the subcontracting law and acts inhibiting fair competition
	Product Safety and Customer Protection	Product safety system, product safety system certification, product-related safety accidents, consumer grievance handling channel operation and consumer-oriented management certification
	Information Security	Information security system, information security system certification and information security leakages
Governance (G)	Shareholders Rights Enhancement	Management rights protection measures, shareholder opinion gathering system, timing of disclosure at general shareholders' meeting and dividend payment within the last 3 years
	Organization and Operation of the Board of Directors	Separation of the CEO and chairman of the board of directors, independence of the BOD structure, the composition of the board of directors outside directors, the diversity of the board of directors composition, the activities of the board of directors and the appropriateness of the director remuneration policy
	Committees in the Board	Compensation Committee, Outside Director Candidates Recommendation Committee and ESG Committee
	Audit System	Ratio of outside directors of the audit committee, ratio of long-term auditors (members) and non-audit service expenses compared to audits
	Risks in Partnering Companies	Affiliate contingent liabilities rate, affiliate sales-related transaction ratio, affiliate purchase-related transaction ratio
	Internal Control and Compliance	Internal control and compliance management system, anti-corruption management system certification and violation of internal control and compliance management

As of the end of 2020, the fund has conducted assessments of 950 listed companies in Korea. The distribution of ratings calculated in six ratings based on ESG scores is as follows.

2021 ESG Assessment Results (Stocks)

AA Rating	A Rating	BB Rating	B Rating	C Rating	D Rating	Total
78 (8.2%)	158 (16.6%)	234 (24.6%)	318 (33.5%)	157 (16.5%)	5 (0.5%)	950 (99.9%)

2021 ESG Assessment Results (Bonds)

AA Rating	A Rating	BB Rating	B Rating	C Rating	D Rating	Total
92 (8.9%)	174 (16.9%)	251 (24.3%)	339 (32.9%)	167 (16.2%)	8 (0.8%)	1,031 (100.0%)

Exercise of voting rights

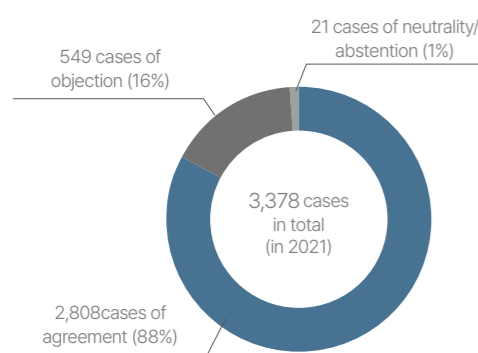
The National Pension Service faithfully exercises its voting rights on listed stocks it holds in accordance with the National Finance Act and the National Pension Fund Management Guidelines, in good faith to benefit the national pension insured people and beneficiaries. The NPS voting rights are exercised in accordance with the 'Guidelines for Responsibility Activities of the National Pension Fund' that stipulates the criteria for exercising voting rights, exercise procedures and methods of exercise.

The NPS exercises its voting rights after deliberation and resolution by the Investment Committee established at the Fund Management Headquarters according to the percentage of ownership shares and the proportion of holdings. In the case that it is difficult for the National Pension Service to make a decision, or more than 1/3 of the members of the Expert Committee on Trustee Responsibilities decides it has a significant effect on long-term shareholder value and requests to transfer it to the Expert Committee, the Expert Committee on Trustee Responsibilities decides the direction of exercise of voting rights. In addition, the National Pension Fund Management Committee has prepared the 'Guidelines for Delegating Voting Rights to Consigned Managers' and decided to delegate voting rights corresponding to a portion of the National Pension holdings to the entrusted management companies since the regular general shareholders' meeting in March 2020.

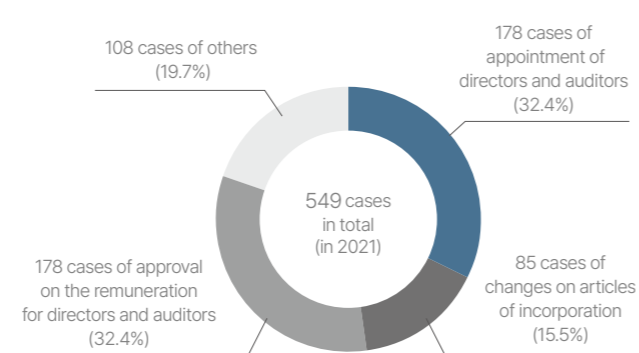
The National Pension Service discloses on its website the details of the exercise of voting rights within 14 days after the general shareholders' meeting and the detailed reasons for objection, including the provisions on the basis of the guidelines. However, the direction of exercise of voting rights may be disclosed prior to the general meeting of shareholders for all agenda items of companies with a stake of 10% or more or 1% or more of the holding ratio, as well as those decided by the Trustee Responsibility Committee. Accordingly, the National Pension Service has disclosed 119 general shareholders' meetings in advance in 2021.

In 2021, at the 773 general shareholders' meetings pertaining to domestic stocks, the National Pension Service received 2,808 votes in favor (83.1%), 549 votes against (16.3%) and 21 neutral/abstention proposals (0.6%) for a total of 3,378 proposals. A total of 549 objections were found in 178 cases (32.4%) of the appointment of directors and auditors, 85 cases (15.5%) of the changing articles of incorporation, 178 cases (32.4%) of approval of the limit of remuneration and 108 cases (19.7%) of others.

Exercise of Voting Rights



Exercise of Voting Rights Against



Shareholder Activities

To increase the long-term and stable profits of the Fund, the National Pension Service has consistently exercised its voting rights against issues that may damage corporate value or infringe shareholder rights and interests due to the establishment of corporate dividend policies, the appropriateness of executive remuneration limits and concerns about violations of laws and regulations, issues with no improvements and those with a decline in the results of regular ESG assessments. Shareholder activities are carried out on these key management issues. In addition, when there is a risk of unexpected damage to corporate value or infringing shareholder rights and interests in relation to the environment, society, and governance, the NPS is carrying out shareholder activities. In accordance with the standards of the 'National Pension Fund Domestic Stock Trustee Responsibility Activities Guideline', the NPS' shareholder activities are being made through a step-by-step process such as selecting a company subject to non-disclosure conversation, selecting a non-disclosed management company, selecting a publicly focused management company and making a shareholder proposal.

In December 2019, the National Pension Service prepared the 'National Pension Fund Active Shareholder Activity Guidelines' for transparent and fair shareholder activities. Active shareholder activities in accordance with these guidelines are not for the purpose of business participation in the company, but rather with the companies subject to shareholder activities related to key management issues and unforeseen concerns to create improvement plans through dialogue and discussion and to further increase the value of companies and shareholders. When an agenda requiring shareholder activity is made, the NPS makes efforts such as verifying the facts and having sufficient dialogues with the company to improve the problem. In case of an issue exceptionally difficult to improve, it carries out "active shareholder activities."

Trustee Responsibility Activities for Critical Management Issues and Unexpected Concerns

Agenda	Critical Management Issues	Unexpected Concerns
Goal	To enhance shareholders' value and long-term profitability	
Details	Request for improvements in related agendas	Request for improvement in related concerns
Conversation with companies	-(subject) Companies that meet the selection criteria for each key management issue for investment companies with a stake of 5% or more or a holding ratio of 1% or more -(details) Induced the establishment of measures and improvement plans to enhance the shareholders' value building a communication channel favorable to companies -Confidentiality/ Send an open letter when there is no sign of improvement and refusal to conversation	-(subject) Companies that have been decided to hold a private conversation at the Trustee Responsibility Committee through significance assessment in case of an ESG-related controversial issue * Collectively refer to events or issues that can affect corporate value -(details) Inducing establishment of action plans and improvement measures to enhance shareholder value by establishing communication channels favorable to companies - Nondisclosure principle, sending an open letter when there is no improvement, such as refusal to communication
Selection of private or public focus management companies	-(subject) Companies with no improvement even after having a conversation for a certain period -(details) Designated as a focus management company and continuously inducing improvement - Nondisclosure principle, if there is no improvement by the end of the year after designation, the expert committee decides whether to disclose the list	N/A
Active shareholder activities	-(subject) Companies with no improvement even after having a conversation for a certain period of time -(details) Following the guidelines for active shareholder activities set by the Fund Management Committee, shareholders' proposals are promoted through the review of the Trustee Responsibility Committee and the resolution of the Fund Management Committee -In case of establishment of corporate dividend policy and adequacy of executive remuneration limit, priority will be given to non-management participation proposals by the Trustee Responsibility Special Committee.	-(subject) Companies with no improvement even after having a conversation for a certain period -(details) Following the guidelines for active shareholder activities set by the Fund Management Committee, shareholders' proposals are promoted through the review of the Trustee Responsibility Committee and the resolution of the Fund Management Committee

Activities of International Consultative Body on Responsible Investment

In June 2009, the National Pension Fund joined Principles for Responsible Investment (PRI) 1), 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 (ICGN) 2) and Asian Corporate Governance Association (ACGA) 3), a global institutional investor cooperation organization related to corporate governance and institutional Investor shareholder activities, 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 Change (AIGCC) 4), 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

Global Responsible Investment Consultative Body the NPS Joins and Works with



1 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 154,638 trillion won)

2 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 Dec. 2021)

3 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 (114 members in 19 countries as of Yr 2021)

4 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 as of Yr 2021)

Going Forward

In November 2019, the National Pension Service established the 'National Pension Fund Responsible Investment Revitalization Plan', as a public pension fund, to secure market trust and enhance long-term returns by minimizing investment risk and prepared a roadmap to promote responsible investment.

1) ESG Investment

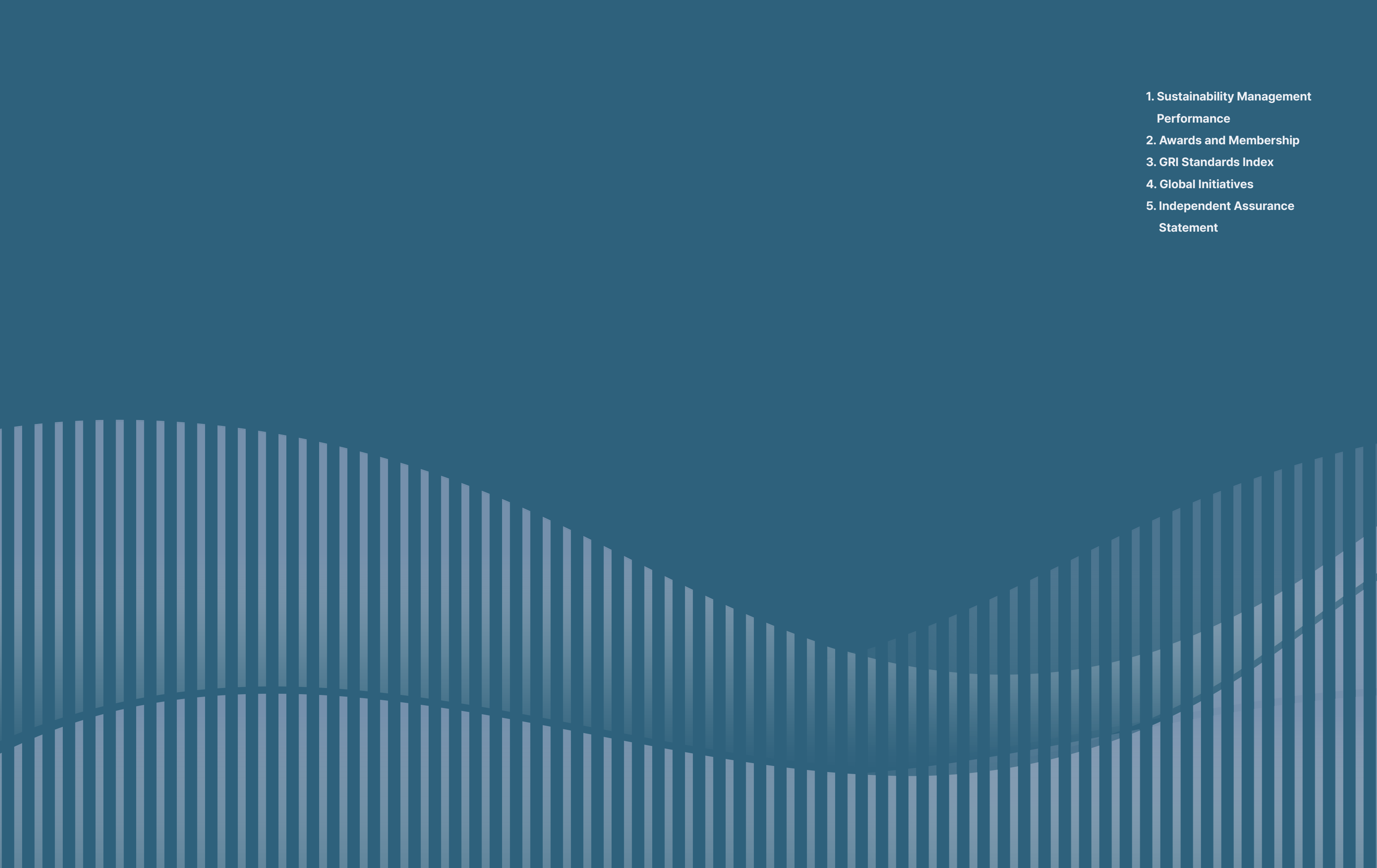
The National Pension Service is currently implementing measures to prohibit excess-incorporation compared to the benchmark for stocks with an ESG rating of D by strengthening the ESG integration strategy applied to direct management of domestic stocks (active). It will also be applied to the passive operation. In addition, it conducted research work to apply the ESG integration strategy expanded into domestic bonds last year into foreign stocks and bonds. Based on the results of the research, the NPS is planning to come up with and carry out an ESG Integration Strategy Implementation Plan reflecting the characteristics of overseas stocks and bonds.

Not only that, the NPS will create an environment that can induce companies to disclose more ESG information by including ESG information in corporate analysis reports of securities companies that do business with the NPS. It plans to enhance its capacity and expertise in responsible investment by strengthening its global network with overseas pension funds and expanding the number of trustees responsible for the overseas offices.

2) Exercise of Shareholders' Rights

The National Pension Service has announced that it will diversify shareholder activities for domestic stocks, which are centered on corporate governance, into the environment and society and to carry out shareholder activities for overseas stocks as well. Accordingly, the National Pension Service is considering adding "climate change (environment)" and "industrial safety (society)" as key management issues by expanding the domestic stock management issues centered on the current governance structure through related research works. If a plan is prepared according to the discussion of the Pension Fund Management Committee, it will be implemented through procedures such as revision of related guidelines. In addition, the NPS has performed research services for overseas stocks to investigate major overseas cases, and it will come up with a plan to implement shareholder activities by comprehensively considering the results of future research works and the characteristics of overseas stock management.

At the same time, the National Pension Service has already prepared specific standards for filing a shareholders' derivative suit and a claim for damages in the 'National Pension Fund Domestic Stock Trustee Responsibility Activity Guidelines' with the purpose of contributing to the long-term increase in shareholders' value of the investment target company. Since the first half of 2021, the NPS has been working to prepare a standard for filing a shareholders' derivative suit related to domestic stocks. It will select the subject of a derivative suit by reviewing the types of cases that can be brought in the future, the amount of damages and the filing deadline taking into account the extinctive prescription of the right to claim damages. By effectively restricting the activities of the investment target company's management to undermine corporate values, the NPS will contribute to the long-term increase in shareholders' value.

- 
- 1. Sustainability Management Performance
 - 2. Awards and Membership
 - 3. GRI Standards Index
 - 4. Global Initiatives
 - 5. Independent Assurance Statement

Sustainability Management Performance

Economic Performance

Economic Value Distribution

Category	Unit	2019	2020	2021
Customer (pension benefits)		22,764,343	25,654,071	29,136,791
Employees (salary, severance payment, welfare benefits)		523,538	546,935	581,841
Government (taxes and dues)	Million KRW	36,044	36,374	36,674
Local community (social contribution fund)		762	841	473
Partnering companies (purchasing SME products)		57,928	75,437	68,992

*Due to the termination of Matching Grant (government support) in 2021, the local community (social contribution reserve fund) has decreased.

Consolidated Statement of Financial Position

Category	Unit	2019	2020	2021
Asset				
Current Asset		140,677	178,655	135,704
Non-current asset		98,202	75,735	73,925
Total Asset		238,879	254,390	209,629
Liability				
Current liability		112,188	183,079	169,988
Non-current liability	Million KRW	360,894	358,973	350,398
Total liability		473,082	542,052	520,386
Capital				
Capital amount		-	-	-
Others		-234,203	-287,662	-310,757
Non-controlling interests		-	-	-
Total Capital		-234,203	-287,662	-310,757

Statement of Comprehensive Income and Other Major Indicators

Category	Unit	2019	2020	2021
Income (Sales)		23,453,597	26,371,272	29,902,789
Net Sales		23,453,597	26,371,272	29,902,789
S&A		22,788,039	25,681,991	29,169,215
Operating Profit (loss)	Million KRW	679,270	707,354	759,153
Other Income		-13,712	-18,073	-25,579
Other Expense				
Other Profit			10	
-		-25,477	-23,106	-22,677

Category	Unit	2019	2020	2021
Financial Income		5,270	3,584	3,419
Financial Net Cost		943	761	607
Earnings Before Income Taxes (losses)		-34,862	-38,366	-45,444
Corporate Taxes (profits)		-2	-72	-17
Net Income	Million KRW	-34,860	-38,294	-45,427
Other Comprehensive Income		8,247	-15,085	20,132
Total Comprehensive Income		-26,613	-53,379	-25,295
Return On Sales (ROS)		0	-0.15	-0.15
Return On Sales (ROS)		-10,014	-9,167.45	-9,622.56

Environmental Performance

Category	Unit	2019	2020	2021
Emission Baseline	t-CO2eq	16,667	16,706	16,823
Emissions	SCOPE1	1,904	1,454	1,424
	SCOPE2	8,688	8,763	8,309
	Total	10,592	10,217	9,732
Emission Reductions	t-CO2eq	6,075	6,489	7,091
Emission Reduction Rate	%	36.45	39	42
Energy Consumption	TJ	107	109	106
Water Consumption	Ton	48,115	33,551	33,095
Wastes	Ton	18.24	25	29

Green Product Purchase Status

Category	Unit	2019	2020	2021
Purchase Cost for Green Products	Environmental Package Certified Products	2,579	4,354	2,130
	Excellent Recycling Certified Products	-	-	-
	Low-carbon Certified Products	-	-	-
	Total	2,579	4,354	2,130
Ratio of Green Product Purchase	Total	81.17	84.68	38.7

*In 2019-2020, the purchase price increased compared to 2021, due to the rising demands for constructing a new office building.

Violation of Environmental Regulations

Category	Unit	2019	2020	2021
Penalty over fine	Million KRW	0	0	0

Social Performance

Personnel Status * Part-time workers are calculated on a full-time basis (8 hours/day)

Category		Unit	2019	2020	2021
Total Employees (including executive members)			7,396	7,461	7,521
Current Employees (excluding employees on breaks such as maternity and childcare leaves)			7,357	7,392	7,426
Employment Types	Regular workers		6,034	6,088	6,128
	Unlimited contract workers		1,324	1,305	1,298
	Non-regular workers		56	58	88
Sex	Female		4,045	4,166	4,281
	Male		3,312	3,227	3,145
Ages	Under 30-year-old	Persons	1,074	1,114	1,120
	Between 30- and 50-year-old		4,066	4,070	4,073
	Over 50-year-old		2,218	2,209	2,233
New Employment	Regular worker	Female	224.5	204.5	178
		Workers with disability	12	7	6
	Local talents	199.5	160.5	145	
	High school graduate	15	28	22	
	Total new recruits	416.5	334	302	
	Part-timers (converted into full-time base)	33(16.5)	16(8)	0	
Indirect employment			0	7	8
Female Employees	Female managers		314	360	424
	Female employee ratio	%	55	56.4	57.7
	Female manager ratio	%	26.3	29.8	35.1
The Socially Vulnerable	Workers with disabilities (ratio)	Persons(%)	276(3.72)	280(3.82)	274(3.63)
	National merit reward recipients (ratio)	Persons(%)	580(8.04)	591(8.09)	600(8.15)
Retirement	Total	Total	355	411	400
		Male	224	283	269
		Female	131	128	131
	Resignation at one's own request	Total	104	91	114
		Male	33	45	48
		Female	71	46	66
	Regular retirement	Total	193	252	230
		Male	155	193	188
		Female	38	59	42
	Voluntary retirement	Total	18	16	10
		Male	10	9	6
		Female	8	7	4
	The Other	Total	40	52	46
		Male	26	36	27
		Female	14	16	19

New Employment Status * Part-time workers are calculated on a full-time basis (8 hours/day)

Category		Unit	2019	2020	2021
Regular Worker	Female	persons	224.5	204.5	178
	The disabled	persons	12	7	6
	Local talents	persons	199.5	160.5	145
	High school graduates	persons	15	28	22
Total new recruits		persons	416.5	334	302
Non-regular Worker	Younger interns	persons	242	249	282.5
	C/S workers	persons	189	-	-
	Employees in charge of outsourcing works	persons	4	-	-
Total		persons	435	249	282.5

HR Development Status

Category	Unit	2019	2020	2021
Total Trainees	persons	130,588	130,660	129,549
Training Budget Per One Trainee	thousand KRW	549	544	523
Training Satisfaction Level (out of 5)	score	4.72	4.64	4.67

Flexible Working Hour Policy Status

Category	Unit	2019	2020	2021	
Time Selection System	Employment	persons	35	30	1
	Conversion	persons	256	252	306
Flexible Working Hour System	Time-gap Commuting Type	persons	1,164	1,350	1,296
	Working Hour Selection Type	persons	950	1,188	598
	Intensive Working Hour Type	persons	30	32	28

Labor Union Participation Status

Category	Unit	2019	2020	2021
Participation Candidates	persons	7,657	7,731	7,767
Participated Employees	persons	5,907	6,044	6,195
Participation Rate	%	77.14	78.17	79.76

Welfare Cash Benefit Status

Category	Unit	2019	2020	2021
Welfare Benefits Per Individual	thousand KRW	1,761	1,725	1,701
Welfare System Satisfaction Level (out of 100)	score	85.8	87.16	85.62

Support for Childbirth and Child-care

Category	Unit	2019	2020	2021	
Support before and after childbirth	Working hour reduction during pregnancy (2-hour reduction per day for the pregnant workers within 12-week and after 36-week of pregnancy)	persons	145	164	157
Support for child-care	Working hour reduction during child-caring period (4-hour reduction per day for parents with a child younger than 9-year-old)	persons	55	41	44
Child-birth leave	Child-birth leave (90days for a single birth / 120days for multiple birth)	persons	147	149	149
	Spouse child-birth leave (10days)	persons	53	73	67
	Total	persons	420	481	484
Workers on leave	Male	persons	34	57	58
	Female	persons	386	424	426
	Total	persons	234	387	225
Workers returned from the leave	Male	persons	29	53	41
	Female	persons	205	334	184
	Total	persons	228	234	360
Workers in over 12-month of continuous service after returning from leave	Male	persons	21	29	48
	Female	persons	207	205	312
	Total	%	95.8	100	93
Ratio of workers in over 12-month of continuous service	Male	%	95.8	100	90.6
	Female	%	95.9	100	93.4

Ethical Management Status

Category	Unit	2019	2020	2021
Total Integrity Level (The Anti-corruption & Civil Rights Committee)	Grade	2	2	2
Assessment on Anti-corruption (The Anti-corruption & Civil Rights Committee)	Grade	Exempted from assessment as an exemplary organization	Exempted from assessment as an exemplary organization	Exempted from assessment as an exemplary organization
Employee Ethical Awareness Index (out of 100)	Score	93.2	95.9	88.2
Ethical Management Training	Total trainees persons	20,333	7,246	7,224

Human Rights Management Status

Category	Unit	2019	2020	2021	
Human Rights Management Training	Total Trainees	Persons	22,002	7,246	7,397
	Training Completion Rate	%	99.4	99.8	100

Local Communities Status

Category	Unit	2019	2020	2021
Job Creation	Persons	7,202	10,581	11,882
Social Contribution Mileage	Score	182,122	69,361	57,675
Voluntary Service Hour Per Employee	Hours	10.9	3.2	4.4

Mutual Growth Status

Category	Unit	2019	2020	2021
Assessment of Public Growth	Grade	Good	Good	Excellent
Purchase from SMEs Ratio	%	94.2	94.9	88.9
Investment in Venture Fund	100 million KRW	9,066	10,350	12,080

Industrial Health and Safety

Category	Unit	2019	2020	2021	
Industrial Accidents	Accidents Rate	%	0.0811	0.0654	0.0785
Safety Training	Total Trainee	Persons	7,768	8,642	10,865
	Training Completion Rate	%	99.45	113.1	142.19
	Training Hours Per Individual	Hours	3	3	3

Supply Chain Status

Category	Unit	2019	2020	2021	
Priority Purchase Performance from a Socially Responsible Perspective	Green Product Purchase	100 million KRW	26	44	21
	Priority Purchase from SMEs		579	754	690
	Priority Purchase from Female Enterprise		50	66	84
	Priority Purchase from the Enterprise Operated by Persons with disabilities		16	22	28
	Priority Purchase from Social Enterprise		25	25	38
	Green Product Purchase Ratio		81.2	84.7	38.7
	Priority Purchase from SMEs Ratio		94.2	94.9	88.9
	Priority Purchase from Female Enterprise Ratio	%	8.2	8.3	10.8
	Priority Purchase from the Enterprise Operated by Persons with disabilities Ratio		2.6	2.7	3.6
	Priority Purchase from Social Enterprise Ratio		5.1	4.5	5.5

Awards and Memberships

Awards

Date	Award Name
Dec 2019	Ministerial Commendation for Exemplary Case of Innovative City Development
Dec 2019	2019 Governmental Commendation for Job Creation Prime Minister Award
Dec 2019	2019 Commendation for Korean Organization Contributing to Job Creation Vice Chairman of Job Committee Award
Jan 2020	Agency Commendation for Expanding Social Security Agreement
May 2020	Presidential Commendation for Achievement in Improving the Human Rights, Safety and Welfare of Children
Jul 2020	Presidential Commendation for Addressing the Elderly Society
Aug 2020	Pension Fund Award of the Year
Sep 2020	Asia-pacific Global Investor Award
Oct 2020	Pension Fund Award of the Year
Dec 2020	Chairman of Mutual Growth Commission of Public Organizations Award
Dec 2020	Commendation of Minister of Health and Welfare for "Excellent Institution for the Protection of the Elderly Living Alone"
Dec 2020	Commendation of Minister of Labor and Employment for Fair Employment and Blind Employment
Dec 2020	Excellence Award for Public Organization with Excellent Administration and Policy Examples for the First Half of the Year
Mar 2021	2021 Ministerial Award of National Balanced Development
Mar 2021	2021 Ministerial Award of the National Merit Recipients Contributing to Local Development
Apr 2021	Best Pension Plan Sponsor / Asia Asset Management
May 2021	Designated as "The Best Call Center in Korea" following KSQI in 2021
Jul 2021	Pension Fund of the Year/ The Asset
Sep 2021	Global Real Estate Investor of the Year/ IPE Real Asset
Sep 2021	Best Investor from Asia Pacific/ IPE Real Asset
Nov 2021	Commendation for Balanced Personnel Management (Ministry of Human Resources Innovation Award)
Nov 2021	2021 Contribution Award for Win-Win Cooperation with Small and Medium Enterprises (Prime Minister's Commendation)
Dec 2021	Public Sector Comprehensive Grand Prize of Korea Human Resources Development Grand Awards
Dec 2021	Minister of Education Award in 2021 Fair Recruitment and Blind hiring Best Practice Contest
Dec 2021	Commendation of Minister of Environment for Excellent Institution for Reducing Greenhouse Gas in 2021
Dec 2021	Achievement Award of Minister of Environment for Public Sector Greenhouse Gas and Energy Target Management System Reduction Goals for 10 Consecutive Years
Dec 2021	Organizational Commendation of Minister of Public Administration and Security for Exemplary Public Organization with Best Spatial Innovation
Dec 2021	Winner of the Pension Culture (Korean Political Science Association)
Dec 2021	2021 ISSA Good Practice Awards

Memberships

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

GRI Standards Index

Universal Standards (GRI 100)

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	203-2	Indirect economic effects	28~29
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	205-3	Measures against identified corruption cases	55~57

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	305-2	Indirect GHG emissions (scope2)	79
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

Topic Specific Standards-Social Performance(GRI 400)




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Global Initiatives

UN Sustainable Development Goals(UN SDGs)

The UN SDGs consist of 17 goals and 169 detailed tasks that the international community must achieve together to solve universal issues, global environmental problems, social and economic issues. The NPS declared to support for the UN SDGs, and in 2020, shared practice cases as an exemplary SDG implementing company.

UN SDGs Goal	Potential Influence	NPS Practice	page
1  No poverty	Contribute to the socially vulnerable by subsidizing insurance fee	Subsidize the insurance fee for the low-income families and the local insured	26
		Increase the number of the vulnerable pension subscribers and expand the coverage after retirement	39
		Protect the rights of recipients	50
		Support employment of the low-income multicultural family	51
2  Zero hunger (No hunger)	Contribute to eradicating poverty of the socially vulnerable through NPS businesses	Provide welfare services for preparing for the retirement	9
		Exempt basic livelihood security recipients with a permanent disease from medical evaluation	15
3  Good health and well-being	Promote health of the stakeholders including recipients and employees by providing various supporting programs	Provide recipient-oriented welfare service	26
		Support the 3 rd phase of the life of a retired person	40
		Provide post-care for people with disease symptoms	44
4  Quality education	Promote educational opportunities by providing quality educational programs	Provide employee well-being programs	46
		Provide educational contents and know-how for preparing for retirement	40
		Provide sessions to enhance HR awareness and sensibility of employees	49
5  Gender equality and female empowerment	Promote female empowerment and capacity building through systems and educational programs	Nurture specialists in NPS Wing program overseas investment	63
		Digital Wonder-woman Project	40
8  Sustainable economic growth and decent work	Create new domestic jobs by stably managing the fund and supporting systems	Extended leave for infertility treatment	46
		Management of HR management implementation system	48
9  Building Infrastructure and sustainable industrialization	Establish infrastructure utilizing the fund and vitalize sustainable economic development	Support creating new jobs in the private sector	27
		Create jobs for the vulnerable class	40
10  Reduced inequality	Support the subscribers in the blind spots by implementing business and support persons with disabilities and the vulnerable to employment by providing systems	Support maintaining jobs in SMEs and partnering companies	40
		Expand the implementation of a project on town's self-governing fund	21
11  Sustainable cities and communities	Contribute to providing stable public services by advancing services related to the 4 th industries	Make a contract for purchasing local business products	29
		Contribute to the society for the vitalization of the local economy	41
12  Responsible consumption and production	Contribute to vitalizing local economy by procuring from companies in the local area around the seat of the NPS	Relieve the inconvenience of the vulnerable through Regulation Verification Committee	15
		Induce a program supporting the socially vulnerable	41
11  Sustainable cities and communities	Contribute to providing stable public services by advancing services related to the 4 th industries	Support the vision of economic city of Jeonbuk	14
		Support carbon-neutral society based on cooperation	36
		Cooperate to foster financial industry in Jeonbuk	41
12  Responsible consumption and production	Contribute to vitalizing local economy by procuring from companies in the local area around the seat of the NPS	Promote the competitiveness of SMEs and small businesses	42
		Expand the support for the purchasing opportunity from the socially responsible business	42

UN SDGs Goal	Potential Influence	NPS Practice	page
13  Climate action	Directly and indirectly affect the climate change and air pollution	Make environmental management strategy system to address climate change	30
		Implement emission reduction plan on the greenhouse gas in the public sector	35
		Declare coal phase-out in the public sector	36
		Operate a reward system for environmental management	37
16  Securing a responsible and inclusive system	Contribute to expediting the sustainable society through responsible fund management and to securing a peaceful and inclusive society	Advance internal controlling system for ethic management	27
		Establish clean management system	55
		Make responsible investment through key investment facilitati on measures of the NPS	66
		Conduct international consultative body's activities regarding responsible investment	70
17  Global Partnership for the goals	Contribute to sustainable development of the world through cooperation with stakeholders	Transfer NPS system knowledge to developing countries such as Vietnam, Cambodia, Mongolia and Nepal, improve the school quality and facilitate cultural exchanges	hp
		Conduct global social contribution activities	hp
		Strengthen the foundation for responsible investment through accession to UNPRI	70
		Conduct international consultative body's activities regarding responsible investment	70
		Join the UNGS	84

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 shall support and respect internationally declared human rights protections. 48
	Principle 2 Companies shall actively strive to avoid being involved in human rights violations. 48
Labor	Principle 3 Companies shall support the freedom of association and the practical recognition of collective bargaining rights 46
	Principle 4 Companies shall exclude all forms of forced labor. 46
	Principle 5 Companies shall effectively eliminate child labor. 48
	Principle 6 Companies shall eliminate discrimination in employment and work. 48
Environment	Principle 7 Companies shall support a preventative approach to environmental issues. 35
	Principle 8 Companies shall carry out measures to promote environmental responsibility. 35
	Principle 9 Companies shall promote the development and spread of environmentally friendly technologies. 36~37
Anti-corruption	Principle 10 Companies shall oppose all forms of corruption, including unfair acquisition and bribery. 55-56

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	48
	A2 Internalization of Respect for Human Rights	Efforts to internalize the will to respect human rights	49~50
Part B. Focus Reporting Areas	B1 List of Major Human Rights Issues	Key human Rights Issues associated with business activities	49~50
	B2 Identify Key Human Rights Issues	How to Select Major Human Rights Issues	49~50
	B3 Key Human Rights Management Areas	How to select areas and regions where major human Rights issues occur	HQ and local office of the NPS
	B4 Potential Human Rights Issues	Key human Rights Issues and other potential human Rights Issues	49-50
Part C. Governance to Respect Human Rights	C1 Detailed Policies for key Human Rights Issues	Detailed policies for key human Rights issues	11,48
	C2 Stakeholder Engagement	Stakeholder engagement by key human rights issues	11
	C3 Impact Assessment	Identifying ongoing major human Rights Issues	27
	C4 Response to human Rights issues	Reflect decision-making processes and activities on key human rights issues	19
	C5 Performance Evaluation	Effectiveness of activities to address major human rights issues	28
	C6 Post Support	Post-mortem support for human rights victims	49

UN Principles for Responsible Investment(PRI)

The NPS joined the UN PRI in 2009 and submits a "Transparency Report" each year in accordance with the reporting framework. The UN PRI is an international principle of Responsible investment including six provisions supposed to include non-financial environment, society and governance 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.

To the readers of NPS Sustainability Report 2022

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Introduction

The Korea Management Association (KMA) 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. KMA's responsibility is to perform an assurance engagement as agreed upon in our agreement with NPS and issue an assurance statement.

Scope and Standards

The NPS described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3. 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.

KMA'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

KMA's assurance engagement assumes 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 the NPS on the revision of the Report. We reviewed the Report's final version 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

The 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

The 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

The NPS prioritized material issues to provide a comprehensive, balanced report of performance, responses, and 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

The 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

The KMA maintains a comprehensive system of quality control including documented policies and procedures. This engagement was carried out by an independent team of sustainability assurance professionals. KMA has no other contract with NPS and did not provide any services to NPS that could compromise the independence of our work.



October 21, 2022

Choi Kwon-seok **Vice President of KMA**

최 권 석

**NPS Sustainable
Management Report
2022**