

2023 National Pension Service

Sustainability Report

Support the People with Sustainable Pension



About this Report

Overview of the Report

The National Pension Service (NPS) has published a Sustainability Report since 2012 to transparently disclose its sustainable management activities and achievements annually after identifying stakeholders' interests in these activities.

Reporting Criteria

This report is prepared based on the Global Reporting Initiative (GRI) Standards. Additionally, it reflects the contents of the UN Global Compact (UNGC) and the UN Sustainable Development Goals (SDGs). Financial performance is presented using the Korean International Financial Reporting Standards (K-IFRS) consolidated financial statements.

Reporting Period, Scope, and Boundary

This report covers the activities and achievements from January 1, 2022, to December 31, 2022. No significant changes in the organization occurred during the reporting period, and to illustrate trends of increase or decrease in quantitative performance, the data for qualitative activities and performance information was collected over the last three years (2020 to 2022). The main reporting scope includes the NPS's headquarters and regional offices.

Report Verification

To enhance the objectivity and credibility of this report, third-party verification was conducted according to the AA1000AS v3 international standard. Detailed verification results can be found in the appendix.

Accessing the Report and Inquiries

This report is available in Korean and English and can be accessed on the NPS website. If you have any comments or inquiries related to this report, please do not hesitate to contact us via the following contact information.

Contact Point for the 2023 NPS Sustainability Report

Issuer : National Pension Service

Department : Management Support Office

Phone : 063-713-6887

Website : www.nps.or.kr

Address : 180 Giji-ro, Deokjin-gu, Jeonju-si, Jeollabuk-do

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About NPS



CEO Message



*Nature, People,
and the Society we live in together,
are the NPS's commitment to ESG management!*

Dear Esteemed Stakeholders,

Our society is emerging out of the long tunnel of the unprecedented COVID-19 pandemic, striving to reclaim a vibrant daily life. Yet, we also confront rapid climate shifts, global economic crisis, and the challenges of an aging and low-birth-rate society. These changes call for not only innovative adjustments in our lives but also in our values and philosophies. They underscore the importance of coexistence—not only with our neighbors but with nature and humanity.

Coexistence embodies sustainability. At the National Pension Service, we are committed to pursuing sustainability through ESG management. As the world's third largest pension fund, we bear the weighty responsibility of being lifelong partners to the people. We aspire to foster harmonious coexistence between humanity and the environment, acting as the bedrock of a society where all citizens can thrive economically, socially, and culturally.

Therefore, as we enter an era of imminent change, where nature (N) and people (P) converge towards a happier society (S), our efforts will not waver.

We will take the lead in promoting and embedding ESG practices as a leading global pension fund.

The National Pension Fund's core principle is responsible investments for long-term, stable profit growth. We have expanded our ESG integration strategy, which considers ESG factors alongside financial aspects in the investment decision-making process, to global equities and fixed income, in addition to domestic equities and fixed income. Our dialogue strategy with companies is being extended to foreign stock holdings. We have also revised regulations to consider responsible investment factors in the external manager selection process, and intensified monitoring to encourage them to implement responsible investment. Notably, in 2022, we joined the International Financial Reporting Standards (IFRS) Sustainability Alliance, taking a pioneering role in advancing ESG practices.

We will contribute to a sustainable, eco-friendly management ecosystem to combat climate change.

Eco-friendly management is rooted in daily practices of our employees. We have fast-tracked fair administration through broader mobile notifications for insured persons and beneficiaries in our operational processes. We have actively decreased carbon emissions through eco-friendly activities like eco-friendly commuting challenges, jogging (jogging and picking up litter), and removing individual waste bins from desks. Moreover, we wholeheartedly adhere to government policies, including eco-friendly facility investments and lights-out initiatives during lunch hours. We also proactively address external, indirect carbon emissions throughout the supply chain, pre-emptively responding to the obligation to disclose Scope 3 emissions and comply with the Supply Chain Due Diligence Act.

We will fulfill social responsibility through sustainable pension and welfare services.

The NPS has diligently expanded its reach to include short-term and daily workers, thus addressing blind spots in the National Pension Plan and reinforcing retirement income security. Our recent regional enrollment premium support program saw applications from over 90,000 individuals in just 12 months, acting as a reliable pillar of support for a more significant number of citizens. Additionally, our community-based pension, which delivers pensions to elders within their communities, has made remarkable strides. We have collaborated with local communities to devise regional development strategies and established a public interest foundation to aid vulnerable groups. We are committed to ensuring retirement income security for the people and will faithfully uphold our social responsibilities as a public institution.

We will cultivate trust among the people through ethical and transparent management.

Last year, our concerted efforts—transparent institutional operations, proactive disclosure measures, and enhanced information transparency—led to impressive achievements: securing Excellent Grade in Comprehensive Integrity Rating for six consecutive years, designated as an Excellent Disclosure Institution for three consecutive years backed by flawless disclosure, and awarded the Grand Prize in Public Institution Audit in the public integrity and ethics category. Moving forward, we will redouble our efforts to fortify our internal control system, ardently practicing anti-corruption and integrity to position ourselves firmly as a transparent and trusted institution.

ESG management is not a choice but a necessity.

Through bolstered investments considering ESG factors, we have spearheaded the promotion and advancement of ESG practices worldwide. Our unwavering commitment is to create a better environment and society together with our citizens, addressing challenges such as climate change. We wholeheartedly seek your continued support and encouragement.

Thank you,

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

Introduction of National Pension Service

About the Organization

The NPS was established in 1987 to enhance the stability of the people's livelihoods and promote their welfare by providing old-age, disability, and survivor's pension. As of December 31, 2022, the NPS serves 22.5 million insured persons and provides pension services to 6.43 million beneficiaries. It manages the National Pension Fund totaling KRW 890.5 trillion and offers various welfare services to ensure that all citizens can benefit from pension services.

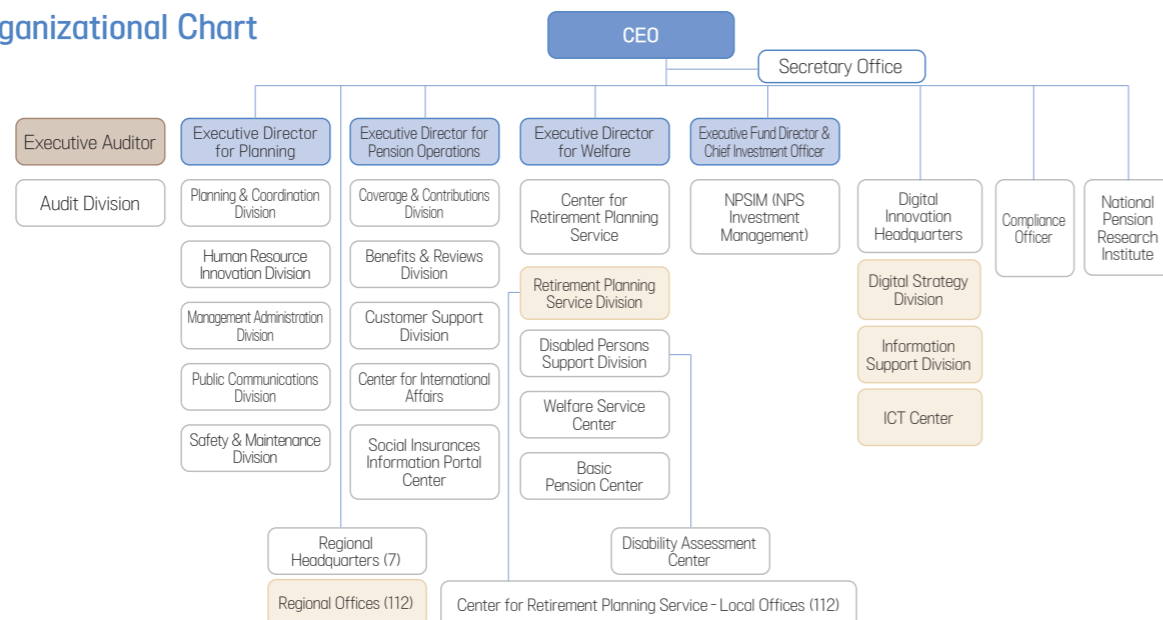
General Overview

Name of Institution	National Pension Service		
Competent Authority	Ministry of Health and Welfare		
Establishment Date	September 18, 1987		
Legal Basis for Establishment	Article 24 of the National Pension Act Article 24 (Establishment of the National Pension Corporation) <Amended on February 29, 2008, January 18, 2010> To efficiently carry out the business of achieving the purpose of Article 1, the National Pension Corporation (from now on referred to as the "Corporation") shall be established under the delegation of the Minister of Health and Welfare.		
Headquarters Location	180, Giji-ro, Deokjin-gu, Jeonju-si, Jeollabuk-do		
Number of Employees	7,596 (as of the authorized workforce)		

Operational Status

Number of Insured Persons	22.5 million	Cumulative Investment Income	KRW 451.3 trillion
Number of Beneficiaries	6.43 million	Annualized Return Since Inception (1988 ~ Dec. 2022)	5.11%
The Fund	KRW 890.5 trillion	Number of Retirement Planning Service Users	5.84 million

Organizational Chart



History

The NPS has actively pursued an ESG framework in alignment with global trends in environmental, social, and governance (ESG). Through ESG actions based on this framework, we aim to achieve sustainable growth in collaboration with stakeholders.

1987-1994

Establishment of National Pension Service
Launch of National Pension Plan

- Dec. 1986. Promulgated the National Pension Act
- Sep. 1987. Established the National Pension Corporation
- Jan. 1988. Launched the National Pension Plan (workplaces with 10 or more full-time employees)
- Jan. 1992. Extended the compulsory coverage (workplaces with five or more full-time employees)

1995-2000

Strengthening of NPS's Presence
Introduction of National Pension Plan Targeting All Citizens

- Jul. 1995. Extended the compulsory coverage to individuals in rural areas
- Apr. 1999. Extended the coverage range to target all citizens (increased the mandatory coverage in urban areas)
- Nov. 1999. Launched the NPS Investment Management (NPSIM)

2001-2010

Enhanced Public Trust
Period of Institutional Stability

- Jul. 2003. Gradually extended the compulsory coverage to workplaces with fewer than five full-time employees (until Jan. 2006)
- Sep. 2006. Launched externally managed responsible investment funds
- Jul. 2007. Renamed the National Pension Corporation as National Pension Service (amendment to the National Pension Act)
- Apr. 2008. Launched the Consulting on Successful Aging service
- Jun. 2009. Became a signatory to the Principles for Responsible Investment (PRI)

2011-Present

Evolution into a Comprehensive Welfare Service Provider
Relocation to Jeonju

- Oct. 2012. Joined the UNGC and published the first NPS Sustainability Report
- Jun. 2015. Relocated the NPS headquarters to Jeonju
- Dec. 2015. Implemented the Retirement Planning Service for all citizens
- Jul. 2018. Adopted Stewardship Code
- May. 2021. Declared coal phase-out of the National Pension Fund
- Dec. 2021. Held the ESG Management Declaration Ceremony
- Jun. 2022. Joined the IFRS Sustainability Alliance (previously, SASB Alliance)



Awards and Certifications

Key Awards and Recognitions



UN Global Compact (UNGC)
Selected as Outstanding Anti-Corruption
Organization



Social Economy Merit, Social Value
Realization Public Sector
Presidential Commendation



Korea Association of Public Sector Auditors
Grand Prize in Public Ethics and
Integrity Category



Selected as an Excellent Company for Work-
Life Balance Practices
The Minister of Employment and
Labor Award



Employee Health Promotion Activities
Selected as Outstanding Workplace



Korea Sharing Citizen Award
The Minister of Health and
Welfare Award

Awards and Recognitions

Presidential Award	Jul. 2022	Social Economy Merit, Social Value Realization, Public Sector	Ministry of Economy and Finance	
	Nov. 2022	2022 Shared Growth Merit Award	Ministry of SMEs and Startups	
	Dec. 2022	2022 Digital Government Development Merit	Ministry of the Interior and Safety	
Prime Minister's & Minister's Award	Jun. 2022	2022 Information and Culture Merit Award	Ministry of Science and ICT	
	Aug. 2022	2022 Best Government Innovation Case	Ministry of Health and Welfare	
	Sep. 2022	2022 Best Practice Contest for Active Administration	Ministry of Health and Welfare	
	Nov. 2022	Selected as a Company Practicing Work-Life Balance in 2022	Ministry of Employment and Labor, Blind	
	Nov. 2022	11th Republic of Korea Sharing National Award	Ministry of Health and Welfare	
	Dec. 2022	2022 Job Creation Merit - Prime Minister's Commendation	Ministry of Employment and Labor	
	Dec. 2022	2022 Electronic Document Merit Award	Ministry of Science and ICT	
	Dec. 2022	National Critical Infrastructure Disaster Management Merit Award	Ministry of the Interior and Safety	
	Pension for the Year Award	May. 2022	Best Investor from Asia Pacific	IPE Real Asset
		Sep. 2022	Pension Fund of the Year	The Asset
Other Recognitions and Awards	Feb. 2022	ISSA Good Practice Awards for Asia and the Pacific 2022	International Social Security Association (ISSA)	
	Mar. 2022	UNGC Anti-Corruption Excellence Award	UN Global Compact Network Korea	
	May. 2022	2022 KSQI (Korean Service Quality Index) Excellent Call Center	Korea Management Association Consultants (KMAC)	
	Sep. 2022	Excellent Workplace for Workers' Health Promotion	Korea Occupational Safety and Health Agency (KOSHA)	
	Sep. 2022	2022 National Statistics Development, Improvement, Dissemination, and Utilization Excellence Award - Chief's Award	Statistics Korea	
	Oct. 2022	KOSHA-MS (Safety and Health Management System) Certification	Korea Occupational Safety and Health Agency (KOSHA)	
	Dec. 2022	ISO 27701 for Privacy Management System	DNV Business Assurance Korea (DNV)	
	Dec. 2022	2022 Income Activity Comprehensive Survey Pilot Project Collaborative Institution Merit Award	Korea's Disabled people's Development Institute (KODDI)	
	Dec. 2022	2022 Internal Audit Innovation Award	The Institute of Internal Auditors (IIA)	
	Dec. 2022	2022 Public Institution Auditor Competition Public Ethics and Integrity - Grand Prize	Korea Public Institution Audit Association	
Dec. 2022	2022 Personnel Management Innovation Best Practices Contest - Bronze and Encouragement Awards	Ministry of Personnel Management		

NPS's Mid- to Long-Term Business Strategy

Mission To contribute to the people's stable and happy life through sustainable pensions and welfare services.

Vision A leading global pension fund contributing to the people's happiness over generations

Core Values



Business Principles

National Pension that Makes All Korean People Happy

- Win-Win Management**
Citizen-Centric Objective
We will actively support pension reforms that enhance sustainability and create a solid pension that all generations enjoy.
- Reliable Management**
Service-Centric Objective
We will enhance public trust by faithfully performing institutional operations, fund management, and welfare services.
- Innovative Management**
Institution-Centric Objective
We will strengthen our capabilities with a higher sense of ethics and promotes continuous innovation.

Management Slogan



NPS's ESG Management Strategy

Vision A leading global pension fund contributing to the people's happiness over generations

Business Principles National Pension that Makes All Korean People Happy
(Win-Win Management, Reliable Management, Innovative Management)



ESG Management Vision

Creating a Harmonious World where Nature (N) and People (P) Coexist in a Happy Society (S)

ESG Management Directions

E Contribute to overcoming the climate crisis by living an eco-friendly lifestyle	S Actively fulfill social responsibilities	G Operate a transparent system based on citizen participation	F Take the lead in promoting ESG through fund management
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ESG Strategic Tasks

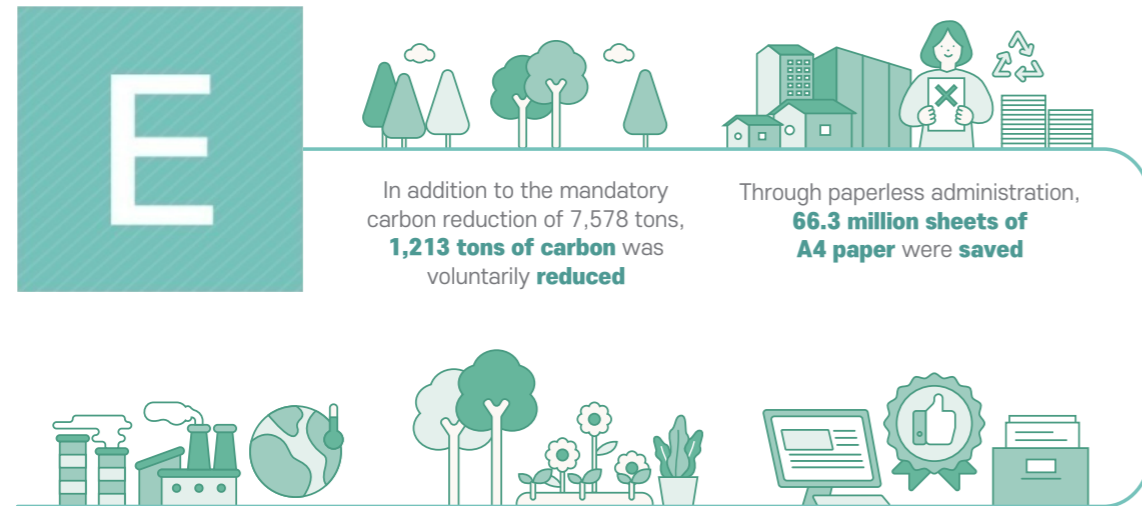
1. Actively participate in the government's response to the climate crisis 2. Contribute to environmental improvement through everyday activities 3. Establish a system for executing eco-friendly management	4. Strengthen income security by addressing blind spots 5. Create high-quality jobs and promote regional coexistence 6. Create a healthy and safe institutional and living environment	7. Transparently disclose management information, etc. 8. Expand citizen participation in the operation and improvement of the National Pension Plan 9. Operate a fair and transparent management system	10. Activate responsible investment and reinforce stewardship code 11. Enhance transparency and fairness in fund management
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ESG Management Roadmap

2021~2022	2023	From 2024
<ul style="list-style-type: none"> Establishment phase of ESG management system Enhancement of ESG management awareness among employees 	<ul style="list-style-type: none"> Advanced development phase of ESG management system Enhancement and internalization of ESG capabilities 	<ul style="list-style-type: none"> ESG management leading phase Leading ESG management among public institutions

ESG Highlights

Below are the achievements and awards for NPS ESG management in 2022. We have highlighted representative accomplishments in the areas of Environment (E), Social (S), Governance (G), and Fund (F), along with awards from reputable specialized organizations and recognition from the government.



In addition to the mandatory carbon reduction of 7,578 tons, **1,213 tons of carbon** was voluntarily **reduced**

Through paperless administration, **66.3 million sheets of A4 paper** were **saved**

Compared to the GHG mitigation target(34%, 6,259.29 tons), **More GHG was reduced (41.2%, 7,578.02 tons)**

For the Life-oriented Indoor Garden Project in Jeonju City, NPS was **selected as the first organization** to conduct the project

For significant contribution to expanding mobile electronic document usage, **the Minister of Science and ICT Award** were awarded

*According to the Public Sector Greenhouse Gas Emission Reduction Guidelines, the NPS plans to reduce greenhouse gas emissions by 50% by 2030, based on average annual emissions from 2007 to 2009



For two consecutive years, in the shared growth evaluation, **The highest rating** was **given**

In the public institution safety management grading system, **The highest rating** was **given**

As a family-friendly company, NPS was **recognized for 18 consecutive years (the Ministry of Gender Equality and Family)**

In the Social Economy Merit, Social Value Realization, Public Sector category, **a Presidential Commendation** was **awarded**

Regarding human rights violations, **Zero violations** were **achieved**

NPS



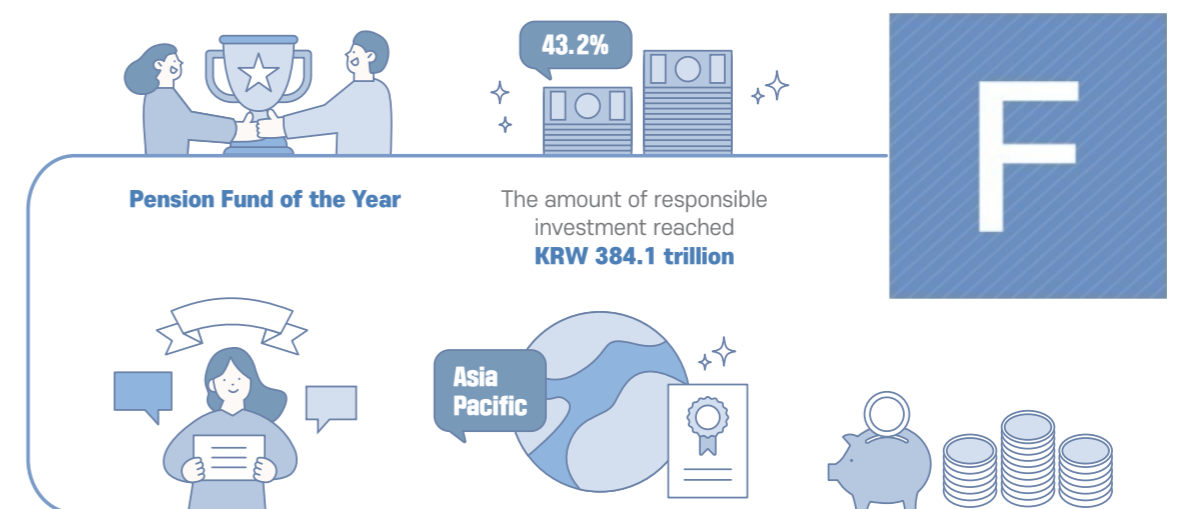
For six consecutive years in the comprehensive integrity assessment by the Anti-Corruption & Civil Rights Commission, **Excellent rating** was **given**

For three consecutive years in disclosure with zero discrepancies, NPS was **selected as Excellent Disclosure Organization**

By the United Nations Global Compact (UNGC) NPS was **awarded the UNGC Anti-Corruption Excellence Award**

In a comprehensive evaluation of information disclosure by the Ministry of the Interior and Safety, **The highest score ever** was **achieved**

Regarding violations of conflicts of interest, **Zero cases** were **reported**



Pension Fund of the Year

The amount of responsible investment reached **KRW 384.1 trillion**

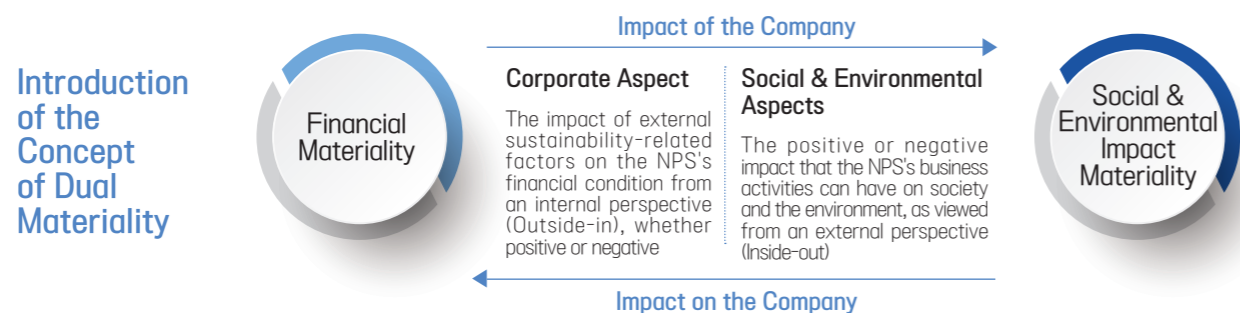
The number of voting rights exercised was **3,815 in total**

In the Asia-Pacific areas, NPS was awarded the **Best Investor Award**

The National Pension Fund amounted to **KRW 890.5 trillion**

Dual Materiality Assessment

The NPS systematically and timely identifies and manages ESG (Environmental, Social, Governance) + F (Fund) issues and conducts a significant assessment annually to communicate these matters with stakeholders transparently. In May 2023, the NPS applied the concept of dual significance in the evaluation, ensuring a balanced consideration of both financial and social/environmental significance.

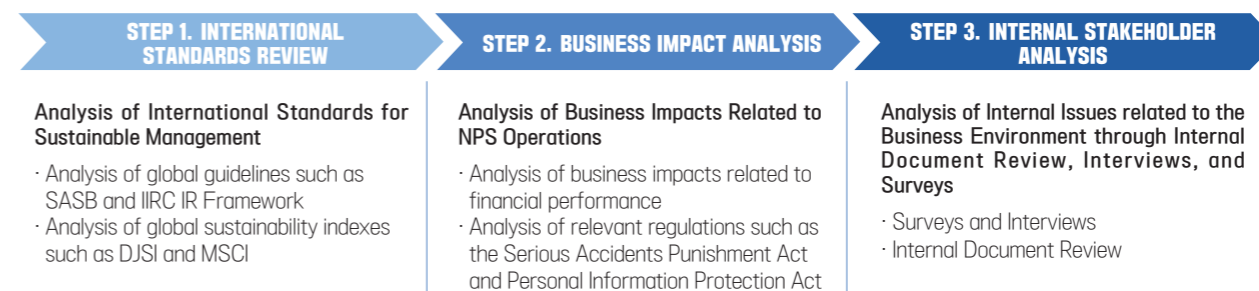


The Results of the Dual Materiality Assessment

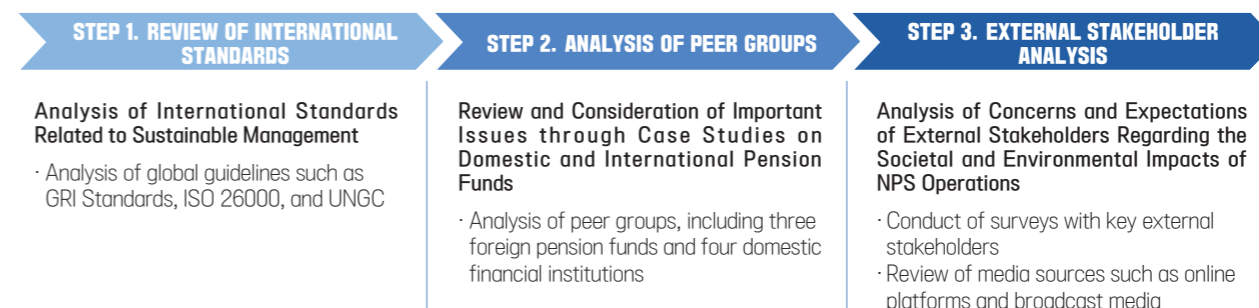
The NPS identified 31 sustainability issues based on international standards and benchmarking within related industries. Using this as a foundation, a survey was conducted on 3,289 employees and external stakeholders. The survey results were then utilized to analyze the financial/social and environmental impact, leading to the selection of 13 significant issues. (Survey period: May 23, 2023 - June 4, 2023)

Classification	Materiality Issues	Financial	Social Environmental	NPS Employees	Government and related agencies
E (Environmental)	Achieving carbon neutrality based on eco-friendly activities	L	L	🟡	🟡
	Establishing a foundation for eco-friendly management	M	L	🟡	🟡
	Managing GHG and energy targets in the public sector	L	L	🟡	🟡
S (Social)	Strengthening privacy protection and digital security	H	M	🟢	🟢
	Creating a healthy and safe working environment	H	M	🟢	🟢
	Establishing an organizational culture of mutual respect	H	L	🟢	🟡
	Enhancing expertise and capabilities through talent development	M	L	🟡	🟡
G (Governance)	Strengthening organizational transparency	H	M	🟢	🟢
	Preventing unfair practices and corruption through the operation of internal control systems	H	M	🟡	🟢
	Enhancing public trust through the promotion of integrity culture	H	M	🟡	🟢
	Enhancing risk management systems (investment, fund, ethics)	H	M	🟢	🟢
F (Fund)	Ensuring sound and transparent management of pension assets	H	M	🟢	🟢
	Expanding sustainable, responsible investment	H	L	🟡	🟡

Financial Materiality Assessment Process



Social and Environmental Materiality Assessment Process



Partner Companies	General Customers	GRI Standards	UN SDGs	page
🟡	🟡	GRI 201: Economic Performance, GRI 305: Emissions	11, 13, 16	28- 29, 32, 34-37
🟡	🟡	GRI 2: General Disclosures, GRI 201: Economic Performance	11, 13	30-31
🟡	🟡	GRI 302: Energy, GRI 305: Emissions	9, 13	33
🟡	🟡	GRI 403: Occupational Health and Safety, GRI 418: Customer Privacy	3, 8	60, 63
🟡	🟡	GRI 2: General Disclosures	3, 4, 8	58-62
🟡	🟡	GRI 2: General Disclosures	3, 4, 8	58-59
🟡	🟡	GRI 2: General Disclosures, GRI 404: Training and Education	4, 8, 10	56-57
🟡	🟡	GRI 2: General Disclosures	10, 16	71-72, 76-77
🟡	🟡	GRI 2: General Disclosures, GRI 205: Anti-Corruption	10, 16	68-70
🟡	🟡	GRI 2: General Disclosures	4, 16	78-79
🟡	🟡	GRI 2: General Disclosures, GRI 201: Economic Performance	12, 13, 16	80-81
🟡	🟡	GRI 2: General Disclosures, GRI 201: Economic Performance	10, 16	21-22
🟢	🟡	GRI 2: General Disclosures, GRI 201: Economic Performance, GRI 413: Local Communities	13, 16	23

Key Businesses


The Fund

The NPS established the NPS Investment Management (NPSIM) in November 1999 to adopt a more systematic and professional approach to managing the National Pension Fund, an essential retirement income source for the people. The Fund is financed by contributions collected from the insured, as well as by investment income. After deducting pension benefit payments and other expenses, the remainder is reserved as assets under management, which are invested in equities, fixed income, and alternative investments.

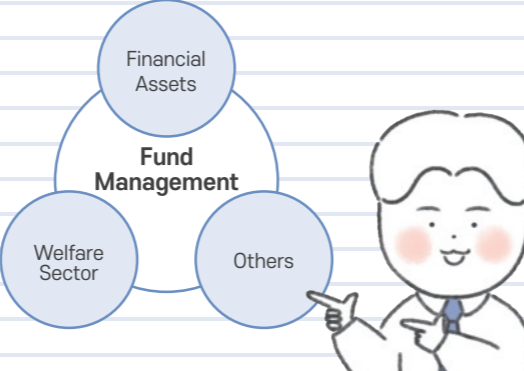
The National Pension Fund is the amount remaining after deducting pension payments and general & administrative expenses from pension contributions and investment income.

The Fund (as of May 31, 2023)
KRW 974 trillion

Investment Income (from 1988 to May 31, 2023)
KRW 528 trillion

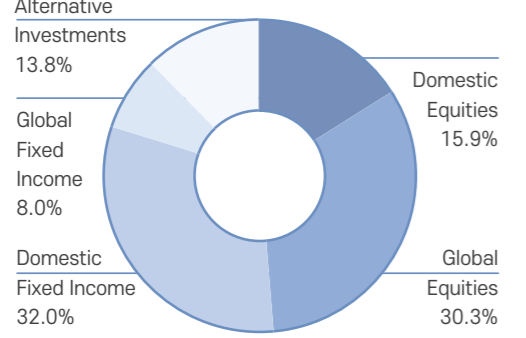


The Fund is managed in accordance with investment guidelines approved by the National Pension Fund Management Committee and is invested in three areas.

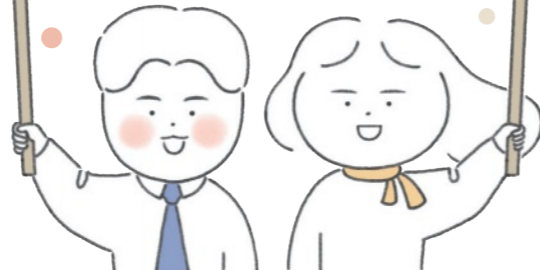


When it comes to fund management, profitability and stability are the most important factors to consider. Hence, the NPS strives to achieve targets set systematically.

2023 Target Portfolio




We will improve long-term profitability by attracting and retaining seasoned investment professionals and strictly complying with fund management principles!



Pension Benefits

The National Pension Plan is a public pension system implemented by the government with a view to ensuring the stability of the people's livelihoods and promoting their quality of life. Insured persons pay contributions on a monthly basis when they have income, and then receive pension benefits when they have no income after retirement.


Through the operation of the National Pension Plan, the NPS provides various public services.



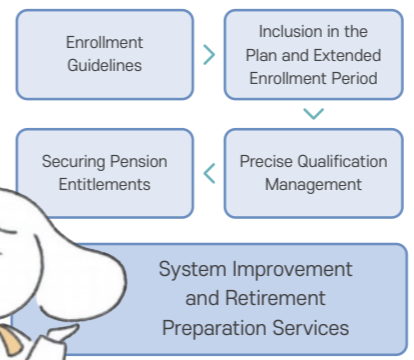
The NPS supports pension enrollment for vulnerable groups, addressing blind spots in enrollment and coverage.

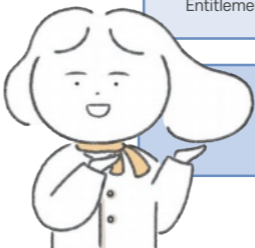
Vulnerable Groups

1. Daily Laborers
2. Unemployed Individuals
3. Youth
4. Middle-aged and Older Adults




We seek to ensure diverse pension entitlements through qualification management, systems, and workflow enhancement.





We spare no efforts in securing a better retirement life and improve the quality of life of the people by acting as the control tower for retirement planning in the Republic of Korea.





National Pension Fund



Responsible Investment

1. Responsible Investment

What is Responsible Investment?

The NPS conducts responsible investment to achieve long-term and stable returns and has expanded the application of responsible investment strategies across asset classes. At the NPS, Responsible investment is categorized in two forms: ESG Incorporation and Active Ownership. ESG Incorporation

is a way to consider ESG factors in the investment decision-making process, and Active Ownership is involved in voting and constructive dialogues to ESG-related risk management capabilities and enhances enterprise value.

NPS Responsible Investment Scheme

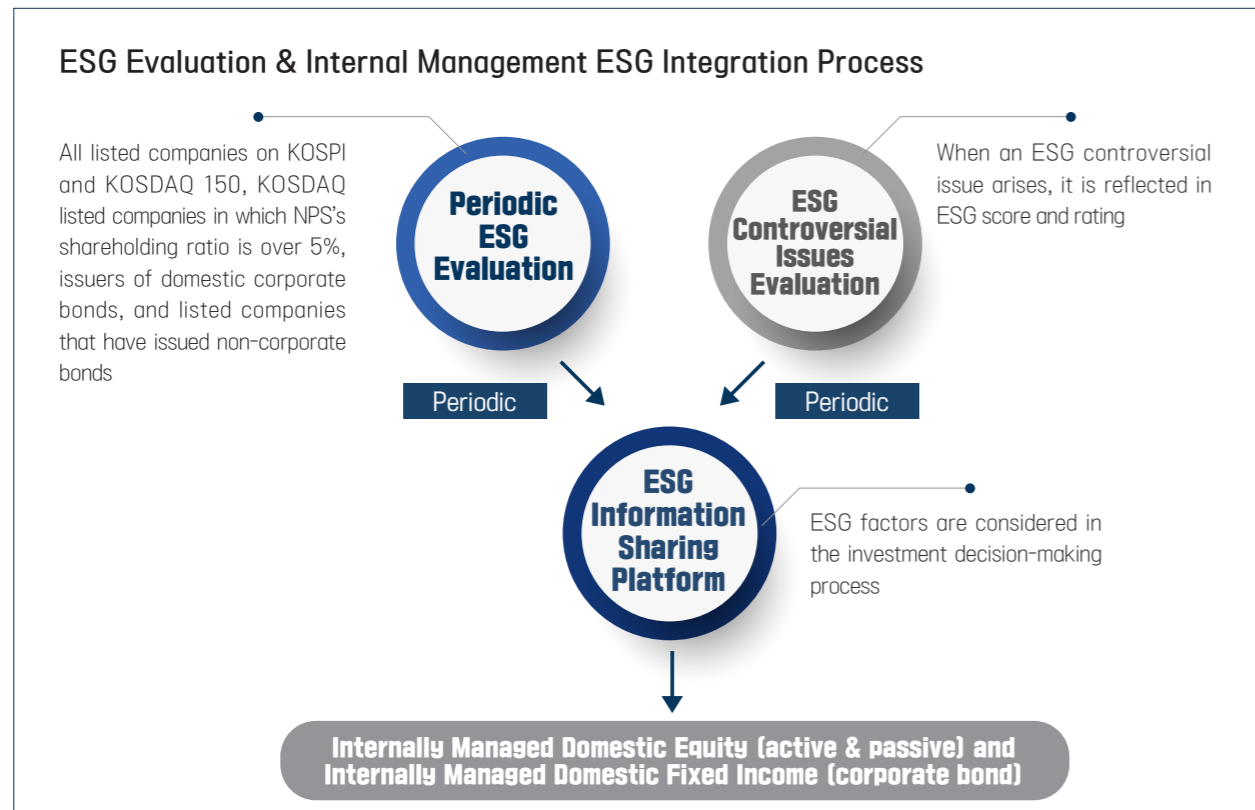
PRI	Definition	Adoption Status	Remarks
1. ESG Incorporation			
① ESG Integration	Consider financial factors and non-financial factors, including ESG, in decision-making	Adopted	ESG rating is considered for internally managed equity and fixed income (corporate bond)
② Screening	Include (positive screening) or exclude (negative screening) certain industries which are considered positive or negative from an ESG perspective	To be adopted	An action plan on negative screening is under development in line with the FMC's announcement of coal phase-out
③ Thematic	Pursue risk-adjusted returns and ESG outcomes altogether	Not yet	-
2. Active Ownership			
④ Voting	Exercise voting rights at shareholder meetings	Adopted	NPS votes on domestic and global equities
⑤ Engagement	<ul style="list-style-type: none"> Shareholder engagement not involved in management affairs: Dialogue with companies (confidential dialogue, confidential/public focus list) Shareholder engagement involved in management affairs: shareholder proposal, etc. (after publicly disclosing focus list) Litigation: Shareholder derivative suit, damage claim suit, etc. 	Adopted	Dialogues are conducted with companies in the domestic equity portfolio in relation to focus areas and unexpected concerns

2. Responsible Investing

ESG Integration

The NPS has been committed to laying the groundwork for the implementation of ESG Integration for a long period of time. Beginning with the development of the ESG Evaluation System for domestic equity assets in December 2015, the NPS has formulated an internal ESG research framework and established related strategies, creating an environment to adopt ESG Integration which currently applies to internally managed domestic equity and fixed income (corporate bond). In line with the Plan to Facilitate Responsible Investment approved by the National Pension Fund Management

Committee (FMC) in November 2019, the application scope of ESG Integration has been gradually expanded. As for internal management, ESG Integration is materialized based on ESG evaluation. The NPS implements ESG Integration by incorporating ESG factors, coupled with financial factors, into an investment decision-making process for internally managed domestic equity and fixed income (corporate bond) using its internal ESG evaluation system. As for external management, the NPS considers ESG factors during the external manager selection process.



2022 ESG Evaluation Result (Equity)

AA	A	BB	B	C	D	Total
94 (9.9%)	180 (18.9%)	201 (21.1%)	323 (33.9%)	149 (15.6%)	7 (0.7%)	954 (100.0%)

2022 ESG Evaluation Result (Fixed Income)

AA	A	BB	B	C	D	Total
109 (10.5%)	196 (18.8%)	233 (22.3%)	361 (34.6%)	139 (13.3%)	5 (0.5%)	1,043 (100.0%)

3. Global Investor Network for Responsible Investment

The NPS became a signatory to the Principles for Responsible Investment (PRI) in June 2009, a global network of investors that have publicly demonstrated their commitments to responsible investment, and since 2016, it has submitted PRI Transparency Reports.

In order to implement the Responsible Investment & Governance Principles, or Stewardship Code, and enhance associated capabilities, the NPS joined two investor-led organizations dedicated to corporate governance and investor shareholder engagement in September 2019: the International Corporate Governance Network (ICGN) and Asian Corporate Governance Association (ACGA). Moreover, the NPS joined the Asia Investor Group on Climate Change (AIGCC) in November 2020, an initiative to enhance awareness of climate change, expand a network and encourage action among institutional

investors in Asia about the risks and opportunities associated with climate change and low carbon investing.

Furthermore, the NPS joined the IFRS Sustainability Alliance (previously SASB (Sustainability Accounting Standards Board) Alliance), a global membership program for sustainability standards, in 2022, in line with the increasing calls for developing standards for a global baseline of sustainability disclosures and identifying the materiality of ESG factors per industry.

Going forward, the NPS will remain committed to ramping up its capacity and expertise in ESG based on research, best practices, and guidelines provided by the ICGN, ACGA, AIGCC and IFRS Sustainability Alliance and harness them when making decisions around ESG investing and exercising shareholder rights.

4. Looking Ahead

ESG Investing

The NPS formulated the Plan to Facilitate Responsible Investment in November 2019 as part of efforts to enhance long-term returns by gaining market trust as public pension fund and minimizing investment risks. In line with this plan, the NPS has developed a roadmap to expand responsible investment coverage in its portfolio, prepare associated strategies, induce external managers to internally foster responsible investment activities, and lay the foundation for facilitating responsible investment. Based on this roadmap, the NPS will develop specific action plans and accordingly take action.

Expanding RI Coverage in the Portfolio

The NPS has applied ESG Integration to internally managed domestic equity and internally managed domestic fixed income (corporate bonds) and seeks to apply it to global equity and fixed income going forward. In 2022, ways to apply ESG Integration to global equity and fixed income were formulated based on the results of commissioned research conducted in 2021 and discussion with investment departments, and the ways were reported to the Special Committee on Responsible Investment & Governance. According to the measures, the NPS will apply ESG Integration to global equity and fixed income by amending the Guidelines for ESG Integration.

Developing Phased Action Plans on Negative Screening (Coal Phase-out)

The National Pension Fund Management Committee (FMC) has announced a coal phase-out to reduce carbon emissions under the recognition of the necessity of risk management in line with the increasing severity of climate change and the importance of ESG investment principles triggered by the spread of COVID-19 and more stringent regulations on carbon emissions worldwide, including carbon border tax. Following this, the FMC further declared that it would stop investing in new coal-fired power plants at home and abroad and conducted commissioned research to develop a detailed action plan on negative screening. Going forward, a step-by-step action plan will be formulated based on the results of the commissioned research and opinions from diverse stakeholders, and NPS will implement the action plan according to decisions made by the FMC.

Creating a Foundation to Promote Responsible Investment

The NPS will continue to improve its ESG Evaluation System and review ways to consider ESG-related information for the purpose of maximizing returns in a long-term and stable manner. In addition, as part of efforts to enhance capacity and expertise in responsible investment, the NPS has dispatched a professional in charge of stewardship activities to the London Office to strengthen its network with global pension funds. Going forward, the NPS will gradually increase the number of manpower engaging in stewardship activities in overseas offices.

INTERVIEW



Head of Global Responsible Investment & Governance Division, National Pension Service
Dong-Sub Yi

Responsible Investment of the National Pension Fund

As a long-term investor managing the sheer size of the National Pension Fund, the National Pension Service needs to conduct responsible investment in consideration of non-financial factors, such as environmental, social, and governance (ESG) to manage risks and enhance investment returns. In this context, we have developed and applied responsible investment strategies that fit for the characteristics of the Fund.

At the NPS, responsible investment is categorized into ESG Integration, Screening, Engagement, and Voting, as determined by the National Pension Fund Management Committee, with the aim of maximizing long-term and stable returns. ESG Integration considers both financial factors and non-financial factors, including ESG, in the investment-decision making process. Screening uses filters to determine which companies, sectors, or industries are eligible or ineligible to be included in a portfolio. Engagement includes conducting dialogues with investee companies and sending shareholder proposals. Voting is to exercise voting rights at shareholder meetings. As the head of the Global Responsible Investment & Governance Division, I oversee the establishment and execution of responsible investment strategies of the Fund.

The NPS has applied ESG Integration to internally managed domestic equities and fixed income (corporate bonds) by considering ESG information such as ESG rating, and conducted shareholder engagement on focus areas and unexpected concerns related to domestic equities. In line with the increasing need for the application of responsible investment to foreign securities as the size of overseas investment increases, we are working on developing measures to apply ESG Integration to and carry out shareholder engagement on overseas equities and fixed income (corporate bonds) based on commissioned research and discussions with investment departments.

Moreover, the NPS has formulated policies and strengthened regulations that affect enterprise value related to environmental (climate change) and social (industrial safety) issues. Thus far, focus areas of shareholder engagement were concentrated on matters related to governance such as dividend policy and remuneration cap for directors. Currently, we are in the process of amending associated regulations and developing a guideline on environmental (climate change) and social (industrial safety) considerations, in order to conduct shareholder engagement in the areas.

When it comes to externally managed assets, externally managed RI funds were the only one that applied responsible investment in the past. Presently, we have developed measures to consider responsible investment factors in the external manager selection process to promote responsible investment practices for externally managed assets; formulated measures to evaluate non-financial factors in the securities firm selection process; joined the Asia Investor Group on Climate Change (AIGCC) and the IFRS Sustainability Alliance (ESG disclosure, etc.); dispatched a dedicated responsible investment professional to the London office. As such, the NPS has laid the groundwork for promoting responsible investment.

The purpose of the National Pension Plan is to contribute to the stability of livelihoods of Koreans and promotion of their welfare by providing old-age, disability or survivor's pension benefits. I believe that the NPS's ESG management activities will contribute to achieving the objective. We will strive to faithfully implement responsible investment of the Fund, which serves as reserve funds for pension benefit payment obligations, with the aim of helping maintain the financial stability of the National Pension Plan. I hope that these endeavors will be widely recognized through this report.



NPS ESG Management Committee Member / CEO, Eco&Partners
Han-Kyung Lee

ESG Management: Starting with Responding to Environmental Regulations

At Eco&Partners, where I serve as the CEO, we provide tailored solutions related to environmental regulations. As a member of the NPS ESG Management Committee, I have been striving to contribute to the NPS's ESG management based on over a decade of experience and expertise.

As we entered the 2000s, the concept and perception of ESG management were at an initial stage, closely resembling corporate reputation management strategies focused on sustainable management. Now, it has evolved into an essential concept for corporate survival strategies. Especially at this time, with global corporations in the U.S. and EU leading ESG regulations, ESG management has become both a mandate and a responsibility for companies worldwide, including those in Korea which supply products and services to global businesses.

However, in the country, the need for ESG management is recognized primarily among large corporations, while small and medium-sized enterprises often overlook its importance. I believe that the necessity of ESG management will be recognized throughout the corporate ecosystem soon. In this context, it is true that as the world's third largest pension fund and Korea's largest institutional investor, the NPS is responsible for leading corporate ESG management through its fund management and the exercise of voting rights.

The NPS has a capacity to positively influence our society's environmental aspects. While it is important to practice carbon neutrality internally, I believe that identifying environmental challenges related to fund management and addressing them is even more vital. To this end, the NPS should first define the K-Taxonomy, the classification of green economic activities,

for its fund management and investments. It may take time, but it is vital to present clear investment principles and standards as the largest institutional investor in the country so that investee companies can follow suit. It is understandable that the NPS cannot neglect short-term profits. However, as a public institution and a leader in ESG management, the NPS should fulfill its social responsibilities as the world is about to embark on a great energy transition which cannot be avoided in the long term.

Take ABP of the Netherlands, one of the Europe's largest pension funds, and domestic investment company KB Financial Group, for example. The firms not only have already adapted to changes through sustainable responsible investment, fund management governance with expertise and independence, a circular economy for energy transition, and digital transition, but also set tasks related to fund management such as proactive ESG stewardship code and increase in carbon-neutral investments. The NPS should also actively conduct case studies of peer groups and establish an ESG management system as a global pension fund befitting its status.

There is a saying that "it is easy to dodge our responsibilities, but we cannot dodge the consequences of dodging our responsibilities."

In closing, I hope that the NPS will take the lead in promoting ESG management among domestic companies by using its influence on the market from an ESG perspective, and I will also back the efforts.



Environmental

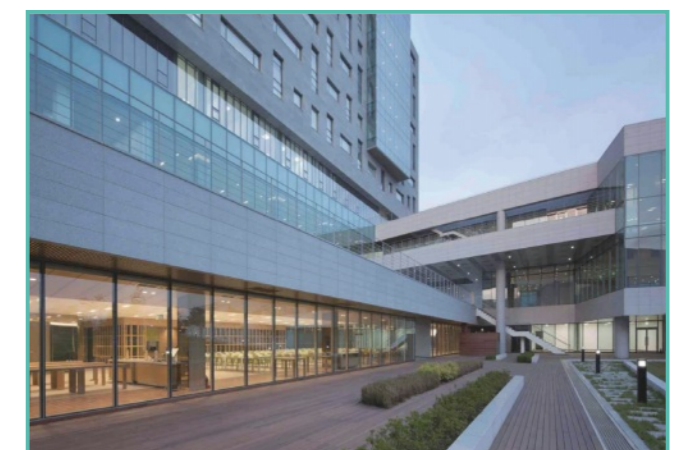
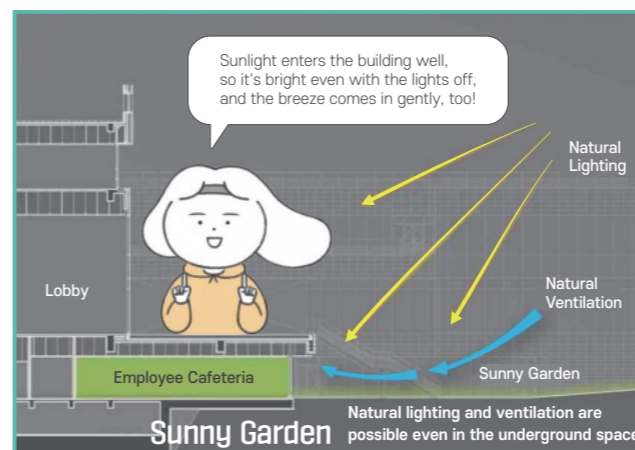
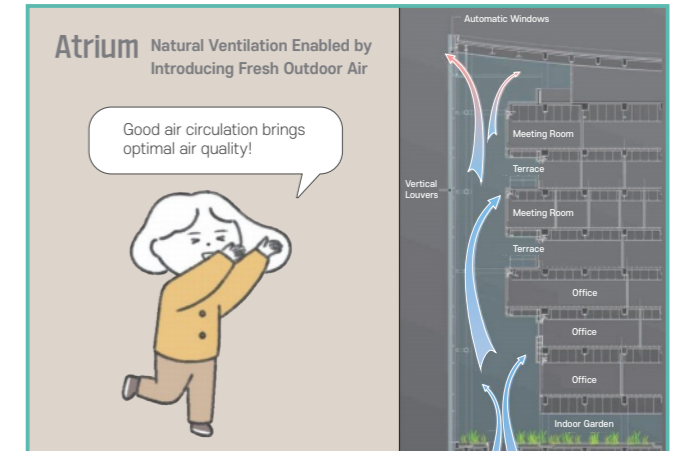
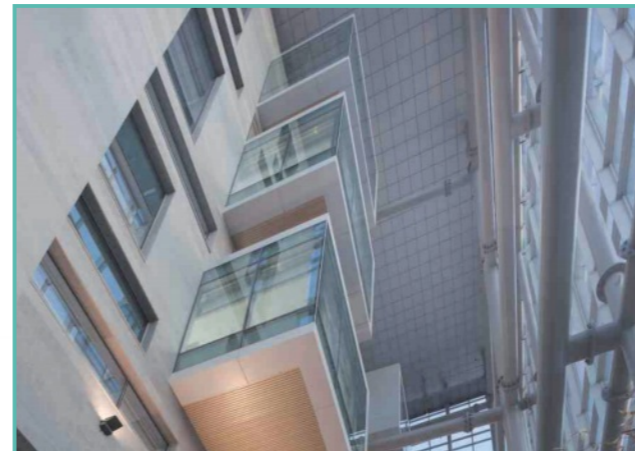
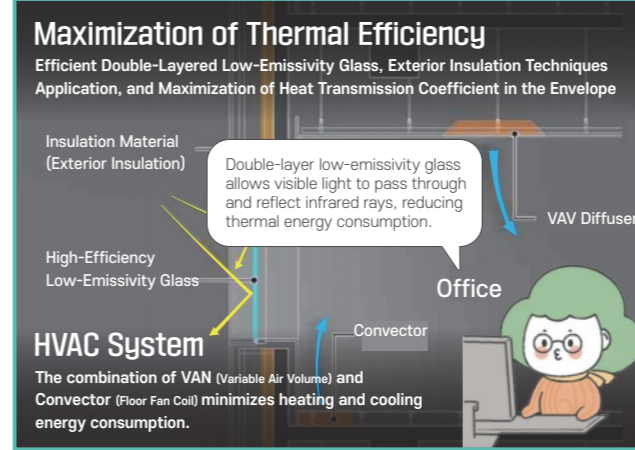


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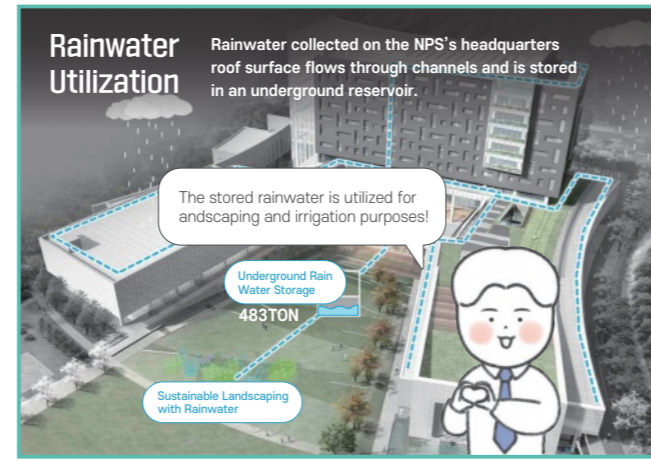
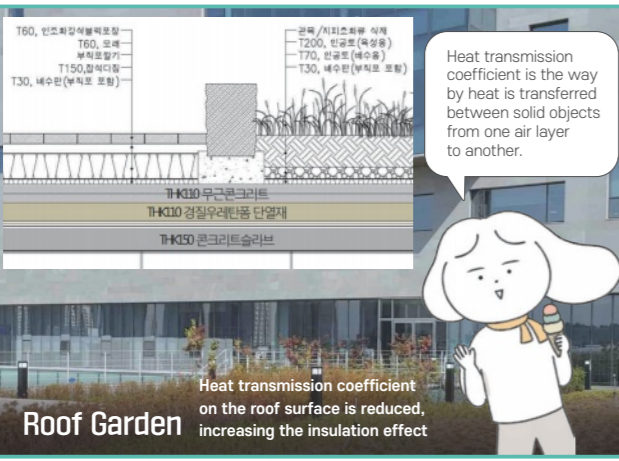
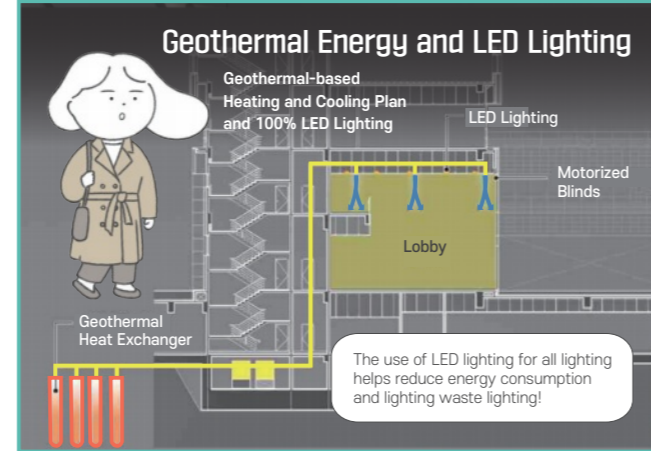
Operation of Eco-Friendly and Low-Energy Buildings

Creating Nature-Friendly Spaces

The NPS has implemented environmental management by applying eco-friendly design and energy-saving technologies at its headquarters building. In particular, the headquarters is operated as an eco-friendly and low-energy building by creating nature-friendly spaces including the planter, atrium, and sunny garden.



The NPS's eco-friendly headquarters is actively practicing energy savings in preparation for the era of a great energy transition through advanced energy-saving techniques. Various institutions have recognized our headquarters as an eco-friendly and low-energy building, with achievements such as achieving Grade 1 in building energy efficiency and receiving a Green Building Certification for excellence in green construction.



02

Establishment of Environmental Management System

Establishing a Foundation for Eco-Friendly Management

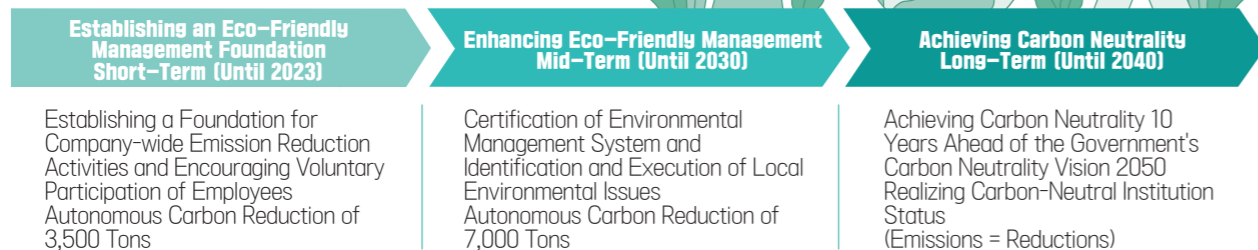
Vision

Taking the Lead in Carbon Neutrality among Public Institutions through Autonomous and Proactive Environmental Conservation Practices

The NPS aims to fulfill its social responsibilities in realizing the government's climate crisis response policies by taking the lead in realizing the carbon-neutral era by establishing a foundation for eco-friendly management. To achieve this, we actively implement the public sector's greenhouse gas and energy target management system. We also contribute to environmental improvement through various practices in our daily operations, such as reducing paper usage and avoiding single-use items.



Environmental Management Roadmap



Strategies and Key Initiatives

(Philosophy) Strengthening Eco-Friendly Management	(Assets) Supporting Carbon Neutrality Policy	(People) Cultivating Eco-Friendly Lifestyles
<ul style="list-style-type: none"> Practicing Paperless Operations through Digitalization Expanding ESG Investments and Strengthening Fiduciary Responsibility 	<ul style="list-style-type: none"> Investing in Company-wide Eco-Friendly Facilities and Practicing Energy Conservation 	<ul style="list-style-type: none"> Participating in Local Community Environmental Issues Practicing Carbon Reduction in Daily Life of Members

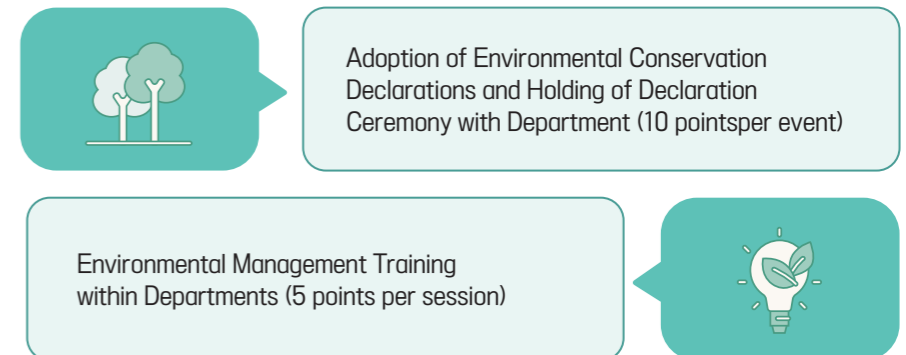
Implementation Organization and Structure

Implementation Team	Enhanced Collaboration	Improved Performance Measurement Methods
<ul style="list-style-type: none"> Dedicated Department Facility & Environment Department Decision-Making ESG Management Committee, Energy Savings Promotion Committee Experts Environmental Management Advisory Panel 	<ul style="list-style-type: none"> Core Business Collaboration with Mobile Notification Platforms like Kakao and Naver Member Participation Climate Action 1.5°C App, Jeonbuk Sustainable Development Council 	<ul style="list-style-type: none"> Quantitative Measurement Carbon Reduction according to the Government's Carbon-Neutral Lifestyle Guide Non-Quantitative Measurement Green Points based on NPS's Environmental Management Basic Plan

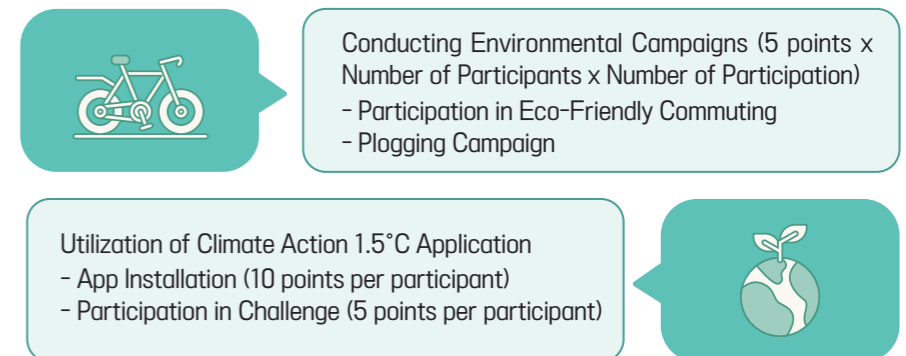
Environmental Management Implementation Performance Management

The NPS has concentrated its collective efforts to practice environmental management. We have joined forces to enhance environmental awareness by creating departmental declarations for environmental conservation. Based on an annual Green Points system, departments with good scores are awarded. As such, we have incentivized active engagement and implementation in alignment with key initiatives. Moreover, by actively participating in jointly organized programs with other institutions, we have reinforced collaboration with the local community, enhancing solidarity in environmental protection and climate crisis response.

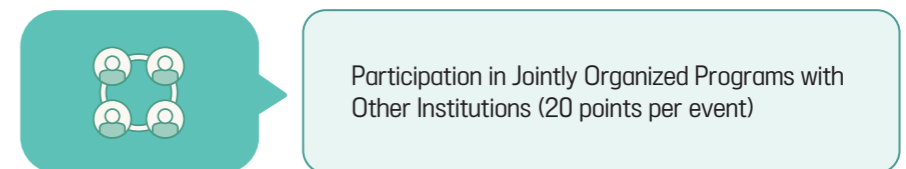
Activities to Enhance Environmental Awareness



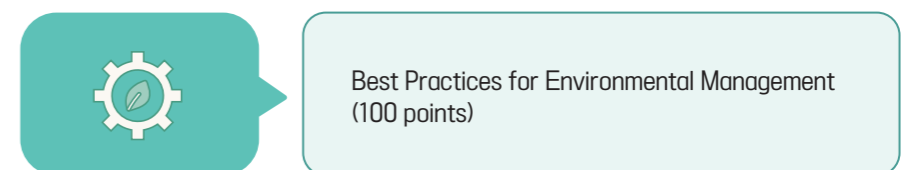
Participation in the '1.1.1.' Project



Collaboration with Local Community



Selection of Environmental Management Best Practices by Department



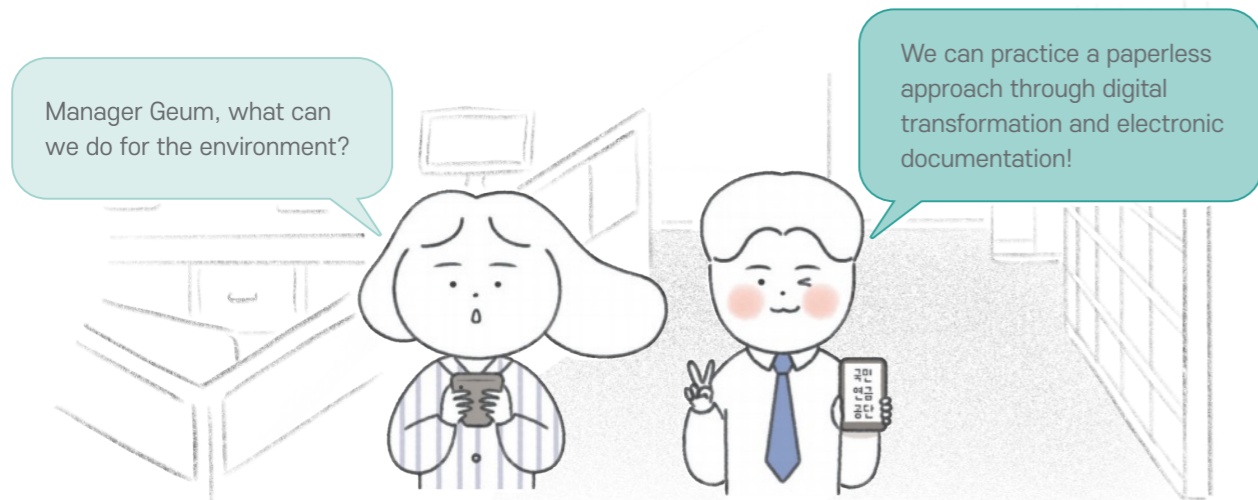
03

Institutional Net-Zero

* Achieving Net Zero of Six Major Greenhouse Gases Responsible for Climate Change.

Practicing Paperless Operations for Achieving Carbon Neutrality

As the first step toward achieving institutional net-zero, the NPS regards paper as a significant environmental factor, expanding paperless administration. Through digitalization efforts, notably the transition to electronic documentation, the NPS has reduced the usage of 66.3 million A4 sheets of paper in 2022, resulting in the receipt of the Minister of Science and ICT Award for 2022 Electronic Document.



	Membership Enrollment	Pension Benefits	Information Notifications	Welfare Services
Description	Convenient Mobile Application for Enrollment	Touchscreen, Mobile Application	Mobile Notifications (Kakao, Naver, Mobile telecommunications providers)	Long-Term Portable Information Integration Electronic Review
Achievements	610,000 sheets	3,980,000 sheets	54,960,000 sheets	6,750,000 sheets

Equivalent to the effect of planting over 39,000 Korean red pine trees over 30 years

Achievements

2022 Paperless Administration: **Carbon Emission Reduction of 349 Tons**
 2022 Electronic Document: **Awarded the Minister of Science and ICT Award**

Public Sector Greenhouse Gas and Energy Target Management

The NPS is fully committed to achieving greenhouse gas and energy target management in the public sector, actively responding to the government's carbon neutrality policies. In 2022, we achieved 100% of the government's target for purchasing eco-friendly vehicles and expanded the purchase of high-efficiency energy equipment by 2.8 times more than the previous year. Along with active investments in eco-friendly and low-energy facilities, we have practiced energy conservation. According to the guideline for greenhouse gas target management in the public sector, we aim to reduce greenhouse gas emissions to 50% level of the average emissions from 2007 to 2009 by 2030. In 2022, we reduced 7.2% (7,578.02 tons, 41.2%) surpassing the target reduction amount (6,259.29 tons, 34%). This achievement was made possible through autonomous efforts in pursuing eco-friendly practices, such as paperless administration and proactive environmental management.



Efforts and Achievements

Facility Investments	Expanding the purchase of high-efficiency energy equipment and products with energy efficiency Grade 1	Increased purchase from KRW 210 million to 590 million
Practical Savings	Setting appropriate temperatures for office heating and cooling, strengthening forced lighting shutdown	Enhanced forced lighting shutdown from three times per day to once per hour
Introduction of Eco-Friendly Vehicles	Progressing towards the goal of introducing eco-friendly vehicles through ev100 by 2024	Achieved 100% of the government's target with 26 eco-friendly vehicles in 2022
Construction of Green Buildings	Applying renewable energy (geothermal, solar) to the headquarters kindergarten, Hong-seong office (new construction in 2023) and applying solar energy (32%) to the NPS training institute (new construction in 2024)	Green building certification (grade 2), energy efficiency grade (grade 1)
Fine Dust Countermeasures	Mitigating fine dust and carbon absorption effects through garden management within the office	Fine dust reduction: 383.724 μ g/m ³ Carbon absorption amount: 4,845kg

●●● Practicing Environmental Conservation in Everyday Life

All employees at the NPS are actively engaged in efforts to conserve resources and reduce greenhouse gas emissions in their daily work routines. Through initiatives like installing separate recycling bins and mug sterilization devices across departments within the headquarters building, we have been recognized as a greenhouse gas reduction institution for two consecutive years and certified as an institution achieving greenhouse gas reduction goals for ten consecutive years, thanks to its holistic endeavors.



Installation of Recycling Bins Instead of Individual Waste Bins in All Departments of the Headquarters Building



Practicing Non-Use of Disposable Paper and Plastic Cups through Installation of Mug Sterilizers



Achievement of 100% of Eco-Friendly Vehicles Target in 2022 and Installation of Electric Vehicle Charging Stations within the Office Building



Office Energy Conservation: Increasing Forced Lighting Shutdown from three Times a Day to Once Every Hour

●●● Efforts of All Regional Offices for Awareness Improvement and Practice

The NPS has actively promoted awareness and efforts for carbon neutrality, involving both the headquarters and regional offices. In 2022, a total of 3,362 employees from regional offices participated in eco-friendly practice projects, demonstrating their commitment to the NPS's carbon neutrality initiatives.



Gangdong-Hanam Regional Office: Eco-Plogging Implemented



Bucheon Regional Office: "One Person, One Plant" Campaign



Yongin Regional Office: Eco-Friendly Plastic Bag Usage



Pohang Regional Office: Environmental Golden Bell Event

Achievements In 2022, a total of 3,362 employees from Regional Offices Participated in Eco-Friendly Practice Projects, Driving Carbon Reduction Efforts.

••• Contributions to the Local Community through Eco-Friendly Activities

The NPS actively participates in activities addressing environmental issues within local communities. Through various collaborations with local communities, we explore new business models and actively support residents in practicing carbon neutrality in their daily lives.

Eco-Friendly Carbon Neutrality Perception Zone

Creation of an Indoor Garden (1,200m²) with 28 Species of Wildflowers and a 306m² Area at the Headquarters Building



Eco-Friendly Carbon Neutrality Practice Zone

Distributing Air-Purifying Plants Grown in the Indoor Garden to Local Residents



Conducting Eco-Friendly Campaigns with Employees in Regional Office



Eco-Friendly Campaign "Bring Your Own Container Project" in Collaboration with the Local Community

Participation of 88 Stores in Mangwon Market, Providing Pay-Per-Use Bags for Container Usage



INTERVIEW



Director of ESG Management Department,
Management Administration
Division, National Pension Service
Chang-Jun Kim

NPS: Creating a Compassionate Pension System

ESG (Environmental, Social, and Governance) management inherently carries the notion that companies must fulfill their social responsibilities to create a better society. Given its intrinsic value as a social security system, the National Pension Plan leaves the National Pension Service (NPS) with no choice but to play a leading role in ESG management, a commitment we have actively pursued. Cases in point are institutionalized national programs such as the Universal Social Insurance Premium Support and Support for Low-income Regional Contributors. It started with one NPS employee who helped pay insurance premiums for a contributor facing financial difficulties for a long period of time, enabling the contributor to receive pension benefits.

Additionally, we implement a community-based pension system to supplement insufficient retirement income solely from the National Pension Plan. This system supports

communal income generation in villages and provides pension benefits to the elderly within the community. Starting from the first rural village, Iksan Seongdangpoguma, the program has successfully expanded to other towns, including the second one, WanjuDogye, the third one, IksanSueun, and the first fishing village, Seosan Jungri.

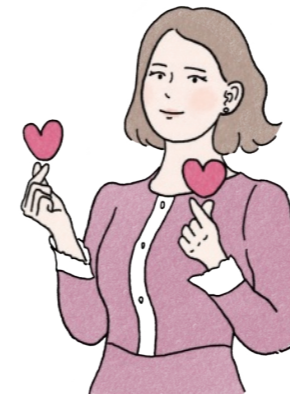
Furthermore, as a public institution, the NPS is at the forefront of building an ethical and fair organizational culture, strengthening human rights, and practicing environmental management daily. Moving forward, we will continue to create a world where "Nature (N) and People (P) coexist in a happy society (S)" through the expansion of ESG management related to our operations, including carbon emission reduction, as part of our social responsibility.



Manager of Safety & Health Department,
Safety Maintenance Division,
National Pension Service
Mi-Rae Kim

Creating a Safe and Healthy Workplace

I work in the Safety and Health Department of the NPS, where I am responsible for reviewing and responding to safety regulations and promoting a safety culture. Given the nature of our organization, the Social (S) aspect is emphasized internally. We achieved excellent results in evaluating public institution co-prosperity last year and were recognized as an outstanding workplace for promoting employee health. Mainly, as the NPS provides pensions to citizens, we handle their financial assets and personal information. Therefore, safeguarding personal information and enhancing digital security are essential to protecting citizens' assets and safety. As an employee of the NPS, I consider this our inherent duty.



Assistant Manager,
National Pension
Sharing Foundation (NPSF)
Da-Yeon Kwak

Building a Better Society with the National Pension Sharing Foundation

The National Pension Sharing Foundation was established in August 2021 as a public interest foundation to contribute to Koreans' healthy and happy lives. Although the foundation operates independently from the NPS, it closely collaborates and communicates with the NPS due to its role in implementing projects through the National Pension Plan.

The National Pension Sharing Foundation conducts public interest projects to support future generations of the National Pension Plan, including prospective and current contributors and beneficiaries. I am responsible for projects that support children, adolescents, and families, as well as mental health support programs for beneficiaries. We educate future generations about the National Pension Plan, guarantees learning rights, and provides psychological counseling support for survivors and disability pension beneficiaries. Additionally, we support projects to secure pension benefits for vulnerable contributors and to help those not enrolled in the Plan to join.

Another public interest project includes supporting successful aging for the elderly in this rapidly changing era through digital enhancement education and retirement preparation programs. These projects target beneficiaries of the Plan.

To sustain these initiatives, fundraising through donations is essential. We are supported by both the NPS with partial fees generated by the National Pension Card and contributions from various individuals and groups.

As such, social contribution activities, previously perceived as charitable efforts for the socially disadvantaged and vulnerable, are evolving into sustainable projects in conjunction with the NPS's ESG management strategy. The National Pension Sharing Foundation will continue to work with the NPS to fulfill its social responsibilities and further activate these efforts.



Social



01

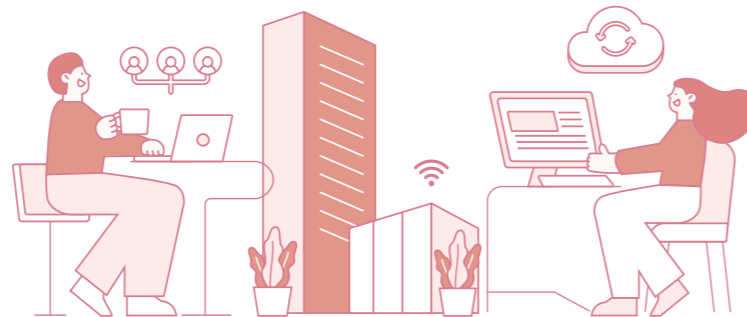
Collaborative Growth with Local Community

Establishment of Goals for Supporting Private Sector Innovation-Led Growth

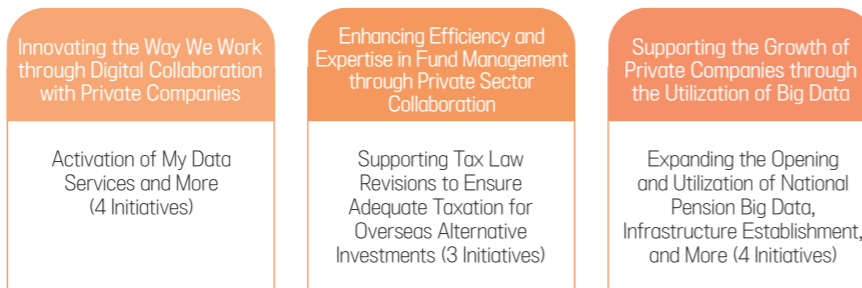
Objective

To create tangible achievements of the NPS's support in private sector innovation-led growth by strengthening its core business capabilities

The NPS aims to achieve tangible results supporting private sector innovation-led growth by strengthening its core business capabilities. It engages in digital collaboration and private-sector partnerships to ensure efficient and specialized fund management while utilizing big data to support the growth of private enterprises.



Strategic Approach and Key Tasks



Expanding Investment in Companies with Cutting-Edge Technologies

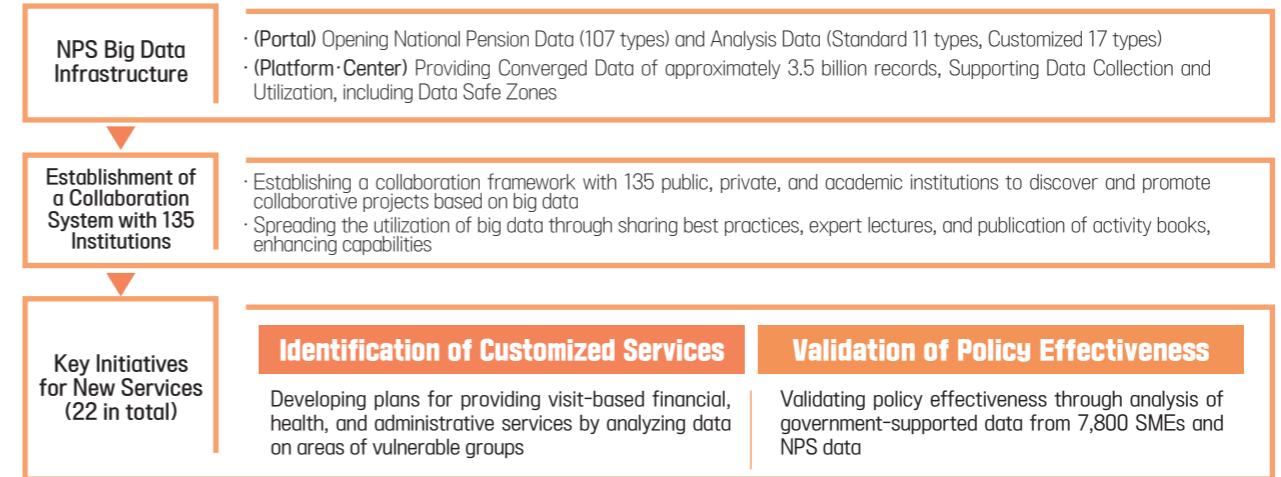
We have strengthened our support for technology and funding to intensively nurture private companies with future competitiveness. We aim to further enhance competitiveness by expanding investments in small and medium-sized enterprises (SMEs) and small businesses that possess outstanding technology and reinforcing technology protection and support.



Support for Private Sector Big Data

NPS Big Data Infrastructure provides various types of big data to support the growth of private sector. It has established collaboration with 135 organizations and provides 107 data types with high private-sector utilization. Additionally, it offers opportunities for engagement through academia-industry cooperation and has developed fintech education programs. Through these efforts, approximately 3.5 billion data records have been opened, leading to successful utilization by 75 companies nationwide.

Big Data Collaboration System



Achievements

Active data openness led to the award of the **2022 National Statistics Development, Improvement, Dissemination, and Utilization Excellence Award from Statistics Korea**


Various Support Systems

The NPS has practiced inclusive growth by reducing the burden on local small businesses while sharing benefits. As a result, the NPS achieved the highest rating for two consecutive years in the Public Institution Shared Growth Evaluation.


Category	Initiatives	Results
Cost Savings	<p>Insurance Premium Reduction</p> <p>Expanding Insurance Premium Support for Small and Micro Businesses - Adjusted income criteria for support (from KRW 2.2 million to 2.3 million)</p>	<ul style="list-style-type: none"> Support of KRW 564.4 billion to 781,000 low-income workers
	<p>Insurance Premium Reduction for Businesses Entering Overseas Markets</p> <p>Expanding Bilateral Social Security Agreements and Extended Exemption Period to alleviate the burden of social insurance premiums for businesses entering overseas markets</p>	<ul style="list-style-type: none"> Increase in Exempted Insurance Premium Amount *(2021) KRW 409.3 billion → (2022) 428.1 billion
Benefits Sharing	<p>Performance Sharing System</p> <ul style="list-style-type: none"> Identifying mutual programs and one project per department Selected and implemented 108 tasks through proactive company-wide efforts Conducted Performance Sharing Academy (online) for employees 	<ul style="list-style-type: none"> Increase in the number of performance-sharing cases by 25% *(2021) 16 cases → (2022) 20 cases Increase in the participation in education by 20% *(2021) 276 ppl → (2022) 332 ppl
	<p>Enhancement of Welfare for Partner Companies</p> <p>Encouraging long-term employment of employees of partner companies through sharing the NPS's welfare programs - Facilities including libraries, sports centers, childcare centers, gyms, and NPS health examination centers - Commendation by the Chairman of the NPS for 10 outstanding long-serving employees - Supported vacation expenses for employees of partner companies</p>	<ul style="list-style-type: none"> Increase in sharing welfare benefits by 38.6% *(2021) 101 ppl → (2022) 140 ppl Increase in vacation expenses *(2021) 20 ppl → (2022) 23 ppl

●●● Social Contribution In conjunction with its core functions, the NPS provides welfare services within the framework of the National Pension Plan, aiming to support the well-being and happiness of the people across generations.

Future Generations




Raising awareness of the National Pension Plan and sharing, to help them grow as healthy members of a society.



National Pension Sharing Classroom


The Insured




Supporting a loan for Hopeful and Secure Future
Supporting a loan to pay pension premiums for low-income individuals who have reached a pensionable age but have insufficient enrollment periods.

Loan with No Interest Rate, No Collateral, and No Security up to KRW 3 million per person
KRW 116.733 million to 44 individuals (2022)

Beneficiaries




Supporting a healthy and vibrant retirement life through services tailored to the needs of beneficiaries




Empathy Trip for Beneficiaries

People with Disabilities




Providing support for rehabilitation therapy expenses to children with disabilities through the voluntarily established "1 Person 1 Sharing Account" of employees




Support for Rehabilitation Therapy Expenses for Children with Disabilities

Local Community



Supporting vulnerable groups in local communities, including providing opportunities to travel to single-parent families in celebration of a Family Month



Support for Family Month Events

●●● Securing Pathways for Local Startup Companies The NPS supports local startup companies to expand their market presence. This support includes marketing strategy consulting, feedback from renowned MDs (Merchandise Directors) about products, and substantial support through financial assistance to establish fundamental pathways for these companies. In 2022, the NPS selected 22 local startup companies through competition and confirmed their entry into well-known e-commerce platforms such as Lotte and Kakao, generating new revenue of KRW 210 million.

Consulting



Consulting on marketing strategies and providing training on launching a business on platforms

Product Reviews



Inviting renowned MDs and providing product feedback

Financial Support



Establishing and providing a fund of KRW 180 million (for sales commissions on platforms)

Collaboration



Collaborating with the Jeonbuk Center for Creative Economy & Innovation

●●● Sustainable Management Support for Partner Companies We actively practice business support for sustainable growth with partner companies. By sharing expertise and ideas related to ESG management and utilizing our capabilities in handling the four major social insurances, we have strengthened the alignment of management as partners. Additionally, we promote a safety and ethics-conscious culture within companies through incentives for achieving zero industrial accidents and performance-based bonuses.



Korea ESG Management Institute Chair's Special Lecture

02

Activation of Local Economy

Development of Regional Development Strategy

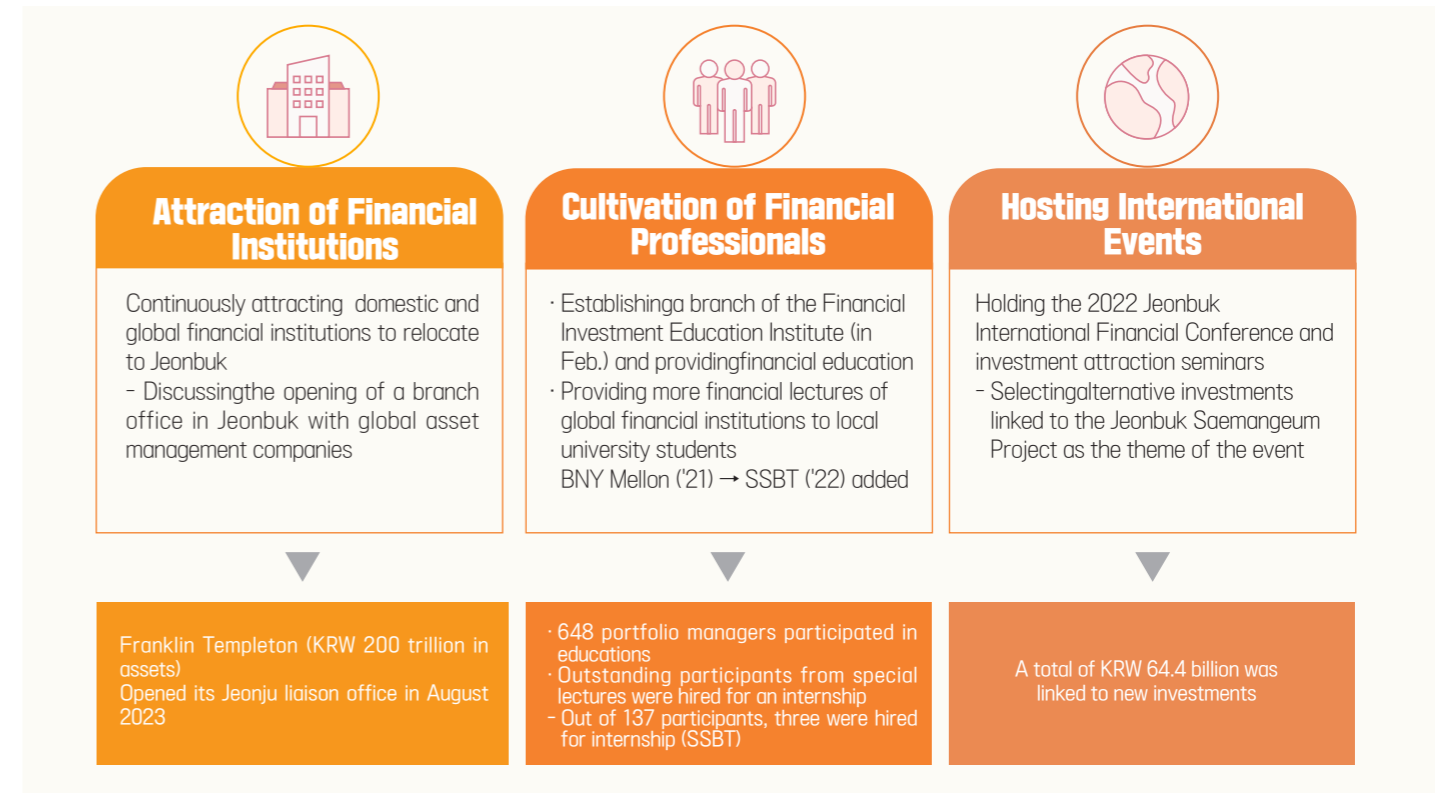
In response to the national agenda of achieving regional balanced development, the NPS actively formulates and implements regional development strategies. The NPS is committed to promoting regional economic vitality through active engagement, collaboration, sharing, and trust-building with local communities. By fostering communication and cooperation among local governments, residents, universities, and public and private institutions, the NPS aims to clearly understand the region's needs and support improvements and growth. This effort includes nurturing future-oriented industries such as financial centers and specialized local industries and creating an ecosystem for startups and innovation. With a focus on the national goal of fostering a startup and innovation ecosystem and the growing demand for communication and collaboration, the NPS has established a framework for promoting regional cooperation and mutual growth.



Strategic Approach	1. Local Community Engagement and Collaboration	2. Provision of Convenience and Practice of Sharing	3. Promotion of Regional Economic Vitality
Key Tasks	<ul style="list-style-type: none"> Local Community Engagement Collaboration with Local Universities Collaboration with Local Governments 	<ul style="list-style-type: none"> Utilization of Local Community Facilities Provision of Convenience to Local Residents Practicing Sharing in the Local Community 	<ul style="list-style-type: none"> Nurturing Financial Hub Nurturing Specialized Industries in the Region Priority Purchasing of Local Products
Communication and Collaboration	<ul style="list-style-type: none"> Local Governments·Local Residents·Public (Private) Institutions Jeonbuk Regional Problem Solving Platform Big Data Technology Exchange Joint Research Group 	<ul style="list-style-type: none"> Local Governments·Public Institutions Jeonbuk ESG Network Regional Cooperation Body 	<ul style="list-style-type: none"> Local Governments·Local Universities Regional Leading University Development Committee Regional Industry-Academia Cooperation Programs
Local Needs	<ul style="list-style-type: none"> (Improvement of Local Environment) Improving local environment to the highest level in the country, including fine dust concentration (Enhancement of Local Safety Net) Strengthening the role of public institutions, including opening facilities for local residents (Identification of Future Growth Engine) Establishing a financial city and nurturing local-specialized industries 		

Promotion of Financial City

The NPS actively supports the government's policy to foster financial cities. We attract financial businesses, nurture financial talents, and link regional investments with global financial conferences, contributing to the implementation of the government's national tasks.



Promotion of Regional Specialized Industries (Fintech Industry)

The NPS is dedicated to fostering regional specialized industries, particularly the fintech sector, to lead the digital finance and contribute to the government's goal of balanced regional development. Leveraging its vast dataset of approximately 3.5 billion records and expertise, the NPS nurtures specialized professionals, thereby enhancing synergies for regional economic activation and job creation.

Establishment of Big Data Platforms and Centers	Collection and Processing of Financial Big Data	Creation of a Big Data Ecosystem and Cultivation of Specialized Professionals
<ul style="list-style-type: none"> Establishing a Big Data Platform (May) Establishing Data Statistics and System 	<ul style="list-style-type: none"> Purchasing and Processing Data from Credit Card Companies, Telecoms, Investment Firms, etc. - Obtaining approximately 3.5 billion records from 117 different sources 	<ul style="list-style-type: none"> Identifying and Supporting Financial Data Startups Conducting Financial Data Utilization Competitions Operating Specialized Workforce Development Programs

Achievements

- Bonus Points were Granted When Selecting Outstanding Data Utilization Teams (4 teams) and Startups in Support Programs
- 270 Students from Local Universities and Innovation Sharing Universities Visited and Participated in the Big Data Center

●●● **Priority Purchases in the Local Community**

The NPS is committed to fulfilling its social responsibilities by prioritizing purchasing locally produced goods in the community. We support the purchase of local agricultural products, including items from traditional markets, and actively promote assistance to secure sales channels, thereby contributing to the local economy.

Initiatives and Results

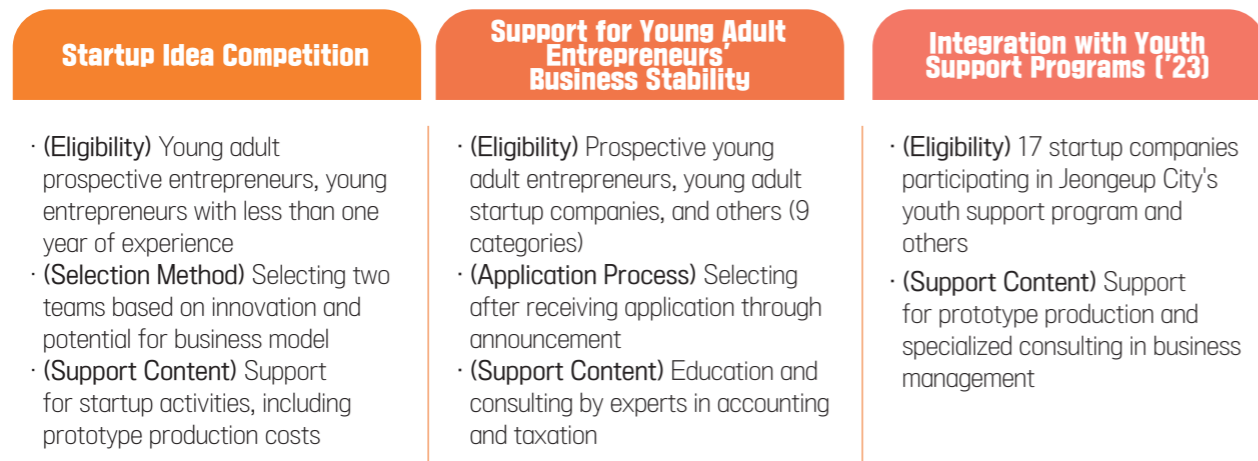


Achievements

Awarded the Presidential Award for Social Economy Merit in July in Recognition of the NPS's Contribution to the Activation of the Local Economy

●●● **Support for Local Young Adult Entrepreneurship**

The NPS actively supports local young adult entrepreneurship through collaboration with local governments. Our initiatives for supporting young adult entrepreneurship in the region are aimed at addressing the challenges of regional population decline and the outflow of young adults, and involve a collaborative framework with local authorities and academia-industry partnerships. We provide stable business management support for competitive young entrepreneurs through financial assistance and actively collaborate with local governments' youth support programs.



Community Self-Governing Pension for Solving Local Issues

The NPS has implemented the Community Self-Governing Pension program in collaboration with local governments and community organizations to create thriving and prosperous community environments for a happy retirement. The Community Self-Governing Pension initiative is an effort by the NPS to address issues related to inadequate retirement income, the exclusion of the elderly population, and the potential decline of local communities. This initiative is built upon a collaborative system involving both public and private sectors, aiming to increase retirement income and strengthen local communities to establish stable and resilient community environments.

What is the Community Self-Governing Pension?

The Community Self-Governing Pension is a system that combines a portion of the existing village self-operated business revenues and facility revenues provided to village community corporations. This is used to establish a fund for the Community Self-Governing Pension, which is then utilized to provide monthly pensions to elderly residents in the village.



03

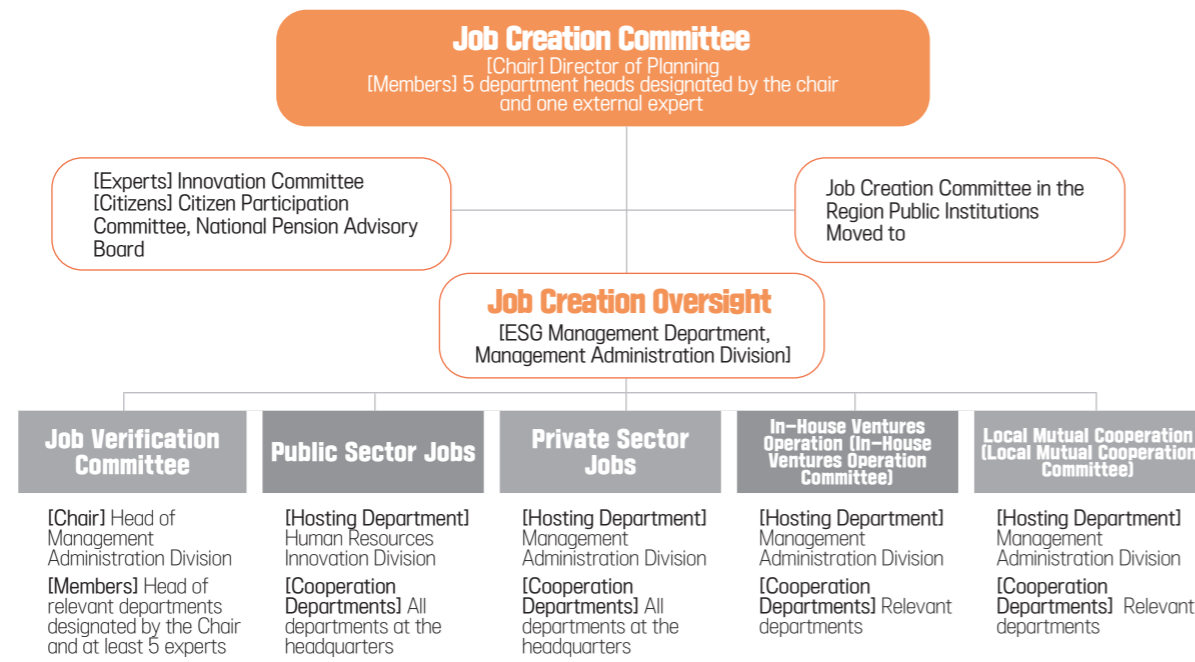
Job Creation

Establishment of a Mid- to Long-Term Roadmap for Job Creation

To create 13,400 jobs by 2026, the NPS has presented a medium to long-term roadmap and established four key strategies. We have built a specialized and systematic internal structure to facilitate effective job creation. From job verification to job support and regional collaboration, all departments within the organization are harmoniously working together to contribute to sustainable job creation through collaboration with the private sector and internal job enhancement efforts.

Objective	To Create 13,400 Jobs by 2026 * Twice the recent 5-year growth rate of regular positions (2.5%)			
Strategic Direction	Private sector-led and collaborative employment	Strengthening of internal job opportunities	Quality jobs linked to core business functions	Enhancement of local job opportunities
Strategic Tasks	<ul style="list-style-type: none"> Establishing a roadmap for job creation Reorganizing a job creation system Strengthening collaboration and expansion of job initiatives 	<ul style="list-style-type: none"> Introducing diverse forms of employment Improving conditions for regular job transitions Ensuring protection for outsourced workers 	<ul style="list-style-type: none"> Supporting the growth of startups Enhancing job opportunities for people with disabilities Enhancing the public perception of big data 	<ul style="list-style-type: none"> Providing support for income gaps throughout life cycles Expanding direct and indirect funding support Supporting job retention in partner companies

Job Creation Promotion System



Strengthening Internal Job Opportunities

The NPS has strengthened internal job opportunities as part of its job creation efforts. We have expanded its internal workforce and minimized vacancies, hiring an additional 210 employees compared to retirees. Through various work experience programs and job diversification initiatives, we created 1,376 jobs, earning recognition for its contributions to job creation with the Prime Minister's Award for Job Creation.

Category	Initiatives	Results	
		2021	2022
Work Experience (New)	Utilizing the Ministry of Employment and Labor's Work Experience Program (Internship Type) to provide job opportunities	-	818 ppl
Senior Pension Guide	Utilizing capable retired seniors for customer guidance and administrative support	131 ppl	250 ppl
Young Adult Interns	Providing career opportunities and enhancing employment skills for job-seeking young people	291 ppl	296 ppl
On-Site Job Experience Learning	Collaborating with local universities to offer job experience programs for local talents	12 ppl	22 ppl

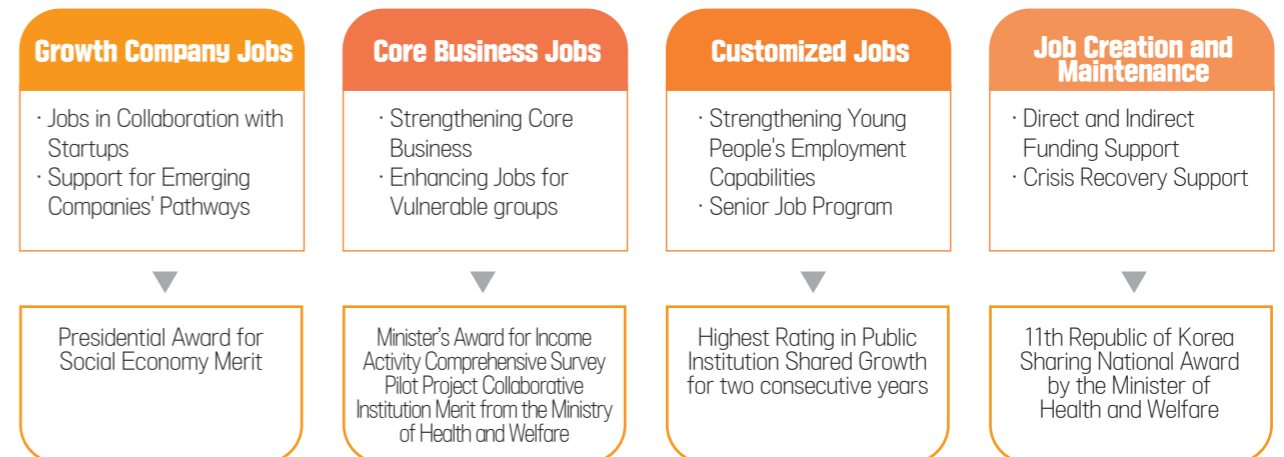
Achievements

Awarded the Prime Minister's Award for Contributions to Job Creation in 2022 (Top Honor in Public Sector, Organized by the Ministry of Employment and Labor)
Achieved a Record High Job Creation with 12,159 Jobs in 2022 (up 2.3% from the previous year)

Strategies for Promoting Job Creation in the Private Sector

We have established a job creation strategy under mutual growth and coexistence. We have demonstrated visible outcomes in job creation through tailored job support for vulnerable employment groups, growing industries, such as growth companies, and key future sectors like finance and digital industries. These efforts have been recognized and acknowledged by various institutions, including the Presidential Award for Social Economy Activation.

Strategic Approach and Key Tasks



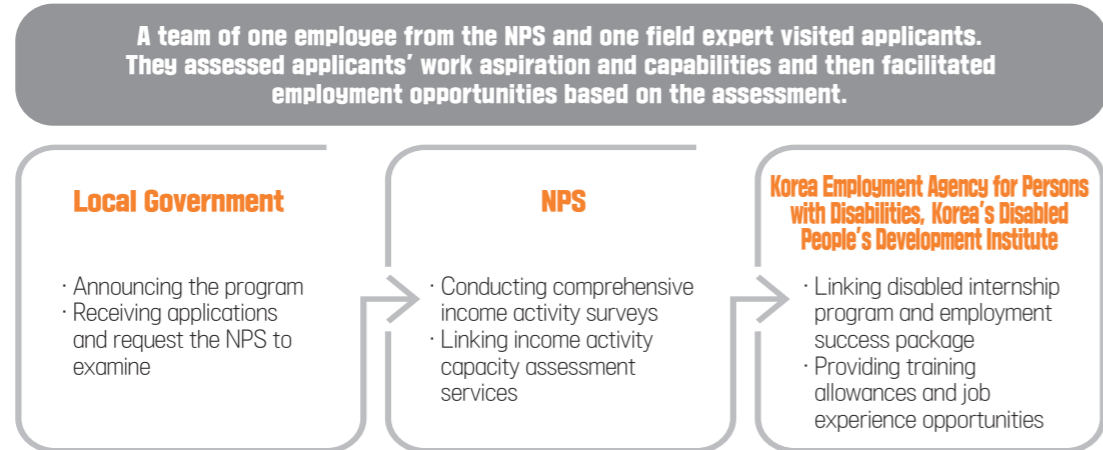
●●● Creation of Jobs for People with Disabilities

The NPS makes every effort to provide practical job support for people with disabilities, including rationalizing wages for disability support workers. In particular, among the job creation achievements in 2022, jobs related to supporting the activities of people with disabilities accounted for 69%.

Stages	Job Quantity Improvement of Disability Activity Support System	Job Quality Rationalization of Wages for Disability Support Workers
Efforts for Improvement	Addressing decrease in salary through permanent implementation of special calculation measures - Provided guaranteed allowance for over 16,000 Individuals (Securing a Budget of Approx. KRW 66 Billion Annually)	Increasing a budget for disability activity support services by 14.4% in 2023 - KRW 1.74 Trillion('22) → KRW 1.99 Trillion ('23)
Achievements	<p>Jobs Supporting People with Disabilities</p>	<ul style="list-style-type: none"> · Increase of 50% in hourly wage supplement for individuals with severe disabilities - KRW 2,000 ('22) → KRW 3,000 ('23) · 5.2% increase in hourly rate for activity support services - KRW 14,800 ('22) → KRW 15,570('23)

●●● Providing Employment for People with Severe Disabilities

The NPS supports the sustainable independence of people with severe disabilities. Through collaboration with public institutions, after deeply analyzing work aspiration, abilities, and environments of people with severe disabilities, we created 277 jobs. This support goes beyond temporary income assistance, focusing on providing employment opportunities as a form of welfare.



Achievements

Awarded the Minister of Health and Welfare Award for Income Activity Comprehensive Survey Pilot Project Collaborative Institution for People with Severe Disabilities

Hosting a Job Fair + Employment Creation Effect



2022 Jeollabuk-do Job Festival

In collaboration with Jeollabuk-do (North Jeolla Province), Jeollabuk-do Job Center, and relevant organizations, the NPS successfully organized the JobCock! 2022 Jeollabuk-do Job Festival to promote employment activation in Jeollabuk-do. The event occurred at the NPS Onnuri Hall from 10:00 AM to 5:00 PM on November 2, 2022. The event's activities included various programs such as an interview hiring section, recruitment explanation area, talk concerts, guest lectures, auxiliary events, job cafes, and more. This event marked the largest job festival in Jeollabuk-do and was the first on-site job festival held after the COVID-19 pandemic. It achieved great success with the participation of both hiring companies and job seekers. Moving forward, we will continue to provide diverse employment information to job seekers and strive to help them succeed in their job search efforts.



04

Respect for Human Rights and Diversity

Human Rights Management System

The NPS has established a human rights management system to achieve people-centered management. We have developed specific guidelines for human rights management and aim to strengthen organizations that implement these guidelines to practice effective human rights management. Through this, we strive to become a leading public institution promoting human rights management and building sustainable governance.

Objective	To achieve people-centered management based on respect for human rights of employees and stakeholders		
Roadmap	2021 · Strengthening the foundation of the human rights system through committee reorganization · Enhancing the process of addressing human rights violations and grievances	2022 · Strengthening the infrastructure for preventing human rights infringements · Promoting the value of human rights internally and externally	2023 · Establishing sustainable human rights governance · Leading human rights management governance among public institutions
Strategic Direction and Tasks	Advancing the process of monitoring and addressing human rights violations · Strengthening monitoring in areas vulnerable to human rights violations · Enhancing expertise in remedy of human rights violations	Promoting respect for human rights through education, etc. · Raising awareness of respecting human rights · Strengthening education on human rights	Promoting and spreading human rights management within the NPS · Spreading human rights management among employees · Promoting human rights management in local communities

Reporting System for Human Rights Violations and Prevention of Recurrence

We are fully committed to proactively preventing human rights violations while implementing a victim-centered reporting system to prevent recurrence effectively. Mainly, by establishing and operating the NPS Mind Sharing Center, we not only engage in pre-emptive management of potential crisis related to human rights violations that employees might face but also provide high-quality counseling and stable support during and after such incidents.

Reporting System (External) Attorney (Internal) Labor-Management Dispute Counselor, Ethics and Human Rights Center, Reporting of Workplace Harassment and Bullying Cases	Labor-Management and Expert Investigation (Initial Investigation) Ethical Management Department, Labor Union (Comprehensive Investigation) Audit Division · Specialized Institution	Investigation and Deliberation Labor-Management Joint Grievance Deliberation Committee, Submission of Confidentiality Agreement	Victim Protection Establishment of <NPS Mind Sharing Center> to provide high-quality and stable counseling support
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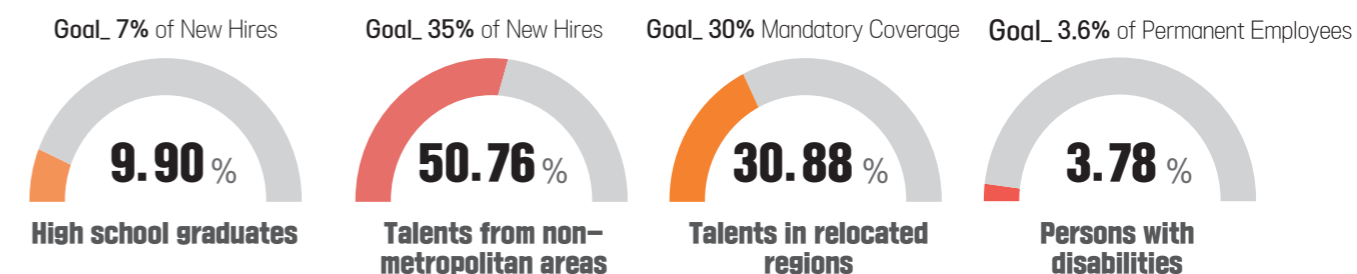
Realization of Gender Equality Values

The NPS is actively working towards the practical implementation of gender equality by strengthening gender equality education and actively nurturing female talents. By enhancing the working environment for childbirth and childcare, the NPS has been certified as a family-friendly institution for 18 consecutive years.



Social Equity Hiring

We are committed to achieving socially equitable hiring, focusing on various hiring efforts for high school graduates and local talents while providing tailored support for people with disabilities and low-income individuals. Through these efforts, we have achieved 100% compliance with the government's standards for socially equitable hiring.



Operation of NPS Mind Sharing Center to preemptively prevent human rights issues



The NPS Mind Sharing Center was established to overcome the limitations of previous outsourced worker support programs. It is the first integrated internal and external operating system established by a public institution (affiliated organization), aiming to proactively manage various crisis factors experienced by employees and thereby prevent human rights issues in advance. This reflects the strong determination and commitment of the NPS to preemptively prevent human rights issues.

Employee Counseling	· Counselling personal challenges experienced within and outside the workplace · Offering support for dilemmas arising from various conflicts and situations
On-Site Services	· Conducting visit programs tailored to department and employee needs · Implementing programs such as emotional support, healing, and specialized group sessions (four programs)
Stress and Self-awareness Assessment	· Providing mental health care for stress, depression, anxiety, insomnia, etc. · Offering personalized care services based on individual assessments
Follow-up Care	· Providing regular support through monthly letters and urgent assistance in case of specific issues · Referring high-risk cases to specialized institutions and providing financial support if necessary

05

Talent Development

●●● NPS Talent Development Strategy

The NPS has formulated an HRD (Human Resource Development) strategy for nurturing NPS-type talents in response to the high ethical consciousness of public officials, the era of digital innovation, the changing environment driven by the rise of the Millennial Generation and Generation Z, and the expertise required for fund management. This strategy integrates employees' desire for self-development opportunities and diverse education with the NPS's need to cultivate the next generation of talents who will lead the organization in the future. Ultimately, the goal is to foster talented individuals who excel in their work, earn the public's trust, and take pride in contributing to the country.

HRD Objective

To nurture NPS-type talents who excel in their work, are trusted by the public, and take pride in their contributions.



Practical Ethical Leader	Global Expert	Autonomous Innovator
Enhancing Communication and Ethical Competence <ul style="list-style-type: none"> Strengthening Communication and Mutual Understanding Content Internalizing Ethical Awareness among Public Servants 	Elevating Leadership and Global Expertise <ul style="list-style-type: none"> Activating Key Talent Development Education Intensifying Global Competency Focus 	Revolutionizing Education System <ul style="list-style-type: none"> Advancing Education System Solidifying Digital Educational Environment

●●● Cultivating Global Professionals

We have enhanced international training programs and expanded opportunities for overseas practical experience to foster global professionals. We have strengthened on-the-job trainings to nurture global professionals by attracting a record-high number of applicants for language training and dispatching outstanding performers in trainings to overseas investment departments for the first time.

●●● NPS WING (To become World-Investors for New Growth)

NPS WING is the NPS's specialized training program designed to cultivate professionals befitting the status as the world's third largest pension fund. From foundational job training to overseas financial institution internships, this program offers comprehensive and in-depth practical education, helping enhance overseas investment capabilities of global talents, actively manage careers, and support the growth of NPS personnel as fund management experts and global leaders.

Enhancing Overseas Investment Competence, Career Transition, and Development through Specialized Program (NPS WING)

Fund Manager (New Talent)	Fund Management Specialist (Professional)	Global Leader (Specialty)
<ul style="list-style-type: none"> Organizational adaptation and foundational job training Cultivation of comprehensive job core competencies 	<ul style="list-style-type: none"> Asset class-specific advanced training Strengthening of practical skills based on job characteristics 	<ul style="list-style-type: none"> Overseas financial institution and global training Enhancement of global communication skills

Achievements

The Limitations of Recruitment based on the Geographical Location of the NPS Investment Management was **Overcome through In-house Development of Overseas Investment Professionals**

●●● NPS MZ Academy

The NPS has introduced a two-year curriculum for the Millennial Generation and Generation Z for the first time among public institutions in preparation for the organizational transition due to aging of leading groups. Recognizing these proactive efforts in dealing with generational changes, the NPS was awarded from the Ministry of Personnel Management.



2022 NPS MZ Academy Graduation Ceremony



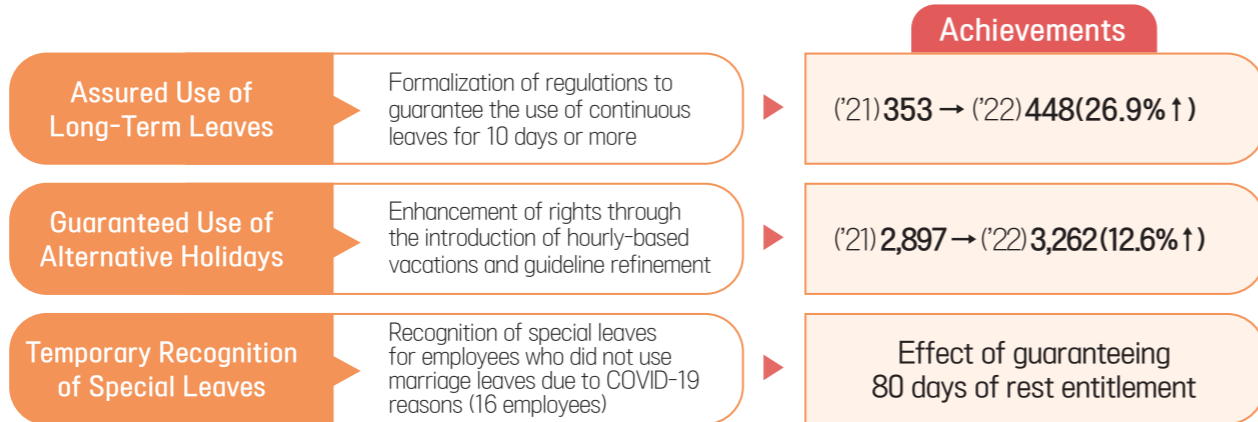
2022 NPS MZ Academy Launching Ceremony

06

Organizational Culture

Ensuring Rest and Leisure Time

The NPS has expanded the assurance of rest and leisure time for employees to create an efficient and effective organizational culture. This includes measures such as utilizing long-term leaves of 10 consecutive days or more, strengthening the right to alternative holidays, and recognizing unused special leaves due to the COVID-19 pandemic. These efforts are aimed at thoroughly ensuring the rightful rights of employees for rest and leisure time.



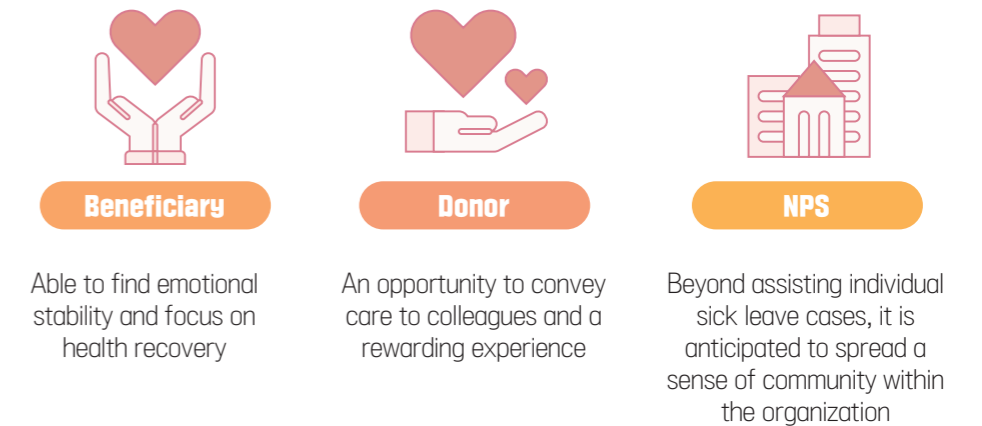
Harmonizing Work and Rest for Organizational Culture Improvement

The NPS has expanded its early leave policy and improved its flexible working arrangement to enhance weekday work concentration. These enhancements aim to maximize work efficiency. Moreover, the NPS strives for a mutual synergy between work and leisure by providing 13 leisure and cultural programs, including activities like pottery-making and perfume crafting. Through these efforts, the organization seeks to achieve a harmonious balance between work and relaxation, promoting a work culture that encourages productivity while valuing employee well-being.



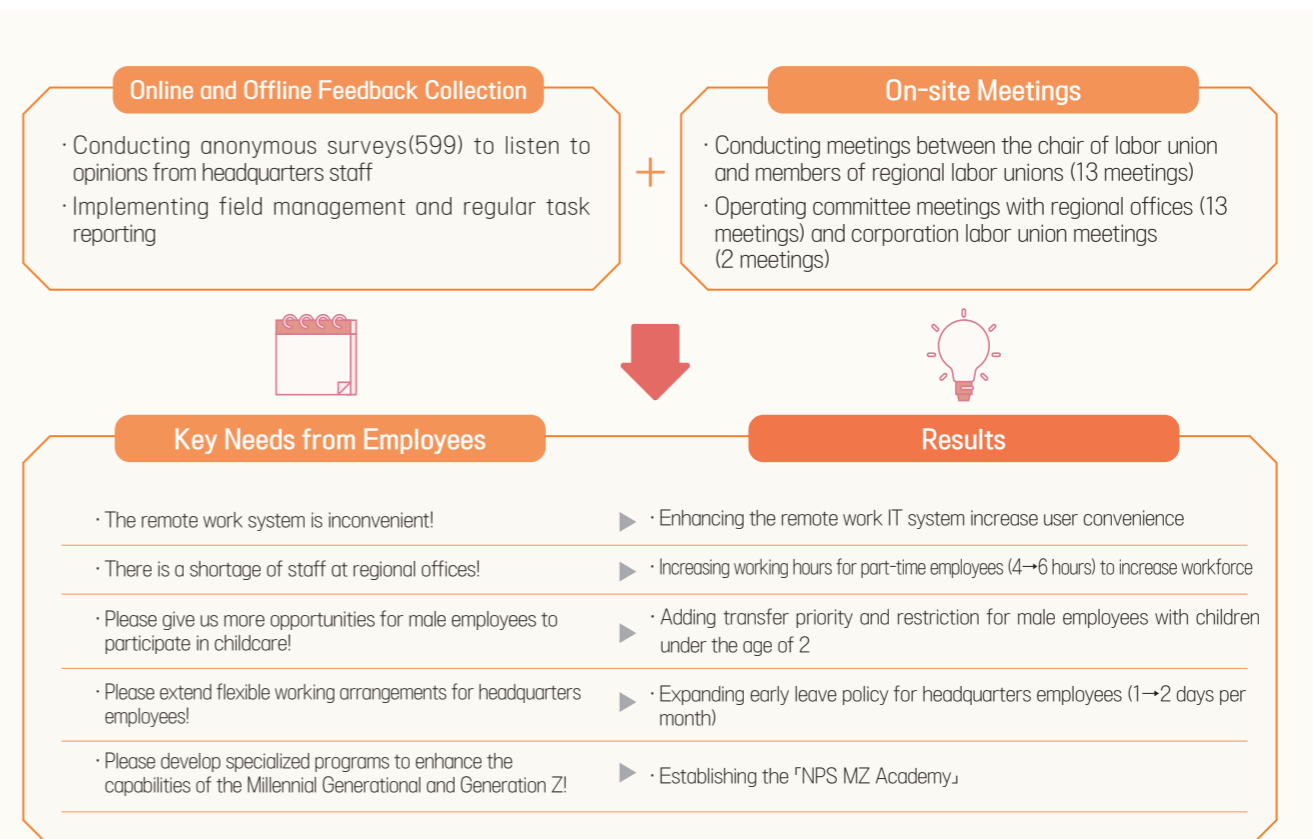
Leave Donation Program

The Leave Donation Program is a system where colleagues donate their paid leave to fellow employees facing difficulties due to limited paid leave during situations requiring personal or family illness treatment or care. The NPS has implemented a leave donation program through a labor-management agreement, allowing employees to donate up to three days of annual leave per person to support their colleagues in need.



Labor-Management Communication

The NPS seeks to promote active communication between different job categories and generations by establishing channels for communication. As part of the ongoing collaborative efforts between labor and management to address conflicts and improve working conditions, building consensus among employees is the NPS's determination to practice toward a healthy labor-management relationship.



07

Safety and Personal Information Protection

Strengthening Safety and Disaster Management System Reflecting Safety Management Philosophy

Based on the philosophy of the chairman of the NPS that even a single safety-related mistake can have significant organizational risks, the NPS has enhanced its safety and disaster management system. The NPS complies with relevant laws and regulations, proactively identifies and addresses risks, and operates an optimal safety and health management system through a strong commitment to safety responsibilities.

NPS's Safety Management Philosophy



Achieving ZERO Major Accident through Safe-NPS Implementation for Citizens and Employees

Strategic Direction and Initiative Goal	System Enhancement and Human Capacity Building	Ensuring Safety in Public Contact Facilities and Services	Protection of Workers' Health
	Ensure uninterrupted execution of core tasks and zero major industrial accidents	Ensure zero major civilian disasters and no leakage of national pension information	Enhance workers' perception on safety
Key Tasks	① Advancing safety and disaster management systems ② Strengthening infrastructure (organization, human resources, budget) ③ Shifting a paradigm focused on prevention and response ④ Strengthening safety and health management in contracted projects	⑤ Enhancing management of public contact facilities ⑥ Enhancing national life safety through industry-based initiatives ⑦ Protecting valuable information of citizens	⑧ Actively ensuring health and safety for employees, including workers of vendors

Achievements

The NPS ICT Center received the Minister of the Interior and Safety Award, and NPS was selected as Excellent Institution in Disaster Management Assessment on National Core Infrastructure, achieving the Highest Grade A (Previous Year: B)

Strengthening Safety Infrastructure

The NPS has established a safety prevention check, response, and recovery manual. We proactively and reactively address various safety incidents and major disasters to ensure comprehensive and specific responses and recovery for the public's and employees' safety. Additionally, we have strengthened safety infrastructure by elevating the safety management team to the Safety Management Division. We have also expanded human and financial resources to ensure a solid foundation.

Key Efforts and Results

- Organizational Upgrades (Team → Division)**
 - (Major Disaster TF Operation) The task force team addresses issues relating to the Serious Accidents Punishment Act, collects relevant cases, and raises awareness
 - Developed a serious accidents response manual, strengthened management's safety leadership, and checked obligations under the Act every six months
 - (Status Upgrade) The Safety Maintenance Team is upgraded to Safety Maintenance Division through amendments to the NPS Organization Regulation
- Workforce Reinforcement (121 → 130 personnel)**
 - (Increase in Personnel) Nine safety-dedicated personnel were hired including two new hire for large-scale building facilities
 - (Expert Recruitment) Three HSE professionals were hired to enhance safety management on contracting projects on site
 - Conducted spot check on high risk tasks on contacting projects on site, and provided guidance
- Budget Increase (KRW 148 → 183 billion)**
 - (Worksite Area) More budget was allocated from KRW 93 to 107 billion, and a budget for the purchase of safety equipment and protective gear for large-scale building facilities significantly increased from KRW 0 to 8.3 billion
 - Expanded trainings from external agencies (i.e. Ministry of Land, Infrastructure and Transport, private sector) education and increased expert training budget (from KRW 6 to 73 million)
 - (Facilities Area) More budget was allocated from KRW 55 to 76 billion, and a budget for the replacement and reinforcement of aging facilities and equipment increased from KRW 13 to 27 billion

Education and Awareness Enhancement

The awareness and practice of safety among employees are the cornerstone of safety management pursued by the NPS. Over 10,000 internal and external employees undergo tailored education in stages annually. We promote case-based education and reporting of risk factors through various media. Additionally, we enhance the capabilities of safety-dedicated teams through education and training, thus reinforcing their expertise.



Emergency First Aid (CPR) On-site Training for Life Safety



On-site Training for Traffic Safety



Fire Training and Practical Training for Emergency First Aid

●●● **Employees' Health and Well-being**

The NPS actively practices human rights-based safety management through proactive health management, addressing employees' physical and mental well-being. The Health Management Center and NPS Mind Sharing Center operate 24/7 and provide emergency counseling programs for incidents and accidents on-site. Furthermore, employees exposed to hazardous substances are intensively managed and immediate improvements to the working environment have been made.

Achievements

Selected as an **Excellent Workplace for Workers' Health Promotion Activities** by the Ministry of Employment and Labor and the Korea Occupational Safety and Health Agency (Aug. 2022)

●●● **Contracting Projects Safety Management**

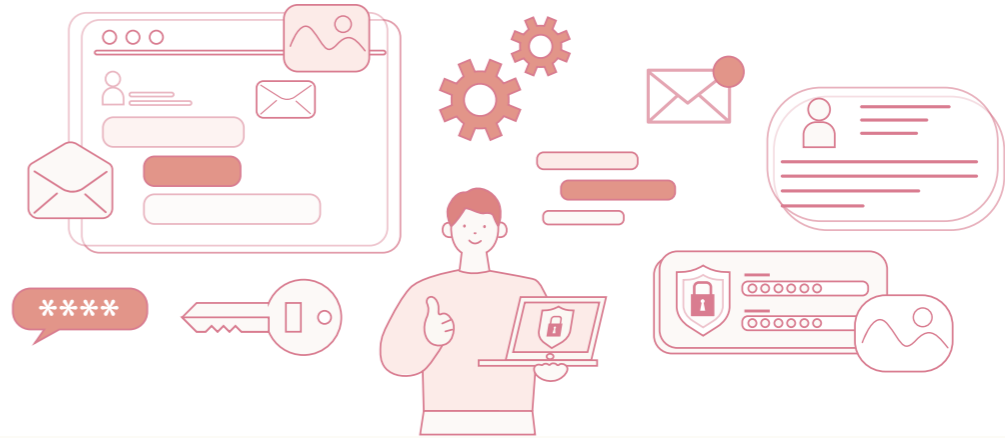
The NPS has actively practiced its boundless commitment to safety management through thorough safety management on contracting projects. The NPS has revised its safety and health management regulations by adding five guidelines related to contracting, conducted regular safety inspections directly for contracted projects, and intensively managed 28 contracted projects through comprehensive surveys. Additionally, the NPS has provided focused support for on-site safety and conducted meetings to spread awareness and understanding of safety concerns.

Systematic Improvements for thorough Management	Expanding Collaboration with Contracting Sites
<ul style="list-style-type: none"> Revising the Safety and Health Management Regulations, adding five guidelines related to contracting *Target: Employees → Workers, 5 guidelines including non-routine tasks and confined space work Adding contractor management check points to regular safety inspection forms Conducting a comprehensive investigation of contracted projects (445) and prioritizing management for 28 projects * No comprehensive investigation cases until 2021 	<ul style="list-style-type: none"> Expanding verification of high-risk (electrical work, work at height, confined space, high-voltage, fire) work permit system * Increasing issuance of permit to work from 13 to 512 (over 39-fold increase) and on-site inspections from 0 to 8 Providing concentrated support to 7 key locations with high-risk contracting projects at large-scale buildings <ul style="list-style-type: none"> - Identifying 139 improvement areas and took immediate actions Fostering a safety consensus through concentrated on-site support and meetings (10 meetings, up from 0)

●●● **Strengthening Regional Office Safety Management**

The NPS has enhanced safety management of regional offices to protect citizens. Through safety inspections of all 42 regional offices and 69 leased office spaces across the country, various accident prevention activities are being intensified. In addition, proactive and swift measures are taken to ensure the protection of citizens in the event of disasters. Comprehensive health and safety education and training, including CPR and evacuation drills, are conducted for all regional offices to safeguard citizens effectively.

Enhanced Prevention Activities for Customer and Tenant Protection	Swift Citizen Protection in Case of Disasters
<ul style="list-style-type: none"> Improving safety inspection items for regional offices (42) and leased offices (69) Repairing and maintaining emergency evacuation route and put priority Improving the conditions of facilities with over 100 residents (18 buildings) Inspected and improved conditions that may cause incidents such as elevator stoppage and stair falls 	<ul style="list-style-type: none"> Completing cardiopulmonary resuscitation (CPR) training for all customer service personnel (1,926 individuals) Given most customers are the health-vulnerable such as the elderly individuals Completing training for major citizen disaster scenarios in all regional offices Fire prevention, firefighting, and drowning accident prevention and evacuation training



●●● **Strengthening Personal Information Protection**

The NPS has enhanced personal information protection by maintaining ISO 27701 certification for its personal information management system for two consecutive years, thereby enhancing public trust. To ensure stability, management standards have been established, and continuous improvement of the management system is achieved through enhancements in ongoing monitoring and extraction criteria. Based on these efforts, the NPS has maintained the highest rating for eight consecutive years in the Personal Information Management Assessment among public institutions conducted by the Personal Information Protection Commission. Since its establishment, the NPS has maintained zero cyber security incidents and breaches, ensuring the utmost protection of national assets and personal information.

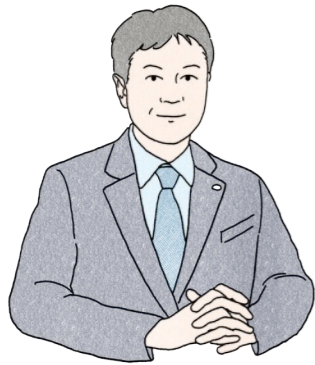
Efforts for Personal Information Protection

Infrastructure Establishment	Physical System Improvement	Administrative System Improvement	Enhancement of Staff Awareness
<ul style="list-style-type: none"> Establishing Cybersecurity Monitoring Dedicated Space Synchronizing protection systems with higher authorities (National Intelligence Service, Ministry of Health and Welfare) 	<ul style="list-style-type: none"> Replacing with state-of-the-art certified (CC) protection systems (22 units) Immediately making improvement after vulnerability diagnosis of core equipment (129 units) 	<ul style="list-style-type: none"> Blocking external sites for non-business purposes *7,604 sites (previous year: 5,751) Blocking and responding to blacklisted IPs *17,338 cases (previous year: 8,391 cases) 	<ul style="list-style-type: none"> (Education) Completing education for all employees (Participation) Promoting quiz events (Training) Conducting simulated training for intrusion incidents

Achievements

Achieved **the Highest Rating for Eight Consecutive Years** in the Personal Information Management Assessment Conducted by the Personal Information Protection Commission. Since its Establishment, and **Achieved No Cyber Security Incidents and Zero Cyber Security Breaches**

INTERVIEW



Executive Director for Planning,
National Pension Service
Jae-Hyuk Chang

The Need to Lead the Promotion and Application of ESG as Korea's Largest Investor

The NPS is a public institution that provides nationwide welfare services, including the National Pension Plan, Basic Pension, Disability Assessment, and Support for Disabled Activities. Our headquarters is located in Jeonju, with over 7,000 employees working across 112 regional offices nationwide. Our highest decision-making body, the Board of Directors, consists of five executive directors and nine non-executive directors representing various sectors, including labor and management.

Since all the services provided by the NPS involve direct interaction with the public, we believe it's crucial for us to act as a representative who listens to and faithfully reflects the voices of our customers and stakeholders. In 2022, we operated eight customer feedback channels, through which we identified 74 innovative tasks.

We disclose management-related information on our website and the ALIO,

public information disclosure system. In addition, our employees strive to maintain high levels of integrity and ethics, and we are solidifying systems to block and manage ethical risks proactively.

As the largest investor in the country, we contemplate how to spread the positive influence of ESG with the National Pension Fund. It is necessary to closely review the current status and future direction of ESG investment in Korea through experts by expanding ESG integration strategy that consider ESG factors alongside financial factors in investment decision-making or organizing global events such as conferences. Moving forward, the NPS will contribute to creating a sustainable society through activities that align with our institutional identity based on evolving ESG management strategies.

Fostering Expertise for Profit and Social Responsibility

As a non-executive director representing beneficiaries of the NPS, I have actively contributed to the NPS's commitment to ESG management. The NPS has embarked on a journey from the introductory phase to a more mature stage of ESG management, as evident from its policies and objectives. It is now crucial for the NPS to seamlessly integrate its core operations with ESG management strategies to ensure successful implementation.

The core mission of the NPS is to increase the National Pension Fund and provide stable pension payments for citizens' retirement. Hence, securing profitability through fund management is an essential task. In the current global trend of ESG, companies that actively implement ESG management strategies are likely to experience an increase in their asset value. Consequently, expanding investments in such companies would

Non-Executive Director (Representative of Beneficiaries) /Research Professor,
Research Institute for Governance,
Sejong University
Won-Seok Suh



A member of the ESG Management
Committee at the NPS / Honorary
Professor at Korea University
Hyoung-Koo Moon

The internalization of ESG philosophy within the organization is essential.

As a member of the ESG Management Committee at the National Pension Service, I believe the NPS has developed an advanced self-assessment model for ESG management. This self-assessment model incorporates the experiences and expertise from evaluating portfolio companies. Utilizing this self-assessment model, the NPS has materialized the direction and practical approaches for ESG management, implying that the NPS has also effectively implemented ESG management strategies that are requested to investee companies to follow. Furthermore, the expansion of the ESG Management Committee to include 10 external members, compared to the previous three, demonstrates the NPS's concerted effort to engage with a more diverse range of stakeholders.

However, there are areas for improvement as well. If the ESG philosophy is not embedded within

the organization's operations, there might be doubts about the authenticity of the NPS's ESG requirements for its investment targets. To internalize ESG management, a shift in working methods is necessary. Developing a decision-making system based on ESG management and ensuring that the contents of ESG management are integrated into the execution process requires holistic transformation. While employee perception surveys about ESG management have been conducted effectively, it is advisable to further analyze survey items by job role, hierarchy, and age group in the future. Ultimately, this survey should be tailored to become a means through which employees understand and perceive the ESG management philosophy similarly pursued by the NPS.

contribute to environmental improvements and enhance profitability. I believe that that is the future direction the NPS should continually pursue.

Furthermore, the most crucial aspect of investment is the presence of specialized professionals who can maximize returns. Establishing systematic and appropriate systems for fund management is vital for ensuring successful investment outcomes. Equally important is providing education and support to investment professionals who understand the significance of integrating ESG factors into investment decisions. Moreover, implementing comprehensive support systems, such as performance-based incentives, for these skilled individuals will drive successful investments and ultimately create a prosperous pension fund for the NPS.

Looking ahead, I hope that the NPS will continue to nurture exceptional talents and expand investments in companies that practice ESG management. By doing so, the NPS will enhance its capacity to contribute to the welfare of citizens.

5

Governance

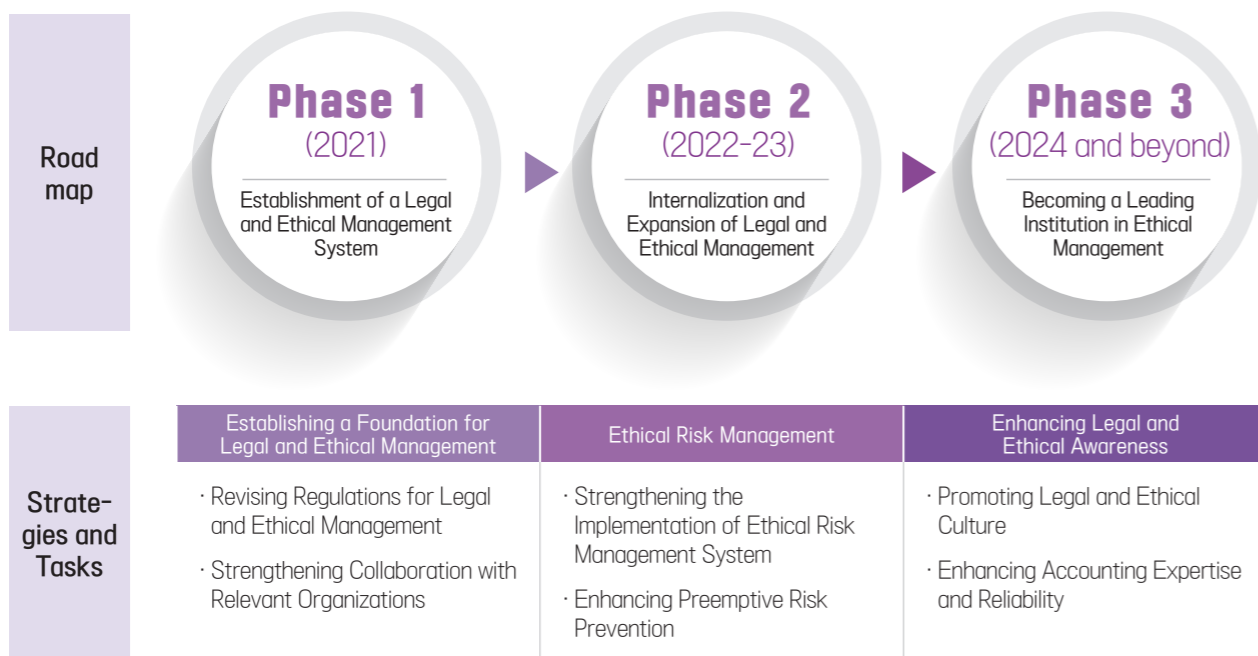


01

Ethical Management System and Performance

Legal and Ethical Management Implementation System

The NPS is dedicated to achieving innovation by upholding strong integrity and ethical values, aiming to become a model institution in these areas. We will actively practice enhanced ethical management, aligning with the spirit of an open society by establishing an efficient legal and ethical management framework.

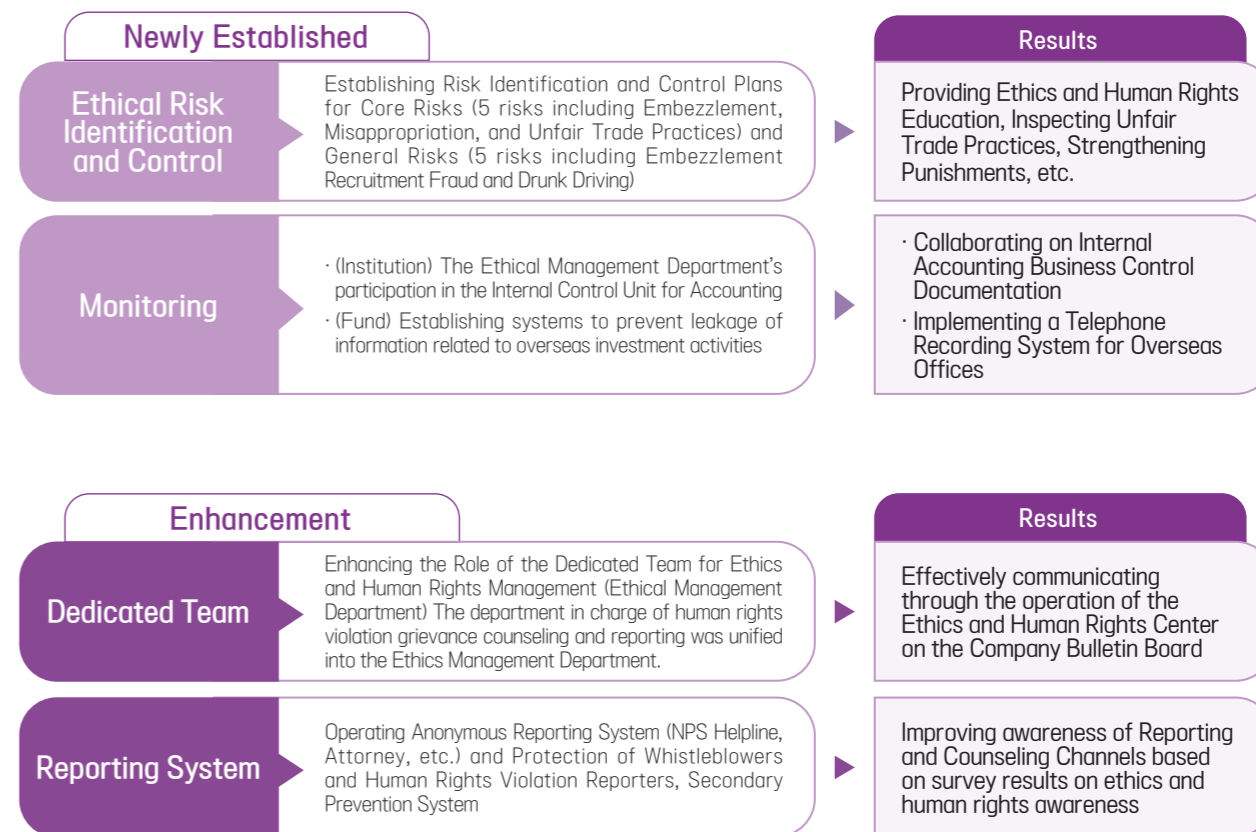


Implementation Framework	Norms	Organization		Reporting System
		System	Institutional Operation	
<ul style="list-style-type: none"> Code of Ethics, Human Rights Charter Employee Code of Conduct Code of Conduct for Job Integrity Contracts Rule on Compliance Program Anti-Corruption Management Guidelines 	The 1 st Line	Anti-Corruption and Integrity Practice Team		<ul style="list-style-type: none"> NPS Helpline Attorney Protection of Whistleblowers and Human Rights Violation Reporters, and Secondary Prevention System
	The 2 nd Line	Ethical Management Dept.	Compliance Division	
	The 3 rd Line	Audit Division		
	Committee	Ethical Management Committee, Human Rights Management Committee		
	Advisory	Citizen Participation Committee, Conflict of Interest Prevention Advisory Committee		

NPS SonarKi

The NPS has enhanced its ethical risk management system through its internal system called NPS SonarKi. This system aims to prevent and manage ethical risk factors proactively. Potential ethical risk factors are identified and shared among operational and dedicated departments during project implementation. Through this process, these risk factors are managed and controlled.

*NPS SonarKi (Sonar+旗) combines 'Sonar', which detects risks, and '旗 (Ki)', which signifies marking and managing risks. It refers to the NPS's internal ethical risk management system. SonarKi is also similar in pronunciation to the Korean word '소나기' (rain shower)



Promotion of a Culture of Integrity

The NPS continues to promote a culture of integrity to maintain a stable, ethical management system. We enhance tailored education and improve employees' awareness through active communication and organizational participation. Additionally, we organize integrity culture events targeting external organizations, distribute newsletters to prevent misconduct and work towards spreading a legal and ethical management culture.



02

Strengthening Board Composition, Transparency, and Expertise

••• Board Composition

The NPS consists of a board of directors, including the CEO, four executive directors, and nine non-executive directors (including one ex officio). The composition of the board of directors follows the Act on the Management of Public Institutions, Article 30 of the National Pension Act, Article 11 of the Articles of Incorporation, and the Operating Regulation on Executive Recommendation Committee. The board appoints director candidates with a high understanding of relevant industries, experience, and expertise in finance, accounting, global markets, and more. The Chair of the Board of Directors is appointed by the President of the Republic of Korea upon the recommendation of the Minister of Health and Welfare, based on multiple recommendations by the Executive Recommendation Committee. The term of CEO is three years, while the terms of non-executive directors (excluding ex officio directors) is two years, but can be extended by one additional year.

Name/Gender	Current Position/Term	Key Background
Kim Tae-hyun (Male)	CEO (Sept. 1, 2022 ~ Aug. 31, 2025)	Chairman & President of Korea Deposit Insurance Corporation
Chang Jae-hyuk (Male)	Executive Director for Planning (Jan. 10, 2023 ~ Jan. 9, 2025)	Director General for Planning and Coordination at the Presidential Committee on Ageing Society and Population Policy
Kim Jeong-hark (Male)	Executive Director for Pension (Jan. 13, 2021 ~ Jan. 12, 2024)	Head of Daejeon-Sejong Regional Office, National Pension Service
Lee Yeo-kyu (Female)	Executive Director for Welfare (May. 30, 2023 ~ May. 29, 2025)	Head of Daejeon-Sejong Regional Office, National Pension Service
Seo Won-joo (Male)	Executive Fund Director & Chief Investment Officer (Dec. 27, 2022 ~ Dec. 26, 2024)	CIO of the Government Employees Pension Service (Head of Fund Investment Department)
Lee Dong-geun (Male)	Executive Vice Chairman of the Korea Enterprises Federation (Jul. 3, 2021 ~ Jul. 2, 2025)	President of Hyundai Research Institute
Jeong Yoon-mo (Male)	Vice Chairman of Korea Federation of Small and Medium Business (Mar. 14, 2022 ~ Mar. 13, 2024)	Chairman & President of the Korea Technology Finance Corporation
Yoon Taeg-gun (Male)	Vice Chairman of the Korean Confederation of Trade Unions (Mar. 2, 2021 ~ Mar. 1, 2023)	Vice Chairman of the Korean Confederation of Trade Unions
Lee Dong-ho (Male)	General Secretary of the Federation of Korean Trade Unions (Jun. 5, 2020 ~ Jun. 4, 2022)	General Secretary of the Federation of Korean Trade Unions
Cho Yeon-ju (Female)	Head of Research and Education Division of the Korean Institute of Certified Public Accountants (Jul. 3, 2023 ~ Jul. 2, 2025)	Director of the Korean Institute of Certified Public Accountants
Kim Hyang-ran (Female)	Chair of Busan-Gyeongnam Branch of the Voice For Consumers (Jul. 3, 2023 ~ Jul. 2, 2025)	Director of the Voice For Consumers
Lee Jee-yu (Male)	Member of the Audit Quality Evaluation Committee of the Institute of Internal Auditors Korea (Jul. 3, 2023 ~ Jul. 2, 2025)	Deputy Chairman of the CIA Committee of the Institute of Internal Auditors Korea
Seo Won-Seak (Male)	Research Professor at Research Institute for Governance, Sejong University (Mar. 14, 2022 ~ Mar. 13, 2024)	Consulting Specialist of IBS Consulting
Lee Seu-ran (Female)	Director-General of Pension Policy Bureau of the Ministry of Health and Welfare (Aug. 2, 2022 ~ present)	Head of Hospital Beds Management Unit and Medical Response System Unit of Central Disaster Management Headquarters

••• Enhancing Ethical Competence for Public Officials

The NPS has implemented a systematic competency development program for employees in line with its human resource development strategy. Through tailored communication based on generational and occupational diversity, we aim to broaden the scope of mutual understanding. Through these efforts, we strive to foster ethical awareness and strengthen ethical competence among public officials.

Ethical Awareness of Public Officials

Category	Details
General	<ul style="list-style-type: none"> Providing basic ethics, human rights, and integrity education for all employees (7,462 individuals) Providing in-person training for vulnerable departments based on self-assessment results for ethics and human rights (3 departments) Providing in-person training for prevention of human rights violations in collaboration with professional organizations (10 regional offices)
Tailored	<ul style="list-style-type: none"> (Specialized Roles) Providing in-person training for fund management and research positions (430 individuals) (Senior Positions) Providing region-specific in-person training on harassment and serious misconduct cases (7 sessions)

Achievements

Awarded the Grand Prize in the Public Institution Auditor Competition, Public Ethics and Integrity, by the Korea Public Institution Audit Association

NPS Ethical Charter

As a comprehensive welfare service institution that helps ensure the stable livelihood of the people through sustainable pension and welfare services, we are committed to establishing sound ethical principles. To gain the trust and affection of the people, we define the behavior and values that all employees must uphold and practice.

First, we pledge to practice ethical management based on a spirit of compliance, and create a clean and transparent workplace by performing our duties fairly and transparently.

Second, we always maintain a communicative and empathetic attitude towards the people, providing the best pension and welfare services.

Third, we prioritize the people's trust and fulfill our responsibility to play a role as a safety net in achieving an inclusive welfare society.

Fourth, we respect the human rights of employees and internal and external stakeholders, providing equal opportunities and striving to develop and improve everyone's quality of life.

Fifth, as social community members, we contribute to realizing social values and contributing to the country's and society's sustainable development.

••• ESG Management Promotion System

The ESG Management Committee is the key decision-making body for ESG-related matters and risk management at the NPS. It plans ESG initiatives, monitors outcomes, and evaluates results. The committee ensures that ESG management is embedded throughout the organization, connecting from the ESG Management Committee to subcommittees and implementation teams. The ESG Management Committee conducts an overall performance assessment and evaluation of social responsibility activities, including human rights management, job creation, ethical management, social contributions, and inclusive growth.

NPS ESG Management Committee	[Composition] CEO(Chair), Executives, External Experts, etc. [Main Role] Top decision-making body making major decisions
NPS ESG Operational Committee	[Composition] Head of Management Administration Division (Chair), Department Head in Charge [Main Role] Identifying ESG tasks, reviewing progress, identifying areas for improvement
NPS ESG MZ Committee	[Composition] 26 employees representing MZ generation across the NPS [Main Role] Developing ESG ideas, providing input on issues, promoting ESG culture
NPS ESG Implementation Teams	[Composition] Headquarters Departments and 112 Regional Offices [Main Role] Planning ESG initiatives, organizing education and meetings, spreading results.



ESG Management Committee



ESG MZ Committee

••• BOD Performance Evaluation

Pursuant to Article 31 of the Act on the Management of Public Institutions, the CEO concludes performance agreements with executive directors and evaluates their performance. Additionally, in accordance with relevant rules and regulations such as the Operational Rule on Open Positions and Specialist Positions, the CEO concludes performance agreements with the President of the National Pension Research Institute, the Head of the Digital Innovation Office, and Compliance Officer, and evaluate their performance as well. Non-executive directors and auditor undergo performance evaluations based on Article 36 of the Act on the Management of Public Institutions.

••• Strengthening BOD Expertise

NPS Board members use their expertise for various activities. In 2022, they participated in the International Conference on Public Pensions, engaging with 150 experts, including the Minister of Health and Welfare and pension professionals, to explore new directions and forward-looking development strategies for improving the long-term sustainability of the National Pension Plan. They also contribute to identifying best practices, including 20 proactive administration and five regulatory innovation cases, by serving as evaluation committee members for the Proactive Administration Best Practice Contest.

••• Conflict of Interest Prevention

The Board proactively establishes accounting and reporting systems, internal control systems, and risk management policies, and oversees financial and non-financial risks, in order to ensure systematic risk management. Moreover, an Auditor audits the NPS's financial status, business execution, and property status, submits his/her opinion to the Board; in cases where the NPS's interests conflict with the CEO's interests, the Auditor represents the NPS. Furthermore, according to Article 5 Paragraph 4 of the Regulations of the Board of Directors, members with conflicts of interest in matters under deliberation cannot exercise voting rights.



••• BOD Decision-Making Process

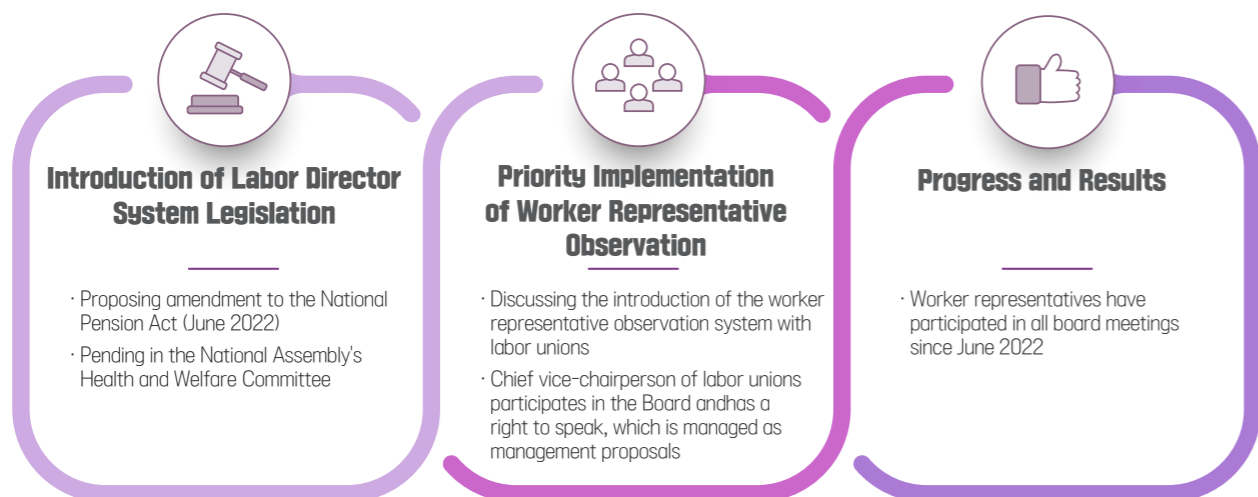
The Board handles key aspects of the NPS's operation, such as management goals, business plans, funding, and asset management. The process involves scheduling meetings, proposing agenda items, sharing them, and convening the Board (or special committees). Before a meeting, special committees are held to discuss and report important matters and issues, helping ensure a thorough review on agenda items before making decisions at the Board. Recommendation from special committees and the Board is reviewed by relevant departments, and follow-up actions are managed to enhance implementation. The outcomes of Board meetings are shared internally and externally. By addressing current issues promptly and operating transparently, the Board solidifies its role as the top decision-making body for the NPS.

BOD Operating Procedures



••• Labor Director System and Worker Participation

Through the Worker Representative Observation System, a representative of employees (chief vice-chairperson of labor unions) participates in Board meetings, promoting transparency and effective management within the organization. Furthermore, as a government-related fund management entity, the NPS proposed a bill to implement the Labor Director System to achieve an ideal form of open governance.



Achievements

- Reflection Rate of Management Proposals of Non-executive Directors Increased 28.0%
- The comprehensive Satisfaction Score for Board Operations Reached 91.8 points

Key Decisions by the Board

In 2022, the NPS Board discussed a total of 207 agenda items, including pension reform (55), system operations (55), fund management (56), and other organizational matters (41).

Agenda	Content	Results
Deliberation NPS Medium-Term Management Goals (2023-2027)	<ul style="list-style-type: none"> · To establish a five-year management goal annually to manage its performance systematically pursuant to Article 46 of the Act on the Management of Public Institutions · To assess and improve the NPS's value system, including mission, vision, core values, and management policies in consideration of past achievements, changes in management environment, and feedback from internal and external stakeholders · To develop strategic goals and initiatives to achieve the vision, formulate plans and performance targets for each initiative for a five year period from 2023 · To establish a system to monitor implementation, evaluate performance, and make improvements to enhance the execution capability of the medium to long-term strategy 	Original Proposal Approved
Deliberation 2022 Budget Amendments and Supplementary Budget Proposal	<ul style="list-style-type: none"> · [Budget Change] To change the budget for the expansion of the headquarters' daycare center due to insufficient construction funds - expenses for construction: KRW 948 million · [Additional Budget] Original: KRW 31.4955 trillion → Revised: KRW 35.0421 trillion (up KRW 3,546.668 billion) - NPS Payroll Payment: KRW 3,518.831 billion, Unemployment Credit Support Program: KRW 26.434 billion, Internship-based Temporary Worker Operating Program: KRW 1.252 billion, Commissioned Research for the 5th National Pension Actuarial Valuation: KRW 151 million 	Original Proposal Approved
Reporting Changes to the NPS Relocation Plan	<ul style="list-style-type: none"> · To report on reduction in site for relocation of headquarters and adjustment of the size of the daycare center - Previous Site: 76,225 → 76,195m² (down 30m²) - Previous Gross Floor Area: 73,093 → 72,578m² (down 515m²) - Previous Costs: KRW 187.6 billion → 187.5 billion (down KRW 1 billion) - Daycare Center Completion Date: Changed from December 2022 to October 2023 	Original Proposal Received

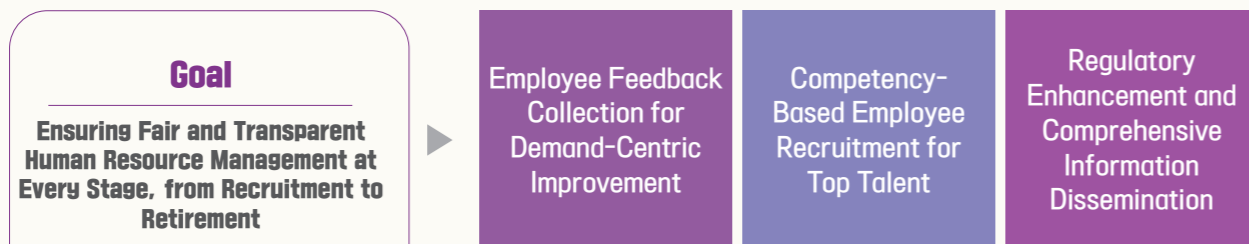
03

Fair Personnel Recruitment

Fair and Transparent Personnel Management

At NPS, we are dedicated to fair and transparent human resource management. We have set a strategy to spread a culture of unbiased hiring and align with government guidelines for public sector innovation. We aim to select suitable candidates, streamline personnel operations, and uphold fairness at every stage of the employment journey, from hiring to retirement. We stick to three principles: 1) fair and transparent hiring, 2) competency-driven talent selection, and 3) equal and just personnel practices.

Developing a Human Resource Management Strategy



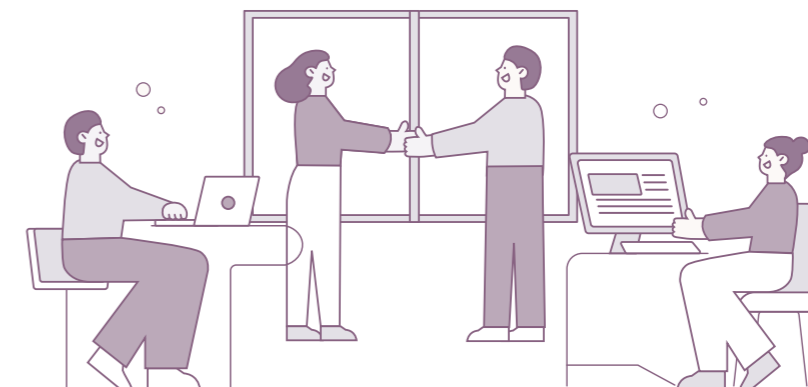
Classification	Progress
Qualification and Bonus Points Criteria	Adding qualification criteria, types of bonus points, scores, and application methods in the Recruitment Guidelines
Interview Panel Management	Specifying targets for avoiding and managing interview panel members and procedures for handling situations where avoidance is necessary, as outlined in the Recruitment Guidelines
Elimination of Physical Discrimination Factors	Discontinuing the receipt of a physical examination result which was obtained regardless of job relevance
Regional Office Recruitment Management	Establishing a system for ensuring fairness in the recruitment process for regional offices (indefinite contract, fixed contract)

Achievements

- Comprehensive Investigation of 2022 Recruitment Status: **Zero Recruitment Irregularities**
- Appeals and Whistleblower Reports: **Zero for Four Consecutive Years**

Fair and Transparent Human Resources Management

Fair human resources management is the cornerstone of the NPS's commitment to ethical and sustainable practices. The NPS ensures transparency and fairness from recruitment to personnel management. We follow the principle of open recruitment, openly sharing information during the hiring process, including procedures and outcomes. Through effective communication channels, we maintain fairness and transparency in personnel operations and management.



Achievements

Achieved a 92.8% Satisfaction Rate in Satisfaction with Recruitment Information through Enhanced Procedural Transparency at Each Recruitment Stage and Fairness in Results.

04

Stakeholder Communication

••• NPS Innovation Initiatives

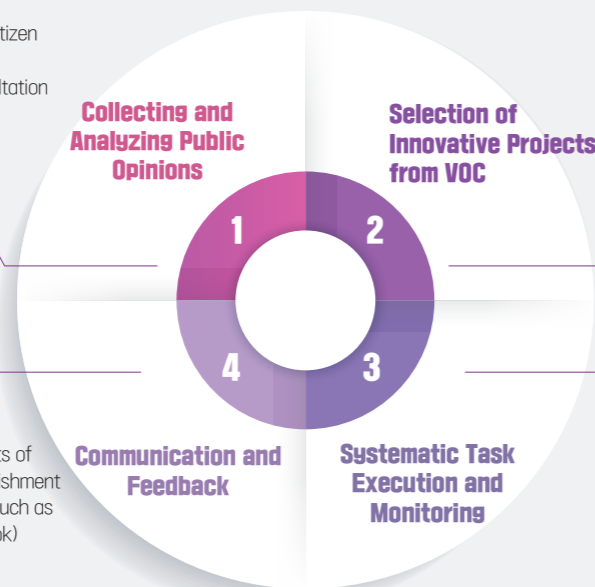
The people's ideas drive the NPS's innovation projects. The NPS Innovation Project System is a part of efforts to manage improvements based on ideas gathered from citizens in different ways. Through citizen suggestions and feedback channels, the NPS collects ideas and talks with citizens to choose which innovative projects to work on. This led to identifying 74 innovation projects, 3.2 times more than the previous year.

- VOC Channels (8): Advisory Panels, Citizen Proposals, Civil Complaints, Customer Service Center, CS Monitoring, Consultation History, Examination Appeals, etc.

- Collected VOCs are categorized and analyzed → Total of 243 cases adopted

- Sharing and communicating the results of public opinions on the website (Establishment of a system to reflect citizen voices, such as institutional improvement cases e-book)

- Feedback loop through expanding recognitions for outstanding proposals and awards is strengthened



- 74 adopted VOC cases are chosen as innovation projects (Proposal Committees, Public Interest Enhancement Committees, Salary Improvement Promotion Teams, etc.)

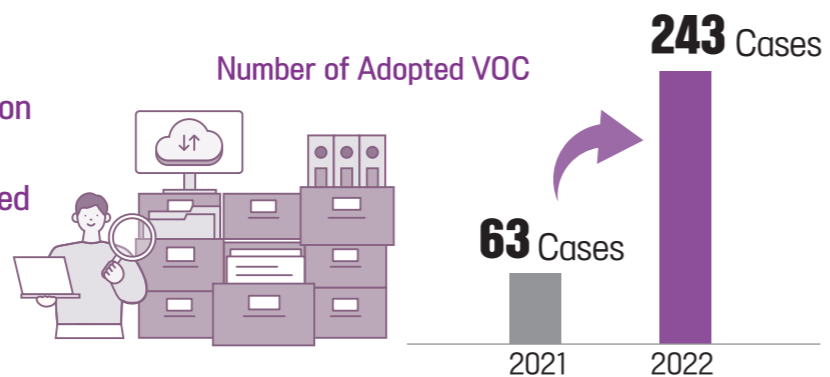
- Activated by the Reconsideration System for Non-Adopted Proposals (7 cases reconsidered)

- Selected projects are registered and executed in the Innovation Project System (with a person in charge for each department, progress tracking, expected completion dates, etc.)

- A dedicated department (Customer Support Division) manages the process and provides feedback

Achievements

Increased in Identification of Innovation Projects by **3.2 Times** Compared to the Previous Year



••• Creating a Communication System for All Citizens

The NPS has set up a communication channel where all citizens can directly engage through a citizen engagement strategy. Through the channel, information on major issues from the government, media, customers, and experts, including pension reform, services for beneficiaries, and fund management, is provided, and associated opinions are considered faithfully. The communication channel also makes the process more transparent as more experts directly involve and more information is disclosed.

Key Communication Issues	Citizen Engagement and Communication Channels	Operational Performance and Results
Pension Reform	<ul style="list-style-type: none"> • Full disclosure of meeting minutes and presentation materials of the Actuarial Valuation Committee on the website • Emphasis on communication with future generations (group interviews with youth, roundtable discussions, listening events) 	<ul style="list-style-type: none"> • Disclosing 22 Meeting Minutes and Presentation Materials • Gathering 635 Opinions from young adults born in the 1980s and 1990s
Pension Services	<ul style="list-style-type: none"> • Operation of a task force for subscriber and salary system improvements with participation from the Ministry of Health and Welfare, NPS, and experts • Establishment of a national pension discussion forum to gather opinions for service enhancements 	<ul style="list-style-type: none"> • Identifying 13 Improvement Tasks(Record high) • Collecting 52 Public Opinions
Fund Management	<ul style="list-style-type: none"> • Launch of the mobile version service for the NPSIM website • Expansion of English information disclosure for enhanced global communication 	<ul style="list-style-type: none"> • Annual Visitor Increased by 1,234 Individuals • Adding a Financial Statements category on the NPSIM English website

••• Examples of Citizen Engagement and Communication

The NPS has been focusing on improving systems and services that positively impact the people's lives. Listening to citizens' feedback has enhanced various aspects, such as supporting insurance premiums and eliminating restrictions on cap of seizure prohibition from a bank account for low-income subscribers. We have also worked on issuing documents electronically, including the introduction of braille services on the website, and overall, we are dedicated to providing services that truly cater to citizens' needs.



"I can't afford insurance premiums due to extended COVID-19 closures." (Advisory Panel)



"Please increase the cap of seizure prohibition (KRW 1.85 million)." (Citizen Proposal)



"I'm disabled, but is additional review necessary for receiving survivor and dependent family pensions?" (Citizen Complaint Reception)



"Can we receive bank certificates electronically?" (Voice of Customer)



"I want to issue a National Pension Subscription Certificate at a community center." (Voice of Customer)



"If employees pay the unpaid employer contributions, will it still be shown as unpaid?" (Complaint Reception)



"I'm visually impaired; can I access National Pension information?" (Customer Service)



"It would be nice if we can apply for basic pension possible via the mobile app." (Citizen Proposal)

Achievements

Awarded the **Digital Innovation Presidential Award** backed by Active Collection of Public Opinions

05

Risk Management

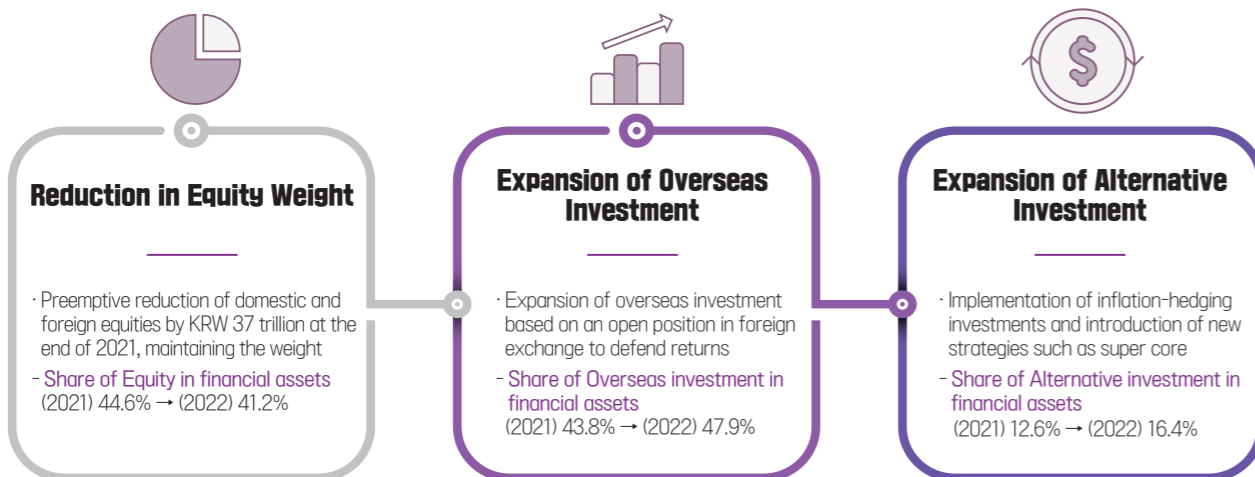
Enhance Proactive Crisis Response

The NPS is committed to protecting citizens' finances from different risks in the ever-changing global economy. NPS detects and responds to crisis based on the NPS crisis index.

	Proactive Crisis Detection and Response through Monitoring	Strategic Foreign Exchange Management in Response to Exchange Rate Fluctuations
Key Contents	<ul style="list-style-type: none"> Utilization of NPS Crisis Index for Crisis Detection and Operation of Response Task Forces Reduction of Equity Weight, Increase in Overseas and Alternative Investment Weight 	<ul style="list-style-type: none"> Conclusion of \$10 Billion Foreign Exchange Swap Agreement with the Bank of Korea to respond to a strong dollar Temporary Increase in Foreign Exchange Hedge Ratio to 10%
Achievements	<ul style="list-style-type: none"> Recorded Satisfactory Mid-Term Performance Compared to Global Pension Funds (5-Year Return: 4.2%) 	<ul style="list-style-type: none"> Reduction of Procurement Fees through Transactions with the Bank of Korea

Asset Allocation Adjustment and Strengthening Risk Tolerance Management

The NPS employs structured risk management to maintain stable fund returns. According to strategic asset allocation, the NPS regularly reviews annual total risk tolerance and asset-specific risk tolerance to adjust asset allocations accordingly.



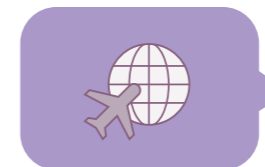
Achievements

5-Year (2018-2022) Return was 4.23%, down 0.01%p from the Mid-Term Target Return Compared to their Benchmarks, **Domestic Equity Outperformed by 0.47%p, Overseas Equity by 0.15%p, Domestic Fixed Income by 0.04%p, and Overseas Fixed Income by 0.88%p**

Enhancing Risk Management for Overseas Investments

The NPS has developed a plan to expand overseas investments and has improved risk management through organizational restructuring and strengthening of the functions of overseas offices. The Global Public Market Division was segregated into the Global Equity Division and Global Fixed Income Division, while the Risk Management Division focuses on risk management for each asset class. Furthermore, NPS has dispatched 19 new staff members to overseas offices to strengthen overseas investment and risk management, including the discovery of local project investments.

Strengthening Overseas Investments



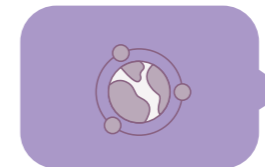
- Segregated the Global Public Market Division into the Global Equity Division and Global Fixed Income Division (in 2021)
- Created the Global Equity Research Team within the Global Equity Division for internal-active management for overseas equity (in 2022)

Specializing in Risk Management

- Segregated the Private Market Risk Management Team the Risk Management Division into the Private Equity Risk Management Team and Real Asset Risk Management Team (in 2021)
- Separated the Risk Management Division into the Public Market Risk Management and Private Market Risk Management Division to enhance asset-specific risk management (in 2022)



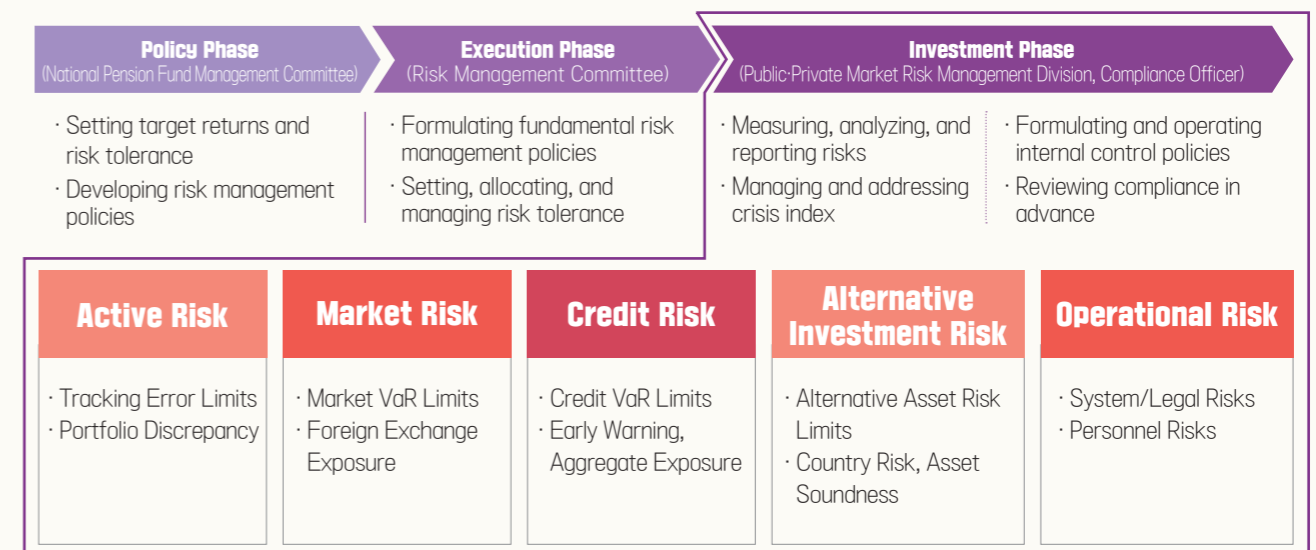
Enhancing Functions of Overseas Offices



- Dispatched 19 personnel (including 2 team leaders) to overseas offices to bolster overseas investments and enhance risk management (in July 2022)

Comprehensive Risk Management throughout the Investment Process

Through a dedicated risk management department, the NPS operates a risk management system covering the entire investment process, from policy formulation to execution. This system involves scrutinizing and analyzing various risk factors that could emerge during the investment process, including market, credit, investment, and operational risks. This thorough approach ensures the utmost protection of citizens' assets.



Economic Performance

Economic Value Allocation

Classification	Unit	2020	2021	2022
Customer (Pension Payment Amount)	KRW Million	25,654,071	29,136,791	34,020,076
Employees (Salary, Severance Pay, Fringe Benefits)	KRW Million	546,935	581,841	568,745
Government (Taxes and Public Charges)	KRW Million	36,374	36,674	37,851
Local Community (Social Contribution Fund)	KRW Million	841	473	435
Collaborating Partners (SME Product Purchases)	KRW Million	75,437	68,992	55,481

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

Summary Consolidated Statement of Financial Position (K-IFRS)

Classification	Unit	2020	2021	2022		
Assets	Current Assets	KRW Million	178,655	135,704	389,492	
	Non-Current Assets	KRW Million	75,735	73,925	77,634	
	Total Assets	KRW Million	254,390	209,629	467,126	
Liabilities	Current Liabilities	KRW Million	183,079	169,988	411,023	
	Non-Current Liabilities	KRW Million	358,973	350,398	321,522	
	Total Liabilities	KRW Million	542,052	520,386	732,545	
Equity	Other	KRW Million	-	310,757	-	265,419
	Total Equity	KRW Million	-	310,757	-	265,419

Summary Consolidated Statement of Comprehensive Income (K-IFRS)

Classification	Unit	2020	2021	2022			
Revenue	KRW Million	26,371,272	29,902,789	34,844,997			
Cost of Goods Sold	KRW Million	25,681,991	29,169,215	34,076,970			
Operating Expenses	KRW Million	707,354	759,153	760,679			
Operating Income	KRW Million	-	18,073	-	25,579	7,347	
Other Revenue	KRW Million	0	0	83			
Other Expenses	KRW Million	10	0	0			
Other Income (Loss)	KRW Million	-	23,106	-	22,677	-	25,572
Financial Revenue	KRW Million	3,584	3,419	6,720			
Financial Expenses	KRW Million	761	607	742			
Income Before Tax	KRW Million	-	38,366	-	45,444	-	12,165
Income Tax (Revenue)	KRW Million	-	72	-	17	68	
Net Income	KRW Million	-	38,294	-	45,427	-	12,233
Other Comprehensive Income (Loss)	KRW Million	-	15,085	-	20,132	55,425	
Comprehensive Income (Loss)	KRW Million	-	53,379	-	25,295	43,192	

Financial Status

Classification		Unit	2020	2021	2022
Safety	Current Ratio	%	97.58	79.83	94.76
	Debt Ratio	%	- 188.43	- 167.46	-276.00
	Interest Coverage Ratio	%	- 4,282.27	- 8,789.92	2,754.89
Profitability	Operating Profit Margin	%	- 0.07	- 0.09	0.02
	Net Profit Margin	%	- 0.15	- 0.15	- 0.04
	Return on Assets	%	- 15.53	- 19.58	- 3.62
	Operating Cash Flow Ratio	%	- 3.80	- 8.52	3.59
Growth Potential and Liquidity	Net Sales Growth Rate	%	12.44	13.39	16.53
	Operating Profit Growth Rate	%	- 31.81	- 41.54	128.72
	Net Profit Growth Rate	%	- 9.85	- 18.63	73.07
	Total Assets Growth Rate	%	6.49	- 17.60	122.83
	Total Assets Turnover	%	7,459.45	14,264.59	10,366.49
Productivity	Gross Value-Added to Total Assets	%	237.77	265.38	189.68
	Gross Value-Added to Property, Plant and Equipment	%	147.95	145.40	143.39
	Growth Rate of Wage per Capita	%	4.18	10.19	- 2.23
	Growth Rate of Gross Value-Added per Capita	%	3.33	8.75	4.26

Government Subsidy Support

Classification	Unit	2020	2021	2022
Subsidy Amount	KRW Million	26,493,445	30,106,736	35,010,503

Board of Directors Operation Status

Classification	Unit	2020	2021	2022
Number of Board Meetings Held	Case	16	13	14
Number of Resolutions Approved	Case	46	46	40
Number of Resolutions Amended	Case	2	1	1
Number of Reporting Items	Case	12	5	9

Research and Development (R&D) Status

Classification	Unit	2020	2021	2022	Other
R&D Expenses	KRW Million	2,676	2,554	2,340	National Pension Survey and Research Budget
Number of R&D Personnel	Person	43	43	43	

* The number of research and development personnel is as of December 31, 2022, and excludes individuals on parental leave

Environmental Performance

Energy Usage (All Regional Offices)

Classification	Unit	2020	2021	2022
Electricity	TJ	179,88885	191,15676	193,83543
Natural Gas	TJ	16,05014	20,63596	19,79379
Heat (Steam)	TJ	1,45089	2,01460	1,80727
Gasoline	TJ	5,47348	5,07829	5,80761
Gas/Diesel Oil	TJ	1,00036	0,04064	0,89099
LPG Vehicles	TJ	0,08640	0,06532	0,08804
Total	TJ	207,82226	219,75096	222,22313

* Excluding overseas offices

Greenhouse Gas Emissions (All Regional Offices)

Classification	Unit	2020	2021	2022
Direct Greenhouse Gas Emissions (Scope 1)	tCO2eq	1,454	1,424	1,463
Indirect Greenhouse Gas Emissions (Scope 2)	tCO2eq	8,763	8,309	9,369
Total Greenhouse Gas Emissions	tCO2eq	10,217	9,732	10,832
Direct Greenhouse Gas Emissions Intensity*	tCO2eq/100 Million	0.00551357	0.00476210	0.00419062
Indirect Greenhouse Gas Emissions Intensity*	tCO2eq/100 Million	0.02930495	0.02778670	0.02683936

* Excluding overseas offices.

* Direct (Indirect) Greenhouse Gas Emission Intensity = Direct (Indirect) Greenhouse Gas Emissions / Revenue

Water Usage

Classification	Unit	2020	2021	2022
Tap Water Usage	Ton	33,551	33,095	30,112

* The water usage amount originating from the headquarters building

Green Product Purchasing Status

Classification	Unit	2020	2021	2022
Green Product Purchase Amount (Eco-label Certified Products)	KRW Million	4,354	2,130	2,468
Green Product Purchase Ratio*	%	84.68	38.7	50.9

* According to the criteria of the Korea Environmental Industry & Technology Institute's Green Purchasing Information System

Waste Discharge by Type

Classification	Unit	2020	2021	2022
General Waste	Ton	25	28.75	12.5
Total	Ton	25	28.75	12.5

* Waste disposal amount originating from the main headquarters building.

Environmental Regulation Violation

Classification	Unit	2020	2021	2022
Environmental Law and Regulation Violation	Case	0	0	0

Social Performance

Number of Employees by Employment Type

Classification	Unit	2020	2021	2022	
Total Employees (Including Executives)	Person	7461.00	7521.00	7596.00	
Current Employees (Excluding Employees on Breaks such as Maternity and Childcare Leaves)	Person	7392.25	7425.50	7466.75	
Regular Employees (Full-time)	Male	Person	2963.75	2882.00	2785.25
	Female	Person	3123.75	3246.00	3401.75
	Total	Person	6087.50	6128.00	6187.00
Non-Regular Employees (Part-Time)	Male	Person	33.00	43.00	30.00
	Female	Person	24.75	45.25	28.00
	Total	Person	57.75	88.25	58.00
Indefinite Contract Employees	Male	Person	263.00	262.50	265.25
	Female	Person	1041.75	1035.00	1014.50
	Total	Person	1304.75	1297.50	1279.75
Off-site employees	Male	Person	7.00	8.00	8.00
	Female	Person	0.00	0.00	0.00
	Total	Person	7.00	8.00	8.00
Total	Male	Person	3226.75	3144.50	3050.50
	Female	Person	4165.50	4281.00	4416.25
	Total	Person	7392.25	7425.50	7466.75

* Based on the current Employees of NPS

* Off-site employees: Individuals who are not directly employed by the public institution but work for the same organization through dispatch, outsourcing, or in-house subcontracting by other companies (service providers, dispatch agencies)

Number of Employees by Age Group

Classification	Unit	2020	2021	2022
Under 30	Person	1,113.75	1,120.00	1,140.25
Age 30-50	Person	4,285.00	4,309.00	4,306.00
Over 50	Person	1,993.50	1,996.50	2,020.50
Total	Person	7,392.25	7,425.50	7,466.75

* Based on the current Employees of NPS

Number of New Hires

Classification	Unit	2020	2021	2022	Other	
Total Number of Employees (Regular)	Person	6088	6128	6187		
New Hires (by Gender)	Male	Person	129.5	124	129	Excluding Non-Regular Employees
	Female	Person	204.5	178	200	Excluding Non-Regular Employees
New Hires by Age Group	Under 30	Person	261	217	247	Excluding Non-Regular Employees
	Age 30-50	Person	73	80	81	Excluding Non-Regular Employees
	Over 50	Person	0	5	1	Excluding Non-Regular Employees
New Hires (Regular Employees)	Male	Person	129.5	124	129	
	Female	Person	204.5	178	200	
	People with Disabilities	Person	7	6	13	
	Local Talent	Person	160.5	145	168	
	Veterans	Person	26	16	7	
	High School Graduate	Person	28	22	31	
	New Hires	Person	334	302	329	
New Hires (Non-Regular Employees)	Part-Time (Full-Time Equivalent)	Person	16(8)	0	12(6.5)	
	Student Intern	Person	249	282.5	296	
	Counselor and Others	Person	-	-	-	
	Outsourced Task Specialist	Person	-	-	-	
Total Number of New Hires	Person	334	302	329	Excluding Non-Regular Employees	
Percentage of New Hires	%	5.49	4.93	5.32		

Number of Transfers and Resignation

Classification	Unit	2020	2021	2022	
Number of Resigned/Terminated Employees	Person	411	400	426	
Employee Turnover Rate	%	5.51	5.32	5.61	
Total Number of Resigned Employees	Total	Person	411	400	426
	Male	Person	283	269	312
	Female	Person	128	131	114
Number of Dismissal at their Request	Total	Person	91	114	108
	Male	Person	45	48	62
	Female	Person	46	66	46
Number of Regular Retirement	Total	Person	252	230	247
	Male	Person	193	188	198
	Female	Person	59	42	49
Number of Voluntary Retirement	Total	Person	16	10	16
	Male	Person	9	6	10
	Female	Person	7	4	6

Classification		Unit	2020	2021	2022
Number of Other Resignation	Total	Person	52	46	55
	Male	Person	36	27	42
	Female	Person	16	19	13

Recruitment and Turnover

Classification		Unit	2020	2021	2022	Other	
New Hires (by Age Group)	Number of New Hires by Age Group	Under 30	Person	261	217	247	Excluding Non-Regular Employees
		Age 30-50	Person	73	80	81	Excluding Non-Regular Employees
		Over 50	Person	0	5	1	Excluding Non-Regular Employees
	Number of New Hires by Gender	Male	Person	129.5	124	129	Excluding Non-Regular Employees
		Female	Person	204.5	178	200	Excluding Non-Regular Employees
		Total	Person	334	302	329	Excluding Non-Regular Employees

Parental Leave Usage

Classification		Unit	2020	2021	2022
Support Before and After Childbirth	Reduced Working Hours During Pregnancy (Reduction of daily working hours by 2 hours during the pregnancy)	Person	168	159	136
Childcare Support	Reduced Working Hours During Childcare Period (Reduction of daily working hours by 2 or 4 hours when raising children under the age of 9)	Person	115	145	181
Maternity Leave	Maternity Leave (Single Birth 90 days, Multiple Births 120 days)	Person	149	149	150
	Spousal Paternity Leave (10 days)	Person	73	67	63
Number of Parental Leave Users	Total	Person	481	484	551
	Male	Person	57	58	85
	Female	Person	424	426	466
Number of Employees Returning After Parental Leave	Total	Person	387	225	360
	Male	Person	53	41	61
	Female	Person	334	184	299
Employees Who Have Worked for Over 12 months After Returning from Parental Leave	Total	Person	234	360	-
	Male	Person	29	48	-
	Female	Person	205	312	-
Rate of Employees Who Have Worked for Over 12 Months After Returning from Parental Leave	Total	%	100	93	-
	Male	%	100	90.6	-
	Female	%	100	93.4	-
Return Rate of Employees on Parental Leave	Total	%	99	99	99

Utilization of Flexible Working Hours

Classification		Unit	2020	2021	2022
Hourly Work	Hiring	Person	30	1	4
	Transfer	Person	252	306	365
Flexible Working Hours System	Staggered hour scheme	Person	1,350	1,296	1,591
	Selective working hour scheme	Person	1,188	598	1,298
	Concentrated Work type	Person	32	28	29
Remote Work System	Remote Work	Person	7,357	7,222	2,136
	Smart Work type	Person	54	65	112

Employee Training Status

Classification		Unit	2020	2021	2022
Total Number of Employees (Capacity)	Person		7,461	7,521	7,596
Total Education Hours	Hour		444,566	368,339	449,516
Education Hours per Person	Hour/ Person		57.5	49	59.1
Total Number of Trainees	Person		130,660	129,523	151,105
Per Capita Education Budget	Thousand KRW		544	523	506
Education Satisfaction (on a 5-point scale)	Point		4.64	4.67	4.68

Customer satisfaction survey results

Classification		Unit	2020	2021	2022
Public-service Customer Satisfaction Index (PCSI)	Point		90.9	90.8	89.9

Current situation of partner companies

Classification		Unit	2020	2021	2022
Number of partner companies	Company		696	759	861
Transaction Volume	KRW Million		80,672	91,544	119,288

* NPS Partner Companies: Companies engaged in transactions through contracts such as construction, services, and purchases (including veterinary contracts)

Results of Support for SME Partners for Win-Win Growth

Classification		Unit	2020	2021	2022
Win-win Growth Evaluation for Public Institutions	Level		Fair	Excellent	Excellent
Mutual Growth Fund for Large, Medium, and Small Businesses	KRW Million		780	280	0
Rural Community Mutual Growth Fund	KRW Million		701	824	910
Cooperation Performance Sharing System	Case		60	150	70
Venture Fund Investment	KRW 100 Million		10,350	12,080	13,582

Preferred Purchase Performance

Classification		Unit	2020	2021	2022
Preferred Purchase Amount and Preferred Purchase Ratio from a Social Responsibility Perspective	SMEs	KRW 100 Million/%	754 / 94.9	690 / 88.9	555 / 69.4
	Technologically Developed Products	KRW 100 Million/%	70 / 43.9	45 / 48	83 / 53.2
	Social Enterprises	KRW 100 Million/%	25 / 4.5	38 / 5.5	28 / 3.7
	Women-Owned Businesses	KRW 100 Million/%	66 / 8.3	84 / 10.8	93 / 11.6
	Businesses Owned by People with Disabilities	KRW 100 Million/%	22 / 2.7	28 / 3.6	27 / 3.4
	Green Products	KRW 100 Million/%	44 / 84.7	21 / 38.7	25 / 50.9
	Products Manufactured by Severely Disabled Individuals	KRW 100 Million/%	15 / 2.6	12 / 1.7	12 / 1.7
Village for Self-Sufficiency of National Merit Holders	KRW 100 Million/%	0.2 / 9.8	0.1 / 9	0.2 / 9	

Social Contribution

Classification	Unit	2020	2021	2022
Job Creation	Person	10,581	11,882	12,159
Social Contribution Mileage	Point	69,361	57,675	57,554
Volunteer Hours per Employee	Hour	3.2	4.4	3.96
Employee Volunteer Participation Hours	Hour	8,054	5,277	6,875
Number of Participants in Volunteer Activities	Person	2,518	1,203	1,734
Social Contribution Investment Cost	KRW Million	813	554	482

Social Contribution Costs

Classification	Unit	2020	2021	2022	Other	
Spending Method	Social Contribution Operating Expenses (Indirect Costs)	KRW Million	-	-	-	
	Donations (Direct Costs)	KRW Million	813	554	482	Disclosure Standard of ALIO (as of the end of December 2022)
Spending Form	Cash	KRW Million	248	178	179	
	In-kind	KRW Million	565	376	303	
Total	KRW Million	813	554	482		

Industrial Safety and Health

Classification	Unit	2020	2021	2022	
Number of Fatalities from Accidents	Person	0	0	0	
Number of the Injured from Accidents	Person	2	3	6	
Safety Training	Rate of Participants Completing Education	%	113.1	142.19	139.7
	Education Hours per Person	Hour	3	3	3
	Total Number of Trainees	Person	8,642	10,865	10,615

The Ratio of Average Salary to the Highest Salary

Classification	Unit	2020	2021	2022	Other
Total Amount of the Highest Salary (A)	KRW Million	587	646	581	
Average Salary of Total Employees (B)	KRW Million	68	69	70	Disclosure Standard of ALIO (as of December 31, 2022)
Ratio (A/B)	%	863.24	936.23	830.00	

The Ratio of the Highest Salary Growth Rate to Average Salary Growth Rate

Classification	Unit	2020	2021	2022	Other
Salary Increase Rate of the Highest Salary (A)	KRW Million	24.63	10.06	-10.07	
Average Salary Increase Rate (B)	KRW Million	4.62	1.48	1.45	Disclosure Standard of ALIO (as of the end of December 2022)
Ratio (A/B)	%	533.12	679.73	-694.48	

Executives' Compensation

Classification	Unit	2020	2021	2022
Standing Institution Head (base salary + performance bonus)	KRW Thousand	188,972	174,731	192,101
Standing Auditor (basic salary + performance bonus)	KRW Thousand	152,009	148,253	163,257
Standing Director (base salary + performance bonus)	KRW Thousand	261,074	266,158	261,427
Average Compensation for Full-Time Executives (Annual Salary)	KRW Thousand	230,880	231,270	233,512
Male	KRW Thousand	246,820	249,567	249,478
Female	KRW Thousand	151,177	139,785	153,681

* Executive Compensation Determination System

1. Base Salary: Executive compensation (basic salary) follows the Guideline for Compensation of Executives in Public Institutions and Quasi-governmental Organizations and relevant regulations.
2. Performance Bonus: Executive performance-based salary follows the Guideline for Compensation of Executives in Public Institutions and Quasi-governmental Organizations and relevant regulations.

Retirement Pension System

Classification	Unit	2020	2021	2022	Other
Retirement Pension Fund Amount (Defined Benefit)	KRW Million	43,032	47,675	54,986	As of December 31, 2022, Evaluation Amount Basis
Retirement Pension Fund Amount (Defined Contribution)	KRW Million	10,588	14,781	17,753	As of December 31, 2022, Evaluation Amount Basis
Total Retirement Pension Fund Amount	KRW Million	53,620	62,456	72,739	
Enrolled Members (Defined Benefit)	Person	650	644	629	
Enrolled Members (Defined Contribution)	Person	124	161	203	
Total Enrolled Members	Person	774	805	832	

New Hire Wage per Hour Compared to Minimum Wage

Classification	Unit	2020	2021	2022
Statutory Minimum Wage	KRW	8,590	8,720	9,160
New Hire Wage (Male)	KRW	14,194	14,436	14,685
New Hire Wage (Female)	KRW	14,194	14,436	14,685
Ratio (Male)	%	165.2	165.6	160.3
Ratio (Female)	%	165.2	165.6	160.3

Ratio of Basic Salary and Compensation between Men and Women (by Worker Category)

Classification	Unit	2020	2021	2022	
Executives	Ratio of Male to Female Basic Salary	%	71.69	77.42	86.32
	Ratio of Male to Female Total Compensation	%	61.25	56.01	61.60
Employees	Ratio of Male to Female Basic Salary	%	78.45	80.23	81.30
	Ratio of Male to Female Total Compensation	%	81.58	81.45	82.58

Status of Occupational Health and Safety Committees

Classification	Unit	2020	2021	2022
Number of Participants/Meetings of Safe Work Consultative Body	Person / Case	22 / 4	21 / 4	20 / 4
Number of Participants/Meetings of Industrial Safety and Health Committee	Person / Case	14 / 4	13 / 4	12 / 4
Number of Participants/Meetings of Safety Management Committee	Person / Case	21 / 2	15 / 2	13 / 3

Employee Human Rights Education Status

Classification	Unit	2020	2021	2022
Employee Human Rights Education	Person	7,694	7,397	7,084
Education on Sexual Harassment (4 Types)	Person	7,524	7,233	7,232
Education on Workplace Bullying	Person	7,246	7,397	7,084

Discrimination Cases

Classification	Unit	2020	2021	2022
Discrimination Cases	Case	0	0	0

Labor Union Membership Status

Classification	Unit	2020	2021	2022
Number of Employees Eligible to Join a Labor Union	Person	7,731	7,767	7,694
Number of Employees Belonging to Labor Unions	Person	6,044	6,195	6,262
Percentage of Employees Belonging to Labor Unions	%	78.17	79.76	81.39

Privacy

Classification	Unit	2020	2021	2022
Number of Security Incidents	Case	0	0	0

Welfare Benefits Status

Classification	Unit	2020	2021	2022
Per Capita Employee Benefits (Based on Regular Full-Time Employees)	KRW Thousand	1,725	1,701	1,675

Ethical Management Status

Classification	Unit	2020	2021	2022
Comprehensive Integrity Index (Anti-Corruption & Civil Rights Commission)	Level	2	2	2
Anti-Corruption Policy Evaluation (Anti-Corruption & Civil Rights Commission)	Level	"Exemption from Evaluation as Excellent Institution"	"Exemption from Evaluation as Excellent Institution"	Integrated into the Comprehensive Integrity Index Evaluation since 2022
Employee Ethics Awareness Index (Based on a 100-Point Scale)	Point	95.9	88.2	87.9
Ethical Management Education	Total Number of Trainees	7,246	7,224	7,084

Human Rights Management Status

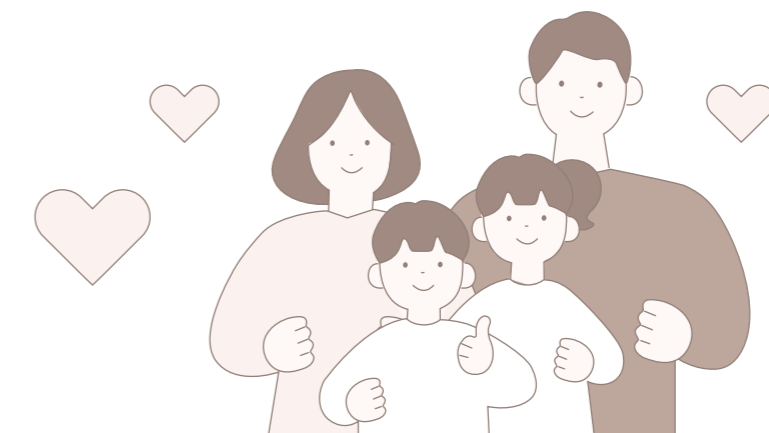
Classification	Unit	2020	2021	2022
Human Rights Management Education	Total Number of Trainees*	7,246	7,397	7,084
	Training Completion Rate**	99.8	100	99.9

* The number of NPS employees who have completed 100% of the training

** The proportion of individuals among the training recipients who have completed 100% of the education

Local Community Status

Classification	Unit	2020	2021	2022
Job Creation	Person	10,581	11,882	12,159
Corporate Social Responsibility (CSR) Mileage	Point	69,361	57,675	57,772
Employee Volunteer Hours per Person	Hour	3.2	4.4	3.96



Management of Materiality Issues

The NPS has published a Sustainability Report since 2012 and is managing new three materiality issues under the ten theme, the same as 2022, in 2023. The NPS has established an ESG management structure (ESG Management Committee, ESG Operational Committee, MZ Committee, ESG Implementation Team) to take the lead in promoting and embedding practices as a global pension fund.

Ranking	2023 major issues	Category
1	Sound and Transparent Management of Pension Assets	B
2	Enhancing Personal Information Protection and Digital Security	S
3	Strengthening Organizational Transparency	G
4	Preventing Unfair Practices and Corruption through Operation of Internal Oversight System	G
5	Enhancing Public Trust through the Spread of a Culture of Integrity	G
6	Strengthening Risk Management (Investment, Fund, Ethics) System	G
7	Healthy and Safe Working Environment	S
8	Expanding Sustainable Responsible Investments	B
9	Establishing an Organizational Culture of Mutual Respect	S
10	Enhancing Expertise and Competence through Talent Development	S
11	Achieving Carbon Neutrality based on Environmental Activities	E
12	Establishing the Foundation of Eco-Friendly Management	E
13	Management of Greenhouse Gas and Energy Goals in the Public Sector	E

Comprehensive Overview of 2023 Issues

E Environmental

- Promoting an Eco-Friendly Culture through Fund Investments
- Managing Greenhouse Gas and Energy Goals in the Public Sector
- Establishing the Foundation of Eco-Friendly Management
- Achieving Carbon Neutrality based on Eco-friendly Management
- Achieving Carbon Neutrality in Collaboration with the Local Community

S Social

- Strengthening Personal Information Protection and Digital Security
- Establishing a Healthy and Safe Working Environment
- Activating Local Economies and Achieving Mutual Growth with Local Communities
- Opening and Collaborating for Supporting Private Sector Innovation Growth
- Contributing to Local Communities through Social Contribution Activities
- Creating jobs
- Enhancing Expertise and Competence through Talent Development
- Respecting Human Rights and Diversity through Human Rights Management Practices
- Establishing a Culture of Mutual Respect
- Enhancing the Role of Comprehensive Social Safety Net

G Governance

- Enhancing Transparent Public Information Disclosure and the Right to Know
- Strengthening Ethical and Compliance Management
- Enhancing Public Trust through the Spread of a Culture of Integrity
- Enhancing Communication with Internal and External Stakeholders and Expanding Their Engagement
- Strengthening the Role of the Board of Directors and Improving Operational Transparency
- Enhancing Risk Management Systems (Investment, Funds, Ethics)
- Strengthening Organizational Transparency
- Complying with Environmental, Social, and Economic Regulations
- Prevention of Unfair Practices and Corruption through Operation of Internal Oversight System
- Ensuring Transparency in Board of Directors Remuneration Decisions
- Improving Public Service Quality through the Integration of Public Services and Innovative Technologies

F Fund

- Enhancing Financial Performance
- Managing Pension Assets in a Sound and Transparent Manner
- Expanding Sustainable Responsible Investments
- Reform the Pension System Successfully Based on Social Consensus
- Strengthening Adaptation to Digital Transformation

Ranking	2022 major issues	Category
1	Ensuring the Stability of Fund Management	B
2	Managing Employee Safety and Health	S
3	Preventing Unfair Practices and Corruption	G
4	Practicing Ethical and Compliance Management	G
5	Enhancing Transparency in Fund Management	B
6	Protecting Personal Information	S
7	Promoting Work Culture and Employee Well-Being	S
8	Prohibiting Discrimination and Respecting Diversity	S
9	Addressing Climate Change Risks	E
10	Establishing an Eco-Friendly Management System	E
11	Expanding Pension Enrollment for Vulnerable Groups and Enhancing Retirement Income Security	S
12	Expanding Responsible Investment Implementation and Institutionalizing Stewardship Code Compliance	B
13	Managing Greenhouse Gas and Energy Goals in the Public Sector	E
14	Conducting Environmental Improvement Activities	E
15	Reflecting Public Opinions from Various Channels	G
16	Expanding ESG Management Information Disclosure	G
17	Creating Quality Jobs	S
18	Strengthening Social Contribution Activities	S
19	Supporting Cooperative Growth of Partner Companies	S

Ranking	2021 major issues	Category
1	Pension System (Enhancement of Pension Security, Pension Service Innovation, etc.)	B
2	Fund Management (Generating Stable Returns, Trustee Responsibility Activities, etc.)	B
3	Risk Management (Addressing Elderly Poverty, Global Economic Situation Response, etc.)	G
4	Ethics and Integrity (Eliminating Collusive Management, Anti-Corruption and Integrity, etc.)	G
5	Customer Information Protection (Personal Information Protection, Enhanced Sensitive Information Management, etc.)	S
6	Financial Performance (Distribution of Economic Value, Fund Management Returns, etc.)	B
7	Human Rights Management (Culture of Respecting Human Rights, Strengthening Remedy for Human Rights Violations, etc.)	S
8	Welfare Services (Expansion of Support for Vulnerable Groups, Enhancement of Social Safety Net Role, etc.)	S
9	Human Resource Management (Fair Recruitment, Employee Development, etc.)	S
10	Corporate Governance (Strengthening Board of Directors' Role, Institutional Organizational Restructuring, etc.)	G
11	Industrial Safety and Health (Employee Safety, Strengthening Disaster Response, etc.)	S
12	Stakeholder Engagement (Stakeholder Communication, Expansion of Information Disclosure, etc.)	G
13	Local Community (Social Contribution, Supporting the Formation of Local Financial Ecosystem, etc.)	S
14	Supply Chain (Mutual Growth with Partners, Fair Trade Culture, etc.)	S
15	Climate Change Response and Environmental Management (Low-Carbon Economy, Expansion of Green Product Purchases, etc.)	E

Global Initiatives

The NPS joined the UN Global Compact in October 2012, committing to the ten human rights, labor, environment, and anti-corruption principles. In 2019, the NPS was recognized for its contributions to sustainable pension and welfare services, leading to its selection as a LEAD participant by the UNGC Network Korea. We are dedicated to further promoting the values of UNGC and achieving sustainable development goals.

UNGC

Classification	Principles	
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.
	Principle 2	Businesses are not complicit in human rights abuses.
Labour	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
	Principle 4	Businesses should eliminate all forms of forced and compulsory labor.
	Principle 5	Businesses should effectively abolish child labor.
	Principle 6	Businesses should eliminate discrimination in respect of employment and occupation.
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges.
	Principle 8	Businesses should undertake initiatives to promote greater environmental responsibility.
	Principle 9	Businesses should encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

UN SDGs (UN Sustainable Development Goals)

The UN SDGs (Sustainable Development Goals) provide a global framework for addressing poverty and achieving sustainable development. The international community established 17 goals and 169 targets from 2016 to 2030. The NPS has declared its commitment to the UN SDGs, and in 2020, shared practical cases as an exemplary organization for implementing the SDGs.

UN SDGs	Potential Impact	Key Activities
 1 NO POVERTY No Poverty	Contributing to ending poverty by supporting insurance premiums for economically vulnerable groups	Providing insurance premium support for low-income workers and individually insured contributors Strengthening retirement income security through the expansion of enrollment of vulnerable groups Protecting pension entitlement
 2 ZERO HUNGER Zero Hunger	Contributing to eradicating poverty among economically vulnerable groups through public institution initiatives.	Enhancing retirement safety nets through the expansion of retirement preparation services Enhancing the well-being of basic livelihood recipients through improvements in a work capacity assessment system Providing scholarship support for the (grand)children of vulnerable beneficiary families Providing goods to vulnerable beneficiaries and making well-being phone calls
 3 GOOD HEALTH AND WELL-BEING Good Health and Well-being	Promoting the health and well-being of stakeholders such as beneficiaries and employees through various support programs.	Providing consumer-centered welfare services Supporting retirement planning, including financial, health, and leisure aspects Operating employee health promotion programs
 4 QUALITY EDUCATION Quality Education	Enhancing educational opportunities through the provision of high-quality educational programs.	Providing high-quality education programs tailored to different life stages Providing education content and know-how training for retirement preparation services Nurturing next-generation core talents through the operation of MZ Academy
 5 GENDER EQUALITY Gender Equality	Supporting the empowerment and capacity building of women's human rights through institutional support and educational programs.	Improving a HR system from a gender equality perspective Strengthening gender equality education to create an environment that fosters female talents Achieving a culture of gender equality through balanced human resource management practices Managing a human rights management system
 8 DECENT WORK AND ECONOMIC GROWTH Decent Work and Economic Growth	Creating employment opportunities in the country through stable fund management and institutional support.	Supporting private sector job creation Creating jobs for vulnerable groups Supporting job retention in SMEs and outsourcing companies Diversifying employment forms through on-the-job experience programs and others

UN SDGs	Potential Impact	Key Activities
 Industry, Innovation, and Infrastructure	Establishing social infrastructure and promoting sustainable economic development through fund utilization	Expanding the introduction of village autonomous pensions Supporting sustainable management of small and cooperative companies Conduct social contribution activities for local economic activation
 Reduced Inequality	Supporting vulnerable enrollees in blind spots through project implementation and assistance for disabled individuals and vulnerable employment groups through institutional support	Expanding welfare services for people with disabilities Expanding welfare services for people with disabilities Expanding fair employment recruitment for socially balanced workforce
 Sustainable Cities and Communities	Contributing to stable public service delivery through enhanced services linked with the fourth industrial revolution	Developing a Jeonbuk Financial City and promoting region-specific industries Supporting a collaborative carbon-neutral society Enhancing a personal information management system
 Responsible Consumption and Production	Contributing to local economic activation through procurement from companies in the area where the NPS is located	Supporting the strengthening the competitiveness of SMEs and small businesses Supporting and expanding social economy enterprises and purchasing Purchasing green products, high-efficiency energy equipment, and energy grade 1 products Actively purchasing locally produced goods through traditional markets and direct trade markets
 Climate Action	Considering direct and indirect impact of climate change and air pollution	Establishing environmental management infrastructure for climate change response Implementing a public sector greenhouse gas and energy target management system Promoting paperless administrative services Declaring coal phase out in fund management
 Peace, Justice Strong Institutions	Contributing to a sustainable society through responsible fund management and promoting a peaceful and inclusive society through ethical and human rights management activities	Enhancing internal control systems for ethical management Establishing a clean management system Implementing responsible investment following strategies for activating responsible investment
 Partnerships for the Goal	Contributing to sustainable global development through collaboration with stakeholders	Sharing the systems of the National Pension Plan to developing countries and promoting cultural exchange Engaging in global social contribution activities Organizing and participating in international conferences and forums Joining and participating in international network related to responsible investment Becoming a member of the United Nations Global Compact

GRI Standards

Universal Standards

GRI 2: General Disclosures 2021

Classification	Disclosure	Contents	Page
Organizational and reporting practices	2-1	Organizational Details	8
	2-2	Entities Included in the Organization's Sustainability Reporting	2
	2-3	Reporting Period, Frequency, and Contact Point	2
	2-4	Restatements of Information	2
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	2-7	Employees	86-87
	2-8	Workers Who Are Not Employees	86
Governance	2-9	Governance Structure and Composition	71-73
	2-10	Nomination and Selection of the Highest Governance Body	71-73
	2-11	Chair of the Highest Governance Body	71
	2-12	Role of the Highest Governance Body in Overseeing the Management of Impacts	71-73
	2-13	Delegation of Responsibilities for Managing Impacts	71-73
	2-14	Role of the Highest Governance Body in Sustainability Reporting	71-73
	2-15	Conflicts of Interest	73
	2-16	Communication of Critical Concerns	71-73
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	2-19	Remuneration Policies	92
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Strategies, Policies, and Practices	2-22	Statement on Sustainable Development Strategy	6-7
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Universal Standards

GRI 3 : Material Topics 2021

Classification	Disclosure	Contents	Page
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Topic Standards

GRI 200 : Economic Topics

Classification	Disclosure	Contents	Page
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	201-2	Financial Implications and Other Risks and Opportunities Due to Climate Change	32-37
	201-3	Defined Benefit Plan Obligations and Other Retirement Plans	92
	201-4	Financial Assistance Received From Government	84
Market Presence	202-1	Ratios of Standard Entry Level Wage by Gender Compared to Local Minimum Wage	92-93
Indirect Economic Impacts	203-1	Infrastructure Investments and Services Supported	42-45
	203-2	Significant Indirect Economic Impacts	46-49
Procurement Practices	204-1	Proportion of Spending on Local Suppliers	90
Anti-Corruption	205-2	Communication and Training about Anti-corruption Policies and Procedures	68-70

Topic Standards

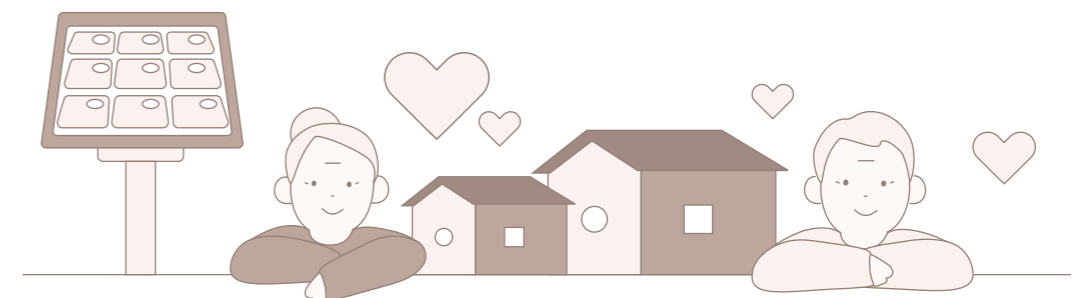
GRI 300 : Environment Topics

Classification	Disclosure	Contents	Page
Energy	302-1	Energy Consumption within the Organization	85
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Emissions	305-1	Direct (Scope 1) GHG Emissions	85
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Topic Standards

GRI 400 : Social Topics

Classification	Disclosure	Contents	Page
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	401-3	Parental Leave	88-89
Occupational Health and Safety	403-1	Occupational Health and Safety Management System	60
	403-3	Occupational Health Services	61
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	403-5	Worker Training on Occupational Health And Safety	61
	403-6	Promotion of Worker Health	61-62
Training and Education	403-7	Prevention and Mitigation of Occupational Health and Safety Impacts Directly Linked by Business Relationships	58-62
	404-1	Average Hours of Training per Year per Employee	89
Diversity and Equal Opportunity	404-2	Programs for Upgrading Employee Skills and Transition Assistance Programs	56-57
	405-1	Diversity of Governance Bodies and Employees	86
Non-Discrimination	405-2	Ratio of Basic Salary and Remuneration of Women to Men	92
	406-1	Incidents of Discrimination and Corrective Actions Taken	93
Local Communities	413-1	Operations with Local Community Engagement, Impact Assessments, and Development Programs	46-49
Customer Privacy	418-1	Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data	93



Independent Assurance Statement

Dear Stakeholders of NPS

Assurance Outline

The Korea Productivity Center Quality Assurance (“KPCQA”) was commissioned by the National Pension Service (“NPS”) to conduct an independent assurance on the 2023 NPS Sustainability Report (“the report”) and issues an assurance statement.

NPS has sole responsibility for the preparation of the data within the report.

KPCQA’s responsibility is to provide objective opinions on this report with the specified criteria and scope of assurance.

Scope

This report describes NPS’s sustainability efforts and performance. The scope of assurance was included on activities from January 1, 2022 to December 31, 2022. The report was assured focusing on the reporting of sustainable management policies, strategies, goals, businesses, and performance, and conformity of data collection and analysis, and the report creation process.

Criteria

The assurance was carried out in accordance with the following standards:

- AA1000AS v3
- KPCQA ESG Report Assurance Protocol

Levels

The assurance of this report was conducted in line with the requirements of the AA1000AS v3 Type 1(Adherence to the AA1000 four principles) at moderate level of assurance. The assurance was applied by professional judgement about materiality. The report has been produced in accordance with GRI Standards. We confirmed that the report was complied with reporting principles of GRI Standards, Universal Standards, and Topic Standards based on the data and information provided by NPS.

Universal Standards	
The Organization and Its Reporting Practices	2-1 ~ 2-5
Activities and Workers	2-6 ~ 2-8
Governance	2-9 ~ 2-21
Strategy, Policies and Practices	2-22 ~ 2-28
Stakeholder Engagement	2-29 ~ 2-30
Material Topics	3-1 ~ 3-3

Topic Standards	
Economic Performance	201-1, 202-2, 201-3, 201-4
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Indirect Economic Impacts	203-1, 203-2
Procurement Practices	204-1
Anti-corruption	205-2
Energy	302-1
Water and Effluents	303-3
Emissions	305-1, 305-2, 305-4
Waste	306-3
Employment	401-1, 401-3
Occupational Health and Safety	403-1, 403-3, 403-4, 403-5, 403-6, 403-7
Training and Education	404-1, 404-2
Diversity and Equal Opportunity	405-1, 405-2
Non-discrimination	406-1
Local Communities	413-1
Customer Privacy	418-1

Methodology

- Review of Sustainability Performance Data and Management System
- Review of Reporting Process and Data Management Framework
- Review of Materiality Assessment Process and Internal Analysis Procedure
- Review of Media Report ON Sustainability
- Interviews with Executives and Employees Involved in Material Topics and Report Preparation
- Review of Overall Reports

Limitations

This assurance includes limited assurance in limited criteria with comparative review of data provided by the NPS. It has its own limitations depending on the characteristics and calculation method of the data.

Conclusions

KPCQA conducted assurance on the draft by review of the data, onsite verification and interview with the employees. It was confirmed that all errors identified during the assurance were corrected.

As a result of the assurance of this report, no material errors or improper descriptions have been found and the conclusions are as follows.

► Inclusivity: Stakeholders Engagement

The NPS operates stakeholder communication channels to gather opinions from various stakeholders to derive material topics and ensure that they are reflected in decision-making.

► Materiality: Selection and Reporting of Material Topics

The NPS presented sustainability performance data without any material omissions. Relating to the material issues in the report, nothing had come to our attention that would cause problem in decision-making process.

► Responsiveness: Organizational Response to Issues

KPCQA checked and reviewed the data related to the internal and external stakeholders of the NPS, we confirmed the NPS identified the reporting scope and stakeholders' interests and reflected them. We confirmed the NPS has management process of material topics through materiality assessment.

► Impact: Monitoring and Measurement of Business Activities

KPCQA reviewed that the NPS identified and monitored the impact of the NPS's business activities on stakeholders. We confirmed the impact associated with material issues have been properly measured.

Independence of Assurance

KPCQA is a 3rd Party Conformity Assessment Body that conforms to ISO/IEC 17021:2015 and has documented policies, assessment processes, and quality assurance systems with assurance team of ESG experts.

KPCQA was not involved in any of the business operations of the NPS and the assurance was conducted with independence.



August 2023

Korea Productivity Center Quality Assurance

President Kyung Hui, Oh

오경희

Membership of Associations

Korean Social Security Association	Korea Insurance Research Institute	Korean Council on Social Welfare	Korea Enterprises Federation
Korean Academy of Social Welfare	Korean Association of Public Finance	Korea Development Institute	Korean Association of Social Welfare Policy
Russel 20-20 (20-20 Investment Association)	Korea Labor Institute	Korea Pension Association	Korea Institute for Health and Social Affairs
Seoul Association of Public Administration	United Nations Global Compact (UNGC)	International Social Security Association	The Institute of Internal Auditors
United Nations Principles for Responsible Investment (UN PRI)	International Corporate Governance Network (ICGN)	Asian Corporate Governance Association (ACGA)	Asian Investor Group on Climate Change (AIGCC)
Korean Library Association	CEM Benchmarking Association		

2023 NPS Sustainability Report Contact Point

This report can be accessed and downloaded through the NPS website.

If you have any comments or questions about the report, please contact us using the information below:

I s s u e r : National Pension Service

D e p a r t m e n t : Management Support Division

P h o n e : 063-713-6887

W e b s i t e : www.nps.or.kr

A d d r e s s : 180 Giji-ro, Deokjin-gu, Jeonju-si, Jeollabuk-do, South Korea