

# **Compliance Statement–Stewardship Principles for Institutional Investors**

The Bureau is responsible for investment and management of pension and insurance funds. The Bureau hereby states that it complies with Stewardship Principles for Institutional Investors. The status of compliance with the 6 principles is as follows.

## **Principle 1 Stewardship policies**

The Bureau aims to maximize beneficiaries' benefits through fund investments and utilization. To achieve this goal, the Bureau established the Investment Policy Statement, which includes investment purpose and goals, investment philosophy, socially responsible investment policy and ethics policy. The Bureau integrates environmental, social, and corporate governance (ESG) factors into the investment evaluation process to fulfill institutional investor' s stewardship responsibility and create long-term value for the funds. Investment Policy Statement can be found on our website.

## **Principle 2 Policies on managing conflicts of interest**

To ensure that the Bureau engages in operations in the best interest of beneficiaries, the Investment Policy Statement sets forth the ethics policy to manage conflicts of interest of the Bureau's personnel in the investment process, including prohibiting insider trading and influence-peddling, and requiring personnel to abide by the Act on Property Declaration of Public Servants and laws and regulations related to conflicts of interest.

## **Principle 3 Regularly monitor investee companies**

To ensure adequate and effective information is obtained to provide a good foundation for making investment decisions, the Bureau continues to follow investee companies' news, financial performance, industry overview, business strategies, environmental protection measures, social responsibility, labor rights, and corporate governance, etc., to understand investee companies' sustainable development strategies and related risks.

## **Principle 4 Maintain an appropriate dialogue and interaction with investee companies**

We engage in suitable dialogue and interaction with investee companies to further understand and communicate the industry's risks and strategies with management, and strive to reach an agreement with investee companies on long-term value creation. We communicate with the management of investee companies each year through conference calls, face-to-face communication,

participation in investors' conferences, and attendance at general or extraordinary shareholder meetings. When an investee company severely violates corporate governance principles or may damage the interests of beneficiaries in specific issues, the Bureau will irregularly inquire management of the investee company about the situation, and make timely adjustments to its investment decision. The Bureau may also express concerns with other investors, jointly exerting the influence of institutional investors.

**Principle 5 Establish and disclose clear voting policies and voting results**

To maximize benefits for beneficiaries, the Bureau actively casts votes on agenda items during shareholder meetings to fulfill shareholder activism and carefully evaluates each proposal before voting electronically or sending a representative to vote. If necessary, the Bureau will look into matters and communicate with the investee company's management before the shareholder meetings. The Bureau will not unconditionally support the agenda items proposed by management.

**Principle 6 Periodically disclose the status of fulfilment of stewardship responsibilities**

The Bureau periodically discloses on its website the status and results of its fulfilment of stewardship responsibilities, including but not limited to this Compliance Statement, a summary of fund management and utilization, attendance and voting at shareholder meetings of investee companies, and other material matters.

**Signatory: Bureau of Labor Funds, Ministry of Labor**

**Amended on 1 September, 2020**