

SHINHAN FINANCIAL GROUP
2022 ESG REPROT

DO
THE RIGHT
THING



ABOUT THIS REPORT

Reporting Information

This report contains Shinhan Financial Group's 2022 ESG strategic directions and performance, and includes some content of the 2022 ESG Highlight. This report is available in Korean, English, and Japanese every year.

Reporting Principles

This report was created in accordance with the GRI Standards (2021) – international sustainability management reporting standards. The financial information included in this report is based on the Korean International Financial Reporting Standards (K-IFRS) and uses the unit of the Korean won (KRW).

Reporting Standards

This report reflects the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for disclosure of climate change-related information, the reporting principles of the Principles for Responsible Banking (PRB), and the Exposure Draft on IFRS S2 Climate-Related Disclosures of the International Sustainability Standards Board. It also considers Sustainability Accounting Standards Board (SASB) industry standards to reflect important industry issues.

Reporting Period

This report mainly contains information on activities and performance from January 1 through December 31, 2022. Some information includes content up to June 2023. To enable the identification of trends, data for the previous three to four years were reported in case of quantitative performance.

Reporting Scope

The scope of this report includes 16 Group subsidiaries – Shinhan Financial Holdings, Shinhan Bank, Shinhan Card, Shinhan Securities, Shinhan Life, Shinhan Asset Management, Jeju Bank, Shinhan Savings Bank, Shinhan DS, Shinhan Fund Partners, Shinhan AI, Shinhan Venture Investment, Shinhan EZ General Insurance, and Shinhan REITs Management – which amount to 100.00% of all Group subsidiaries in terms of operating revenue. Separate explanations are given for issues requiring attention to the scope of reporting.

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COVER STORY

The cover design of 2022 Shinhan Financial Group's ESG Report and the separately published ESG Highlight Report, ESG Special Report, and main pages of these reports feature the works of artists affiliated with "THISABLED", an agency for artists with developmental disabilities and also a sponsored company of Shinhan Square Bridge.



Shinhan Financial Group 2022 ESG Report is published as an interactive PDF format, allowing readers to move quickly and easily to pages in the report, and including links to related web pages.



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Corporate Overview

General Information

Corporate Name		CEO	Establishment Date		
Shinhan Financial Group		Jin Ok-dong	September 1, 2001		
Total Assets (Consolidated)	Net Income ¹⁾	Market Capitalization	Global Networks	Number of Employees ²⁾	
676 KRW trillion	4.64 KRW trillion	17.9 KRW trillion	25 countries	30,705 persons	
Credit Rating					
NICE Investors Service	Korea Investors Service	Korea Ratings	Moody's	S&P	
AAA	AAA	AAA	A1 (Stable)	A (Stable)	

¹⁾ Net income in controlling interest

²⁾ Based on all Group subsidiaries

Group Companies Status

Classification	Group Companies	2022 Operating Revenue ¹⁾ (KRW billion)	Sectors
Banking	Shinhan Bank, Jeju Bank, Shinhan Savings Bank	9,160	Financing
Loans	Shinhan Card, Shinhan Capital	2,791	
Life insurance	Shinhan Life	1,756	-
Securities brokerage	Shinhan Securities ²⁾	485 ⁷⁾	Advisory
Investment & Asset Management	Shinhan Securities, Shinhan Asset Management ³⁾ , Shinhan Asset Trust ⁴⁾ , Shinhan REITs Management, Shinhan Venture Investment	977	Investment & Stewardship
Digital	Shinhan DS, Shinhan Fund Partners ⁵⁾ , Shinhan AI		
P&C Insurance	Shinhan EZ General Insurance ⁶⁾		Insurance Underwriting

¹⁾ Based on net interest income and net fee income in the status of Shinhan Financial Holdings in 2022 (management disclosure)

²⁾ Changed the name of the business from Shinhan Investment in October 2022

³⁾ An integrated asset management subsidiary was launched in January 2022 through the merger of Shinhan Asset Management and Shinhan Alternative Investment Management

⁴⁾ Previous Asia Trust became a 100% subsidiary of the Group as Shinhan Asset Trust in May 2022

⁵⁾ Changed the name of the business from Shinhan AITAS

⁶⁾ Became a subsidiary of Shinhan Financial Group in June 2022

⁷⁾ Based on net fee income of Shinhan Securities

Global Network

Domestic Network

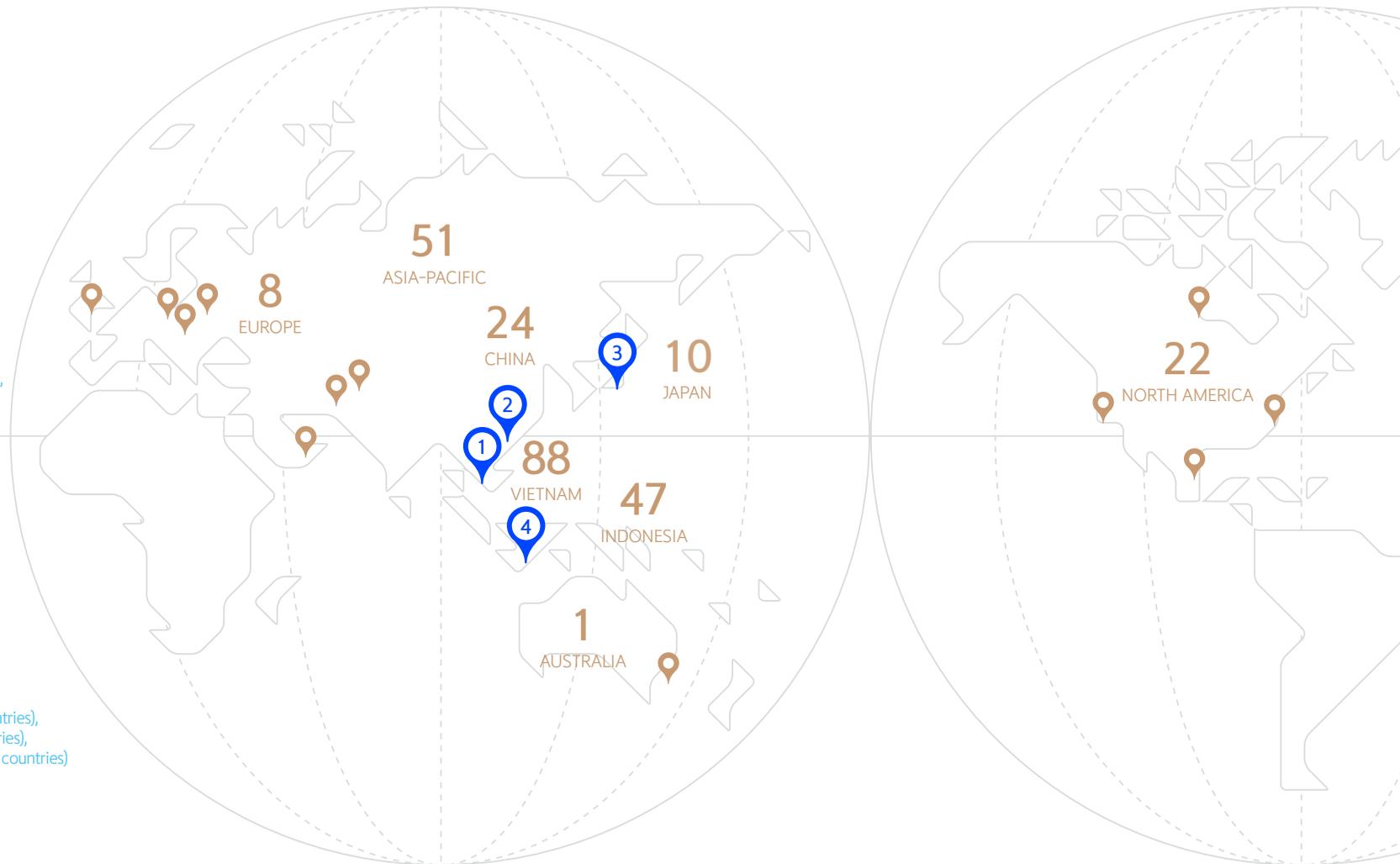
1,140 Channels

Shinhan Bank (721), Shinhan Card(29), Shinhan Securities(81), Shinhan Life(218), Shinhan Capital(2), Shinhan Savings Bank(6), Jeju Bank(32)

Overseas Network

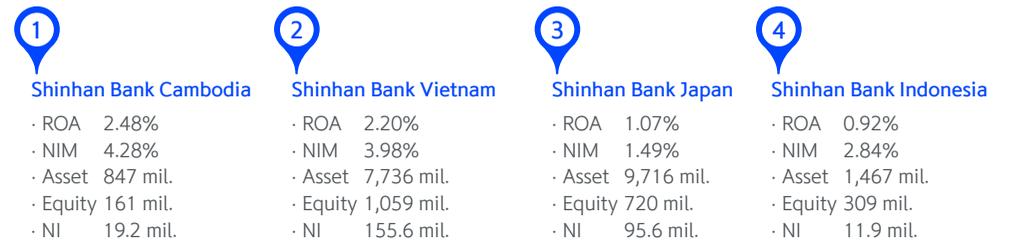
20 Countries
251 Networks

Shinhan Bank (168 in 20 countries), Shinhan Card (69 in 4 countries), Shinhan Securities (8 in 5 countries), Shinhan Life (2 in 2 countries), Shinhan Asset Management (1 in 1 country) Shinhan DS (3 in 2 countries)



Revenue of Shinhan Financial Group's Global Business

(Unit: KRW billion)



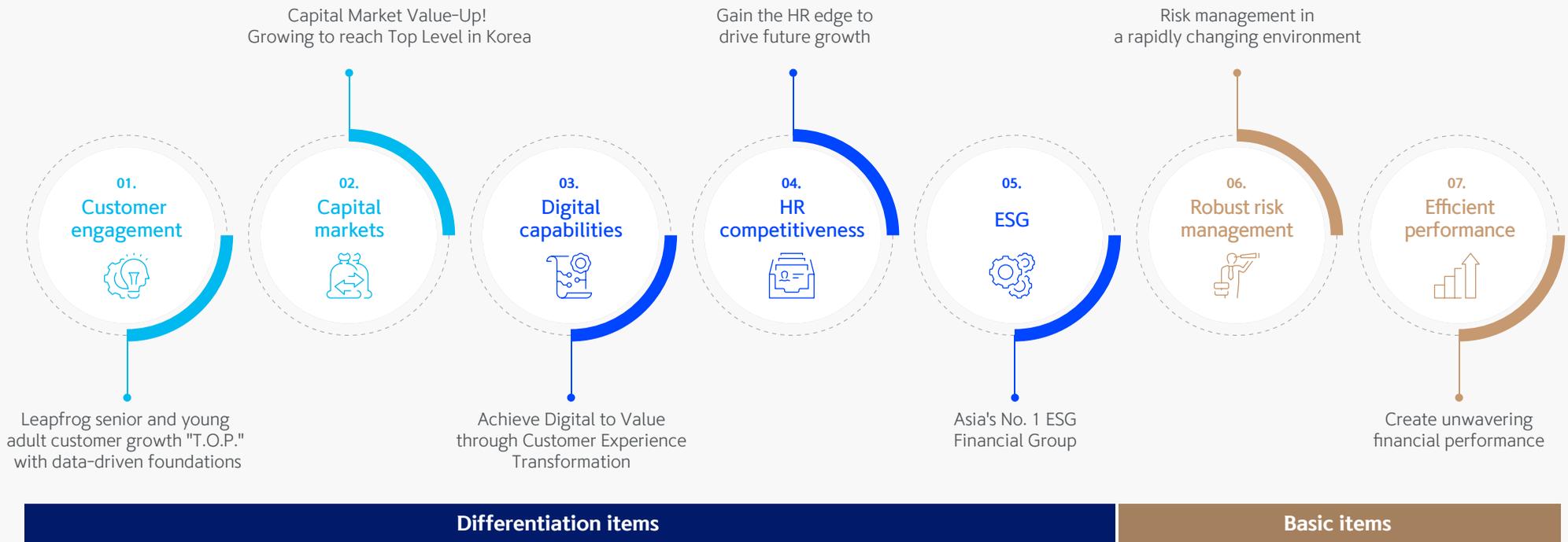
* 2022년 말 기준 (USD)

** 글로벌 네트워크의 경우 지점, 출장소, 사무소 합산 기준 (국내외 동일)

Shinhan Financial Group has established a future vision of "2023 Shinhan 1! 3! 5!" to achieve differentiated performance, including a 30% share of global profits and a 50% share of non-bank profits in 2030, and to become a firmly established number one financial group with a good impact on society. To this end, we have established a mid-term strategy, "Value-up 2025! RE:BootShinhan!", which aims to enhance the value of each stakeholder to a higher level by creating solid financial performance and differentiated strategies based on the Shinhan culture, "RE:Boot".

Value up 2025! RE:Boot Shinhan!

7 Key Strategic Agendas



RE:Boot Shinhan

Business Performance

Shinhan Financial Group continued its 9th consecutive year of net profit growth by proactively responding to growing internal and external economic uncertainty factors, including supply chain instability, upward pressure on global inflation, and escalating geopolitical risks, and maintaining its policy of diversifying its business portfolio. As of the end of December 2022, our net profit stood at KRW 4.643 trillion, and we have established our future vision, "2023 Shinhan 1! 3! 5!", and our mid-term strategy, "Value-up 2025! RE:Boot Shinhan!" to achieve differentiated performance, including a 30% share of global profits and a 50% share of non-bank profits in 2030, and to become a firmly established No. 1 financial group.

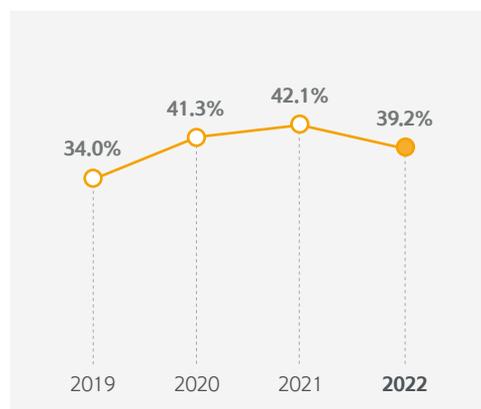
Economic Performance

(Unit: KRW billion)

		2020	2021	2022
Creating economic value				
Sales		49,027	45,730	61,877
Earnings before Income Tax		4,754	5,584	6,349
Net Income ¹⁾		3,415	4,020	4,642
Allocation of economic value				
Shareholders & Investors	Dividend and interest expense	5,695	5,002	8,738
	Salaries	2,273	2,399	2,431
Employees	Employee benefits	761	885	992
	Corporate tax	1,256	1,471	1,617
Government	Corporate tax	1,256	1,471	1,617
Local communities	Social expenditures	202	175	177
Partner companies	Purchase and outsourcing expenses	1,457	1,864	2,202

¹⁾ Net income in controlling interest

Net Income Contribution by Non-Bank Subsidiaries



Operating Income by Business Segment

(Unit: KRW billion)

	2020	2021	2022
Total	11,533	12,692	13,207
Retail(Individual Customers)	4,319	4,649	5,748
Corporate Clients	3,588	4,127	5,056
IB	630	753	888
Project Financing	287	327	273
Asset Management	669	562	374
WM/PB	163	176	238
Others (Insurance, etc.)	1,878	2,097	630

ESG Strategy

Shinhan Financial Group has set the ESG strategy framework, and established and operates 5 impact tasks and 10 strategic KPIs under 3 strategic directions – Green, Win-win, Trusted.



ESG Plan

40 years of unwavering commitment to building a better world through finance.

Shinhan's history is filled with sincere promises and prudent actions. Now we seek to find answers to "100-year Shinhan" in ESG. By multiplying the positive impact of finance, which has become more powerful through our ESG principle, "FINANCE for IMPACT", we will continue to pursue change in a better direction with a greater number of people. We already have built a sound ESG driving system along with dynamic capabilities in order to thoroughly and sincerely put ESG promises we make into action. Leveraging such a system, Shinhan will build a sustainable ESG culture, widely publicize ESG actions, and bring the true value of ESG into a full bloom.

We analyzed the ESG management environment from a preemptive perspective and set challenging tasks. Aiming to become "Asia's leading ESG financial group" in 2025, we seek to implement key tasks. Moving forward, we will add value to ESG, in a "Right, Nimble, Different" way, to scale positive impact of finance by systematically managing ESG and practicing it in daily life.

2025 Mid-term ESG Strategy



Asia's Leading ESG Financial Group

6 Key Tasks
(2025 Goal)

E

Nimble



S

Different



G

Right



<p style="font-weight: bold; margin: 0;">Lead eco-friendliness of finance</p>	<p style="font-weight: bold; margin: 0;">Expand impression, value, and positive impact</p>	<p style="font-weight: bold; margin: 0;">Strengthen transparency, diversity, and fairness</p>
<p style="color: #00a0e3; font-weight: bold; margin: 0;">Implement net zero-related best practices in Asia</p> <p style="font-size: 0.9em; margin: 5px 0 0 0;">Reduce financed emissions intensity by 3.44</p>	<p style="color: #00a0e3; font-weight: bold; margin: 0;">Strengthen support for startups and youths</p> <p style="font-size: 0.9em; margin: 5px 0 0 0;">Foster startups, provide job support to youths and the underprivileged</p>	<p style="color: #00a0e3; font-weight: bold; margin: 0;">Strengthen ESG governance</p> <p style="font-size: 0.9em; margin: 5px 0 0 0;">Build a complete system of ESG from driving system to measurement, disclosure, and execution</p>
<p style="color: #00a0e3; font-weight: bold; margin: 0;">Leading financial group in green finance</p> <p style="font-size: 0.9em; margin: 5px 0 0 0;">Achieve the goal ahead of the 2030 schedule and lead Asia</p>	<p style="color: #00a0e3; font-weight: bold; margin: 0;">Strengthen social contributions and financial consumer protection</p> <p style="font-size: 0.9em; margin: 5px 0 0 0;">Build a "fandom" among youths, and make finance easier</p>	<p style="color: #00a0e3; font-weight: bold; margin: 0;">Strengthen diversity and inclusion</p> <p style="font-size: 0.9em; margin: 5px 0 0 0;">Lead the spread of social value, including diversity, inclusion, and human rights</p>

DO THE **RIGHT** THING

for a Wonderful World

ESG Milestones

Shinhan Financial Group is actively promoting ESG 3.0 in line with the international trends in the areas of Environmental (E), Social (S), and Governance (G).

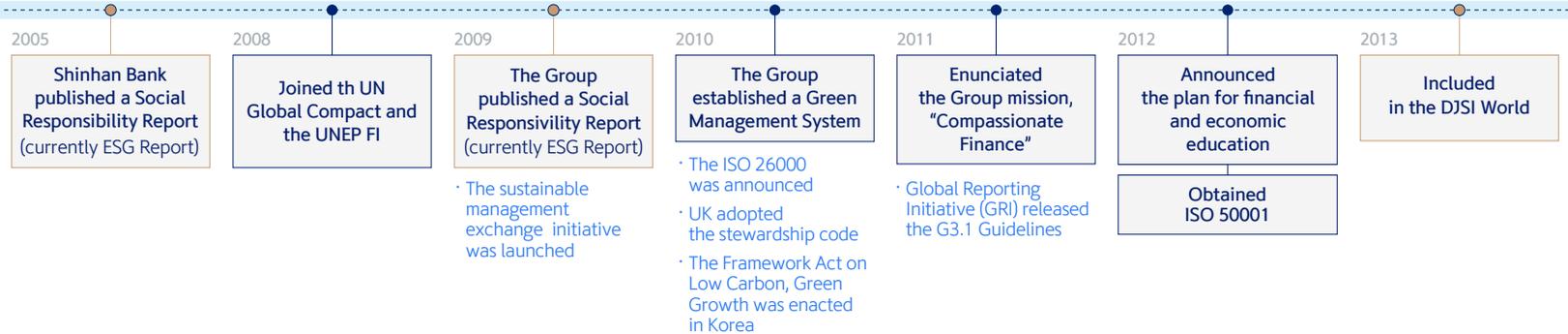
- Shinhan Milestone
- ESG Trend
- First in Korea's financial industry

Shinhan ESG 1.0

CSR

Corporate Social Responsibility

- Fulfill corporate social responsibility

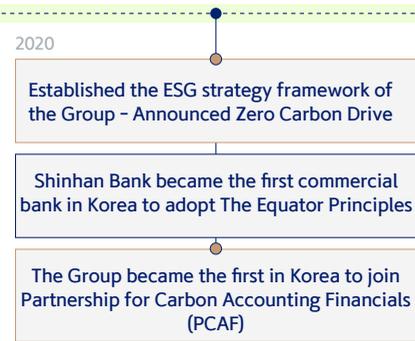
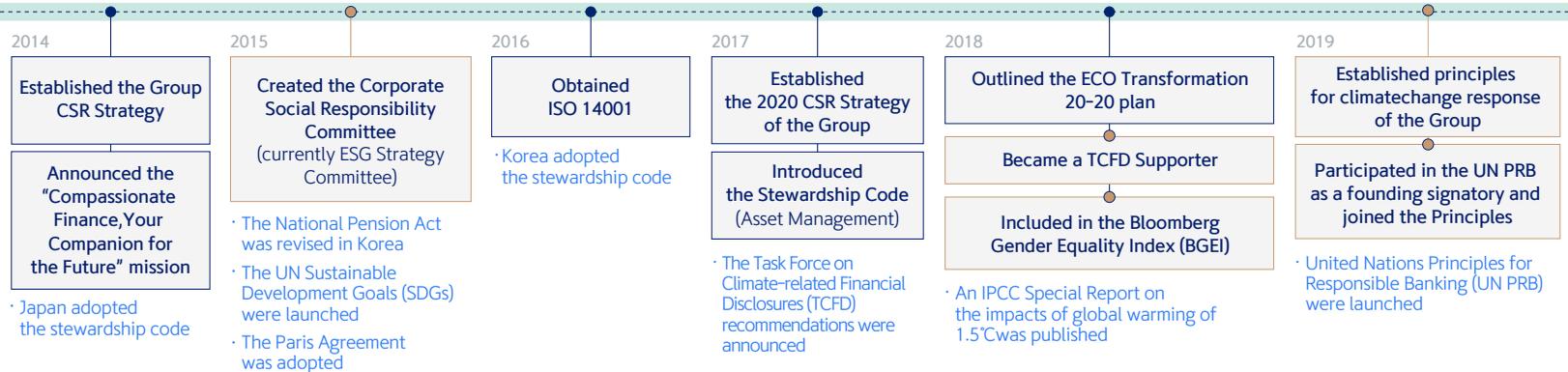


Shinhan ESG 2.0

CSV

Creating Shared Value

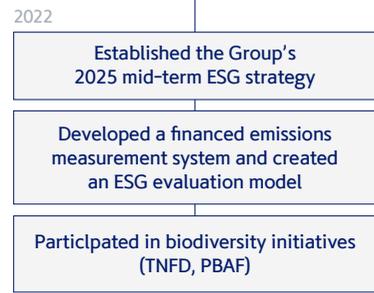
- Phase where a company recognizes the importance of ESG management
- Increased responsibility towards the environment and society



· Became the first financial group in North Asia to declare to be carbon neutral including its asset portfolio



· Net Zero Banking Alliance (founding signatory), Net Zero Asset Management Initiative, Net Zero Insurance Alliance



Shinhan ESG 3.0

ESG

Environmental, Social, and Governance

- Internalize ESG into a corporate culture
- Integrate ESG into a corporate strategy and use it for evaluation
- Create distinctive ESG performance

ESG Initiatives

Shinhan Financial Group participates in global initiatives to create ESG standards and actively implements major agendas such as the Paris Agreement.

Joined in March 2007
Name Carbon Management Sector Honors in 2018



CDP
Carbon Disclosure Project
A project which aims to make environmental reporting and risk management a business standard, and to drive corporate disclosure and action for a sustainable society

Joined in January 2008



UNEP FI
UN Environmental Programme Finance Initiative
Public-private partnership between the UNEP and the financial sector

Joined in May 2008



UN Global
UN Global Compact
A UN pact that encourages businesses to fulfill their social responsibilities, and to be inspired for socially responsible policies

Joined in September 2018



TCFD
Task Force on Climate-related Financial Disclosures
A task force for disclosing financial information related to climate change

Joined in September 2019



UNEP FI PRB
UNEP FI Principles for Responsible Banking
A framework for ensuring that signatory banks' practice for the UN SDGs and the Paris Agreement

Joined in February 2020



UNEP FI PSI
UNEP FI Principles for Sustainable Insurance
Integrating sustainability factors with insurance management activities, including operation strategy, risk management, and product and service development

Joined in September 2020



Equator Principles
Equator Principles
An agreement among financial institutions not to finance large development projects that can harm the environment or violate human rights

Joined in November 2020



PCAF
Partnership for Carbon Accounting Financials
A global partnership of financial institutions to develop an approach to assess and disclose the greenhouse gas emissions associated with their loans and investments

Joined in November 2020



SBTi
Science Based Target initiative (SBTi)
A global initiative developed to help companies set a target in line with science-based reduction criteria (1.5°C and 2°C scenarios)

Joined in March 2021



Value Balancing
Value Balancing Alliance
A group of international companies developing a standard for impact measurement and valuation that is not reflected in financial statement

Joined in April 2021



NZBA
Net-Zero Banking Alliance
A global initiative in which members made a commitment to aligning their lending and investment portfolios with net zero emissions by 2050

Joined in July 2021



NZAMI
Net Zero Asset Managers Initiative
An international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 and investing aligned with the goal

Joined in October 2021



NZIA
Net-Zero Insurance Alliance
An international group of insurers committed to transition their insurance and reinsurance underwriting portfolios to net zero greenhouse gas emissions by 2050

Joined in March 2022



TNFD
Taskforce on Nature-related Financial Disclosures
A taskforce for financial information disclosure related to preserving nature and biodiversity

Joined in September 2022



PBAF
Partnership for Biodiversity Accounting Financials
PBAF Standard enables financial institutions to assess and disclose impact and dependencies on biodiversity of loans and investments

ESG Evaluation

Shinhan Financial Group is enhancing our ESG system through transparent information disclosure. These efforts have been recognized for their excellence by world-renowned ESG rating agencies.

GLOBAL RECOGNITION

[First time among Korean financial compaines]



Included in DJSI World index for 10 consecutive years
(14 years for AP index)

[First time among Korean financial companies]



Received Leadership A or A- ratings for 10 consecutive years

[First time among Korean financial companies]



Received AA grade for 7 consecutive years

[First time among Korean companies]



ISS Quality Score Grade: 1



Included in the BGEI for 5 consecutive years

[First time Korean financial companies]



한국ESG기준원

Received A+ grade for 8 consecutive years

[First time among Korean companies]



Receive the highest (AA) grade for 4 consecutive years

ESG Progress

🟢 Green 🟡 Win-win 🟦 Trusted



ESG Measurement

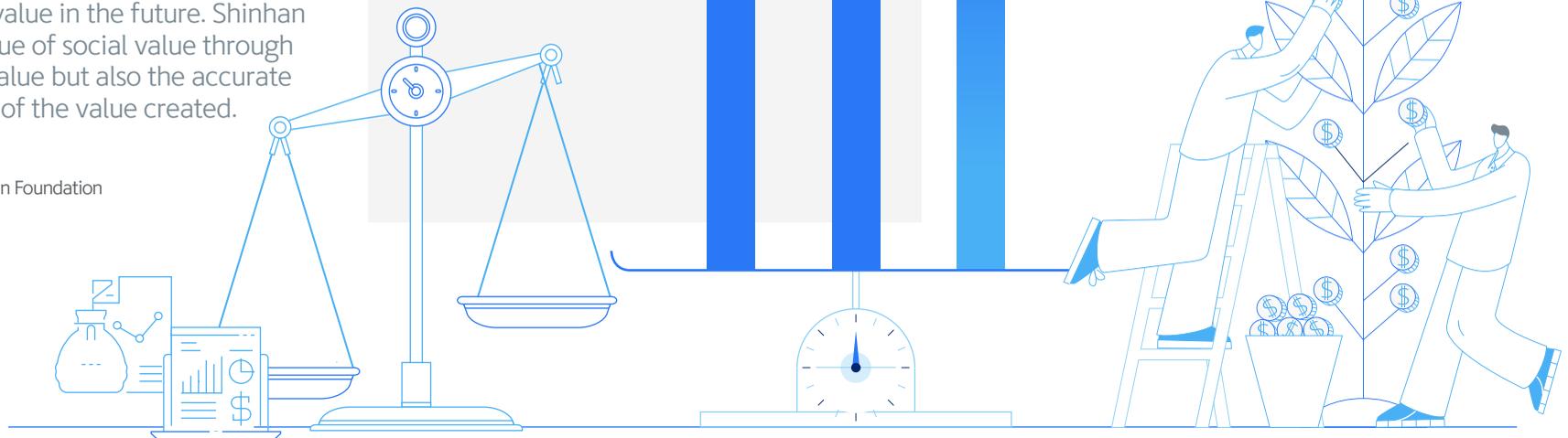
Creating and measuring social value is an important barometer of ESG management. Social value was not adequately reflected in management index because it is difficult to quantify, unlike financial value. Amid recently growing interest in sustainable management, an increasing number of people are voicing the need for quantified value measurement and evaluation to generate more social value with limited resources.

In 2019, Shinhan Financial Group developed the 'Shinhan ESG Value Index' with Yonsei University's ESG/Corporate Ethics Center to measure the effectiveness of ESG activities in monetary value. Since then, the measurement system has been refined by expanding the number of targets and proxy indicators, and the classification system of measured projects has been updated from the perspective of shared growth with local communities, which investors and rating agencies pay attention to.

In 2022, the social value measured for 17 Group companies¹⁾ was KRW 2,149.8 trillion, which is the value created through 328 activities. The current social value identified through the Shinhan ESG Value Index serves as a reference point for improvement to create greater value in the future. Shinhan will continue to increase the value of social value through not only the creation of social value but also the accurate measurement and management of the value created.

¹⁾ including Shinhan Financial Group and Shinhan Foundation

Social Value Creation Trends



ESG Table



ENVIRONMENTAL

01 Green Finance

- Expanding Green Loan and Investment
- Issuing ESG bonds

02 ESG Risk Management

- Establishing Financed emissions Calculation System and ESG Evaluation Model
- SBTi's Carbon Reduction Target Approval
- Operating the Equator Principles (Shinhan Bank)

03 ESG Engagement

- Sending Net-Zero Shareholder Letters and Queries
- Customer ESG Products for Green Practices (Shinhan Bank)
- Green Index Service (Shinhan Card)

04 Green Management

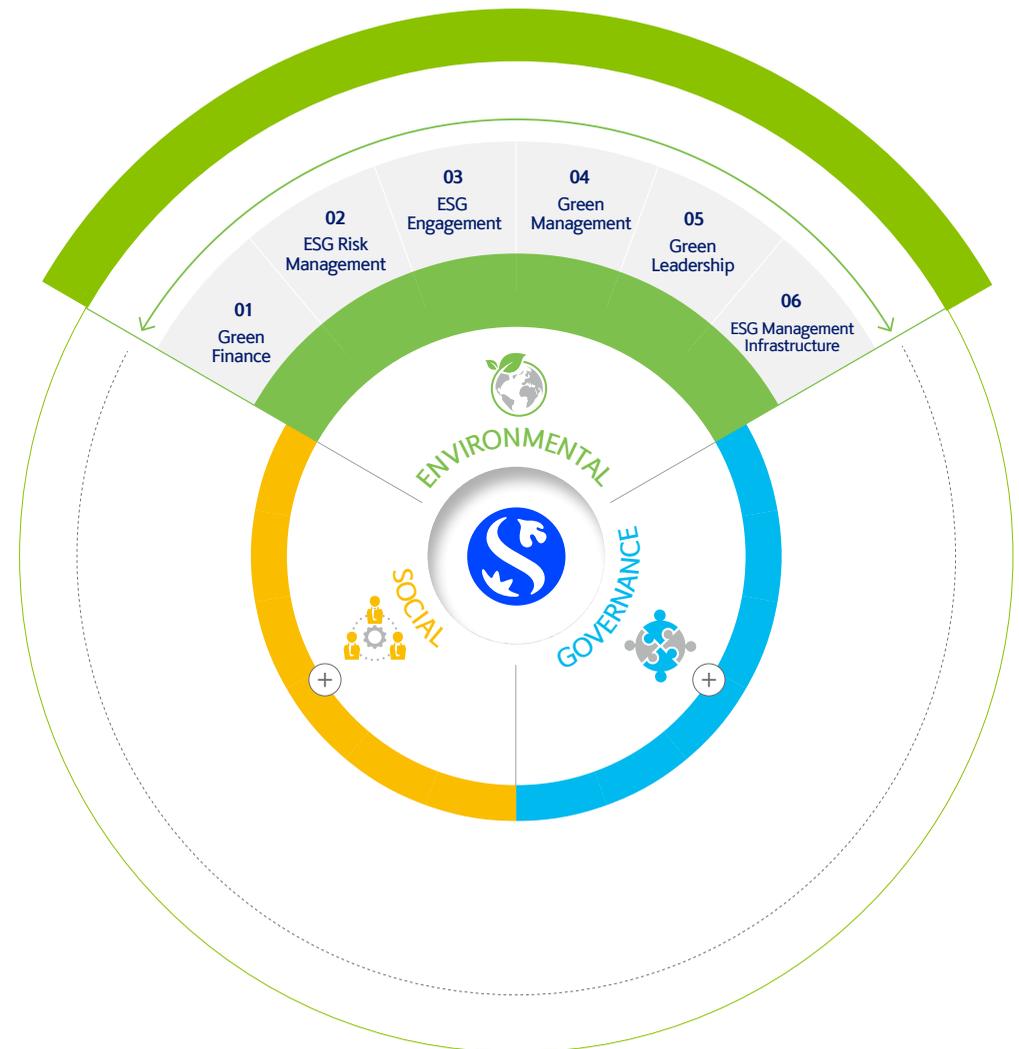
- Declaration of Energy Strategy 'Shinhan Financial Group, Serious about Energy'
- Digital RE100 Declaration and Joining the Global RE100
- Signing REC Purchase Agreement

05 Green Leadership

- UNEP FI Principles for Responsible Banking and Sustainable Insurance
- Driving Consolidated Group Carbon Neutrality through Joining SBTi and PCAF
- Joining Biodiversity (TNFD, PABF) Initiatives

06 ESG Management Infrastructure

- Building an ESG Data Platform
- Operating Group ESG Risk Management Rules
- Social Value Measurement Model (Shinhan ESG Value Index)



ESG Table



SOCIAL

01 Finance for Growth and Support

- Operating a Startup Incubation Platform
- Managing Funds dedicated to Creating a Venture Ecosystem
- Empowering Digital Finance

02 Inclusive Finance and Support

- Shinhan Companion Project
- Establishment of CSSO's Win-Win Financial Planning Office (Shinhan Bank)
- Leading the Way in Mid-interest Loans for the Poor

03 Support for Local Communities

- Creating Jobs for the Disabled: Café Swith, a Social Cooperative
- Eliminating the Care Awareness Zone: Shinhan Dream Doula
- Educational Support Programs: SW Classroom at Hope School, Shinhan GYC

04 Human Resources Development

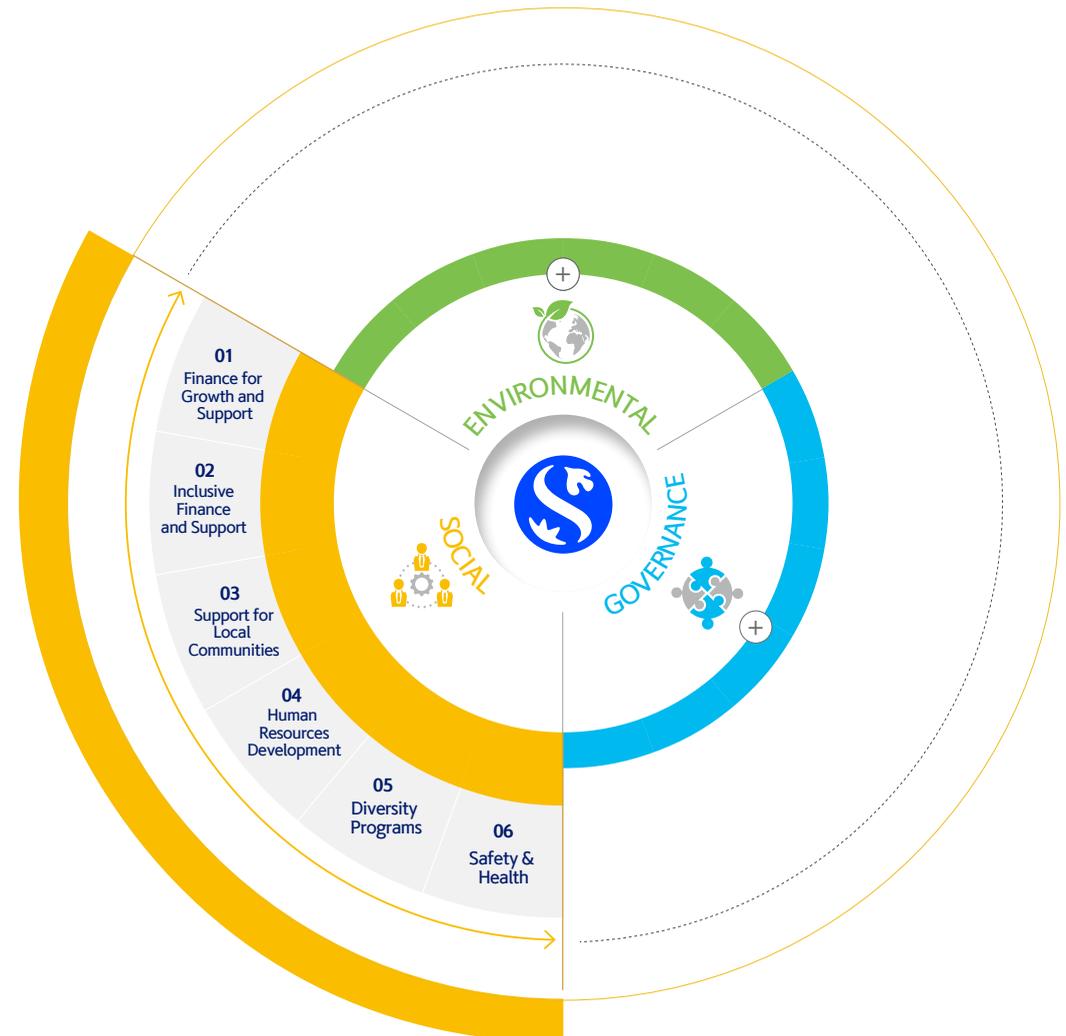
- Operation of Talent Portfolio Simulation
- Customized Professional and Digital Talent Development Degree Linkage Programs
- Employee Satisfaction Survey: Shinhan Culture Index

05 Diversity Programs

- Shinhan SHeroes, the Group's Women Leader Development Program
- Including in the Bloomberg Gender Equality Index (GEI)
- Promoting Family-friendly Policies

06 Safety & Health

- Establishment of Safety and Health Management Policy
- Conducting Workplace Risk Assessment
- ISO 45001 Certification (Shinhan Bank)



ESG Table



GOVERNANCE

01 Corporate Governance

- Enhancing Board Professionalism
- Establish Board Diversity Principles

04 Financial Customer Protection

- Financial Consumer Protection Digital Platform SoboPlus+ (Shinhan Bank)
- Implemented support and prevention projects for voice phishing damage
- Group-wide Financial Education Platform Shinhan Easy

02 Ethics & Compliance

- Group Compliance Officer Council, Internal Control Committee
- Group Code of Ethics/Conduct Standards/ Insider Reporting System
- Anti-Money Laundering System
- ISO 37301 (Compliance Management System), ISO 37001 (Anti-Corruption Management System) Certifications

05 Information Security

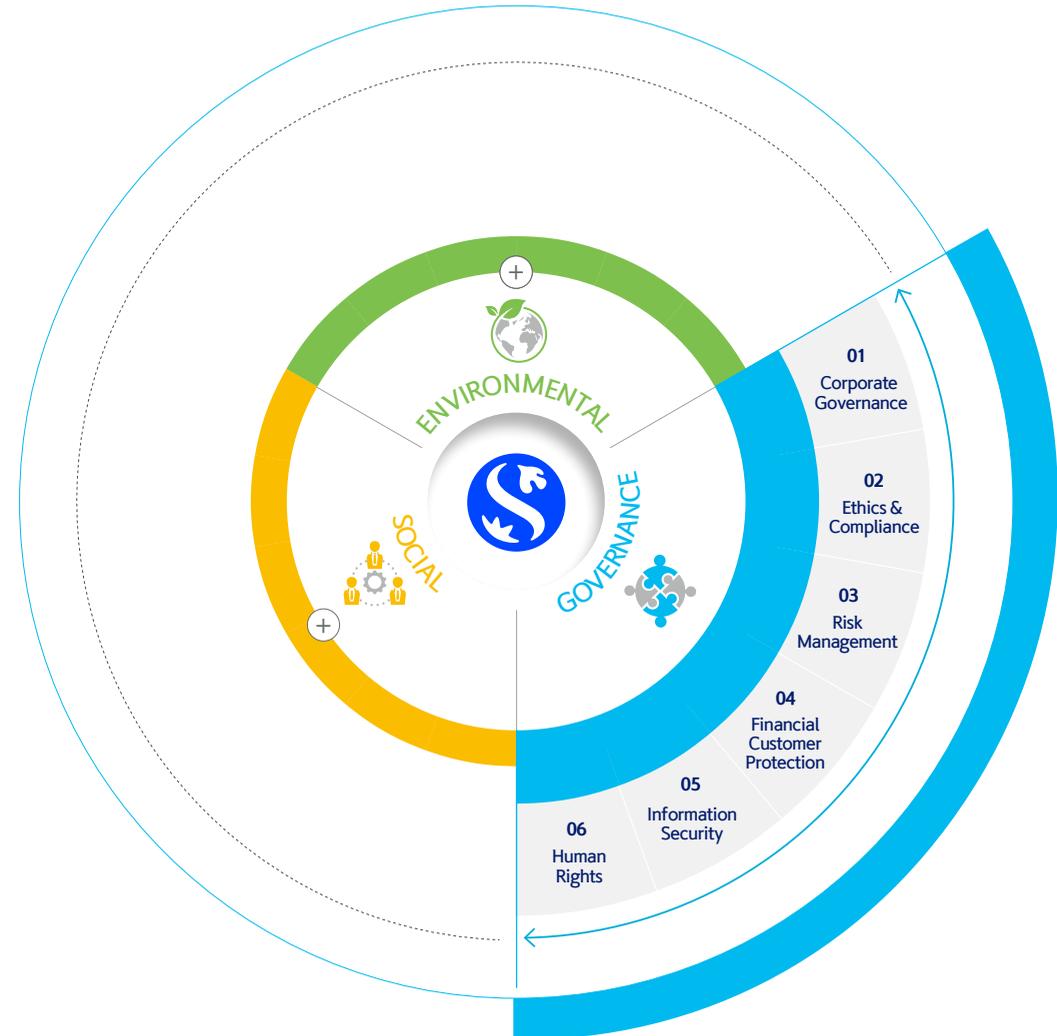
- CISO designation by group
- Information Security System Certification (ISO 27001, etc.)
- Cyber hacking response and infrastructure security

03 Risk Management

- Establishment of Risk Management System
- Establishment of an Integrated Risk Monitoring System
- Tax Policy

06 Human Rights

- Declaration of Human Rights
- Conducting Third-party Human Rights Impact Assessment (Shinhan Bank)
- Operating Stakeholder Communication Channels



ESG Invitation

Greetings to all of our stakeholders,
I'm Jin Ok-dong
of Shinhan Financial Group.

As the CEO and a member of the Shinhan family,
there is a question I have always asked myself.

"If Shinhan disappeared, would anyone feel
disappointed or inconvenienced?"

Only by walking the right path with everyone
we will be able to answer with confidence.

To share our resolve and determination with all of
our employees, we have continued to communicate
with our employees.

**Shinhan is not just about numbers and graphs in reports.
We are committed to creating a 'living, breathing ESG'
that all of our employees in their daily lives and work.**

The sincere actions of each and every one of our
employees will become part of Shinhan's culture and
become a driving force for change in the financial industry

**We hope you will continue to join us on the road
to a wonderful world.**

Thank you.

Shinhan Financial Group, **Jin Ok-dong**

진옥동

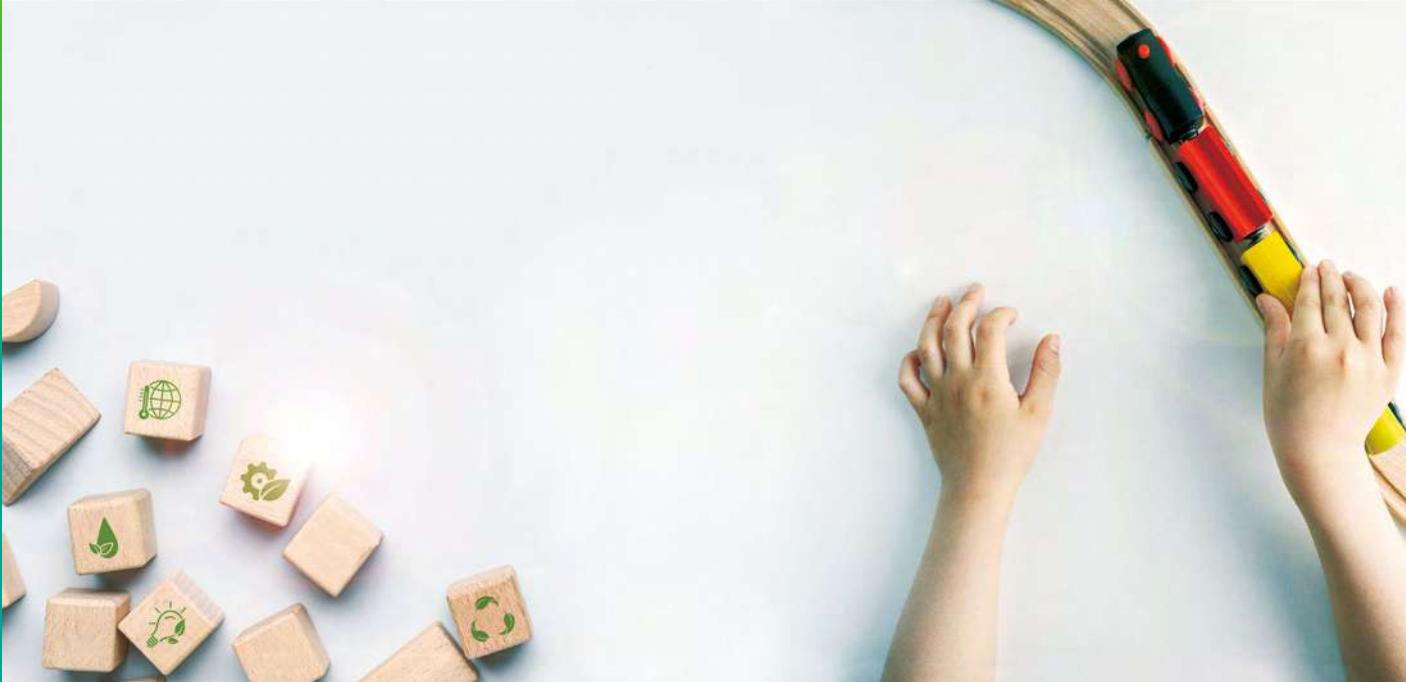


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Complete a blueprint for green growth to guide your ESG Way journey.



DO THE GREEN THING

Environmental – Green

Green Finance and Support

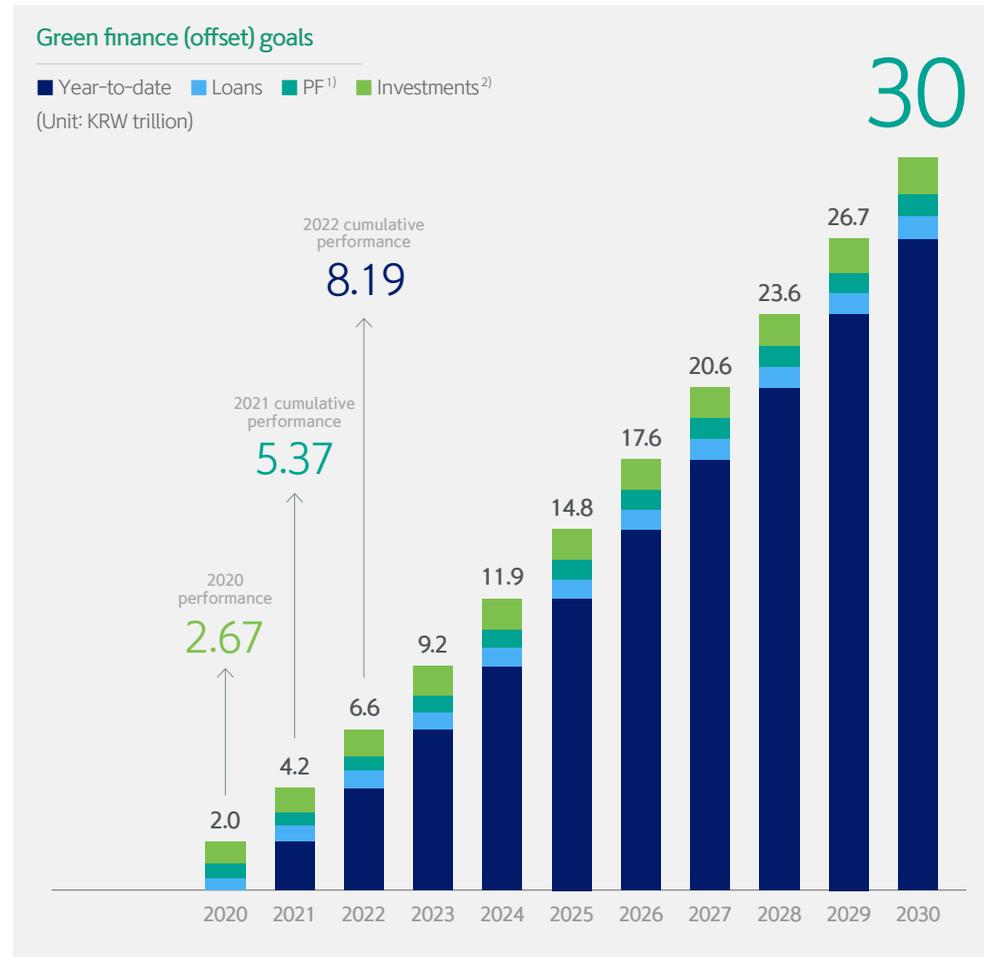
Shinhan Financial Group

Expanding green finance based on the Zero Carbon Drive strategy

- Set a target of KRW 30 trillion in green financial support (offsets) by 2030 under the Zero Carbon Drive
- Enhanced asset carbon emission management system through specific reduction targets using SBTi¹⁾ methodology
- Actively establishing climate funds and investing in funds and companies related to green energy and C-tech
- Recorded KRW 8.19 trillion in cumulative eco-friendly finance performance in 2022

📄 [2022 Green Finance Major Accomplishments](#)

Zero Carbon Drive - Green Finance Goal



Zero Carbon Drive - Green Finance Performance in 2022



¹⁾ Science Based Target initiative (SBTi): A global initiative to benchmark and monitor carbon reduction targets for companies and financial institutions to achieve the Paris Climate Agreement

* The offset goal is the photovoltaic/wind power-based renewable energy PF proportion. Carbon emissions were estimated at a level that can be offset without any reduction efforts

¹⁾ Excluding fund investment performance of the Group subsidiaries (included in green investment)

²⁾ Investment performance of asset management companies and sales performance of the Bank, securities company, and others selling fund products

Environmental – Green

Sustainable Finance Framework

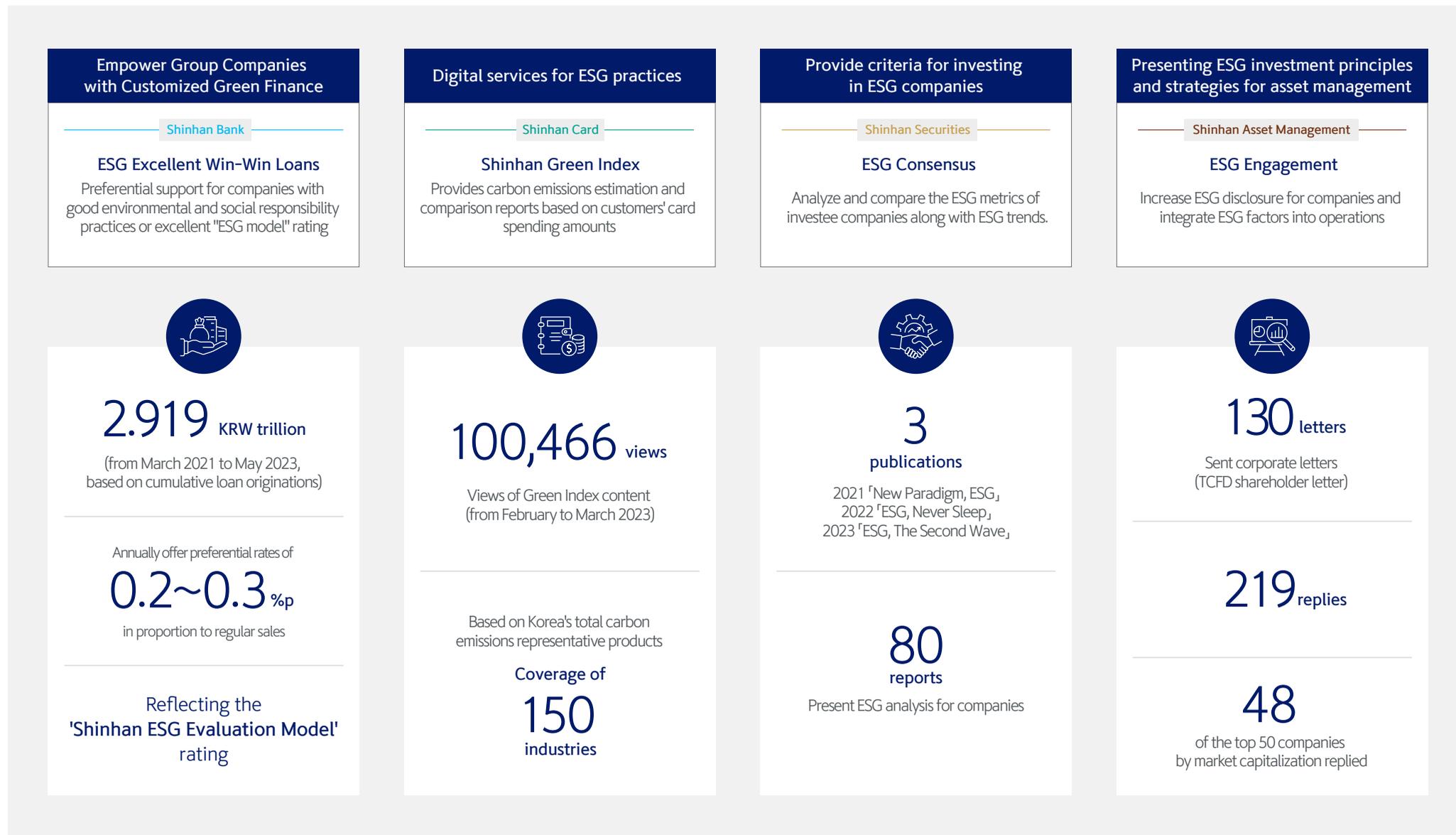
- Shinhan Financial Group has established the SDG(Sustainable Development Goals) Financial Framework to achieve the UN SDGs and implement green, social, and sustainable finance
- Based on this, we have established sustainable finance policies applicable to each business area and operate various financial products and services

[Shinhan Financial Group ESG Management](#)



Environmental – Green

Empower Group Companies with Customized Green Finance



Environmental – Green

ESG PF(Project Financing) ¹⁾

(Unit: KRW Billion)

	2020	2021	2022
Solar	376	333	155
Waste	147	172	112
Wind Power	70	67	92
Other Renewable Energy	214	387	547
Total - New ESG PF Amount	806	959	906
Total - New PF Amount	1,189	1,464	2,092
New ESG PF New Ratio (%)	67.8	65.5	43.3

¹⁾ Performance of Shinhan Financial Group's IB Division (GIB), including investment results of group companies' funds (KRW 794.5 billion excluding investment results of group companies' funds)

ESG Asset Management ¹⁾

(Unit: KRW Billion)

	2020	2021	2022
Renewable Energy/Energy Efficiency	1,993	2,211	2,806
Green Transportation	672	858	1,401
Employment Creation, SME Financing	239	510	659
SRI Funds ²⁾	320	863	659
Total - ESG Asset in Management	3,223	4,443	5,525
Total - Total Asset in Management	58,584	57,777	100,383
ESG Asset in Management Ratio (%)	5.5	7.7	5.5

¹⁾ Shinhan Asset Management Performance

²⁾ Socially Responsible Investment (SRI)

Shinhan Bank ESG Finance

(Unit: KRW Billion)

	2020	2021	2022	
Corporate Banking-Investment Bank				
ESG Loan	Green Loan (Balance)	12,505	13,666	15,319
	4 green guaranteed loans	44	10	119
	5 green-dedicated loans	91	15	13
	6 green policy fund loans	90	128	129
Total - ESG Loan Amount	12,729	13,819	15,581	
Total - Total Business Loan Amount (balance)	137,524	155,523	171,410	
ESG Loan Ratio (%)	9.3	8.9	9.1	
Retail				
ESG Loan	Affordable Housing Rental Loans	2,393	1,799	2,317
	Affordable loans with digital access	216	192	88
	Seoul Climate Change Fund Loan (Building Energy Efficiency)	-	-	5
	Shinhan Green Remodeling Secondary Conservation Loan (Residential) (HUG)	-	-	8
	Shinhan Green-Car-dedicated Loan ¹⁾	3	67	39
Total - ESG Loan	2,612	2,058	2,457	
Total - Household Loan ²⁾	51,943	39,589	28,460	
ESG Loan Ratio (%)	5.0	5.2	8.6	
ESG Investment (AUM) ³⁾	Renewable Energy/Energy Efficiency	1	10	13
	Green Transportation	28	148	169
	Natural Resources	10	8	7
	Job Creation/SME financing	68	63	59
	SRI Fund ⁴⁾	80	352	273
Total - ESG Investment Amount	186	581	521	
Total - Total Investment Amount	7,830	9,544	8,955	
ESG Investment Ratio (%)	2.4	6.1	5.8	

¹⁾ Previously, EV-My Car

²⁾ Based on new handling amount

³⁾ Balance of sales of ESG investment products

⁴⁾ Excluding sales of Shinhan Asset Management SRI fund

Environmental – Green

Group Companies (excluding Shinhan Bank) ESG Finance

(Unit: KRW Billion)

			2020	2021	2022
Corporate Banking-Investment Bank					
ESG Loan	Shinhan Card	Green Loan ¹⁾	6	9	17
	Shinhan Life	Green loan	-	-	60
	Shinhan Capital	Environment/Energy Sustainability	77	72	80
	Jeju Bank	Solar power business loan	3	1	3
리테일					
ESG Investment (AUM)	Shinhan Securities	Renewable Energy/Energy Efficiency	825	810	756
		Green Transportation	217	223	173
		Natural Resources	2	2	2
		Infrastructure in Developing Countries	387	317	313
		Employment Creation/SME Financing	394	331	278
		SRI Fund ²⁾	32	7	18
	Shinhan Life	SRI Fund ²⁾	186	165	136
Investment	Shinhan Life	Infrastructure for developing countries	36	-	-
		Renewable energy/Energy efficiency	-	50	50
		Global climate change	31	36	25
	Shinhan REITs Management	Green certification / eco-friendly buildings	306	130	431

¹⁾ Solar project loans, green remodeling loans, electric vehicle charging facility loans, etc.

²⁾ Excluding sales of Shinhan Asset Management SRI fund

ESG Loan and Investment

Shinhan Bank

Green Project Financing(PF)

- Contributed to the expansion of various renewable energy generation facilities through project financing (PF) based on a global-level environmental and social risk management system
- Recently expanded investments in renewable energy and non-solar fields such as wind, fuel cell, and waste

[More Information on Shinhan Financial Group Green Finance Leadership](#)

Development of the first ESG evaluation model for a domestic financial group and implementation of corporate loans

- In May 2022, we developed the 'Shinhan ESG Evaluation Model' as a first financial group in Korea to evaluate the ESG level of companies, and utilized the calculated ratings as the criteria for the 'Shinhan ESG Excellent Win-Win Support Loan'
- Launched in March 2021, the 'Shinhan ESG Excellent Win-Win Support Loan' provides preferential interest rates (0.2~0.3% annually) to companies and partner companies with excellent ESG management

Development of green credit products

- Shinhan Bank offers various green credit products such as green corporate loans and eco-friendly facility conversion loan products to achieve zero financed emissions through green financial support, and promotes the continuous development of new products for environmental improvement, fostering green industries, or resources for operating companies
- Promoting the development of policy financial products in cooperation with public institutions to support financing for the purpose of reducing greenhouse gas emissions through the transformation of corporate green management systems and the conversion of processes and industries at business sites

Environmental – Green

Shinhan Card

Investment in green energy

- Strategic investment of KRW 500 million in 2022 in Kumkang C&T, a company with pollutant reduction technology, green hydrogen production, and hydrogen refining technology in the air environment field

Providing interest-free installment financing for the 'Green Remodeling Projects'

- Provided interest-free installment financing for up to 24 months to customers replacing windows in old homes in line with the 'Green Remodeling Project' by the Ministry of Land, Infrastructure and Transport
- Enhanced customer convenience by eliminating the inconvenient process of property owners submitting supporting documents directly to the bank to receive interest support, and supported the interest-free installment service for the Green Remodeling Project

Launched the EVerywhere Card for green car drivers

- Launched the 'EVerywhere' card (a discount card for charging hydrogen vehicles), focusing on green energy use and enhancing convenience for customers with green cars

Shinhan Life

Establishment of an investment fund for domestic carbon reduction climate technology companies

- In July 2022, the fund will invest KRW 10 billion over 10 years in climate technology companies that meet the six environmental goals of the Korean Green Taxonomy (K-Taxonomy)
- Holdings include an energy storage system (ESS) developer and a company that produces eco-friendly materials from waste tires

Launching a global ESG equity fund

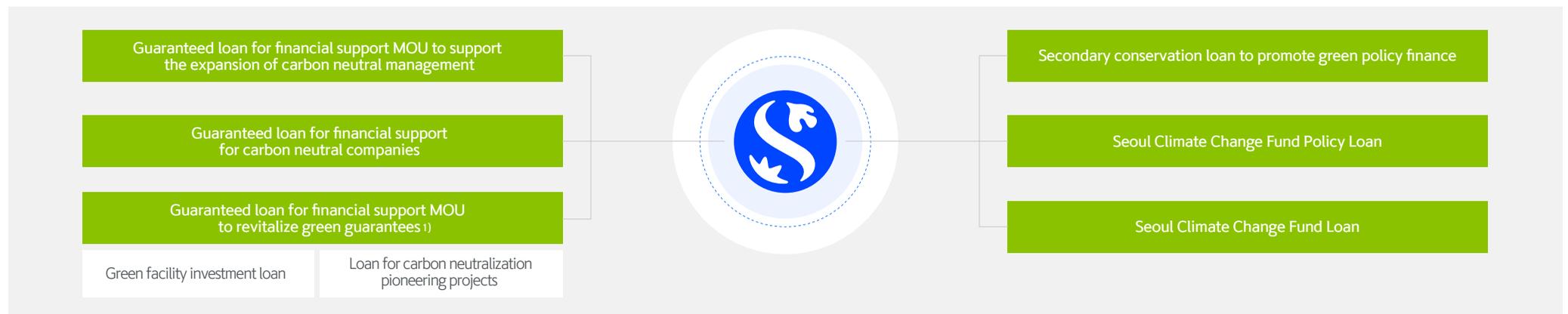
- Set to launch on July 1, 2022, to invest directly and indirectly in global companies with good overall ESG ratings without focusing on any particular theme
- Fund will invest at least 60% of its assets in equities and related income securities or derivatives around the world, and will be diversified by considering both financial and ESG factors when making investments

Shinhan Asset Management

Expanding Green Financial Products

- Launched green financial products, including Green New Deal Energy General PE, 1st Greenway Corporate Investment General PE, and Brookfield Global Transition Infrastructure Equity Investment

New green loan products launched by Shinhan Bank in 2022



¹⁾ Launched in 2023

Environmental – Green

CASE

ESG Investment Strategy

Shinhan Asset Management

Domestic Stocks

Implemented a sustainability themed investing strategy with a basis on the ESG integrated strategy framework

Build an optimal portfolio through ESG integration strategy and sustainable theme discovery

- Negative/Positive screening
→ ESG integration and sustainable theme application
- Establishing own ESG rating scoring and reflecting ESG evaluation in corporate value calculation
- Improving Risk Adjusted Return through negative screening



ESG Integration	Sustainable Theme	Screening
<ul style="list-style-type: none"> • Judge corporate management activities from an ESG perspective • Consider ESG management level and financial performance simultaneously • Establish an ESG evaluation system and evaluate score 	<ul style="list-style-type: none"> • Environmental industry restructuring • Improve sustainable governance and returning to shareholders • Invest in companies that use ESG as a business opportunity 	<ul style="list-style-type: none"> • Investment restrictions by ESG rating • Screening by industry: weapons, tobacco, gambling, etc. • Controversy monitoring and response

Domestic bonds

Complement traditional financial analysis and portfolio construction techniques with ESG internalization and active investor advocacy

Select/incorporate an ESG approach throughout the investment process, including portfolio construction

- Integration: Systematically incorporate ESG factors in investment analysis and rebalancing to improve risk-adjusted returns
- Screening: Exclude bond universes by identifying beneficiaries' investment aggressiveness and compliance status
- Thematic: Invest in environmental (E) and social (S) purpose-oriented green bonds or bonds issued for ESG purposes, etc.



ESG Integration	Active Engagement	Cooperative Collaboration	Risk Management
<ul style="list-style-type: none"> • Credit Analysis/ Valuation: Review and identify ESG impact factors • Sector composition: Reflect ESG risk and opportunity factors 	<ul style="list-style-type: none"> • Improve ESG risk management • Encourage quantitative and qualitative improvements in ESG factor disclosure, etc. 	<ul style="list-style-type: none"> • Work with issuers to improve their ESG disclosures • Manage and support issuers' ESG -related factors 	<ul style="list-style-type: none"> • Identify ESG issues and reflect them in investment decisions • Consider limiting new investments, reducing the proportion of investments and withdrawing investments, etc.

CASE

Build Shinhan's ESG Scoring System

- Build a Shinhan's ESG scoring system by combining the ESG Equity Research team's self-assessment with ratings from external ESG raters
- ESG rating criteria (70% BB or higher) applied to all publicly traded equity funds
- The ESG scorecard consists of 26 KPIs in four categories: general, environmental, social, and governance



ESG Evaluation Indicators

General	Environmental
Disclosure of Information Management Objectives	Greenhouse Gases, Energy, Water, Waste, Pollutants, Chemicals, Green, Biodiversity, Legal Violationsx
Social	Governance
Labor, Human Rights, Diversity, Supply Chain, Industrial Safety, Products, Information Security, Business Ethics, Legal Violations	Board Composition, Board Activities, Shareholder Rights, Shareholder Friendliness, Audit Organization, Legal Violations

Environmental – Green

ESG Bonds and Management System

Shinhan Bank

Green Bond Management System

- Shinhan Bank has established a green bond management system to manage financial resources, and has designated the business areas for support as ① new and renewable energy, ② carbon reduction, ③ clean transportation, ④ environmentally friendly projects, and ⑤ standard-certified green buildings
- When handling loans for planned projects, we conduct a review of environmental and social impacts in accordance with the green classification system conformity determination procedure to finally select and support projects eligible for green bonds
- Continuously track the information on the supported funds and provide transparent information on green bond performance to stakeholders by publishing an annual report to investors

Climate Bonds for the first time in Korean Market

- Climate bond is a type of green bond issued after obtaining pre-certification of eligible assets from the Climate Bond Initiative (CBI). It is a sophisticated ESG bond that follows the most stringent standards to ensure that issuer funds are used only for projects related to climate change mitigation.
- In April 2022, Korea's first public issuance of USD 500 million in climate bonds received pre- and post-certification from external certifiers (Sustainability Analytics) and CBI



Green Bond Certificate

Sustainability-Linked Foreign Currency Club Loan (First in the market)

- In September 2022, we borrowed US\$400 million in a foreign currency club loan, the first sustainability-linked loan¹⁾ in Korea
- The borrowing rate is 0.89% per annum plus 0.05% per annum of the 'Term SOFR' rate, which is the US 3-month alternative indicator rate, and the borrowing rate is reduced by 0.05% per annum when ESG targets are achieved each year, contributing to flexible utilization of funds and improvement of ESG management indicators

Social Bond Issuance to Support Businesses Affected by COVID-19

- **[Social Kangaroo Bond]** In November 2022, we issued AUD 400 million in Social Kangaroo Bond, a bond issued in the Australian bond market, and secured the ESG investor base in the Australian region through two consecutive successful issuances in 2020.
- **[Social Samurai Bond]** Leveraging our experience in issuing Samurai Bonds, a bond issued in the Japanese bond market, since 2013, we became the first Korean financial institution to issue Social Samurai Bonds worth JPY 32 billion in October 2022.

Obtaining external rating agency certification for ESG bond annual report

- Obtained external rating agency certification for the first ESG bond annual report of a domestic commercial bank
 - Annual report including environmental/social impact analysis for two foreign currency sustainable bonds issued in 2021
 - Obtained certification (Second Party Opinion) from an external assurance organization (Sustainalytics) for the annual report to enhance investor confidence



Signed ESG-Linked Committed Line

- In December 2022, signed a new JPY 10 billion foreign currency ESG committed line²⁾ with SMBC Bank in Japan
- Enhancing ESG management sustainability by expanding emergency procurement lines through the first foreign currency ESG-linked committed line agreement in Korea

¹⁾ Sustainability Linked Loan is a structure that links the borrowing rate setting method to the company's sustainable activities and provides economic benefits such as interest rate reductions for achieving the ESG targets set when borrowing funds

²⁾ A procurement line that can supply foreign currencies from committed financial institutions within the promised limit.

Environmental – Green

CASE

Issuance of KRW 100 billion green bonds

• In August 2022, we issued KRW 100 billion in green bonds that were verified by an external organization selected by the Ministry of Environment and applied the guidelines of the Korean Green Taxonomy (K-taxonomy) for the first time in Korea.



Shinan-gun Solar Power Generation PF

Determined suitability and issued bonds for a project to install an onshore solar power facility with a capacity of 99.94 MW at a salt field site in Imjado, Shinan-gun, Jeollanam-do, South Korea

136 KRW billion



Gwangyang-si Biomass Power Generation PF

Determination of suitability and issuance of bonds for a project to build a 220 MW biomass power plant using woody biomass (wood pellets) fuel in Gwangyang, South Jeolla Province, South Korea

864 KRW billion

CASE

Gender Equality Social Bond Issuance

- In April 2023, Shinhan Bank became the first domestic company to issue a USD 500 million ESG Gender Equality Social Bond
- The "Gender Equality Social Bond" is a social bond issued under the specific theme of "gender equality," and the entire amount issued will be matched with loans to support vulnerable female borrowers
- Maximized participation of ESG specialist investors through active communication with global investors and differentiated ESG alignment strategy to secure large-scale financing at competitive rates

Shinhan Securities

Expanding Participation in SOC Investment through ESG Securitized Bonds

- Completed the sole issuance of ESG-certified securitized bonds for the loan tranche of the Incheon Gimpo Expressway refinancing project

ESG Bond

(Unit: KRW Billion)

		2020	2021	2022
Shinhan Financial Group	Sustainable Bonds	543	563	-
Shinhan Bank	Green Bonds	-	660	714
	Social Bonds	392	-	664
	Sustainable Bonds	-	1,075	1,017
Shinhan Card	Green Bonds	-	180	110
	Social Bonds	559	1,285	478
Shinhan Securities	Sustainable Bonds	-	100	-
Shinhan Capital	Green Bonds	200	550	480
Jeju Bank	Social Bonds	-	150	50
Total - ESG Bonds issued		1,694	4,563	3,512
Total – Bonds Issued*		2,039,220	2,539,945	2,781,552
Issued ESG Bond ratio (%)		8.3%	18.0%	12.6%

* Foreign currency bonds in 2021 are applied the last trading rate as of the end of 2019, and from 2020 at the last trading rate on the date of issuance

ESG Risk Management

Shinhan Bank

Climate Risk Scenario Analysis

- Conducted performance risk and physical risk scenario analysis to understand internal portfolio impacts of climate change

[TCFD report](#)

Climate Risk Scenario Analysis

- Adopted the Equator Principles¹⁾ to identify and manage environmental and social risks, and managing large-scale projects through a risk management framework
- As of January 2023, 138 global financial institutions in 38 countries have adopted and operated the Equator Principles and Shinhan Bank has operated and reviewed various large-scale project financings since joining the Equator Principles in September 2020
- Depending on the severity of the environmental and social impacts caused by the project, we requested for additional measures or conduct independent third-party monitoring to ensure that all covered cases are in compliance with the Equator Principles
- Disclosed the status and results of the implementation of the Equator Principles on the website, and report on the status of the implementation of the Equator Principles in accordance with the guidelines provided by the Equator Principles Association

First commercial bank to publish Equator Principles implementation report

- In September 2020, the Bank became the first domestic commercial bank to join the Equator Principles and published the 'Equator Principles Implementation Report'
- Minimized negative impacts of projects financed by the Bank through climate-related reviews and screenings, exercising responsible judgment in the lending and investment decision-making process and managing possible environmental and social risks
- A total of 4 projects were reviewed from January to June 2022: (transactions on PF) 1 was classified as B and 3 as C
- The total number of Equator Principles reviews in 2022 will be published on the Equator Principles Association website.

¹⁾ The Equator Principles is a voluntary agreement by financial companies to refrain from financing large-scale development projects if they cause environmental degradation or violate the human rights of local people or socially vulnerable groups

Publishing the Climate Finance Report

- Published climate finance reports that reflect the TCFD and ISO14097 frameworks
- Conducted third-party verification to ensure accuracy and external credibility of information

[Climate Finance Report](#)

Shinhan Bank Equator Principles Implementation Status

(Unit: cases)

Category	2020	2021	2022
Number of Equatorial Principle Implementations	13	5	10
A-level ¹⁾	0	1	1
B-level ²⁾	1	4	5
C-level ³⁾	12	0	4
[Shinhan Bank] Number of large wholesale banking activities ⁴⁾	0	114	51
Number of rejections after Equatorial Principles review	0	0	0

* As of 2022, out of 51 large wholesale banking activities of Shinhan Bank, 10 (19.6%) were subject to Equator Principles review, and 0 were rejected

- ¹⁾ A-grade: Projects that have significantly negative potential E&S risks and/or impact. If the risks and/or impact are various, unrecoverable or unprecedented
- ²⁾ B-grade: Projects that have limited negative potential E&S risks and/or impact. If the risks and/or impact are few, limited to project sites, mostly recoverable and easily manageable through climate solutions
- ³⁾ C-grade: Projects that have little to no negative potential E&S risks and/or impact
- ⁴⁾ Taxonomy: SOC, Real Estate Finance

ESG Risk Management

Project Financing Environmental/Social Risk and Equator Principles Review (Unit: cases)

Category	2020	2021	2022
Number of projects with environmental and social risk reviews	16	12	34
A-level ¹⁾	0	2	5
B-level ²⁾	3	2	4
C-level ³⁾	13	8	25

* Some of the reviewed cases were also included in Shinhan Bank's Equator Principles process

¹⁾ A-grade: businesses with significant environmental and social risks and the potential for widespread geographic impact

²⁾ B-grade: Less severe than A, impacts are localized to the business site, and mitigation or recovery actions are readily available

³⁾ C-grade: Businesses with minimal or no environmental and social risk

Fossil Fuel Exposure (Unit: KRW Billion)

Category	2020	2021	2022
Fossil Fuel Exposure ¹⁾	4,900	4,045	4,535
Exposure in a limited sense ²⁾	2,118	2,265	2,193
Coal Mining	42	41	41
Thermal Power	2,076	2,224	2,152
Exposure in a broad sense ³⁾	2,782	1,780	2,342
Oil and LNG Credit Exposure	2,782	1,780	2,342
Fossil fuel exposure as a percentage of total group loans (%)	1.4	1.1	1.2
Total group loans	339,048	373,655	390,504

¹⁾ Energy Industry Classification (Energy Economics Institute) - only mining, manufacturing, and supply activities of energy-related products, excluding activities such as distribution, transportation, etc.

²⁾ Exposure in a limited sense: Direct mining of fossil fuels (mining)

³⁾ Exposure in a broad sense: includes direct mining and manufacturing and power generation operations



ESG Risk Management

ESG Screening Process

Shinhan Financial Group

Establishment and operation of financed emissions

- In 2022, Shinhan Financial Group became the first domestic financial company to develop a financed emissions calculation system that enables the measurement and analysis of financed emissions and systematic management of all areas from strategy planning to implementation
 - Divided the group's financial assets into seven asset classes in accordance with the Carbon Accounting and Finance Association (PCAF) greenhouse gas accounting standard
 - Financed emissions can be measured and monitored by industry, customer, asset, and contract maturity, and changes in carbon emissions from asset portfolio changes are automatically calculated
- Financed emissions are used to manage financial emission reduction targets, identify and manage vulnerable areas in terms of implementation risk, reflect in the screening/investment process, and used for business segments, and the scope of utilization will be expanded through enhanced measurement of financed emissions
- Measured emissions for financial assets of KRW 245.08 trillion as of the end of December 2022

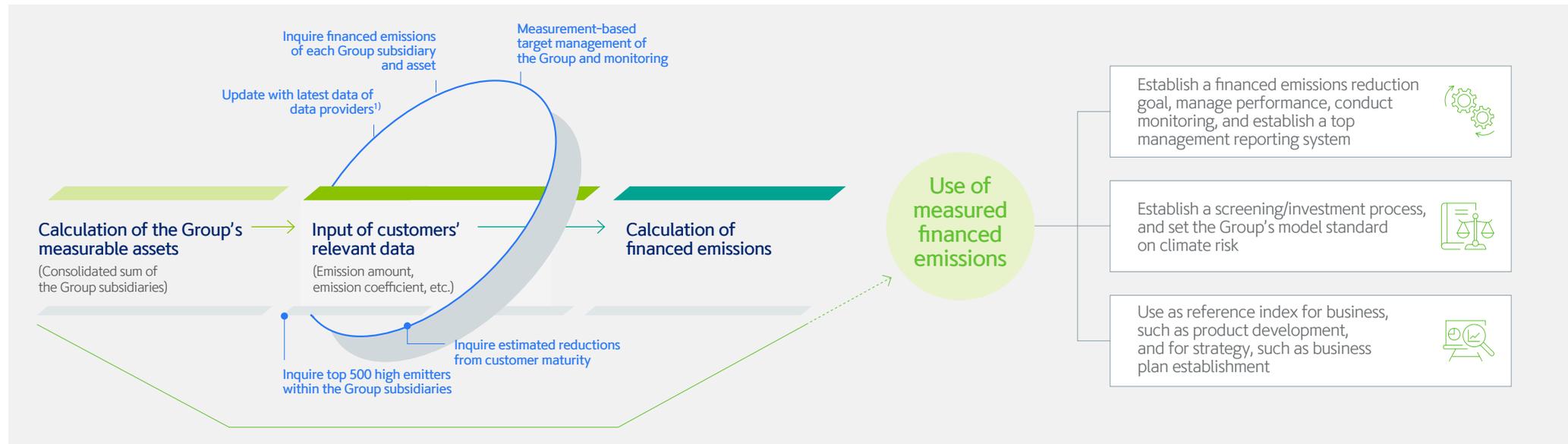
CASE

Carbon reduction targets validated by SBTi

- In November 2022, Shinhan Financial Group's 'Carbon Reduction Targets' were validated by SBTi
- Following the announcement of the 'Zero Carbon Drive' in March 2022, we continued to strengthen execution for carbon reduction, including the development of a carbon emission measurement system

[🔗 Shinhan Financial Group's goal of SBTi validation](#)

Financed emissions Measurement System Driving Process



¹⁾ The latest carbon emissions data update per company that is disclosed, including that of credit rating agencies and the Ministry of Environment

ESG Risk Management

Financed emissions dashboard management

- In accordance with the "Guidelines for Climate Risk Management" established by the Financial Supervisory Service, we operate a financed emissions dashboard to prepare for climate risks arising from carbon-intensive industries
- Monitoring climate risk factors such as measured balances, financed emissions, and intensity to identify and assess portfolio and borrower-specific risks
- Plan to gradually expand the scope of climate risk management, taking into account vulnerability to future extreme weather events and connectivity to unsustainable energy practices

Financed Emissions Measurement System Driving Process

Emissions Simulation System (Sample)

Shinhan Bank

Screening process for financed emissions management

- Established a group-wide financial emission calculation system and ESG evaluation system to strengthen the practical implementation of the group's Zero Carbon Drive strategy
- Established and operate a measurement management system to check carbon emissions in real time at all branches nationwide
- Manage carbon emissions by utilizing the built-in simulation function to check the level of financed emissions of companies to be financed and utilizing it for ESG-related credit screening
- Supporting credit screening for eco-friendly (transition) purposes by utilizing the financial emission offset system (Offset)

	General businesses (Loan)	IB (Investment)
Screening Process	<ul style="list-style-type: none"> • Checking the top emitting industries <ul style="list-style-type: none"> - Check emission levels within an industry and individual company emission trends • Operation of carbon reduction effort score card <ul style="list-style-type: none"> - Checklist for information disclosure, management system, technology, production facilities, etc. → Categorized into very good, good, and average 	<ul style="list-style-type: none"> • Checklist-based ESG risk check <ol style="list-style-type: none"> ① Disclosure of information (allocation trading companies, etc.) ② Implementation of the Equator Principles and environmental and social risk review procedures ③ Conducting emissions simulation checks ④ ESG Checklist focus items (carbon emission status, compliance with environmental laws, accident/dispute complaints, etc.)
Investment Strategy	<ul style="list-style-type: none"> • Determine carbon footprint and differentiate based on the efforts to reduce it <ul style="list-style-type: none"> - Expansion / transition support / maintenance, etc. 	<ul style="list-style-type: none"> • Checklist-based reflection process of carbon emissions and ESG risks in deliberating financing cap

Shinhan Financial Group

Development and operation of an ESG evaluation model

- Based on the 'Environmental and Social Risk Management System' roadmap established in 2017, we developed the 'ESG Evaluation Model' in 2022 as a first financial group in Korea
 - Based on the existing system for evaluating environmental and social risks and managing areas of significance in lending and investment, Shinhan Financial Group's unique ESG evaluation model was developed to integrate ESG factors into the lending and investment screening process
- Utilized for various decision-making processes such as lending and investment by evaluating the ESG level of companies
 - Encourage companies to actively engage in ESG activities by utilizing the ratings generated by the model as criteria for selecting targets for Shinhan Bank's 'Shinhan ESG Excellent Win-Win Support Loan'
- The overall ESG level of a company is evaluated in seven grades, including A+ to A- (excellent), B+ to B- (moderate), and C (insufficient), and the model is also used as target selection criteria for the 'Shinhan ESG Excellent Win-Win Support Loan'

ESG Risk Management

Biodiversity Management

Shinhan Financial Group

Establishment and operation of financed emissions

- Shinhan Financial Group reviews biodiversity issues that may arise in the course of business through an environmental and social risk review process
 - The review is conducted in four stages: preliminary review, classification, environmental and social impact assessment, and post-management, with biodiversity reviewed in the 3rd stage
 - Define risks after selecting significant areas by comprehensively reviewing environmental and social impacts including biodiversity
 - Proactively manage risks based on the review items for each material area

Biodiversity Preservation Activities

Biodiversity reports

Shinhan Card	Shinhan Securities	Shinhan Life
<p style="text-align: center;">Creation of an eco-zone (urban park) at APEC Naru Park in Busan</p> <ul style="list-style-type: none"> • In June 2022, we created an eco-zone of approximately 1,600 square meters at APEC Naru Park in Busan with Busan Green Trust. <ul style="list-style-type: none"> - The eco-zone is an ESG project based on "ECO donation points" for using the "Shinhan Card Deep ECO" card and green campaign funds from Shinhan Card to create a park in the urban area • In 2021, the second eco-zone was created in Seoul Forest (located in Seongdong-gu, Seoul) after the first eco-zone was created, with the theme of 'Promise Garden' to pledge to overcome the climate crisis and preserve biodiversity 	<p style="text-align: center;">Conducting ecological cleanup activities to Celebrate World Biodiversity Day</p> <ul style="list-style-type: none"> • In May 2023, we held ecological cleanup activities to celebrate World Biodiversity Day and threw EM (Effective Micro-organisms) soil balls into rivers to purify water quality, remove odors, and ferment and decompose organisms 	<p style="text-align: center;">Campaign to Create a Shining Forest</p> <ul style="list-style-type: none"> • Planted a total of 5,000 saplings in the 1.6-hectare 'Shining Forest No. 1' in Bangnae-ri, Hongcheon-gun, Gangwon-do • Donated 5,000 paired trees grown by employees to a local children's center as part of the campaign, and donated KRW 100 million worth of drones and related equipment for forest protection to the Korea Forest Science Association • Fine dust absorption (g/year): 111,600, Carbon dioxide absorption (kg/year): 54,400
<p style="text-align: center;">Preserving Forest Biodiversity through Cooperative Projects</p> <ul style="list-style-type: none"> • In 2023, selected, established, and raised plants vulnerable to climate change, such as rare and specialty plants, in a cooperative project with the Forest Service, and created a forest garden at the National Baekdu Daegan Arboretum • Reviewing a card product that prints endangered plants on eco-friendly material plates to promote biodiversity conservation 	<p style="text-align: center;">Promoting mid- and long-term social contribution projects in line with the environment</p> <ul style="list-style-type: none"> • Revitalize local rivers to preserve biodiversity and protect street trees to protect urban ecosystems, etc. 	

ESG Risk Management

Supporting biodiversity-related startups

- Shinhan Financial Group will support biodiversity-related companies through its startup incubation platform 'Shinhan Square Bridge' starting in 2021
- Operating themes related to environment, resources, agriculture and ecosystems when selecting startups for support

Category	Company	Key Activities
Improving Water Quality 	Sheco	Robots removing marine oil, industrial sludge, algae, and other surface pollutants
	ENICT	IOT-based smart water pollution warning system WATERCOPs
	PiQuant	Spectroscopy-based IoT solution for rapid detection of bacteria and heavy metals in water
	Aquaworks	Water treatment and reuse process technology using membranes
	Worldwater	Development of a green algae reduction device made of polyethylene with natural minerals that inhibit and kill algae growth
Natural Resource Efficiency 	Nanu	Production of natural material pulp molds based on recycling agricultural products
	NutriIndustry	Utilizing food waste as insect food, eco-friendly recycling, and alternative protein production
	Reharvest	Manufacturing eco-friendly food by upcycling by-products
	Lutricks	Solution to the problem of asymmetry in landscape tree distribution information
	Superfarmers	Project to establish an upcycling platform for Jeju's unrepresentable agricultural products
	Coolbears	Project to develop prototype textiles related to pirate creatures
Improving air quality 	NineWatts	Building energy AI diagnosis and reduction platform based on big data segmentation
	Biorestech	Large-scale treatment of food waste and resource utilization of eco-friendly solid fuel
	Poel	Manufacture of zero-energy cooling film based on radiant cooling technology
	Heads	Emission reduction device for vehicles/ships using HYO M5 hydrogen generator

CASE

The 2nd Shinhan Square Bridge Jeju

- The second phase of Shinhan Square Bridge Jeju, in May 2022, is a nine-month collective impact project with startups in the ERA (Eco, Resource, Agriculture) sector to solve social issues and increase value in Jeju
- Various startup companies created social value through various projects in the fields of environment, including biodiversity, resources, and agriculture

FRSS



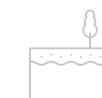
Collected **15** tons of marine debris and recycled **10** tons



Sheco



Improved water quality in approximately **300,000** tons of agricultural reservoirs



Coolbears



Collected approximately **2** tons of pirate organisms



www.frss.co.kr
www.sheco.co
www.avenclothing.com

ESG Risk Management

Community contest for community biodiversity conservation – “Do the Green Thing”

- A program to support community members who are experiencing economic crises and difficulties in maintaining their daily lives due to COVID-19. Implemented through a coalition model consisting of non-profit organizations, social economy companies, and local governments in the form of MOUs
- The 2022 program aims to provide solutions to environmental problems in local communities caused by COVID-19 and the climate crisis and to strengthen awareness of biodiversity

Name of Program	Description
GyeolJaHaeJi	<ul style="list-style-type: none"> • A national project to protect the ocean environment and achieve carbon neutrality • Participation of 300 elementary and secondary school students, 50 high school students, 270 families including youth, and 300 plastic diet challengers • Total 16 hours of underwater environmental cleanup (8 hours*2 times), removing 1068.5 kg of marine debris and harmful organisms
'Green Village', a carbon neutral village	<ul style="list-style-type: none"> • Operated the Pyeongri Cultural Village (carbon neutral village) with the participation of 20 residents of Pyeongri in Sejongwon-eup, Sejong City, and 20 young people, including university students from Sejong City and local universities • Training 20 environmental education lecturers for villagers and establishing a community garden in the Jeomyeonwon Cultural Garden
Plastic recycling program for a carbon-neutral Jeju Island	<ul style="list-style-type: none"> • Collected plastic bottle caps, built and installed upcycling benches, and operated an upcycling experience center for at least 1,000 Jeju residents, tourists, and visitors to the Jeju Olegil • Collected a total of 319 kilograms of PET bottles and replaced 6 benches on the Jeju Ollegil



ESG Engagement

Empowering ESG

Specialized organizations to support ESG growth

Specialized organizations/Program	Target	Major Programs
Shinhan Bank ESG Consulting Cell	Small and medium-sized businesses	<ul style="list-style-type: none"> Propose ESG participation for small and medium-sized enterprises and support the establishment and implementation of mid- to long-term carbon emission reduction targets (first for a commercial bank in Korea) <ul style="list-style-type: none"> ESG engagement helps companies compete, go green, and achieve Net Zero by 2050 Total care service support for adoption of ESG management <ul style="list-style-type: none"> Basic consulting (diagnosis/assessment) and in-depth consulting (strategy/implementation) Implementation status of ESG consulting, guided implementation of ESG consulting services for employees and conducted ESG training, conducted ESG proposal consulting using the 'DIGILOG Expert Consulting Zone', and promoted rewards for outstanding ESG companies and employees Provided ESG consulting to 115 SME clients between April and December 2022 
Shinhan Bank ESG New Business Solutions	Large and public-sector businesses	<ul style="list-style-type: none"> Help Shinhan Bank's high-carbon customers transition to low- and medium-emission companies Research overseas green and transition finance and develop ESG financial products
Shinhan Card Green Index ESG Consulting	Enterprises and research organizations	<ul style="list-style-type: none"> Big data consulting utilizing 'Shinhan Green Index', a carbon emission index based on customer consumption data <ul style="list-style-type: none"> Provides data on changes in eco-friendly consumption trends by individual, industry, and product that can be utilized for eco-friendly marketing, corporate management strategy, and research
Shinhan Securities ESG Consulting	Corporations and Investment Managers	<ul style="list-style-type: none"> Provide ESG consulting to institutional investors and corporations <ul style="list-style-type: none"> Corporate and Financial Structure Analysis and Pre-IPO Business (Corporate IR, Research Seminar) Investor matching/investment screening business for pre-IPO business Systematization of ESG trend updates and analysis system (publication of regular ESG-related reports such as 'ESG Navigator') Systematization of methods to reflect ESG coverage in corporate valuation and publication of data-based analysis reports

Shinhan Asset Management

Enhancing shareholder value through ESG engagement activities

- Shinhan Asset Management induces stakeholder-friendly management through the exercise of voting rights and contributes to the spread of eco-friendly, socially contributing, and transparent corporate culture through active engagement activities with investee companies

CASE

Sending shareholder letters and questionnaires on carbon neutrality (Top-down engagement)

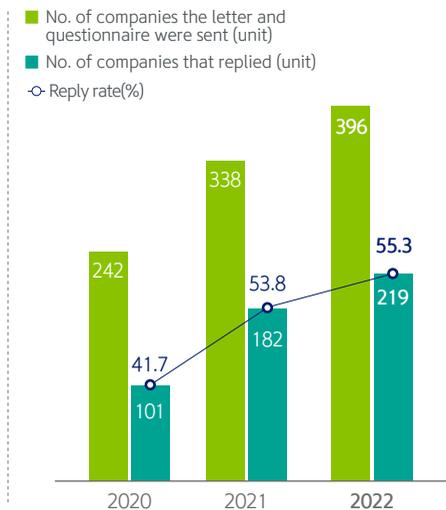
- Annually sending carbon neutral shareholder letters and questionnaires to investee companies, asking them to disclose climate information, participate in CDPs, and comply with TCFD recommendations, starting in 2020
- Targeted companies and questionnaire topics are gradually expanded, and we have seen a significant increase in the number of companies responding despite the increased coverage



2022 Net-zero Shareholder Letter and Questionnaire



Reply results analysis report



ESG Engagement

CASE

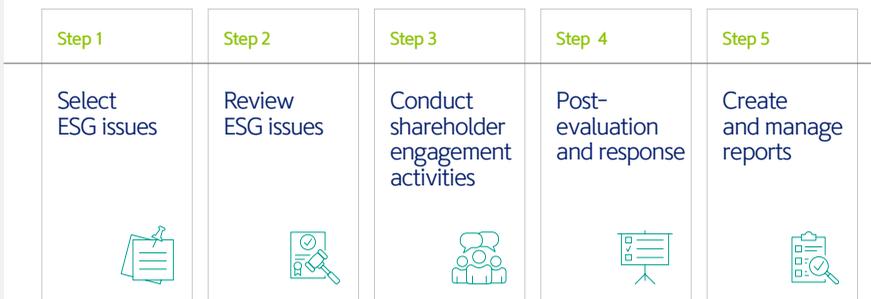
Engagement activities based on individual ESG issues (Bottom-up engagement)

- Conduct engagement activities through private shareholder letters on individual ESG issues in addition to top-down shareholder letters
- Conduct active shareholder engagement activities in controversial situations, such as major disasters or damage to shareholder value due to re-listing after a spin-off, to share concerns as investors and propose ways to enhance shareholder value
- 12 individual engagement activities in 2022

Principles and Standards for Shareholder Engagement

- Principles of Shareholder Engagement: actively exercising shareholder rights by more directly communicating our concerns and suggestions for improvement.
- Shareholder Engagement Standards: establishing specific goals and action plans as well as disclosing the company's implementation status on issues of ESG concern, such as corporate business strategy, business performance, risk management, governance, and carbon neutrality implementation plans

Shareholder engagement process



Spreading ESG values

Shinhan Financial Group

Reflecting ESG evaluation items in the non-price category evaluation table in the ICT product evaluation and selection manual

- Mandatory application of ESG performance evaluation within 5% of general matters (20%)
- Mandatory inclusion of evaluation items based on power consumption when purchasing H/W products

Shinhan Bank

Customer ESG products for going green

- Launch of the Deposit/Savings of Beautiful Courage in December 2021
 - An ESG product that supports beautiful courage to withstand the inconvenience of choosing multi-use products
 - Preferential interest rates are offered when conditions are met, such as pledging to implement the Disposable Cup Deposit System and new customers without paper bankbooks
 - As of March 2022, there were 102,133 cases and KRW 1.804 trillion in payments

Shinhan Card

Launch of Green Index Service in Shinhan pLay App

- Launched the 'Shinhan Green Index Service', which applies the 'Shinhan Green Index' to individual customers and estimates their carbon emissions based on their consumption behavior
- Customers can check the amount of their card consumption and the carbon emissions generated by it in the 'Green Report' published monthly through the Shinhan pLay app and website
- Card consumption and carbon emissions are provided for each of the eight areas of daily life: supermarkets and convenience stores, shopping and fashion, home appliances and lifestyle, transportation and automobiles, culture and leisure, food and cafes, beauty and health, and home and energy, and services such as carbon offset project donation programs and carbon reduction tips are also provided

ESG Engagement

Implement an electric two-wheeler distribution project

- Implemented a project to distribute electric two-wheelers to small businesses belonging to the Jeju Special Self-Governing Province Merchants Association at a discount of up to 40%, including support subsidies, and established a partnership with a dedicated maintenance company in Jeju
- The win-win business model provides excellent SMEs with the opportunity to strengthen their brand awareness and expand their sales, and small businesses with an affordable way to purchase electric two-wheelers for delivery and real-world use
- Using card consumption data and carbon data provided by Shinhan Card, participants calculated the carbon emissions of their entire trip, from departure to accommodation, food consumption, and transportation, and planned eco-friendly tourism route

Developing low-carbon travel routes based on Jeju data

- Participated in the '2022 Big Contest' sponsored by the Ministry of Science and ICT as an organizer to calculate carbon emissions and design travel routes, and was selected as an excellent team for the 'Eco-friendly ESG Jeju Travel Route for Generation MZ' project

Implement the 'alternative mobile delivery of small-amount statements' service

- For customers who receive their statements by mail, if the amount of payment is 100,000 won or less, Shinhan pLay will send the statement instead
- Since the service was implemented in June 2022, the number of users has gradually increased, with an average of 3,000 cases per month being sent via mobile in the last three months

Shinhan Securities

Publication of ESG Analysis

- In July 2022, published ESG analysis data <ESG, NEVER SLEEP> in theme and company sections
- Shinhan Research Center publishes <ESG Navigator>, calculates ESG consensus on domestic companies, provides seminars/consulting, and publishes periodic ESG portfolio analysis reports

[🔗 <ESG, NEVER SLEEP> Theme Edition](#)

[🔗 <ESG, NEVER SLEEP> Corporate Edition](#)

Shinhan Life

Greener, personalized terms and conditions for mobile devices

- When providing customers with terms and conditions, we offer "personalized terms and conditions" that contain only the content of the special offer the customer has signed up for (prioritizing mobile terms and conditions) to reduce unnecessary printed materials
- Services expanded and operated across all channels since May 2022, saving approximately 6 million sheets of paper per month

Providing eco-friendly marketing items to customers

- Have delivered a total of 15,000 reusable cups via FC to Shinhan Life customers starting in June 2022
- Distribute reusable cups made from environmentally hormone-free, BPA-free Tritan material to Shinhan Life customers, contributing to the movement to eliminate the use of disposable products.

Green Management

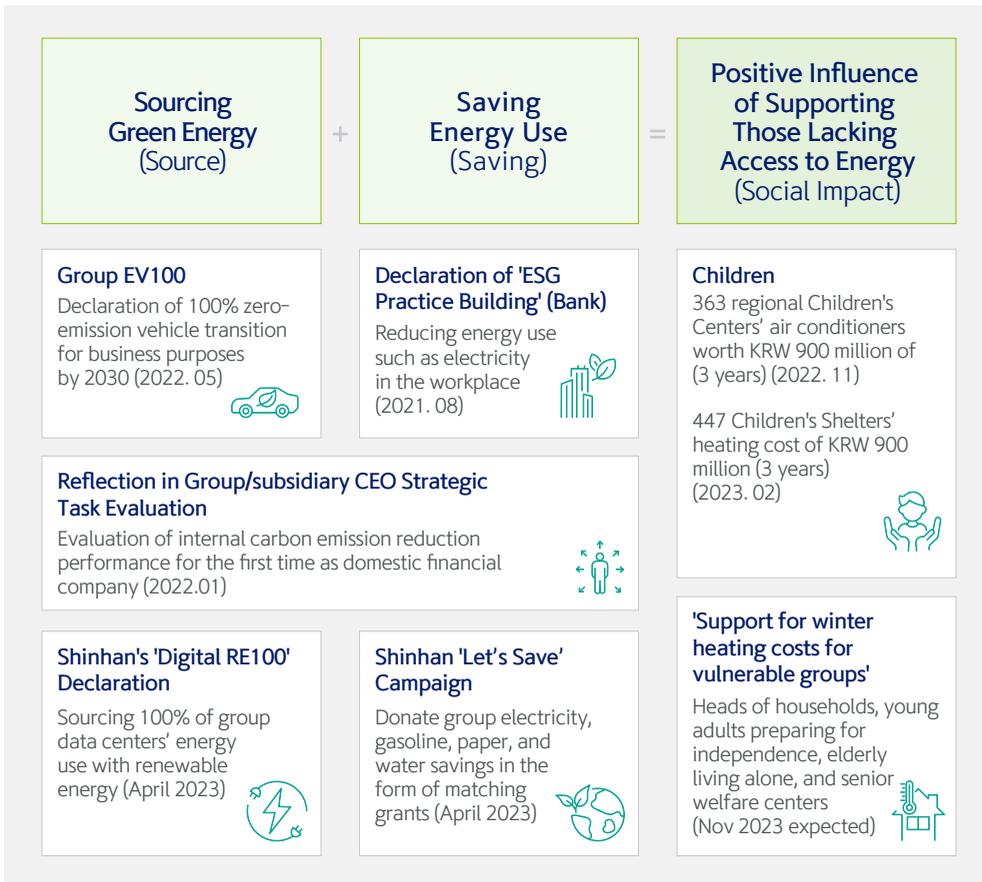
Green Management Implementation

Shinhan Financial Group

Declaration of 'Shinhan Financial Group, Serious About Energy'

- In April 2023, there was an announcement of launching "Shinhan Financial Group, Serious About Energy," an energy strategy for the Group's sincere implementation of ESG
 - Promoting a differentiated eco-friendly strategy to more sincerely implement energy-related ESG, which had been partially implemented before, and to spread its positive impact

Direction of Shinhan Financial Group's Eco-friendly Management



CASE



Joining RE100

- In May 2023, joined RE100, a global campaign to convert 100% of the electricity used by all group companies to renewable energy by 2030
 - Establishing a renewable energy conversion plan utilizing various methods such as green premiums and power purchase agreements (PPAs)
- Group companies such as Shinhan Bank, Shinhan Card and Shinhan Securities participated in the tender to obtain Green Premium¹⁾, a means of achieving RE100
- Will continue transparent communication with stakeholders through accurate verification and external disclosure of renewable energy conversion

Environmental Policy Revisions

- Shinhan Financial Group revised its Environmental Management Standards and Group Principles for Climate Change Response through a resolution of the Board of Directors
 - Actively promote efficient use of resources and minimization of greenhouse gas emissions through the Environmental Management Standards, development and financing of green financial products, and enhancement of green communication
 - Presenting five climate action principles through the Group Principles for Climate Change Response, including implementation of the Paris Agreement to achieve a 1.5°C future

[🔗 Environmental Management Standards](#) [🔗 Action Principles towards Climate Change](#)

Group's ISO 14001 certification status

Shinhan Bank, Shinhan Card, Shinhan Securities, Shinhan Life, Shinhan Capital



¹⁾ Electricity consumers who want to purchase electricity generated from renewable energy pay a separate premium on top of their existing electricity bills, and companies that pay Green Premium are issued quarterly 'renewable energy usage certificates' as evidence of their RE100 performance

Green Management

Shinhan Bank

Shinhan does it! ESG Campaign

- In order to internalize ESG, Shinhan Bank conducts an annual campaign to spread the culture of ESG practices for employees, and has planned a series of employee ESG campaigns called "Shinhan Does it!" to encourage employees to practice ESG in their daily lives based on their empathy and understanding of environmental and social responsibility

Effective Date	Campaign	Contents
March~April 2022	Shinhan Takes Action! Zero Challenge	<ul style="list-style-type: none"> ESG campaign challenges for an employee to reduce 1 ton of carbon per year Go on a carbon reduction mission and spread a culture of voluntary ESG practices through flogging relays
June 2022	Companion Competition	<ul style="list-style-type: none"> Employee flogging event and environmental pledge to celebrate ESG practices and 40th anniversary
July 2022	Shinhan Takes Action! With the Love of Our Customers	<ul style="list-style-type: none"> Conducted SOL customer event to raise awareness of ESG and carbon neutrality on 40th anniversary (40,000 customers participated) Donated KRW 100 million to support children affected by climate change
July~August 2022	Shinhan Does It! Have a Green Summer	<ul style="list-style-type: none"> Conducted SOL customer event to raise awareness of ESG and carbon neutrality on 40th anniversary (40,000 customers participated) Implemented lunchtime turn-offs and increased air conditioning temperatures in main offices and major buildings
October 2022	Shinhan Takes Action! Digital Carbon Diet	<ul style="list-style-type: none"> Reduced digital carbon footprint by deleting email, blocking spam, and promoting internal email auto-delete.
November 2022	Shinhan Takes Action! Green Consumption Campaign	<ul style="list-style-type: none"> Conducted an event for employees to purchase eco-labeled products in line with the Ministry of Environment's Green Consumption Week and promoted the use of multi-use containers



Shinhan Life

'Han River Plogging' Campaign with Customers and FCs

- As part of its ESG activities, Shinhan Life held a plogging campaign with customers on July 16, 2022, at the Han River Park in Yeouido, Seoul.
- Under the slogan 'Exciting Han River Plogging Life', more than 200 employees, FCs, and customers participated in the campaign. Participants collected trash using plogging tools such as biodegradable bags and wooden tongs, and donated the participation fee to Child Fund Korea

Jeju Bank

Spreading Plogging

- Visited Gapa-do, suffering from skyrocketing volume of trash due to increased tourism, and started plogging

Shinhan REITs Management

Pursuing LEED Certification

- Shinhan REITs Management, a real estate asset management company, is practicing the ESG of REITs through green building certification
- Since 2021, we have been acquiring LEED¹⁾ certification and advancing the management of various small and medium-sized offices, and plan to obtain LEED certification for more than 50% of our assets by 2023 to contribute to the revitalization of green buildings in Korea

[LEED Certification Status]

Certified in 2021	Certified in 2022	To be certified in 2023	To be certified in 2024 (2024~)
Gangnam WeWork Tower	Shinhan L Tower ¹⁾	Greats Pangyo ²⁾ Seoul Station Wise Tower	Gwanggyo Daeyeol Building Namsan Twin City Yeoksam Samsung Fire Building

¹⁾ LEED (Leadership in Energy and Environmental Design): developed by the U.S. Green Building Council (USGBC), it is the world's most authoritative and recognized green building and interior certification system, and is evaluated on sustainable site planning, water efficiency, energy and air, materials and resources, indoor environmental quality, innovation and design process, etc

²⁾ Acquisition of building energy efficiency rating certification (by the Ministry of Trade, Industry and Energy/Ministry of Land, Infrastructure and Transport)

Green Management

Using Green Energy

Shinhan Financial Group

Digital RE100

- Declared 'Shinhan Digital RE100' in March 2023 to source 100% of electricity used in group data centers from renewable energy, driving green transformation of digital finance
 - Spreading the message that the more digital Shinhan becomes, the more eco-friendly it becomes by turning the crisis of increasing internal carbon emissions into an opportunity through reverse thinking
- Comprehensively utilize Renewable Energy Certificates (RECs), Green Premiums, Power Purchase Agreements (PPAs), and self-generation to reduce carbon emissions by about 20,000 tons per year, or 20% of the group's total

CASE

First Korean bank to sign REC purchase agreement

- In March 2023, Shinhan Bank became the first Korean bank to sign a REC purchase agreement with Korea East-West Power Corporation to supply renewable energy for five years
- As of May 2023, six group companies - Shinhan Bank, Shinhan Card, Shinhan Securities, Shinhan Life, Jeju Bank, and Shinhan Savings Bank - have completed REC purchase agreements



Zero Carbon-Zero Fuel

- Declaration of "Zero Carbon-Zero Fuel" in May 2021, a project to convert business vehicles to 100% zero-emission vehicles by 2030
- The ESG Implementation Committee shared the best practices of Shinhan Bank and Shinhan Card, which participated in the 'Korea 2030 Zero Emission Vehicle Conversion 100 (K-EV100)' declaration ceremony organized by the Ministry of Environment in April 2021, and expanded it to a group-wide ESG management strategy

Shinhan Bank

Running a green data center

- Reduces energy savings with Shinhan Data Center, an eco-friendly green building
- Significant reduction in environmental impact through ice thermal storage system, LED lighting equipment, photovoltaic and solar thermal facilities, inverter facilities, energy-efficient equipment, BEMS operation, etc.
- Rooftop solar installation: supplies 27,000Kcal hot water, reducing energy consumption by 15.071Mcal per year
- Photovoltaic power generation system: 86,500 kWh of annual energy savings through the installation of BIPV (Building Integrated Photo Voltaic), a solar power generation system integrated into the building
- Ice thermal storage system: through the introduction of ice thermal storage, cheap late-night electricity is stored and utilized during the daytime, reducing the average annual electricity unit cost from KRW 115 to KRW 90.8 and saving approximately KRW 66 million
- Power Usage Effectiveness Index (PUE) management: reduced PUE from 1.409 in 2021 to 1.376 in 2022 by increasing cooling efficiency for sustainable data center operation

Energy Consumption

(Unit: GJ)

	2020	2021	2022
Total energy consumption	890,948	932,858	919,423
Electricity	626,952	672,177	667,604
Heat (Steam)	5,742	6,725	5,359
Town gas (LNG)	124,596	121,264	112,854
Town gas (LPG)	66	57	33
Indoor kerosene	228	208	19
Diesel	420	595	602
Vehicle-gasoline	129,198	129,431	130,342
Vehicle-diesel	1,211	270	303
Vehicle-LPG	2,536	2,130	2,307
Energy intensity (Employee)	40.1	42.5	39.0

* Expanded data management scope from 2020 (Holding, Bank, Card, Securities, Life, Capital, Asset Management → All Group Companies)

Green Management

Shinhan Financial Group Greenhouse gas emissions (Scope 1, 2)¹⁾ (Unit: tCO₂eq)

	2020	2021	2022
Scope 1+2	96,811	101,188	100,800
Scope 1	15,419	15,175	14,697
Scope 2	81,392	86,013	85,383
GHG emissions intensity (employees)	4.4	4.6	4.2

* Expanded data management scope from 2020 (Holding, Bank, Card, Securities, Life, Capital, Asset Management → All Group Companies)

¹⁾ In the case of GHG Assurance Statement, there are differences from actual emissions due to rounding for the principle of using whole numbers.

Shinhan Financial Group Greenhouse gas emissions (Scope 3) (Unit: tCO₂eq)

		2020	2021	2022
Total	Scope3	47,935,308	50,858,127	540,970,557
Purchase of Products and Services	Printing paper	2,870	1,135	1,192
	Credit card	76	75	89
	Bankbook	116	97	39
	Tap water	126	128	90
	Underground water	12	2	18
Capital Goods	Laptop	7	13	8
	PC desktop	192	177	249
	Monitor	106	102	195
	Printer	291	106	326
	LED lights (50W)	182	368	636
Fuel Activities	Town gas (LNG)	625	615	572
	Town gas (LPG)	21	17	19
	Gasoline	230	230	232
	Diesel	2	1	1
	Indoor kerosene	1	1	0
	Electricity	6,215	6,663	6,613
	Heat	242	283	223
Waste	General waste (Incineration)	619	659	577
	Recycled waste (Paper)	7	15	20
	Recycled waste (Styrofoam)	-	1	1
	Recycled waste (Glass)	0	0	0
	Recycled waste (Can)	0	0	0
	Recycled waste (Plastic)	0	1	1

Upstream Transport	Diesel	479	461	396
Business Trips	Airline	35	32	206
	Train	32	31	72
	Bus	2	2	5
	Car	28	28	30
Employee Commute	Employee commute	14,575	14,268	12,908
Use of Product	Internet banking	n/a	1,071	1,352
	Mobile App and mobile web	n/a	1,500	1,642
Product Disposal	Credit card	195	192	221
	Bankbook	55	46	18
Investment (financed emissions)	Group assets	43,816,695	46,688,085	50,982,536
	Customer assets	4,091,271	4,141,718	3,960,068

Water Consumption (Unit: m³)

	2020	2021	2022
Total	415,602	486,913	399,924
Tap water	379,940	386,380	322,440
Underground water	35,662	100,533	77,484

* Expanded data management scope from 2022 (Holding, Bank, Card, Investment Securities, Life, Capital, Asset Management, Jeju → all group companies)

Waste Discharge (Unit: ton)

	2020	2021	2022
General waste	524	557	497
Recycled waste	165	372	357

* Expanded data management scope from 2022 (Holding, Bank, Card, Investment Securities, Life, Capital, Asset Management, Jeju → all group companies)

Environmental Investment (Unit: KRW million)

	2020	2021	2022
Amount of environmental investment	9,781	10,859	21,880
Purchasing eco-friendly IT products	7,007	8,208	14,098
Purchasing LED lights	1,224	1,431	2,271
Replacing old facilities	1,550	1,220	5,510

* Expanded data management scope from 2022 (Banking, Cards, Investment Securities, Life, Capital, Asset Management → all group companies)

Green Management

Saving Energy

Shinhan Financial Group

Shinhan 'Let's Save' Campaign

- Shinhan Financial Group launched the eco-friendly campaign "Let's Save," which encourages employees to save energy and resources such as electricity, gasoline, paper, and water, and donates matching grants¹⁾ to energy vulnerable organizations based on their year-on-year reduction performance
 - Period: April – September 2023 (to establish saving habits and reduce energy use in summer)
 - Target: electricity, gasoline, A4 paper, disposable bottled water and beverages
 - Donation method: Group-wide donation of 2 times the cost of each group company's reduction (scheduled for November – December 2023)
- Seven action items in line with easily recognizable campaign names and reduction items



CASE

Shinhan 'Let's Save' Day

- Shinhan Financial Group conducts voluntary events for employees of group companies during 'Let's Save' campaign (once a month).

 <p>The 21st of every month is Lights Out Day for all Shinhan buildings</p>	 <p>The 21st of every month is Shinhan's Public Transportation Day</p>	 <p>The 21st of every month is to offer KRW 1,000 discount for personal cup in Café Swith</p>
 <p>Group company headquarters and offices go into total darkness (2000)</p>	 <p>All employees use public transportation instead of private cars</p>	 <p>The KRW 300 discount for using personal cups now hiked to KRW 1,000 discount, at a higher discounting rate</p>

¹⁾ Company donation plus a grant to match the amount of money saved by employees through energy conservation

Green Management

Shinhan Bank

Shinhan ESG-Practicing Building

- To create a culture of practicing ESG in everyday life, we declared all spaces within the bank as 'Shinhan ESG-Practicing Building' and proposed various ways for employees to continuously practice ESG naturally and easily

Green Digital Transformation: Zero documents and certificates by active use of E-documents

- Introduced the DT method of business processing and promoting efficient reduction of resource usage such as documents and certificates through electronic document activation (a cumulative reduction of about 95 million documents since 2021)
- Reduce paperwork to zero by establishing a personalized IRP non-bankbook process and mobile delivery of collection receipts to sales offices

Green Digital Transformation: minimizing logistics/document storage by digitizing all tasks

- Minimization of logistics and storage documents through digitalization of business processing, including digitization of registration filing and reduction and efficiency of integrated logistics routes through data analysis (reduction of annual logistics movement by about 45,000 km and efficiency of warehouse area by 2,828 m²)

Green Digital Transformation: minimizing waste through data-driven optimization

- Minimize waste through data-driven optimization and decision-making approach
- Optimize inventory management through a subscription service for important certificates and improved the output form for bank statements providing financial information.

Introduction of eco-friendly paper

- Introduced eco-friendly paper (recycled paper, FSC/MOE-certified paper, etc.) for all paper types in use
- Starting with the introduction of business cards in early July, the bank switched to eco-friendly paper for bankbooks, shopping bags, etc.
- Shinhan Bank plans to continue its transition to eco-friendly paper by requesting the introduction of eco-friendly paper for group companies' (Shinhan Card, Shinhan Securities, and Shinhan Life) printed materials

Shinhan Card

Building an eco-friendly circular economy

- As of December 2022, 9 types of cards, with a cumulative total of 211,218 cards issued, are made of eco-friendly plate cards recycled from domestic waste plastics

Digital cost reduction incentive system

- Through the operation of the Digital Cost Reduction Incentive System, we carried out a total of 140 strategic cost reduction tasks in 2022 and achieved cost savings of approximately KRW 100 billion

Establishing an eco-friendly desktop virtualization environment

- Established an eco-friendly desktop virtualization (VDI) environment as a system to reduce digital waste
- Reduce environmental pollution and waste generated by PC disposal and electricity usage by about 30% annually

Shinhan Securities

Going paperless through digitalization

- Dedicated staff to handle 60% of branch business electronically and achieve 100% conversion rate by 2022
- Continuous monitoring and expansion of additional forms to enhance user-centered convenience to increase usage

Shinhan Life

Eco-friendly campaigns with employee participation

- Monitoring building cooling, heating, and electricity usage, which are major sources of carbon emissions, and promoting energy-saving campaigns to block wasted electricity consumption
- Since March 2022, we have been conducting an after-hours lights-out campaign and incorporating messages into the designs of screensavers to encourage voluntary PC-OFF when leaving work
- On August 22, 2022, Energy Day, we participated in a campaign to turn off the entire building, including adjusting the air conditioning temperature during business hours in the headquarters building (26~28 degrees for 1 hour) and 5 minutes at night (21:00~21:05)

Green Management

Supporting Energy-Vulnerable Groups

Shinhan Financial Group

Replacement of air conditioning and heating equipment at regional children's centers

- In November 2022, Shinhan Financial Group signed a MOU with the Social Welfare Foundation and the National Council of Community Children's Centers to support community children's centers that are suffering from rising prices and aging facilities
- A total of KRW 900 million (annual KRW 300 million for 3 years) will be provided to replace old heating and cooling equipment with high-efficiency appliances at 369 local children's centers nationwide

Supporting heating costs for child protection centers nationwide

- In February 2023, Shinhan Financial Group provided a total of KRW 900 million for heating costs for three years to the Korea Council for Children and Youth Group Homes and the Social Welfare Foundation to reduce the burden of heating costs for children's shelters nationwide due to utility rate increases

Shinhan Capital

Eco-friendly Painting Contest - 'Painting GREEN'

- Campaign to encourage employees and their families to create environment-related drawings and slogans, and promote donations through voting on the works

Shinhan Savings Bank

Conducted ESG volunteer program 'Walking, jogging, and flogging together!'

- More than 40 employees divided into three groups to pick up trash in Cheonggyecheon and conduct plogging volunteer activities

Conducting 'ESG Mini-marathon Squirrel Run' and donating proceeds from the sale of kits to WWF (World Wide Fund for Nature)

- Conducted the ESG Mini-marathon Squirrel Run, a marathon animal run to protect endangered animals
- Provided marathon kits to employee participants and donated a portion of the proceeds from the sale of marathon kits to the WWF



Green Leadership

Initiatives

- 2022.03 | Joined the Nature Related Financial Disclosures Initiative 'TNFD' Forum on March 29, 2022
- 2022.09 | Became a supporter of the Biodiversity Accounting Standards Association (PBAF)
Participated in the UNEP FI Governance Meeting (Geneva, Switzerland, the only one in Korea)
- Represented banking in Asia Pacific on the Global Steering Council (GSC)
- 2022.11 | Carbon reduction target validated by SBTi(Science-Based Targets Initiative)

Attending Events and Meetings

- 2022.05 | Discussing the role of finance in addressing climate and biodiversity challenges with UK Environment Secretary Goldsmith
- 2022.06 | Discussed vitalizing climate finance for green growth with Danish Climate Ambassador Christensen
| Discussed the role of finance in global sustainable investment with UK Minister of State for International Trade Mr. Grimstone
- 2022.09 | Shinhan S² Bridge participated in RESI Conference, the world's largest bio conference, to help seven startups find overseas partners and attract investment
- 2022.10 | Attended the International Corporate Governance Network (ICGN) Seoul Conference - Independent Director Jo Seol Kim shares DEI activities and plans
- 2022.10 | Held the global startup innovation roadshow 'MUST. CONNECT SINGAPORE'
| Attended the IFRS Foundation Board Meeting in Seoul and the ISSB (International Sustainability Standards Board) Roundtable (Roundtable)
- 2022.11 | Launched Shinhan Futures Lab Japan (2016 in Vietnam, 2019 in Indonesia)
| Won the CES 2023 Innovation Award for Shinhan S² Bridge incubated startups (16 member companies, 21 innovation awards in 10 technology fields)
| Group CEO attended the 2nd Annual Meeting of the UNEP FI Leadership Council

MOU · Partnerships

Shinhan Bank

- 2022.01 | Signed a MOU with Shinhan Bank-GGC for global ESG implementation
- 2022.04 | Signed a MOU with Seoul-si to save resources and preserve the environment
Signed a MOU with LS Group to create an eco-friendly industrial ecosystem and foster future industries
- 2022.05 | Signed a MOU with KIBO to support the spread of carbon-neutral management
- 2022.07 | Signed an agreement with the Ministry of Environment to spread K-taxonomy
- 2022.08 | Signed a MOU with Korea Central Power Corporation to establish an eco-frontier bank
- 2022.09 | Signed a MOU with the State Government of Queensland of Australia for the 'Green Hydrogen Mass Production Pilot Project'
Signed a MOU with SK to expand ESG management and enhance social value
- 2022.10 | Signed a MOU with KEPCO and Heungseong-gun to reduce greenhouse gas emissions and realize energy welfare in the construction sector
- 2022.11 | Signed a MOU with Korea East-West Power to implement the global RE100.
Signed a MOU with LIG Nex1 to support ESG management practices of partner companies
- 2022.12 | Signed a MOU with EnergyX to popularize zero energy and cooperate on ESG activities



Shinhan Card

- 2022.08 | Signed a MOU with US-based Fiscal Note to promote global data business
- 2022.11 | Signed a MOU with the Korea Forest Service for joint response to climate crisis and eco-friendly management
- 2022.12 | Joint research with Kyunghee University's Climate Change Center to expand data-based carbon neutrality participation

Shinhan Securities

- 2023.01 | Signed a MOU with SK-On to establish a secondary battery ecosystem investment alliance

Green Leadership

CASE

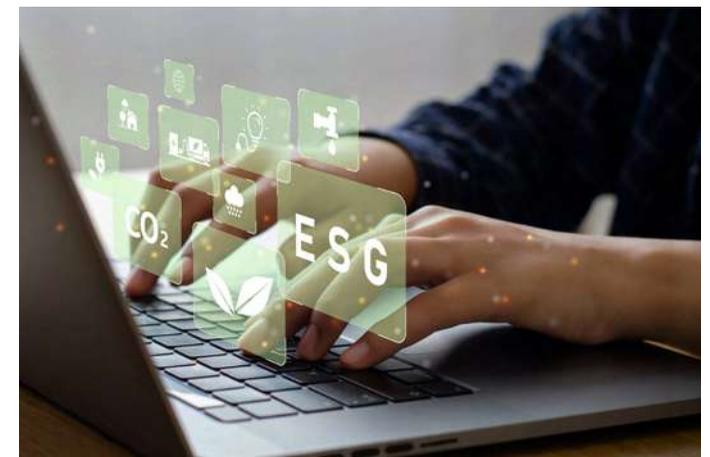
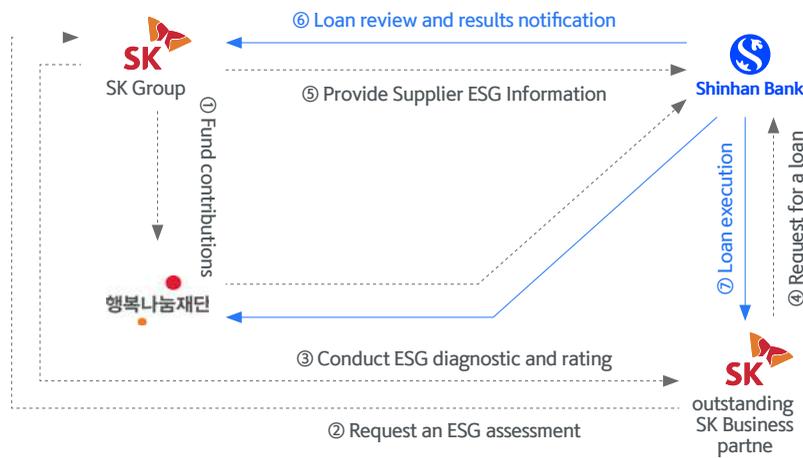
Shinhan Bank-SK, signs a MOU to implement sustainability-linked loans and support ESG management consulting

- Signed a MOU with SK to expand ESG management and enhance social value in September 2022
- Reduce loan interest through sustainability-linked loans and provide ESG management consulting for SK's excellent ESG partners
- KRW 1.1 billion in total loans executed as of end-June 2023

Key supported Businesses

Sustainability Linked Loan(SLL)	ESG Management Consulting
Reduce Interest cost for SK partner companies with ESG diagnosis by SK	ESG Consulting support (Strategy/ Implementation system, etc.) on SLL clients

SLL Structure



ESG Management Infrastructure

ESG Governance

Shinhan Financial Group

ESG governance framework

- The CSR Committee (now the ESG Strategy Committee), for the first time in Korean financial companies, oversees all major decisions related to the Group's ESG and climate change strategies
 - The ESG Strategy Committee and the Risk Management Committee of the BOD set strategic directions for promoting ESG management, including climate change response, and make final reviews and resolutions on major issues
 - The ESG Strategy Committee resolves and reviews core business and policies related to ESG management, and the Risk Management Committee recognizes, measures, monitors, and controls all risks arising from various transactions in a timely manner and manages them comprehensively.
- Shinhan Financial Group operates the ESG Implementation Committee, which is attended by all the CEOs of group companies, Group ESG CSSO Council and Group Risk Council to establish a driving system for unified group-wide ESG and climate change strategy
- The GCSSO and GCRO are responsible for the ESG Driving System and climate risk management, respectively, and report to the ESG Strategy Committee and Risk Management Committee on major issues
- As of 2022, the ESG Strategy Committee held 4 meetings, the Group ESG Implementation Committee held 12 meetings, the Group ESG CSSO Council held 3 meetings, and the Group ESG Working Council held 7 meetings

 ESG Insight



ESG Strategy Committee Agenda

Date	Resolutions and reports
2022.03	(Resolution) Appointment of the chairperson of the ESG Strategy Committee
2022.05	(Report) ESG Performance in 2022 Q1
	(Report) Publication of Group 2021 ESG Highlights
	(Resolution) Revision of ESG-related policies
2022.08	(Report) ESG Performance in the 1st Half of 2021
	(Report) Release of the group 2021 ESG Report
	(Report) ESG mid-term strategy implementation plan
	(Report) Performance of social value measurement projects in 2021 and directions for improvement
2022.11	(Report) 2022 ESG Progress Dashboard of 2022 Q3
	(Report) 2023 ESG Business Plan
	(Report) Progress on ESG Disclosure Materials in 2022
	(Report) Establishment of Group ESG Data Platform
2023.03	(Resolution) Appointment of the chairperson of the ESG Strategy Committee
2023.05	(Report) Operation plan for ESG Strategy Committee
	(Report) 2023 ESG Promotion Dashboard of 2023 Q1
	(Report) Status of Eco(E) priority projects in 2023
	(Report) Status of Social Contribution (S) Priority Projects in 2023
	(Resolution) Promotion of RE100 Membership (Proposal)

ESG Management Infrastructure

Establishment of ESG performance management system

- 2018-19**
 - Discuss to reflect ESG in management KPIs and align ESG performance with remuneration for all group company CEOs, including the Group CEO
- 2020**
 - Became the first domestic financial company to disclose ESG key issue management indicators in its quarterly business results announcement
- 2021**
 - Established the 'ESG Implementation Committee' with the participation of the CEOs of the Group and 15 subsidiaries to promote monthly ESG performance management
- 2022**
 - Expanded the proportion of ESG evaluation into 15% in the Group CEO's strategic tasks
 - The only Korean financial company to add carbon emission reduction performance to the CEO performance evaluation

Details of ESG Strategic Tasks in 2023

Major Strategic Issues	Evaluation weight by group company size
Green Finance	Large group companies 13%
Reducing Carbon Emissions (financial carbon intensity)	
Reducing carbon emissions (internal carbon emissions)	Mid-sized/group affiliates of listed companies 11.5%
ESG implementation (long-term, non-financial, and qualitative efforts)	
Companion Projects, ESG Value Index, employee volunteer	Small group companies 5%

ESG Policy and System

Shinhan Financial Group

Group ESG Risk Management Best Practices Rules

- Selected 12 critical areas that may have harmful or sensitive environmental and social impacts to manage loans through more detailed monitoring
- Established conditional financial standards for illegal activities and the construction of coal power plants
- Set a management procedure that consists of environmental/social risk assessment of development project financing with significant environmental/social impacts because of the large scale and long period, and reflection of mitigation measures in financial contracts, if necessary

[🔗 Group ESG Risk Management Best Practices](#)

Management of significant areas	Environmental/social reviews
<p>Selected significant environmental/social areas, managed them through monitoring and others, and established conditional financial standards for illegal activities and the construction of coal power plants</p> <ul style="list-style-type: none"> - Adopt and implement checklists to check for environmental/social effects in addition to the quantitative aspects of risk review - Have established an environmental/social risk monitoring system to check significant areas every quarter 	<p>Set a management procedure that evaluates environmental/social risks for development project financing with significant environmental/social impacts, and, if necessary, reflects mitigation measures in financial contracts</p> <ul style="list-style-type: none"> - Review environmental/social impacts involved with the implementation of large-scale development projects; and reflect the results thereof in PF investment decisions 

Group ESG risk management rules

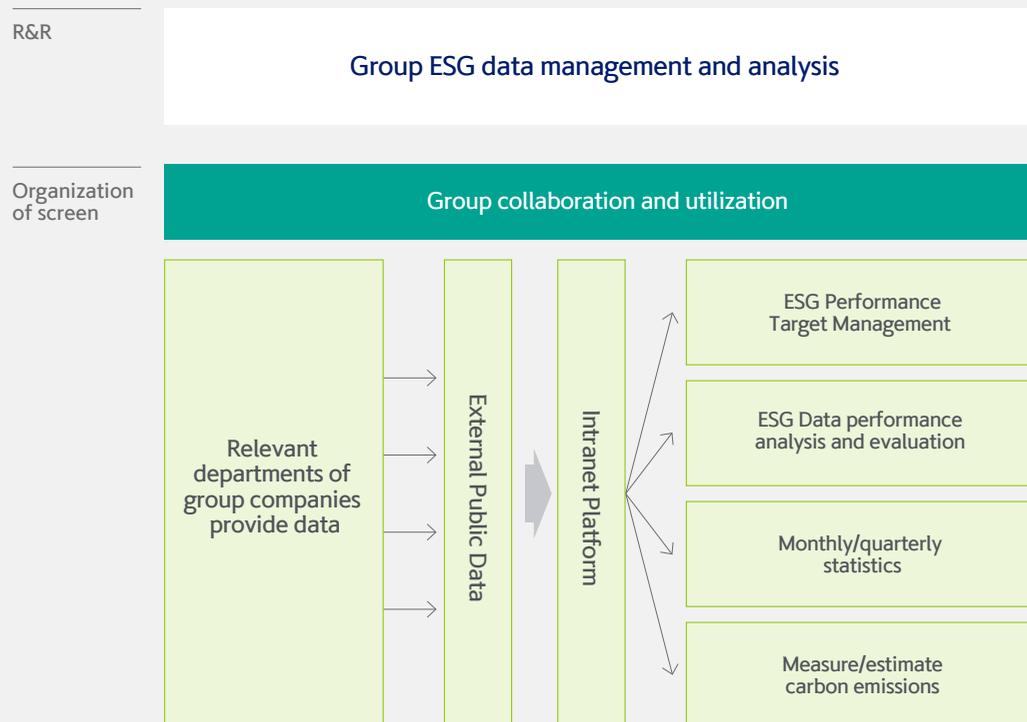
- Following the establishment of the Environmental and Social Risk Management Policy Framework in 2018 for the first time in Korean financial industry, the Group ESG Risk Management Rules were enacted in 2022 to recognize, measure, and manage ESG risks
- Defined the operational process for the financed emission measurement system and ESG evaluation system (target, criteria, data management, monitoring of operation results, report, etc.) to manage climate risk

ESG Management Infrastructure

Implementation of group ESG data platform

- Established an ESG data platform at the group level as companies' obligations to disclose ESG information are accelerating and the need for ESG data management and related performance analysis is increasing
- Expanded the scope of management to systematically manage all ESG data, including ESG-related loan and investment performance and employee training status, which once was a system that collected only environmental data such as carbon emissions and fuel and energy use
- Through periodic performance analysis, we plan to utilize it as an important analytical factor in setting future directions, and disclose voluntary ESG data in addition to mandatory disclosure ESG data on the platform to transparently communicate with stakeholders and contribute to vitalizing domestic ESG management through sharing ESG best practices

Shinhan Financial Group ESG Data Platform Structure



Screen image of established Platform (Illustrative image)

ESG Data Management Window



ESG Performance Monitoring Window



ESG Management Infrastructure

Principles for joining initiative

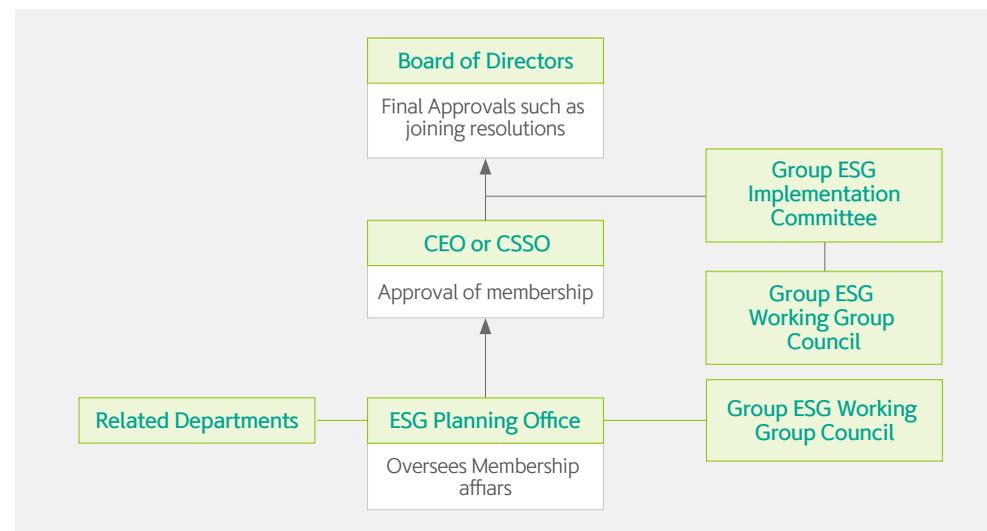
- Shinhan Financial Group established membership criteria for ESG initiatives (or associations) and reviews whether they are in line with the implementation of the Paris Agreement and climate change response activities
 - Strengthen initiatives to accelerate the transition to a low-carbon economy and actively implement the Paris Climate Agreement by declaring the Digital RE100 in March 2023 and joining the RE100 in May
- [🔗 Shinhan Financial Group's Green Initiatives](#)
- Starting from the ESG Strategy Committee's resolution on building sustainable finance leadership in 2018, reporting on the principles for joining ESG initiatives was completed through the second ESG Strategy Committee in 2021 and a governance framework for joining was established
 - Operate a driving system for association and initiative activities in membership of global initiatives by submitting proposals for the ESG Strategy Committee(a committee within the Board of Directors)'s resolutions, such as "Proposal to join ESG initiatives" in May 2021 and "Proposal to join RE100" in May 2023

Principles for joining the Shinhan Financial Group ESG Initiative

Areas	Membership Criteria
Connections to the Group's five key tasks	<ul style="list-style-type: none"> • Engaging with stakeholders to achieve zero carbon • Collaboration on startup incubation and investment support • Specific actions to address financial inequality • Activities to promote social diversity, including race, gender, and disability status • Aim to build coalitions or frameworks around financial consumer protection
Alignment with ESG disclosure guidance	<ul style="list-style-type: none"> • Utilized as ESG disclosure guidance by leading global countries and companies (TCFD, SASB, SBTi, PCAF, etc.) • Initiatives recommended by rating agencies, major investment managers and others
Alignment with quantification/objectification of ESG business	<ul style="list-style-type: none"> • The purpose of the initiative is linked to financial/monetization of ESG performance or business. • Quantifiable results on ESG management can be derived after participation in the initiative • Objectivity recognized by international organizations and governments, etc.

* Lobbying for public policy and political support is prohibited due to Chapter 6, Article 31 (Restrictions on Contributions) of the National Political Finance Law

ESG Initiatives Governance



A new financial ecosystem
of empathy and win-win unfolds
where the ESG Way intersects.

DO THE
BRAVE
THING



Finance for Growth and Support

Building and Enabling a Startup Ecosystem

Shinhan Financial Group

Triple-K Project

- Promoting the "Shinhan Triple-K Project," comprising "Korea Cross Country, Korea to Global, and K-Unicorn," to strengthen the foundation for innovation growth in the financial sector and build a domestic innovation growth ecosystem
- Creating and fostering startup ecosystems across the country through S2 Bridge (Shinhan Square Bridge) and Shinhan Futures Lab, an innovative startup incubation platform, to help Korean startups become global unicorns

 [Shinhan's Top 9 ESG News of 2022 - Brave](#)

Venture incubation and investment status



Shinhan S² Bridge

- Shinhan Financial Group and SFG Hope Foundation have been establishing "S² Bridge", an innovative growth platform at the nationwide level that combines a global network and open innovation, by leveraging their accumulated experience with fostering and investing in startups
- 'S² Bridge' is a bridgehead for global advancement and growth into unicorn companies, and a platform that serves as a bridge between Shinhan and startups for the establishment of an innovative growth ecosystem
- Shinhan S² Bridge: Seoul / Incheon / Daegu / Daejeon / Jeju / Vietnam / Youth

 [Shinhan S² Bridge Website](#)

Social and economic value creation performance of Shinhan S2 Bridge



Shinhan Future's Lab

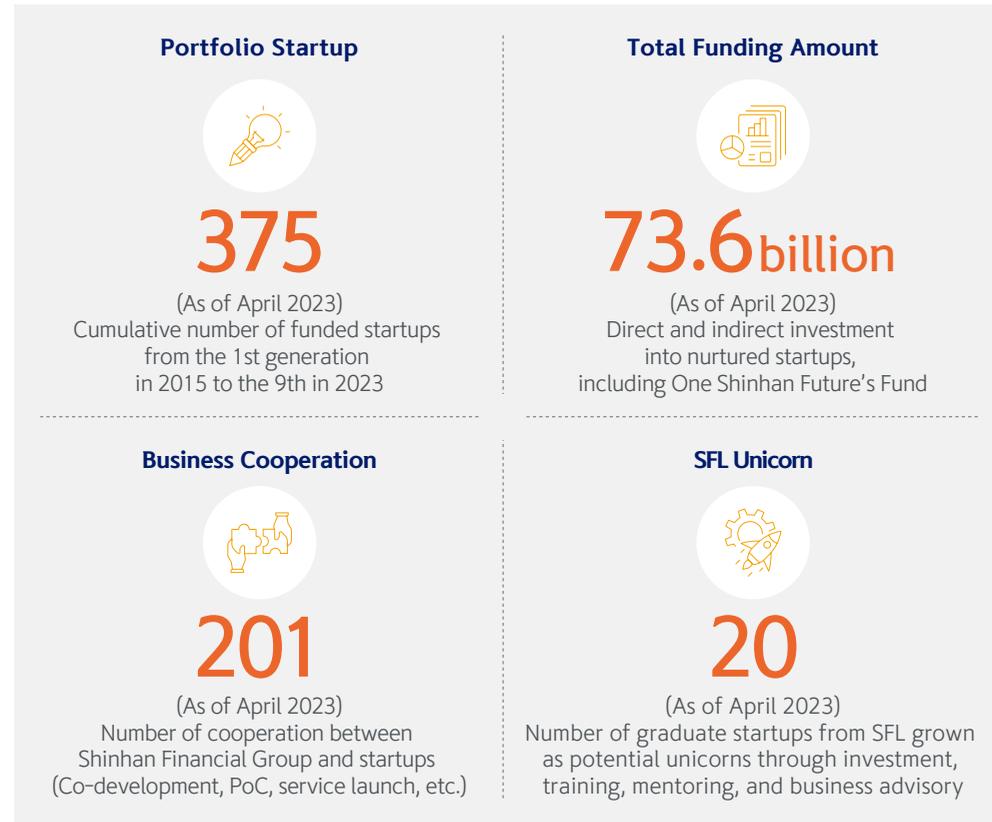
- The first startup acceleration program launched by the Korean financial sector to expand a win-win ecosystem with startups, and has fostered a total of 375 innovative startups since its inception in May 2015 until its 9th term in 2023, with direct and indirect investments of KRW 736.5 billion
- Collaborate with and invest in fostering companies by participating as mentors from major Shinhan Financial Group companies such as Bank, Card, Securities, Life, and DS
- Runs LBC Membership Program and SFL Global Program

 [Shinhan Future's Lab Website](#)

LBC Membership Program	Have classified into Lead, Build, and Connect areas according to the startup size and situation to efficiently help startups strengthen their capabilities <ul style="list-style-type: none"> • [Lead] Actively support and provide various investment opportunities for FuturesLab-incubated companies that need to raise capital to become unicorns, with about 80 VC partners • [Build] Provide programs that support advancement and growth, such as lectures by experts in different areas and legal, patent, and M&A advice from top mentors for startup growth and identify S-Unicorns in the end • [Connect] Provide scale-up value through sharing organizations' expertise and corporation infrastructure
SFL Global Program	Actively support global advancement of domestic companies, including to Silicon Valley, Indonesia, and Vietnam, and run global hubs for nurturing and growth of local companies with various collaboration programs

Finance for Growth and Support

Social and economic value creation performance of Shinhan Future's Lab



* As of April 2023

Shinhan Bank

Tailored consulting for establishment of a startup ecosystem

- Provided tailored consulting to startups (business less than seven years old) to realize innovative finance by supporting startups in new future industries and joint growth by establishing long-term partnerships with SMEs, ventures, and innovative companies

Foundation of SHINHAN Re-Born Space

- Signed an MOU with the Korea Institute of Startup & Entrepreneurship Development in April 2022, and opened the "SHINHAN Re-Born Space" aimed at supporting startups and individuals who are founding a business again after their first attempt
- Held IR events and provided networking support to help re-founders attract funds and established a foundation for growth; provide business-connected programs, such as product fairs; and held meetings to strengthen support for re-founders listening to their difficulties

Implement a management transformation program for CEOs of the next generation

- A program that provides networking and management insights for second-generation managers of small and medium-sized enterprises, with a total of 427 participants from 2009 to 2022

Shinhan Card

Hosting the 2022 FInnovation challenge

- Supported the development of prospective unicorn fintech companies by hosting the '2022 FInnovation Challenge' with Seoul-si to foster fintech innovation startups
- A total of 7 startups were selected, and the selected startups will promote customized joint business through collaboration with Shinhan Card and receive global support through 'Shinhan Future Lab'
- StepPay, a subscription-based SaaS startup that won the Seoul-si Mayor's Award, is working with Shinhan Card to build online and offline channels for small businesses, and Finzle, which won the Shinhan Card Award, is collaborating on NFT and art subscription services

Shinhan Securities

Publish private venture and unicorn company analysis reports

- Continued publication of private venture series "Searching for Unicorns": provide investment opportunities for unlisted companies with difficulty in IR activities by publishing one to two reports per year for each sector (16 reports in total in 2022)

Finance for Growth and Support

Startup Financing

Shinhan Financial Group

Create a startup incubation fund to identify and nurture startups

- Raised "Shinhan S² Bridge ESG Investment Fund No. 1" of KRW 33 billion with contributions from group companies
- Invest in early and emerging startups, focusing on Shinhan S² Bridge companies and selected companies that meet ESG evaluation criteria

Create a digital strategic investment (SI) fund

- Leading the way in new technology investment by managing KRW 600 billion by the end of 2022 through the first digital SI (strategic investment) fund created by a Korean financial company
 - Digital strategic investment (SI) fund 'OneShinhan Connect New Technology Investment Association No. 1': Invested KRW 100 million in 'Apartmentary', a proptech startup (new venture) in the interior and remodeling area
 - Digital strategic investment (SI) fund 'OneShinhan Connect New Technology Investment Association No. 2': Launched a KRW 300 billion fund to invest in companies with digital technologies such as AI and blockchain



Shinhan Asset Management

Expand small business financing and startup support products

- Launch growth finance products such as Startup Ventures General Private Equity No. 5

Innovation Finance

(Unit: KRW billion)

		2020	2021	2022
Loan	Technological finance (TCB loan)	20,213	19,411	19,226
	Loan secured by IP ¹⁾	224	172	186
	Loan secured by moveable assets	104	83	133
	Job creation & innovative growth guarantee loan	2,888	2,442	2,402
	Social finance ²⁾	105	86	113
Total Loan		23,534	22,193	22,060
Investment	Discovery			
	Shinhan Future's Lab	9	1	9
	Company discovery investment	21	49	53
	Finance for new tech companies	51	99	11
	Nurturing			
	Company nurturing investment	232	712	399
	Shinhan Venture Investment FoFs	-	55	77
Shinhan Asset Management FoFs	151	151	110	
Government Matching Funds	80	35	88	
Social Enterprise Investment Fund	8	10	3	
Total Investment		550	1,111	751

¹⁾ Intellectual Property Rights

²⁾ Includes Shinhan Social Economy Enterprise Do Dream Loan

New Deal Finance

(Unit: KRW billion)

		2020	2021	2022
Loan	Green New Deal	-	1,861	2,723
	Digital New Deal	-	1,100	1,069
Total Loan		-	2,961	3,792
Investment	SOC digitalization	-	421	458
	Eco-friendly investment ¹⁾	-	528	289
Total Investment		-	949	747

¹⁾ Also included in the Zero Carbon Drive eco-friendly finance performance

Finance for Growth and Support

Signed a MOU to Identify and Support Startups

Shinhan Financial Group

Shinhan Financial Group-Daejeon-si-Chungnam National University-KAIST, signed a MOU to revitalize startups in the Daejeon region

- Promoted the creation of a startup town in Daejeon with Daejeon-si, Chungnam National University, and KAIST to discover innovative startup companies and establish a public-private-academic cooperation system

Shinhan Bank

Shinhan Bank-Seoul Credit Guarantee Foundation, signed a MOU to support youth restaurant start-ups

- Signed a MOU with the Seoul Credit Guarantee Foundation to operate the 'Seoul Alley Startup School' and provide preliminary consulting and customized training services to young people who want to work in the restaurant industry

Shinhan Bank and the Korea SMEs and Startup Agency, signed a MOU to provide localization support for SMEs with global presence

- Mutual discovery and linkage support for SMEs with global presence and mutual cooperation through joint development and promotion of overseas cooperative business utilizing overseas bases of both organizations

Shinhan Bank, Digital Literacy Institute, and EasyTask signed a MOU to provide a digital workforce

- Signed a MOU to provide digital jobs for middle-aged people and digital manpower for startups, addressing mutual needs and building a foundation for revitalizing the digital society

Shinhan Card

Shinhan Card and Korea Small Business Institute, signed a 'MOU for joint research on CB-based small businesses'

- Shinhan Card and Korea Small Business Institute have signed a MOU (MOU) for joint research on small businesses based on individual business credit rating (CB) to conduct research on systems, policies, financing, and commercial revitalization for small businesses
- The first research topic was 'Preparing Infrastructure Measures for Changes and Re-Challenge of Small Businesses after Corona,' and it will lay the foundation for customized policy design and support through classification of small businesses and grading by class
- Subsequently, various value creation plans to provide practical support to small businesses through public-private cooperation by establishing a long-term collaboration network, such as publishing insight reports and presenting revitalization business strategies for region and commercial districts

Empowering Digital Finance

Shinhan Financial Group

Three pillars of open-innovation digital transformation



Finance for Growth and Support

CASE

Shinhan-KT, driving innovation through collaboration

In September 2021, Shinhan Financial Group signed a MOU with KT to strengthen digital new businesses and platform capabilities, and will pursue various new businesses to discover new business opportunities and jointly develop financial and non-financial services based on both companies' platforms.

[January 2022] Future Growth DX Business Cooperation

- Shinhan Bank and KT signed a MOU for future financial DX business cooperation based on digital platform technologies such as AI, metaverse, NFT, robotics, and big data
- Laid the foundation for future global platform business through various business collaborations



[May 2022] Advancement of Financial Fraud Crime Prevention System

- Shinhan Financial Group signed a MOU to develop technology for detection and prevention of financial fraud crimes such as illegal fraud and voice phishing.
- Leveraged KT's AI technology to advance Shinhan Financial Group's financial fraud prevention system
- Established financial consumer protection and fraud response strategies together and expanded promotional and educational activities to prevent financial fraud crimes through both companies' platforms



[May 2022] Cooperation on 'Shinhan Bank at home' AI home-branch based on KT Olleh TV

- Shinhan Bank and KT signed a MOU to promote the 'Home Branch' business, an AI-based video consultation service utilizing Olleh TV voice recognition technology
- Customers can consult with bank employees in real time using their home TVs and easily handle financial transactions



[December 2022] Opened 'Shinhan Bank KT Innovation Store'

- Shinhan Bank built 'Shinhan Bank KT Innovation Store' in KT Plaza Seoanyang and Uijeongbu, which combines financial and communication services to realize the future channel that customers want
- Installed digital desks and kiosks that allow customers to consult and process financial services such as loans, savings, and e-banking through video consultations with employees



Shinhan Bank

Improving organizational structure for expanding non-face-to-face financial services

- Established the Digital SOHO Sales Department and WM Sales Department to expand the scope of non-face-to-face financial services for individual business owners and WM customers

Launched MyData service 'Money Bus'

- Increased customer convenience by launching a wealth management service that provides data-driven, personalized information such as projected financial schedules, projected balances, My Calendar, and point collection

Metaverse platform 'Shinhan Metaverse (tentative name)' opens 1st customer beta service

- The financial sector's first self-built metaverse platform, developing services based on a vision to expand and connect financial and non-financial areas to provide customers with new experiences and intuitive services in a virtual space
- Boards made up of blocks can be connected in various ways to form a map, which will be continuously developed for spatial expansion with the addition of contents

Shinhan Bank and Douzone Bizon, signed a MOU to support digital transformation companies

- Signed a MOU for 'Douzone Bizon DX Solution Funding Loan' to support financial products for companies wishing to adopt DX solutions
- Provides customized financial products to companies with concerns of introducing digital transformation solutions due to cost pressure and supports companies' successful digital transformation.



Finance for Growth and Support

Shinhan Securities

Shinhan Alpha – ONE platform that is easy and convenient for everyone

- Shinhan Securities' flagship MTS service, which aims to be 'One platform that is easy and convenient for everyone' and provides services that anyone, young or old, can use anytime, anywhere in one application
- Establish the foundation of an industry-leading digital securities company by continuously enhancing the platform to make it more accessible and convenient for customers, such as reorganizing the customized home screen and implementing community services

Establish a digital platform to provide customized services to customers

- Became the first securities company to partner with KCB (Korea Credit Bureau) launching the 'Credit Score Raising Service' that adds credit scores through personal payment history and financial investment information based on the partnerships.
- Provide convenient and differentiated customer services through 'Investment Plus Service', 'Digital PB Investment Counseling Service', chat bots and voice bots (AI-based), and expands business processing services using digital channels

MyData Service in operation

- Provide personalized wealth management services that enable data sovereignty and integrated asset management
- Provide a comprehensive and three-dimensional inquiry service for client assets to provide clients a variety of investment experiences and professional asset management services as an 'investment partner in the palm of my hand'

Shinhan Life

Opened the digital platform 'SQAURE'

- In May 2022, we launched Shinhan Life's digital customer platform, SQAURE, which is divided into Play and Life areas, creating a dual platform for both insurance customers and non-customers
- Enhanced digital financial convenience and introduced the Shinhan Life Certificate, the industry's first in-house certificate, to build a sustainable digital relationship between customers and Shinhan Life

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Opened 'Aion' service, a 24-hour counseling AI helpdesk

- Provide professional business consultation services anytime, anywhere, including guidance on contract screening criteria, insurance claims, contract management, sales system introduction, and training courses.

Introduced 'AI Wonderlight', a digital solution for insurance enrollment

- Introduced and operated 'AI Wonderlight', an artificial intelligence insurance underwriting system based on big data analysis
- AI Wonderwriter is a screening model that learns data based on machine learning and comprehensively evaluates contract information, notice information, and insurance payment data to provide real-time information on whether an applicant is eligible for insurance

Launched Shinhan Life's voice bot 'Bori(Leader of Insurance)'

- To improve customer service, the company introduced an AI (Artificial Intelligence) voice bot into the call center (customer center) to provide a one-stop service for final business processing
- Quickly processed tasks such as loan and repayment of insurance contracts, immediate withdrawal of premiums, issuance of virtual accounts and virtual faxes, and faxing of certificates and applications, which are mainly requested by customers using the call center
- We will continue to enhance customer digital experience through case analysis of voice bot service and user-centered system improvements

Strengthening healthcare solution development capabilities

- Actively promote the development of healthcare solutions based on health data by signing strategic business partnerships and agreements with various organizations such as the Korea University Medicine, Evidnet, and Chang Healthcare

Inclusive Finance and Support

Donghaeng Project

Shinhan Financial Group

Shinhan Companion Project launch

- Launched the Shinhan Companion Project, which provides practical support to financially vulnerable people, such as small businesses, young people, and the common people, who are facing increasing economic difficulties
 - "Companion" in the project's name has two meanings: "to be together with customers and society" and "to be happy with customers through practical support"
 - All group companies voluntarily participate in the project to "spread good influence through finance" amid difficult internal and external conditions such as rising inflation, rising interest rates, and the prolonged coronavirus pandemic, and promotes three-dimensional support in various fields.
- The four core areas (R4) include '1. Recovery' to support the recovery of small and medium-sized enterprises (SMEs), '2. Residence' to support affordable housing and living stability, '3. Re-Start-Up' to support start-ups and jobs, and '4. Responsibility' for social responsibility, and a total of KRW 33.3 trillion in financial support will be provided for 12 core tasks over the next five years.
 - Targets and size of the support: direct and indirect support for SMEs (KRW 15.1 trillion), support for affordable housing and living stability (KRW 13.6 trillion), support for start-ups, jobs, and youth (KRW 2 trillion), and support for social responsibility.

 [Shinhan's Top 9 ESG News of 2022 - Brave](#)

Creating Inclusive and Win-win Financial Ecosystems

Shinhan Bank

Establishment of Win-win Financial Planning Office

- In 2023, Shinhan Bank established the "Win-win Financial Planning Office" within the ESG Headquarters under the CSSO (Chief Strategy and Sustainability Officer) to create social value in finance.
 - The office will serve as a control tower for sustainable win-win efforts, including the establishment of a win-win financial policy that encompasses both financial and non-financial activities.
- Contributes to the creation of a sustainable financial ecosystem by striving for mutual growth with the public and financial consumers in a situation where interest burdens are increasing due to high interest rates.

CASE

Shinhan Bank's Announcement of 'Comprehensive Support for the Expansion of Win-win Finance'

- In March 2023, Shinhan Bank held a 'Win-win Financial Roundtable' with the Financial Supervisory Service and announced a plan for 'Comprehensive Support the Expansion of Win-win Finance'
 - Reducing interest rates for individual customers: reduces interest rates on key products such as home mortgage loans, rental loans, general credit loans, and New Hope Spore loans to reduce interest costs for individual customers by approximately KRW 100 billion
 - Financial support for small and medium-sized business customers: reduces financial costs by about KRW 62.3 billion by extending the secondary protection period for COVID-19 loans, supporting premiums for accounts receivable insurance, and lowering interest rates on loans to vulnerable SMEs
- Bok-hyun Lee, Chairman of the Financial Supervisory Service, and Jung Sang-hyuk, CEO of Shinhan Bank, along with 10 representatives of customers of different ages and types, exchanged various opinions on the financial environment, including difficulties and issues
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 [More Information on Shinhan Bank's 'Comprehensive Support for the Expansion of Win-win Finance'](#)

Inclusive Finance and Support

Expanding Access to Affordable Finance and Small Business Support

Shinhan Financial Group

Leading affordable loans

- Have been operating the “Smart Loan Center”, since 2018, an integrated mid-interest rate loan-specializing platform where users can apply after comparing mid-interest rate loan products of Group subsidiaries, including Shinhan Bank, Shinhan Card, Shinhan Life, and Shinhan Savings Bank, to promote ‘Inclusive Finance’ and ‘Warm Finance’
- Customers can subscribe after comparing several affiliates’ mid-interest rate loan product interest rates and ceilings, thus allowing them to choose an advantageous product according to conditions, such as the ceiling and interest rate

Group companies' affordable loans

(Unit: KRW billion)



Support for small businesses and the self-employed

- The SFG Hope Foundation supports small and medium-sized enterprises and the self-employed who are suffering from reduced sales due to COVID-19, and conducts support activities to spread ESG management and encourage participation
 - Provides benefits in sales management and promotional marketing support through credit management training programs, KCB Comprehensive Credit Management vouchers and Shinhan Card's 'My Shop Partner'
 - Provide differential support for rent (up to KRW 1 million) and eco-friendly management activities (up to KRW 2 million) depending on the level of participation in ESG activities such as improving eco-friendly processes, utilizing eco-friendly products, and substituting eco-friendly raw materials.
 - Supported 96 small businesses with KRW 610 million (rent and eco-friendly improvement costs) in 2022

- The 130 small businesses that participated in the 'Small Business Revitalization Support Project' in the previous year made various achievements, including an average increase in sales of KRW 200 million and an average increase in credit score of 20 points, as well as a very low business closure rate of 2.31% compared to the average.

Shinhan Bank

Shinhan SOHO Support Center

- Since its launch in September 2019, the company has operated three centers in the Central, Gangnam, and the Southern areas, providing customized consulting to entrepreneurs

Shinhan SOHO Support Center's major programs

Shinhan SOHO Training Academy	<ul style="list-style-type: none"> • For the self-employed and prospective entrepreneurs in their 20s and 30s, who are more likely to go out of business within three years of starting a business, provides eight weeks of in-depth training after the selection process • Respond to the government's inclusive finance policy by providing customized consulting to resolve management difficulties such as marketing strategies and management know-how
Shinhan SOHO Support Center	<ul style="list-style-type: none"> • Provide customized consulting for business difficulties and start-up business owners (on business profit and loss analysis, business closure procedures, etc.) • Consulting support for the country's small businesses using video consultation services
Success Do Dream Customized Learning Program	<ul style="list-style-type: none"> • Collaborates with senior self-employed individuals who have completed Shinhan SOHO training academy • Provide lectures on microbusiness operation trends such as taxation, law, and social media marketing • Provide training to the country's self-employed people through non-face-to-face video lectures based on YouTube live broadcasts

Official launch of good delivery app 'Ddangyoyo' and business loans

- Signed MOUs with Gwangjin-gu, Guro-gu, and Yongsan-gu to build a successful model of cooperation with the local community through low brokerage fees, fast settlement services, and payment of local love vouchers
- Became the 4th largest provider of delivery applications through benefits such as exemption from advertising fees, entrance fees, monthly fixed fees, and an electronic payment processor system
- Launched a product that analyzes the sales data of individual business owners and provides loans of up to KRW 10 million, with a preferential interest rate of 0.5 percentage points if Shinhan Bank is designated as the receiving account for sales settlement payments generated through the platform.



Inclusive Finance and Support

Free Insurance Service for New Hope Spore Loan Borrowers

- If a New Hope Spore Loan handler is unable to repay the loan due to death, cancer, or other illnesses during the loan period, the insurance will pay back up to KRW 35 million.
- Provide through BNP Paribas Cardiff Life's '(Moo)TheSafe Group Credit Insurance' (no additional premium)

Implemented a loan interest rate support program

- Reduce interest rates by up to 1.5 percentage points for one year for customers with credit loans (for customers with an annualized interest rate of 7% or more).
- Implement the 'Vulnerable Borrower Program for Interest Rate Hike Period' to reduce interest rates for new customers of home mortgage loans and charter loans

Shinhan Card

Acquired the first CB license for individual business in the financial sector

- Develop innovative services to strengthen financial access for small businesses and self-employed people who are not properly evaluated by existing credit information and actively promote the development of the mid-interest market
- To bridge the financial opportunity gap by providing a reasonable evaluation system to the financially underprivileged, we launched the business of alternative credit evaluation¹⁾ with Crepass Solution which acquired a license for non-financial professional personal credit evaluation business

Win-win service for small businesses and consumers through 'My Shop Partner'

- With My Shop Partner, small business owners can promote their stores and provide various services to run their business, while consumers can search and filter for offers optimized for them, such as discounts and cashback
- Helping small businesses get back on their feet by supporting sales management, promotion, and marketing through the 'My Shop Partner' service

¹⁾ A model built using mobile, card approval data, and digital behavioral data that are not used in the existing credit rating model system, which enables the credit rating of the unbanked to be more detailed than the existing credit rating model to identify high-quality customers and provide additional financial opportunities

Run a small business recovery program

- Kamco-Guaranteed financing for Companies with Turnaround History
- Customized management and consulting for small businesses and the self-employed

Microfinance

(Unit: KRW billion)

		2020	2021	2022
Total		2,461	3,102	4,275
Bank	New Hope Spore loans ¹⁾	465	508	298
	Shinhan Sunshine Loan15 ²⁾	395	328	483
	Shinhan New Hope Dream Loan	1	1	0.2
	Shinhan Stepping-Stone Loan	0.2	0.02	0.02
	Mid-interest rate loan for the working class	100	105	6
	Microfinance ³⁾	13	15	13
Card	Mid-interest rate loan	596	873	1,879
	Security deposit loan	74	198	305
	Business fund loan	109	179	410
Jeju	New Hope Spore Loan	3	1	2
	Mid-interest rate loan for the working class	0.05	0.2	0.05
Savings Bank	Sunshine Loan	562	642	517
	Mid-interest rate loan for the working class	49	83	214
	Shinhan Hug Loan	95	169	146

¹⁾ Including Ssol Easy New Hope Spore loan

²⁾ Including Shinhan Sunshine Youth Loan and Sunshine Bank

³⁾ Cumulative no. of microfinance cases at 17,325, users at 11,977 (as of 2022)

Inclusive Finance and Support

Other inclusive finance

(Unit: KRW billion)

		2020	2021	2022
Shinhan Bank				
Deposits	New Hope Installment Savings	33	39	12
	Shinhan Smile Dream Savings	0.1	0.1	0.1
	Stepping Seed Savings	50	44	54
	Beautiful Courage Savings	-	29	210
	Beautiful Courage Deposits	-	415	1,389
	Yellow Umbrella deduction for small businesses/merchants	32	4	3
Others	Household Debt Healing Program (Credit Loan 119)	1,135	1,611	1,317
	Mid-term Healing Program	158	267	446
	Fee discount for socially vulnerable groups ¹⁾	0.3	0.1	0.1
	No. of financial service fee exempted accounts ²⁾ for financially vulnerable groups ³⁾ (cases)	221,214	232,683	230,299
	No. of newly opened financial service fee exempted accounts for financially vulnerable groups (cases)	383,531	386,231	381,898
	Shinhan Life			
Sales of ESG-related (vulnerable populations) insurance products ⁴⁾		144	172	174
Premium discount for socially vulnerable groups (KRW million)		1,324	1,262	1,239
Deferred payment of insurance premiums for householdshhit by disaster (KRW million)		1,993	720	800

¹⁾ Fee reductions for customers listed in the vulnerable group code (exemption from Shinhan Bank ATM fees)

²⁾ Socially vulnerable groups (disabled, newcomers, marriage immigrants, heads of household, single-parent family support recipients (fathers and mothers), recipients of basic subsistence, and second-class citizens) and subscribers of policy-based affordable financial products (New Hope Home Loan, Jigungdari Loan, Change Dream Loan, Sunsal Loan Youth Loan)

³⁾ Financial fees: bank transfer fees, cash withdrawal fees, stock trading fees, etc.

⁴⁾ Income insurance premium standards for simple insurance products that can reduce the burden of health examination costs by simplifying the contract review process for the elderly who have difficulty signing up for insurance and those with a history of disease

Development of Socially Responsible Products and Services

Shinhan Financial Group

Youth debt total care for low-income youth

- Provide financial and debt consulting as well as subsidies to support young adults experiencing financial difficulties due to student loans and to induce proper asset-building habits
 - KRW 1.53 billion paid to 498 young adults in 2022, repaying about KRW 890 million in student loans, providing credit consulting and supporting future preparation
 - Increased credit scores of 352 people in total



Youth Hope Grants

We support the youth build debt repayment habits based on healthy spending patterns



Online credit training and credit consulting

We support the youth build debt repayment habits based on healthy spending patterns



Future Ready Grants

We encourage and motivate asset-building habits with Future Ready Grants for new subscriptions or savings maintained for more than three months.



Additional Repayment Incentives

We encourage repayment activity with an incentive payment for student loan payments above the 4-month cumulative recommended amount



Personal Empowerment Support

We provide empowerment grants to low-wage youth to earn credentials or participate in volunteer work so they can increase their earnings by building personal skills.



Credit Improvement Support

We provide grants based on an increase in credit score at the end of the program compared to the beginning of the program through a personal credit management platform access (KCB Comprehensive Credit Management), and credit consulting with a dedicated counselor

Inclusive Finance and Support

Shinhan Life

'Premium Payment Deferral Program' for the socially disadvantaged

- Operate a premium payment deferral program to prevent gaps in coverage for socially vulnerable individuals who are affected by disasters or temporarily unable to pay their insurance premiums due to poor economic conditions
- Premium payments can be deferred for up to one year to prevent insurance gaps from occurring

Social impact products for the unbanked

Target	Description of Main Products
Older adults and people with pre-existing conditions 	<p>Shinhan Sincere and Easy-To-Enroll Health Insurance</p> <ul style="list-style-type: none"> • Available up to the age of 80 for those with high health needs and reflecting customized design through simplification of the contract underwriting process for customers who have difficulty joining through general underwriting, such as the elderly or those with a history of health problems <p>Shinhan Care Easy Enrollment Dementia Care Insurance</p> <ul style="list-style-type: none"> • In preparation for the rapidly increasing incidence of dementia among the elderly population, Shinhan launched 'Shinhan Care Easy Enrollment Dementia Care Insurance (non-dividend and no-refund for cancellation)' in September 2022
Delivery workers 	<p>Shinhan Casualty Insurance M</p> <ul style="list-style-type: none"> • To create a safe delivery environment for delivery workers, we signed a business partnership agreement (MOU) with Woowa Youths to establish a safety net for delivery workers and provide insurance products for BaeminConnect workers • Provide better accessibility for delivery app users in the form of digital small-scale insurance that can be easily enrolled via mobile
Soldiers 	<p>Shinhan MZ Casualty Insurance M</p> <ul style="list-style-type: none"> • Launched Shinhan MZ Casualty Insurance M, a product that ensures the safety and security of soldiers serving in the military • It is a dedicated product for military-age enrollees, ages 19 to 39, enabling military recruits and service members to get the coverage they need at an affordable premium

Jeju Bank

Launched 'Kim Man-Deok Sharing Savings' to spread the spirit of sharing within the Jeju community

- If a portion of interest is donated when the savings account matures, Jeju Bank will make a one-to-one matching donation to the Kim Man-Deok Foundation and donate it to the Jeju community

Expanding Access to Financing for Small and Innovative Businesses

Shinhan Financial Group

Creating a self-sustaining ecosystem for social enterprises

- Established the first social enterprise investment fund in October 2018 to revitalize the social enterprise financial ecosystem, and as of February 2023, three funds (total commitment of KRW 52 billion) are in operation
 - Completed KRW 38.9 billion in investments in 29 (pre-)social enterprises, those with social enterprise conversion commitments and impact companies through Social Enterprise Funds No. 1 through 3
 - In April 2022, two investee companies of Social Enterprise Fund No. 1 (DUHAM and ROKYA) were exited
- Social enterprises can be in a better position to recruit investors, and for companies with high growth potential, the group provides comprehensive financial support in collaboration with its affiliates (including lending support from banks and IPO support from Shinhan Securities)

Shinhan Bank

Establishment of SME receivables factoring platform

- Established a joint venture with Douzone Bizon to establish an SME receivables factoring¹⁾ platform, expanding 'Supply Chain Finance' based on real-time commerce indexes and enhancing ease of use through the Banking as a Service (BaaS) model
- Signed a strategic MOU with the Korea Chamber of Commerce and Industry and Douzone Bizon as an innovative change to support the cash flow of SMEs through the rapid monetization of receivables



Shinhan Securities

Reduction of service fee for social enterprises and self-supporting enterprises' retirees

- Offer a 50% reduction in retirement plan fees for social enterprises and self-sustaining enterprises without a separate application to provide broad and substantial benefits to customers

¹⁾ Receivables factoring: The early sale of receivables held by SMEs to financial companies before maturity

Inclusive Finance and Support

Signed a MOU to Support Small and Innovative Businesses

Shinhan Bank

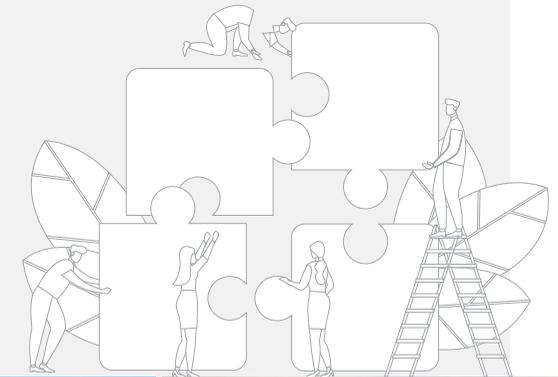
- Signed a MOU with Imweb to strengthen the digital competitiveness of small businesses and support non-face-to-face financial services
- Signed a MOU with Chungbuk Credit Guarantee Foundation to provide financial support for micro and small businesses in Chungbuk-do with a total of KRW 19.5 billion in credit guarantees
- Signed a MOU with Seoul Guarantee Insurance (SGI) to provide financial services to excellent partner companies nominated and selected by KEPCO to build a cooperative growth ecosystem and promote the growth of excellent partner companies through financial support
- In line with the EU ESG supply chain due diligence measures, signed a MOU with Korea Trade Insurance Corporation to provide ESG management and financial support to strengthen the export competitiveness of small and medium-sized enterprises
- Signed a MOU with Korea Technology Finance Corporation to provide financial support for SMEs to foster high-tech and strategic businesses, and operated two types of support: special contribution guarantee and preferential guarantee
- Signed a MOU with Korea Technology Finance Corporation to provide financial support for SMEs to foster high-tech and strategic businesses, and operated two types of support: special contribution guarantee and preferential guarantee
- Signed a MOU with KOSME and FSS to strengthen the competitiveness of SMEs and operate the Innovation Center for Financial Regulatory Difficulties and provide related financial support
- Signed a MOU with Modusign to discover financial and electronic contract services and data integration services through platform linkage
- With law firm Jipyong, provide a total solution for companies entering Vietnam who wish to transact with Shinhan Vietnam Bank, including counseling and local financial support

Shinhan Card

- Signed a business district information system improvement agreement with the SEMAS to provide a smart and digital management environment for the self-employed based on estimated sales and stability status by business district and industry, and data analysis
- Signed a MOU with Gyeonggi Credit Guarantee Foundation to conduct joint research on local commercial districts based on Shinhan Card's extensive consumption data and Gyeonggi Credit Guarantee Foundation's risk analysis capabilities for small businesses

Jeju Bank

- Signed a special guarantee agreement with the Jeju Credit Guarantee Foundation to help small and medium-sized enterprises in the province recover their daily operations
- Contribute to the Win-win Cooperation Fund with the JPDC to support COVID-19 damage to local businesses and operate the "Jeju Samdasu Win-win Cooperation Low Interest Loan" for local small businesses and those who practice ESG management in Jeju-do

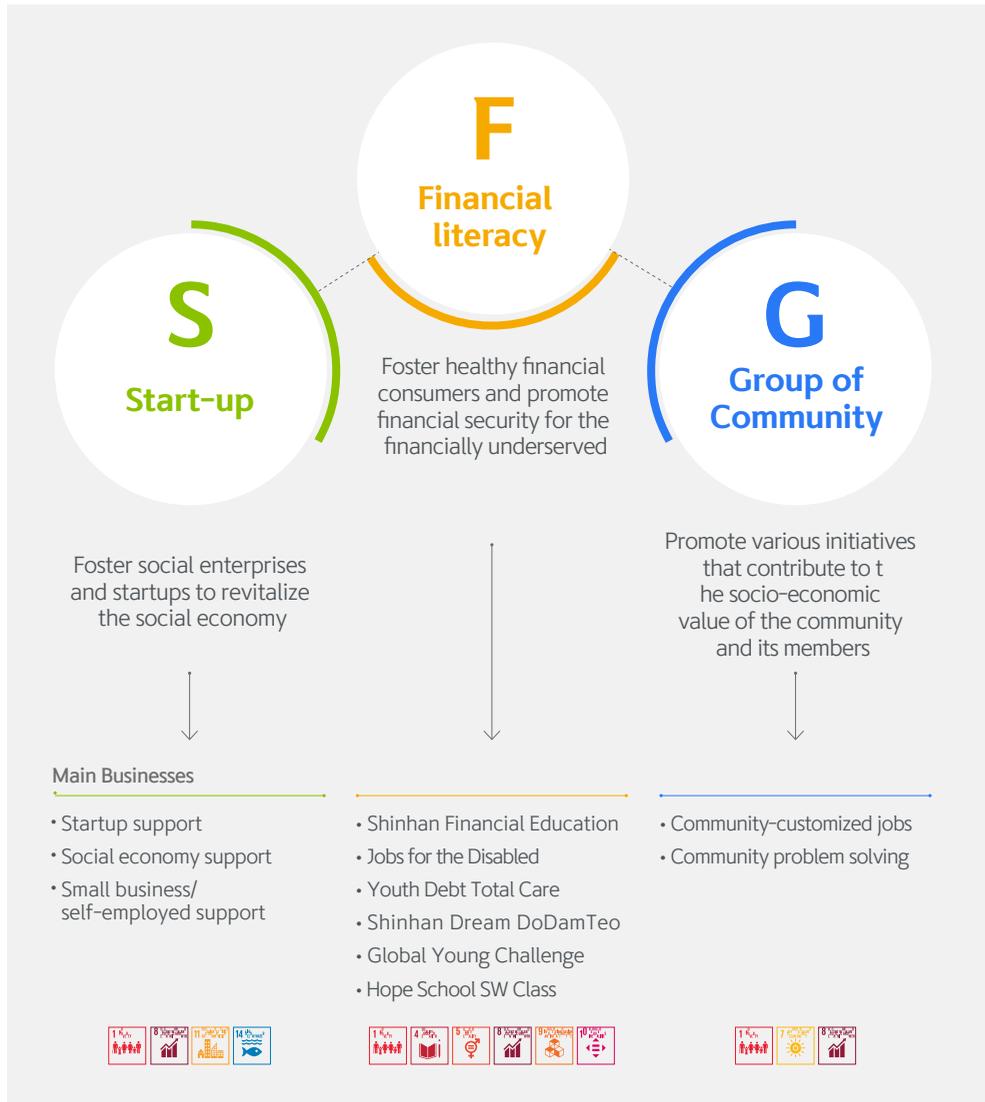


Support for Local Communities

Social Contributions Implementation System

Shinhan Financial Group

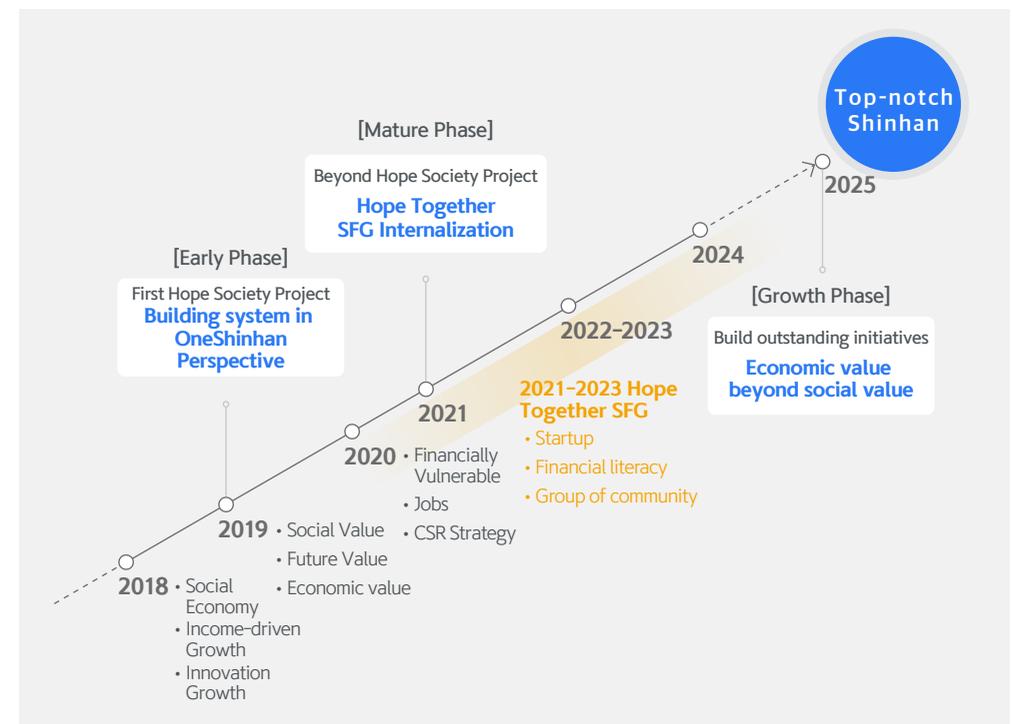
Hope Together SFG



Local community engagement mid- and long-term goals

- Shinhan Financial Group's social contribution activities are evolving from an initially charitable business model to a business model that creates social value (SDGs, ESG) and economic value
- Make 2023 the year to prepare for the completion of the Hope Society project by creating concrete results beyond internalization, and set mid- to long-term goals for community engagement by realizing Accelerating Growth from 2024
 - Key 'Bridge Spot Strategy' for 2023: Reorganizing business and strengthening Shinhan Financial branding, launching Phase 2 of 'Square Bridge', a startup innovation growth ecosystem, and creating a first-class platform for non-profit public benefit projects (focused on youth and families)

Shinhan Financial Group's Hope Society Project 'Hope Together SFG' Mid- to Long-Term Roadmap



Support for Local Communities

Support for Vulnerable Groups

Shinhan Financial Group

Crisis resilience and support for abused children

- Provide KRW 20 billion in financial support for living expenses, childcare, and medical expenses to help families in crisis get back on their feet for three years, launched in May 2021
 - Protecting abused children, preventing re-abuse, and improving nutrition
 - Recognizing a "Hope Hero" for helping someone in crisis by holding an awards ceremony

Social Cooperative, Café Swith

- A virtuous cycle social contribution program that provides jobs for the deaf through Café Swith within the headquarters and group company branches, and reinvests profits generated through employees' good consumption to support barista training and jobs for the deaf
- Starting with the first branch in Shinhan Bank Headquarters, six branches were opened as of December 2022, with a total of 25 hearing-impaired people working and conducting specialized vocational training (54% employment rate for people with disabilities)

Shinhan Financial Group, Ministry of Gender Equality and Family, and Social Welfare Foundation operate Shinhan Dream Dodamteo

- Through the joint daycare center Dream Dodamteo project, which has been conducted in
- partnership with the Ministry of Gender Equality and Family since 2018, a total of 145 centers have been opened nationwide by 2022, and an additional 100 Shinhan Dodamteo will be opened with a total budget of KRW 10 billion over the next three years
 - Promote women's participation in economic and social activities by creating childcare-friendly environments and minimizing caregiving gaps through the use of idle spaces in the community, educational programs, and support for materials and equipment
 - Operate programs such as financial education, SW class (coding education), social development education, book discussions, job experience, and docent tours for children who use Dream Dodamteo
 - In 2022, a total of 52,800 children used Shinhan Dream Dodamteo and 11,278 benefited from training
 - Held a special program in Shinhan Dream Dodamteo region to reduce the burden of childcare for parents by providing services to eliminate care blind spots

Hope School software class

- In 2018, operated 'Hope School SW Class', the first SW education program for special schools for people with disabilities in Korea, in partnership with the Ministry of Education (cumulatively educated about 50,000 students in 90 schools)
 - Provide education to 2,299 students in 413 classes nationwide through a grant of KRW 800 million in 2022 (93% satisfaction rate among beneficiary teachers)

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Companion Project

- The Companion Project, which has been implemented since 2021, is a project for vulnerable people in the blind spots of the social safety net, and aims to provide long-term support for three years or more, rather than a one-time support, to improve the lives of various socially vulnerable people and help them become self-reliant

Project	Duration	Cumulative Number of Beneficiaries
Providing EVs and EV charging stations at the Seoul Single Family Support Center	Installed in January 2022	10 locations
Educational and medical support for children of suicide survivors	2 years since March 2022	44 households/ 66 persons
Supporting digital education for children in national nursery schools	3 years since April 2022	14 locations/ 211 persons
Providing pro bono legal services to vulnerable populations	5 years since July 2022	9,522 persons
Empowering job-finding capability for single mothers	3 years since December 2022	50 persons

Stepping Seed Savings

- Implemented the Stepping Seed Savings program since 2007 to support underprivileged children
- In 2022, we will introduce a new 'Stepping Seed Online Information Inquiry' feature to allow users to check their "Stepping Seed" transaction history directly from the Sol application, preventing confusion and improving convenience for child users

Shinhan Bank, National Pension Service, and Sylvia Health sign MOU to prevent dementia and improve awareness

- As part of the MOU to establish the Brain Health Talent Center, Shinhan Bank supports expert instructors to conduct educational programs for dementia prevention

Support for Local Communities

Shinhan Card, Seoul City, and GS Retail sign a MOU to support meals for hungry children and promote social contribution

- Signed a MOU to support meals for hungry children and promote social contribution, and plan to introduce a non-face-to-face payment system for child meal cards on April 21, 2022
- 'Dream Card', a meal support service for hungry children with Seoul and GS25, recently opened an online payment system, and was selected as the operator of Daegu City's child meal card, which is expected to establish a stable meal support system

Shinhan Card

Participate in the education learning grant program

- Participated in the 'Education Payroll Learning Grant Program' run by the Ministry of Education, 17 provincial education departments, and the Korea Scholarship Foundation to support low-income students in mitigating learning deficits/gaps due to prolonged learning gaps caused by COVID-19
- KRW 100,000 per person for elementary, middle, and high school students who receive education benefits, and the subsidy can only be used for online and offline bookstores and EBS learning contents

Shinhan Life

Healthy Meals for Hungry Kids program

- Healthy meals for children from low-income families, a program that provides healthy meals once a week to vulnerable children and adolescents exposed to gaps in care during school vacations
- Support capacity: 1,000 students (500 students during summer vacation and 500 students during winter vacation)

Todak Todak Underwear Support project

- Improved hygiene, self-determination, and confidence of adolescent girls through access to underwear
- Support for a total of 250 people (twice a year) for basic needs and secondary-group¹⁾ families

¹⁾ Priority: Single-parent families, families with disabilities, multicultural families, families with grandparents as only caregivers for children

Volunteer to share a summer meal

- Participated in a community service program with the CEO and executive officers to personally deliver 600 summer care kits to neighbors with limited mobility

Shinhan Capital

Launching a donation campaign for end-of-lifespan IT devices

- Repair and refurbish IT devices such as PCs, laptops, and monitors that have passed their useful life and donate them to vulnerable groups such as local child welfare facilities

Jeju Bank

Participating in a "Send Love with Songpyeon" event for elderly citizens living alone

- Visited the Ara General Social Welfare Center to handmade and deliver songpyeon (Korean traditional rice dumpling) to the elderly living alone

Conducting 'Santa Expedition with Jeju Bank 2022' event

- Visited a local children's center with the Green Umbrella Children's Foundation to deliver gifts, perform carols, and have refreshments

Shinhan Savings Bank

Creating e-books for the visually impaired: Read Together for a Cause

- Conducted a virtual volunteer program with 40 employees to proofread and edit text extracted from book scans according to production guidelines

Social Enterprise Support

(Unit: KRW billion)

	2020	2021	2022
Loans ¹⁾	109	87	119
Goods procurement	0.3	0.7	1.0
Sponsorship and donation	0.2	0.2	0.4

¹⁾ Including socially responsible financial performance of inclusive finance

Support for Local Communities

Social Contributions

(Unit: KRW billion)

	2020	2021	2022
Social contribution investment amount	202	175	177
Charitable donations ¹⁾	82	59	67
Investment in local community ²⁾	94	76	67
Commercial initiatives ³⁾	26	39	43

¹⁾ Voluntary Donation: donation of cash and goods, sponsorship for culture and the arts that is not part of a marketing strategy, matching funds, employee volunteering time and costs, etc.

²⁾ Community Donation: donations for partner organizations important to community strategies or to dispatch employees and run training programs to promote local employment

³⁾ Commercial Initiative: Community activities for the company's direct success, such as increasing brand awareness through support for colleges and event sponsors, and product and service promotion (only the amounts directly used for partner organizations/charities are specified)

Investment Amount by Donation Type

(Unit: KRW million)

	2020	2021	2022
Cash	198,531	172,133	171,228
Monetary value of employees' volunteering hours converted from working hours	245	361	566
Volunteer service hours (hours)	30,256	22,122	17,126
Monetary value of goods donated ¹⁾	404	24	60
Indirect costs ²⁾	2,448	2,511	5,198

¹⁾ Market value of donated products/services

²⁾ Expenses spent on program management other than those directly spent on social contribution programs

Local Community Service and Donations

Shinhan Financial Group

Global One Shinhan volunteer festival

- Contributing to solving local problems through domestic social contribution activities with coexistence, empathy, and togetherness as the focus areas of Shinhan Financial Group's flagship volunteer program, which has been participated in by CEOs of all group companies since 2008
 - In June 2022, the CEOs and executives of the Group and its subsidiaries gathered to conduct commemorative volunteer activities to mark the start of the 2022 Global One Shinhan volunteer festival
- Since 2017, we have been conducting social contribution activities with local NGOs and governments in countries where we have global operations

KRW 16 billion in donations to neighbors

- As part of the 'Hope Society Project' within the Shinhan Group, KRW 12 billion was donated by group companies and KRW 4 billion by the Shinhan Financial Hope Foundation to the Hope 2023 Sharing Campaign, a joint social welfare fundraising organization



Support for Local Communities

Supporting local communities and businesses affected by disasters and catastrophes

<p>Financial assistance to support victims of severe storms in the National Capital Region</p>	<p>Shinhan Bank</p> <ul style="list-style-type: none"> • New loans of up to KRW 300 million per SME, totaling 80 billion won, and loan maturity extensions. Support for deferred installment payments, etc. • For individuals, the KRW 20 billion Emergency Life Stability Fund allows for new loans of up to KRW 30 million per person and maturity extensions • Conducted a customer-participated donation campaign to support the recovery from the severe rainstorms in the Seoul metropolitan area, with donations going to the Hope Bridge National Disaster Relief Association <p>Shinhan Card</p> <ul style="list-style-type: none"> • Helping affected customers suspend card charges and make installment payments <p>Shinhan Life</p> <ul style="list-style-type: none"> • Assisting affected customers with premium deferrals and installment payments, and ensuring normal benefits regardless of whether premiums are paid for the period
<p>Support for Typhoon Hinamno Victims</p>	<p>Shinhan Bank</p> <ul style="list-style-type: none"> • KRW 200 billion in financial support and engagement donations to SMEs, partner companies, and customers <p>Shinhan Card</p> <ul style="list-style-type: none"> • Support for affected customers and their immediate family members, including credit card bill suspensions and installment plans <p>Shinhan Securities</p> <ul style="list-style-type: none"> • Reduced interest rates on equity loans for affected customers and their immediate family members <p>Shinhan Life</p> <ul style="list-style-type: none"> • Premium payment deferral for affected customers for up to six months, and assistance with necessities and donations for affected customers and service members
<p>Financing for businesses affected by the crisis in Ukraine</p>	<p>Shinhan Bank</p> <ul style="list-style-type: none"> • Raised KRW 300 billion in emergency new funds for companies expected to be affected by the crisis in Ukraine, and conducted related counseling for companies facing difficulties with payment, exchange rates, and raw material supply
<p>Financial assistance for small businesses affected by the wildfires</p>	<p>Shinhan Bank</p> <ul style="list-style-type: none"> • Signed a MOU with the Gangwon Provincial Government and the Gangwon Credit Guarantee Foundation to provide financial support for small businesses in the wildfire-affected areas of Gangwon Province by creating a new loan line of KRW 4.5 billion

Shinhan Bank

Realizing social value through volunteering and donations – Shinhan Sharing PC

- Signed a MOU with the social enterprise 'PeopleNCom', a recruitment company specializing in multicultural recruitment since 2013



Medical volunteering in Uzbekistan

- Performed medical volunteer activities for children with Seoul National University Dental Hospital in developing countries, starting with Cambodia, since 2008
- Provide dental care and cleft lip and palate surgery to a total of 3,497 children by 2022

Signed a donation culture MOU with Konkuk University

- Mutual cooperation to foster posterity and spread a culture of giving by utilizing testamentary trusts, endowment trust products, etc.

Signed a MOU to promote a culture of giving by using trusts

- Signed a MOU with Ewha Womans University and Dongguk University to foster scholarship and spread legacy donations using trusts (Ewha Womans University and Dongguk University)
- 'Shinhan S Life Care Testamentary Trust' is a product that allows donors to deposit their property with a bank during their lifetime and donate it to a school designated in a trust agreement after their death, enabling effective asset management and quick and safe donation of property after death

KRW 100 million in donations to abused children

- Delivered KRW 100 million in donations to the Green Umbrella Children's Foundation for children in shelters across the country on Child Abuse Prevention Day (Nov. 19)
- Helping children at 113 abused children's shelters across the country replace winter clothing and aging appliances like washers and dryers

Support for Local Communities

Shinhan Card

Participate in Chuseok Sharing Event with the Financial Supervisory Service to help vulnerable people and small businesses in traditional markets

- Purchased goods from the traditional market, Shinyoung Market, with donations from the Financial Supervisory Service and delivered them to social welfare facilities and vulnerable groups

Shinhan Securities

Local community coexistence and environmental social contribution projects

- Local community coexistence activities through long-term partnerships, such as selling agricultural products in 1-to-1 villages and providing supplies for 1-to-1 barracks
- Diversified projects for vulnerable populations, such as building educational infrastructure for the visually impaired and supporting the independence of single mothers and North Korean defectors

Shinhan Life

Employee volunteer program 'Shinhan Life Shining Volunteer Group'

- Create customized support items for vulnerable children based on their situation or support activities to improve children's facilities (1,574 total participants / 6,659 total hours as of 2022)



Launching a "Stand Together" donation campaign to support children who have aged out of care

- Proceeds from the sale of company-owned artworks and employee donations, along with a donation of KRW 100 million from Shinhan Life, were used to support the Youth Vision Project Plan V program, which supports children who have left care (3,431 employee donated artworks and 14 company-owned artworks were sold)

Shinhan Capital

Creating social value through service and donations - Donate with the OnTact Step Challenge

- Organize an on-the-go step challenge using Big Walk, a donation platform, to match the number of steps employees take

Shinhan Bank

Selected as a Community Recognized Company for the fourth consecutive year at the 'Community Contribution Recognition Day' organized by the Korea Social Welfare Council and the Ministry of Health and Welfare

- Selected as a local community recognition company in recognition of its contributions to the development of Jeju Gini business, continuous volunteer activities, and spreading the culture of donation

2022 Love Kimchi Distribution Event

- Conducted an event with Shinhan Financial Group employees in Jeju to deliver 1,000 packages of kimchi (2,550 kg) to 50 facilities, including support centers for the elderly living alone and welfare organizations in the region

Shinhan Savings Bank

Run an online charity bazaar and donate all proceeds to a social cause

- Sells employee donated goods under the leadership of On Shinhan-in, a social change driver group, and donates all proceeds to social contribution organizations

Shinhan DS

Held a love kimchi sharing event with Yaksu Senior Citizens' Welfare Center and Jung-gu Volunteer Center

- Delivered kimchi to 50 low-income elderly families in Jung-gu

Flea market event with Green Umbrella Children's Foundation

- Selling and donating items to sponsor low-income children and establishing a culture of giving within the company

Shinhan Fund Partners

Donate unused PCs and monitors

- Donated 164 desktops and 64 monitors (Eden Welfare Foundation)

Buy Good Neighbors donation store souvenirs

- Purchased Good Neighbors Donation Store souvenirs as a memento of the name change and office relocation event (500 pieces, 10% of sales donated)

Support for Local Communities

Supporting and Training Future Generations

Shinhan Financial Group

Operated Shinhan Global Young Challenger (GYC)

- Through the Shinhan Financial Hope Foundation, we operate the Global Young Challenger (GYC), a youth overseas employment support program, which selects young people who want to work overseas and provides one-stop support from systematic education to local job matching
 - Fully funded education: domestic and international training programs, room and board, airfare, and field trips
 - Job matching support utilizing the GYC network: Year-round job matching support through the provision of quality company information and 1:1 total care for trainees
- A total of 49 participants in the 4th Global Young Challenger program in 2022, and 45 were employed as of May 2023, achieving an employment rate of 92% (cumulative total of 275 participants, and 219 newly recruited persons in the 1st-4th phases of Shinhan GYC)
- 49 participants participated in the 4th Global Young Challengers program in 2022, and 31 were employed, achieving a 63% employment rate



Become a member of the Youth Employment Project

- Expanding youth employment through membership in the Youth Employment Support Project: Strengthening job skills and supporting career development to help young job seekers find employment

Shinhan Bank

Held the 2nd Launch Ceremony for Shinhan Career On

- Launched the second phase of 'Shinhan Career On,' a job placement program that connects vocational high school students with startups
- Provide on-the-job experience through job training and internship programs, and provide customized talent matching for startups

Shinhan Bank 'Job Matching Day'

- Hosted 'Shinhan Careerup 1st Job Matching Day' to connect young job seekers and startups
- 4 weeks of vocational training and job placement in design, videography and editing, public relations, and marketing

Study Abroad Programs

- Providing stable learning opportunities for overseas students through the Global CSR Scholarship Program, which supports elementary, middle, high school, and university students in seven countries (China, Kazakhstan, Uzbekistan, India, Cambodia, and Indonesia) where Shinhan Bank operates, starting with China in 1997 (totaling KRW 87 million in scholarships in 2022)

Shinhan Card

21st Little Picasso Painting Festival

- The Little Picasso Painting Festival, now in its 21st year, is Shinhan Card's signature cultural event for the whole family, providing opportunities to discover and learn about the artistic talents of children and youth
- In 2022, it was held as an outdoor festival for the first time in three years after COVID-19 outbreak, with various stage performances and various experiential events, and the works drawn by children were issued as NFTs, providing opportunities to experience digital technologies

Areumin Library

- Since 2010, we have supported specialized libraries tailored to users from all walks of life with the goal of supporting vulnerable children and youth and fostering future talent through 'Areumin Library'
- We have built a total of 534 beautiful libraries nationwide and overseas, mainly in non-profit public institutions, and support digital materials and devices such as e-books, smart boards, and tablet PCs

Support for Local Communities

Areumin Reading Quiz Contest

- <Areumin Reading Quiz Contest> was first launched in 2021 as a program to increase interest in books and revitalize reading culture for elementary school students using beautiful libraries nationwide
- In 2022, the program was expanded to include children in non-private and public institutions nationwide, with a total of 670 children from 175 institutions participating



Shinhan Securities

Nurturing local community talent

- Operation of the securities industry's first digital talent training program for university students, 'Pro Digital Academy'
- Provide educational opportunities to students who want to work in the financial sector by fostering professional manpower through Shinhan Securities' know-how in digital finance

Environmental education for children

- An educational activity program that raises children's awareness of the seriousness of various environmental issues facing society and explores ways to solve them together
- Provided environmental education to 8,761 students in 37 classes (H1 2020 - H1 2022)

Environmental Camp for children from multicultural families

- Operate vacation care programs to integrate multicultural children with local Korean children
- Promoting global citizenship among participating children through research, discussion, and practice on environmental issues (212 participants in total in 2022)

Development of Culture and Arts

Shinhan Bank

Shinhan Music Awards

- Since 2009, we have established the Shinhan Music Prize, the first financial institution in Korea to support the discovery and growth of promising classical musicians, and since 2018, we have organized "With Concert," a concert that conveys dreams and hopes with musicians with developmental disabilities (13 collaborations with musicians with developmental disabilities in 2022)
- Conducted "S-Classic Week" every August, which provides four days of performances at the Sejong Center for the Performing Arts for the winners of the Shinhan Music Prize

Shinhan Gallery-Support for Exhibition of Artists with Developmental Disabilities

- Supporting the dreams and hopes of artists with developmental disabilities by holding exhibitions of artists with developmental disabilities at Shinhan Gallery since 2018



Shinhan Gallery - New Artist Exhibition Support

- Shinhan Gallery has been implementing the Mecenat project to expand the base of domestic art and support emerging artists (Since 2003)
- Opened in 1997 and supported a total of 405 exhibitions by 2022, totaling 2,782 artists
- Social media exposure of the exhibition video in 2022 - Facebook (166k views), YouTube (60k views)

Shinhan Live Classic

- Creating win-win value by renting out Shinsegae Art Hall space for free to middle and high school students majoring in music
- 2022 - 72 total performances, 61k YouTube views, 2.3k hours watched

Korea Financial History Museum

- Established in 1997 by Shinhan Bank to provide a bird's eye view of Korea's financial history and an overall understanding of financial history, it is the first museum in Korea to specialize in financial history, and reopened in July 2022 after remodeling due to aging facilities

Support for Local Communities

Shinhan Card

Shinhan Card Culture & Arts Performance Companion

- Signed title sponsorships with a total of four venues to support the development of Korean culture and arts and to create a unique experience for customers
 - 3 in Seoul (Blue Square Shinhan Card Hall (Hannam-dong), COEX Shinhan Card Artium (Gangnam), and Shinhan pLay Square (Hapjeong)). 1 in Busan (Sohyang Theater Shinhan Card Hall)

Local Win-Win Content Euljiro Class

- Communicating with customers by creating "Euljiro Class," a YouTube content that creates a virtuous cycle of community development and win-win by introducing cultural spaces and creators in the Euljiro local scene
- Introduced through Shinhan Card's YouTube channel, which has approximately 730k subscribers and is updated monthly, starting with the first video in December 2022

Seoul Metro Collaborative Film Festival

- The Seoul Metro International Film Festival (SMIFF), now in its 13th year, is a film festival characterized by screening ultra-short films of around 90 seconds on the subway, providing a unique opportunity for talented filmmakers
- The film festival, which received a total of 1,112 submissions from 46 countries around the world, established an ESG competition section and awarded the 'Shinhan Card ESG Award', and established and operated an ESG screening center at Euljiro 3-ga subway station



[Shinhan Card Youtube](#)

Jeju Bank

Delivered KRW 50 million to Jeju Athletics Federation delivers in encouragement to athletes

- Attended the '103rd National Sports Games Jeju Special Self-Governing Province Athletes' Decision Ceremony' and delivered KRW 50 million in encouragement to wish them well

Offer community cultural spaces in your branches

- Expansion in September 2022 - The former Jeju Bank Mosul Branch is a 'community bank with Jeju' and provides a 'cultural space' that is free for all Jeju Islanders to use
- To date, we have held 'Jeju Sea Environment Photo Exhibition' organized by Jeju Sea Forum, and a picture book publication ceremony 'What were you like then' organized by Seogwipo City Western General Social Welfare Center



제주바다 환경사진전



서귀포시 서부종합사회복지관 주관 그림책 출판 기념식

Human Resources Development

Recruiting and Nurturing Talent

Shinhan Financial Group

Non-discriminatory hiring for growth of all employees

- No unfair discrimination in hiring employees based on education, private networking, age, gender, race, religion, etc.
- Practice fair and equal opportunity by focusing on recruitment, evaluation, and diversity, and strengthen pre-employment verification by adding a 'pre-employment verification process' to the existing recruitment process

Shinhan Bank

Talent portfolio simulation

- Shinhan Bank is conducting a talent portfolio simulation to estimate the required number of employees in branch offices and headquarter departments for strategic workforce management, and to derive the appropriate size of hiring and headquarter department turnover considering the difference from the target number of employees
- Continuous improvement of the workforce management system by providing solutions that support HR processes and efficient workforce management based on simulation results and selecting promotion tasks to eliminate HR pain points such as delays in the recruitment process and difficulties in relocating personnel

Key directions for strategic talent acquisition and management

 Streamlining the workforce Spreading out people-intensive joints and diversifying workforce	 Retention Managing key talent, including in digital and ICT fields	 Stronger competitiveness in recruiting Flexible compensation structure and job security to attract talent
 Digitalization & channel transformation Data-driven decision-making and expanded scope of work due to changing role of sales representatives	 Nurturing expert talents Raising employee competency requirements to respond to market and workplace changes	

Employment

(Unit: Persons)

		2020		2021		2022	
		Female	Male	Female	Male	Female	Male
Total number of workers ¹⁾		11,669	14,851	11,522	14,442	13,372	15,216
Total number of employees		9,873	12,346	9,820	12,121	130,138	13,446
Management level ²⁾	Executive	16	198	15	200	24	257
	Department head	140	1,410	152	1,402	206	1,555
	Deputy general manager – manager	9,717	10,738	9,653	10,519	3,686	7,838
	Manager or below					6,191	3,731
		1,433	621	1,547	771	1,587	843
Age ³⁾	Under 30	7,685	7,668	7,567	7,618	7,583	8,425
	30 to 49						
	50 or above	755	4,057	706	3,732	994	4,152
Workers not employed directly by workplace		1,796	2,505	1,702	2,321	2,962	1,894

¹⁾ All workers, including workers who are not employees (regardless of employment type)

²⁾ Data by management level changed due to data management standards change in 2022 (Management → Executive / General manager → Department head / Deputy general manager or below (full-time, contractual) → Deputy general manager to manager, below manager)

³⁾ Age as of 2021

No. of New Employees

(Unit: Persons)

		2020	2021	2022
Gender	Female	279	362	718
	Male	303	483	1,381
Age	Under 30	377	513	717
	30-49	191	320	837
	50 or above	14	12	545
Management level	Executive	-	-	53
	Department head	-	-	59
	Deputy general manager – manager	-	-	322
	Manager or below	-	-	1,668

* Expanded data management scope from 2022 (Bank, Card, Securities, Life → all group companies)

¹⁾ New reporting indicators in 2022

Human Resources Development

Internal Hire Rate for Open Positions^{1) *}

(Unit: persons, %)

		2020	2021	2022
Internal hire	Open Position - Number of internally hired employees ¹⁾	-	-	3,616
	Open Position - Number of internal job postings	-	-	3,618
	Open Position - Internal Hiring Ratio	96.4	99.0	98.2

* Of Shinhan Bank, Shinhan Card, Shinhan Securities, Shinhan Life

¹⁾ New reporting metrics in 2022

Total employee turnover rate*

(Unit: %)

		2020	2021	2022
Gender	Female	0.7	2.2	1.6
	Male	1.9	2.7	3.0
Age	Under 30	0.3	0.6	0.6
	30 to 49	0.6	2.0	1.8
	50 or above	1.7	2.3	2.2
Management ¹⁾ level	Executive	-	-	0.1
	Department head	1.8	2.6	0.9
	Deputy general manager - manager			1.4
	Manager or below	0.8	2.3	2.2

* Expanded data management scope from 2022 (Bank → all group companies)

¹⁾ Change in data management criteria from 2022 (executives → executives, middle managers → department heads / managers ~ deputy managers, general managers → less than managers)

Employee Turnover Status¹⁾

(Unit: %)

	2020	2021	2022
Employee turnover rate	2.6	4.9	4.7
Voluntary employee turnover rate ¹⁾	0.9	2.5	4.1

* Expanded data management scope from 2022 (Bank → all group companies)

¹⁾ Turnover rate excluding honorary retirements, retirement, disciplinary dismissals, group internal transfers, etc.

Voluntary employee turnover rate*

(Unit: %)

		2020	2021	2022
Gender	Female	0.6	1.6	1.6
	Male	0.4	0.9	2.5
Age	Under 30	0.3	0.6	0.6
	30 to 49	0.5	1.5	1.6
	50 or above	0.0	0.3	1.9
Management ¹⁾ level	Executive	0.0	0.0	0.0
	Department head	0.1	0.4	0.8
	Deputy general manager - manager			1.2
	Manager or below	0.8	2.4	2.1

* Expanded data management scope from 2022 (Bank → all group companies)

* Turnover rate excluding honorary retirement, retirement at retirement age, dismissal for disciplinary reasons, intra-group transfers, etc.

¹⁾ Change in data management criteria from 2022 (executives → executives, middle managers → department heads / managers ~ deputy managers, general managers → less than managers)

Human Resources Development

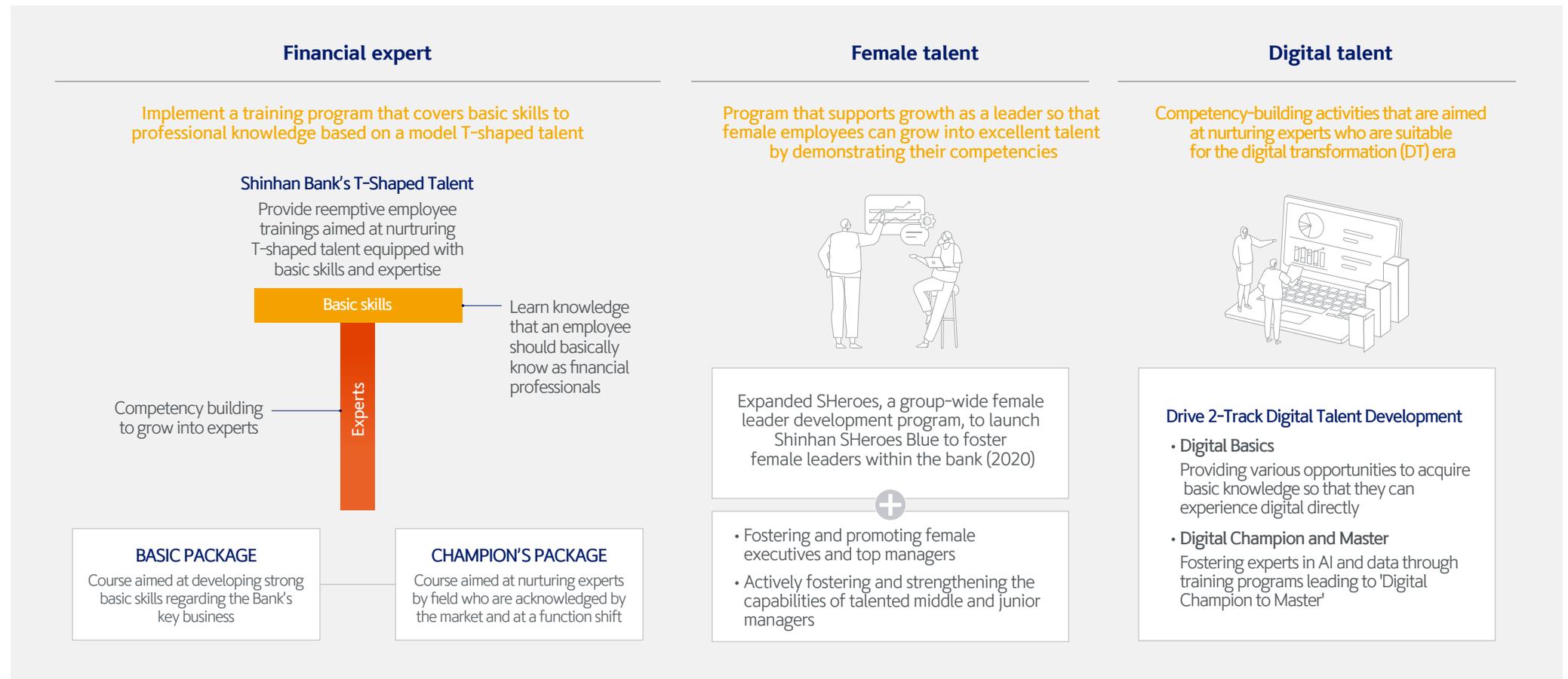
Talent Development Strategy

Shinhan Bank

Talent-nurturing directions

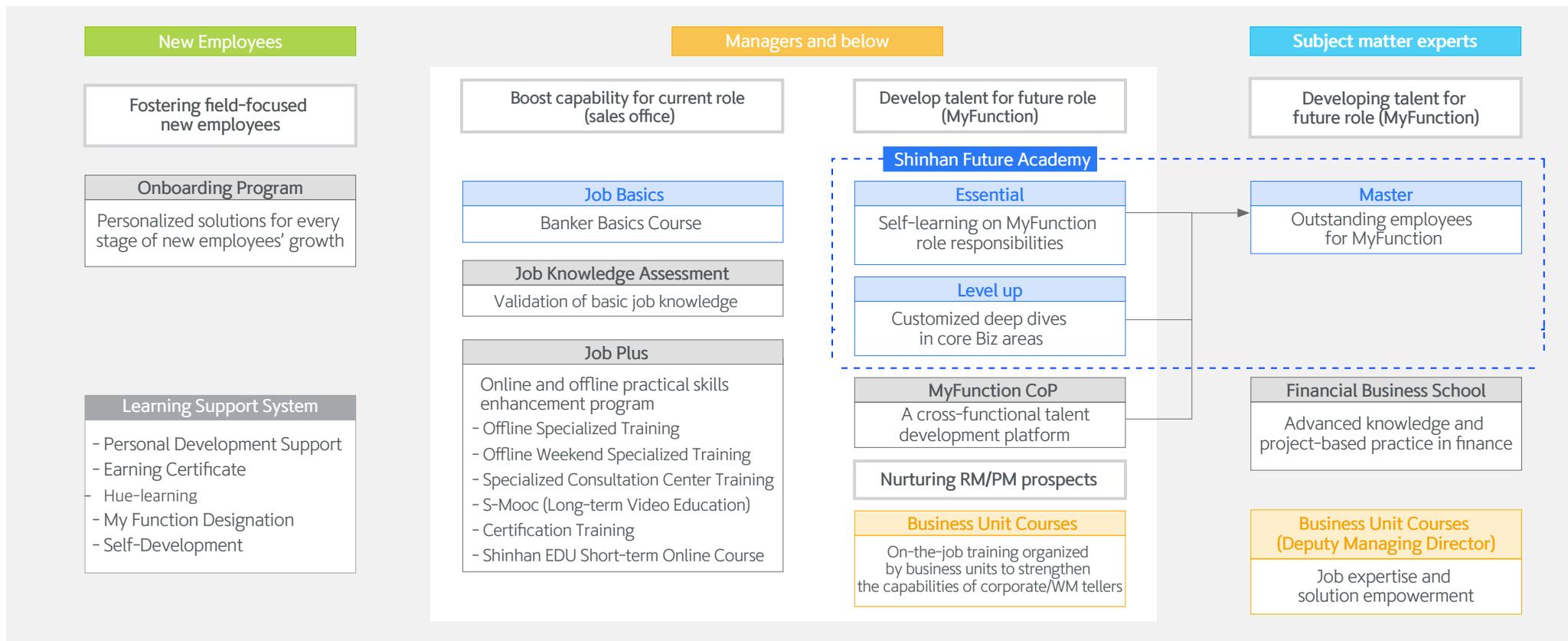
- Shinhan Bank operates systematic and strategic talent development programs for all employees to enhance their capabilities in order to foster convergent talents that will lead future growth
- Developing human resources to lead the financial markets based on three key development strategies: fostering financial experts, female talent, and digital talent

Shinhan Talent-nurturing Strategy



Human Resources Development

Curriculum



Shinhan Financial Group Employee Education

	Unit	2020	2021	2022
Total education hours	Hours	1,880,233	2,064,088	2,079,989
Total education expenses	KRW million	23,787	24,729	25,582
No. of employees subject to education (all employees)	Persons	22,219	21,941	23,488
Education hours per person	Hours	84	93	88
Education expenses per person	KRW million	1.1	1.1	1.1

Human Resources Development

Talent Development Performance Management

Shinhan Financial Group

Measuring the impact of employee development programs

	Developing a digital workforce	Building global expertise
Program description	<p>[BD1000]</p> <ul style="list-style-type: none"> Designed a data analysis curriculum that can be applied in the workplace, with the goal of fostering 1,000 big data talents <p>[Data scientist curriculum]</p> <ul style="list-style-type: none"> To develop data experts, we offer programs to develop basic data competencies such as DW, SAS, and SQL, as well as analysis and modeling skills <p>[Master of science in digital finance]</p> <ul style="list-style-type: none"> A program that can lead to a full-time master's degree through digital-related theoretical and practical learning in partnership with Korea University, KAIST, Yonsei University, etc. <p>[Skills training in Python, AI, etc.]</p> <ul style="list-style-type: none"> Digital specialist courses to up-skill current digital and ICT workers 	<p>[Global OJT: For staff and assistant manager]</p> <ul style="list-style-type: none"> 2 months of local assignments to understand the global business and gain diverse experience <p>[Expatriate empowerment training: for managerial level]</p> <ul style="list-style-type: none"> Fostering a global talent pool through overseas project experience in specialized job areas <p>[Global insight and competency enhancement training]</p> <ul style="list-style-type: none"> A training program for employees who want to grow into global talent, fostering a pool of potential global talent through job, language, and leadership training <p>[Global MBA]</p> <ul style="list-style-type: none"> As a future strategic talent development process, we select core talents to be specialized as global talents and support MBA programs in partnership with global educational institutions
Program objectives and operations	<p>Shinhan Financial Group established a digital matrix to accelerate group-wide digital transformation and improve the digital capabilities of each group company, and strengthened the group-wide DT promotion system through the leadership of the group CDO. In particular, Shinhan Financial Group has developed and operated the 'Group Joint Digital Financial Engineering Master's Program' that fuses digital and finance through industry-academia collaboration for the first time in the financial sector, as well as the 'Product Owner' course based on job-off, which enables employees to create business results immediately.</p>	<p>Shinhan Financial Group is implementing a two-track program to strengthen the global capabilities of Korean employees and enhance the work capabilities of global employees. To strengthen the global capabilities of Korean employees, we operate Global OJT, Expatriate Capacity Building, and Global Insight programs, and plan to operate a Global MBA program to foster future strategic talents. In addition, to strengthen the capabilities of local employees in global channels, we have established a roadmap for fostering local managers for each overseas channel and are conducting related job and leadership training, as well as striving to continuously manage organizational culture through the operation of a change promotion organization.</p>
Participants (based on full-time employees)	13,693 persons (97.6%)	1,600 persons (9.8%)
Business Impact	<p>Shinhan Financial Group measures the effectiveness of education by linking it to business performance. Based on active digital professional training, the combined MAUs (Monthly Active Users) of the Group's major financial and non-financial platforms (SOL, ShinhanLay, Shinhan Alpha, etc.) reached 22.28 million in 2022, with a year-on-year growth rate of +30%.</p> <p>In addition, through continuous digital transformation of traditional business areas, we expanded our digital coverage area to 60% (74.0% of new bank accounts, 71.5% of new credit accounts, and 94.7% of new securities accounts), while strengthening CIR management through digital transformation of processes, achieving KRW 378.2 billion in process cost savings as of '22.</p> <p>Furthermore, we established the SI Fund to create an open digital ecosystem and invested KRW 261.2 billion in 26 innovative startups, and we are discovering 51 startup companies through the Shinhan Futures Lab program.</p>	<p>As of the end of December 2022, Shinhan Financial Group has a total of 247 global networks in 20 countries, which has grown by about 30 times since the launch of Shinhan Financial Holdings (September 2001). In 2022, Shinhan Financial Group's global net profit amounted to KRW 595.8 billion, accounting for more than 12% of the group's total profit, and the group's global business continued to perform well, winning the top spot in the global business market among the four largest commercial banks for the fifth consecutive year.</p> <p>Currently, Shinhan Financial Group has established an "Asian Financial Belt" through balanced growth of corporate and retail loans in Japan and Vietnam, as well as profitability and sound retail loan handling in emerging Asian markets such as Cambodia and Indonesia. In particular, in the Vietnamese market, we have grown into the No. 1 foreign bank that can compete with local banks by generating stable profits, and we continue to strengthen our global business capabilities through growth strategies in partnership with local companies and financial institutions, such as the acquisition of a stake in TiKi, a leading Vietnamese e-commerce company, and the launch of Future Bank Group. In addition, Shinhan Card continues to drive growth in the consumer finance market through Shinhan Vietnam Finance (SVFC) and the captive-based auto loan market through Shinhan Finance (SHF, Kazakhstan), while Shinhan Investment & Securities has established a stable profit structure through joint growth in retail and IB, including a capital increase of KRW 55 billion in Vietnam and more than 50,000 securities account customers.</p>

Human Resources Development

Self-directed Career Development

Shinhan Bank

Support for degrees and certifications

- Shinhan Financial Group supports employees in obtaining degrees and work-related certifications to support self-directed career development and competency enhancement
 - 100% college tuition reimbursement for all employees
 - Support for graduate school tuition and overseas training expenses (such as overseas dispatch) for outstanding employees to improve their work skills
 - Master's program in Digital Financial Engineering to strengthen financial expertise for employees, Business School to strengthen leadership capabilities of middle managers, etc.
 - Number of new certifications in '22: 1,565 total (excluding duplicates); number of certifications per employee: 9.13

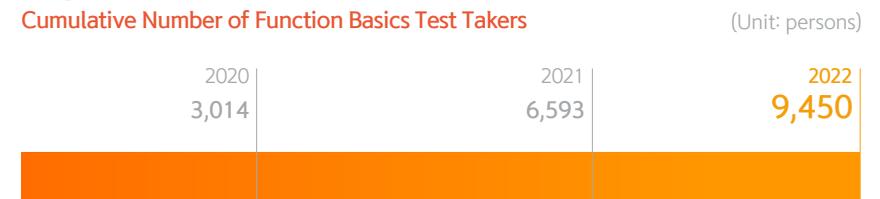
Employee Development Programs

My Function Assignment System	<ul style="list-style-type: none"> • MyFunction Designation System is a system for employees in Level 4 and below to select the desired role • Total of 5,829 persons enrolled for MyFunction as of the end of 2022, will continue to be updated considering factors such as management environment, employee demand, and division feedback
My Function Academy	<ul style="list-style-type: none"> • Empower employees with the skills they need to perform their desired roles through a step-by-step process of [Function Basics → Function Champion → Function Master]
My Function CoP	<ul style="list-style-type: none"> • Support to develop basic knowledge and competencies required for desired roles in advance through care (core information, practical experience, mentoring, etc.) and continuous self-directed learning from CoP related departments, and reflect placement in related departments; total of 2,805 people active
My Competency Scorecard	<ul style="list-style-type: none"> • Provide guidance to help you intuitively understand how much your competency blocks have stacked up and what you need to work on • Expansion of real-time customized lectures and introduction of external specialized courses (e.g., e-Pass Korea)

CASE

Strengthening employees' self-directed function expertise using 'Shinhan Function Basics'

- Function Basics: Learn the basics that bankers must know and develop basic competencies to grow into function experts to realize customer value
 - In light of the COVID-19 situation in 2020, we introduced the first non-face-to-face live lectures in the Korean financial sector and established a non-face-to-face integrated management system for employee function training
 - Effective and ongoing performance tracking and management of talent development programs with tiered function academies



Shinhan Card

Implement a "self-directed career development" program based on job skills and planning

- Efficient and rational human resource management through the 'Open Job Market', a self-directed recruitment and placement system that directly connects supply and demand based on Self Career Planning (SCP), where employees create their own career plans
- To flexibly respond to the rapidly changing digital environment and provide open opportunities to employees who boldly challenge new roles based on their expertise and capabilities, we held an internal competition for department heads and part managers, creating an institutional foundation for any employee with proven leadership to become a leader
- Maximize organizational performance by responding to individuals' creative thinking and desire and expectation for growth through a self-directed HR system

Human Resources Development

Empowering Financial Expertise

Shinhan Financial Group

Master's in Digital Financial Engineering

- In February 2017, after signing a MOU with Korea University to foster digital talent, we launched the first course in Korea on 'Digital Finance Engineering' to foster convergent professional talents that combine digital theory and practice
- Managing expertise by training 30 people a year as Master of Digital Financial Engineering, with the 7th generation in training as of 2023

Shinhan Digital Business School

- Shinhan Financial Group operates a Digital Business School in partnership with Seoul National University Graduate School of Business to enhance management knowledge and develop leadership capabilities of the group's next generation of leaders in response to changes in the financial environment
- 40 people are selected annually at the deputy general manager level to focus on business cases and improve digital literacy through theoretical lectures, action learning, and workshops



Shinhan Bank

Digital training organization chart



Human Resources Development

Shinhan Securities

Strengthening digital capabilities

- Strengthening data analysis competency training to utilize various data by utilizing the data analysis portal established in-house to provide a 2-track training system for 'company-wide digital competency enhancement' and 'fostering experts by technical field'
- Employee-led, step-by-step learning in required skill areas through the online Digital Campus for employees in ICT and digital roles

Shinhan Life

Provide 'New and Old Financial Consulting Specialist Course' for outstanding FCs to strengthen their capabilities

- To strengthen the core competitiveness of outstanding FCs, we signed an MOU with Yonsei University Graduate School of Business to offer the "New and Old Financial Consulting Specialist Course" (10-week course)
- Provide a wide range of education in finance, taxation, economics, marketing, leadership, health, etc. from full-time professors and specialized lecturers in each field at Yonsei University
- 35.1% of graduates achieve top titles and 1.5 on-field productivity per person, higher than other FCs



Building a digital workforce

- Reorganized the digital talent development system into double-track (Citizen-3Expert) in line with the Group's digital strategy
 - Step-by-step training on coding and programming, data science, financial engineering, etc.
 - Helped employees obtain digital certifications to secure digital competencies (37 cumulative)

Shinhan DS

Run an internal university to develop new digital technology skills

- Run in-house university courses to promote a culture of learning and empower employees
- Open to all employees of group companies, with plans to expand group joint training based on demand research
- As a strategic partner for group digital empowerment, we plan to focus on digital literacy training using the SCOOL platform

Winning awards for digital talent development capabilities and participating in KDT projects

- First in the financial sector ICT field to win the Grand Prize in the new technology category of the 'Vocational Skills Development Employer Training Best Practice Contest', Minister of Employment and Labor Award
- Selected for the 'K-Digital Training Digital Leader Academy' project, the first in the financial sector ICT field

Human Resources Development

Enhancing ESG Capabilities

Shinhan Bank

Train employees on ESG topics

- Conducted thematic online training for all employees to raise ESG awareness

- 1 Introducing Shinhan Financial Group's ESG strategy!
- 2 "Now or Never" The climate crisis and how we're responding
- 3 Climate finance, diversity, human rights and disclosure at Shinhan
- 4 Green Taxonomy and challenges
- 5 ESG consulting to help drive sales
- 6 What is a carbon footprint and why should you reduce it?
- 7 ESG needs risk management too?
- 8 Hey, you can do ESG too!
- 9 Why measure ESG performance based on the Shinhan ESG Value Index?
- 10 Green IB ESG investing is not a choice, it's a necessity, it's the 'food' of the future



Cultivating ESG Talent - ESG CoP TIUM

- In September 2021, we launched a Community of Practice (CoP) to discover various business ideas based on voluntary ESG policy and trend learning and collective intelligence to secure an ESG talent pool
- ESG CoP conducts activities such as sharing ESG issues, releasing weekly issue reports, and sharing implementation plans for ESG promotion strategies, and incentivizes outstanding mentees by evaluating their participation and activeness and the excellence of their ideas



Shinhan Takes Action! ESG Idea Contest

- Conduct team projects in accordance with Shinhan Financial Group's ESG strategic direction and select outstanding teams by a panel of judges from relevant departments related to each topic
- From ESG disclosure to ESG finance, risk management, and external engagement, this course introduces novel ways to effectively respond to various ESG issues that have recently become a hot topic in corporate management
- Proposed ideas will be applied to Shinhan Bank's overall ESG management by comprehensively considering innovation, impact, and feasibility

Shinhan Asset Management

Support for ESG-related certifications

- Assistance in obtaining ESG-related certifications such as CESGA, SCR, and Certificate ESG Investing



Human Resources Development

Performance and Rewards

Shinhan Financial Group

Fair compensation based on performance

- No unfair discrimination based on education, personal network, age, gender, race, religion, etc. in performance evaluation and compensation
- Pay the same base salary for men and women for entry-level positions, which is above the legal minimum wage standard

Shinhan Financial Group Gender Wage Tables

(Unit: KRW million)

Classification	Item	Female	Male	Female to male pay ratio
Executive	Base pay	204	204	100%
	Base salary and other remuneration	323	323	100%
Department Head	Base pay	134	134	100%
	Base salary and other remuneration	152	152	100%
Deputy General Manager to Manager	Base pay	92	92	100%
	Base salary and other remuneration	105	105	100%
Manager or below	Base pay	70	70	100%
	Base salary and other remuneration	80	80	100%

* No gender differences in remuneration, calculated based on the number of people in representative positions for the target metric (average salary for the year in which the largest number of employees (both men and women) in that position are distributed)

Various evaluation systems for employee growth

- Set Management by Objective (MBO) goals for all employees at the beginning of each year and conduct performance evaluations on the level of achievement of MBO criteria
- Conduct 360-degree multi-faceted assessments for employees at the assistant manager level and above, with frequent sharing and feedback on performance progress between the assessor and the assessed
- Utilizing an internal platform (Monthly Note) as the basis for performance evaluation and competency evaluation, providing regular feedback on the level of individual KPI achievement and management status based on the OKR system (once a month)
 - Post your monthly accomplishments and goals for the upcoming month, and your evaluator will provide coaching and feedback based on your performance
 - Eliminate proximity errors when conducting annual appraisals by providing full notes and feedback to appraisers when conducting annual appraisals
- Conducting team-based performance evaluations in addition to individual performance to create synergy between individual performance and organizational performance
 - Link team leader and team member performance: Increase ownership by reflecting department and division leader performance ratings in individual management performance evaluations
- Provide regular performance management and career development reviews to all employees, including contractors, and operate performance-based compensation and incentive programs
 - The results of individual performance evaluations are used for promotion consideration, personnel transfers, and training selection, regardless of whether they are eligible for performance pay
 - (Shinhan Bank) In accordance with Article 13 of the Remuneration Regulations, all employees, including general employees, RS employees, indefinite contract employees, management employees, management specialists, and labor exchange employees, are paid management performance wages reflecting the performance factor and KPI achievement rate of their business groups and departments, and are composed of cash performance wages (short-term performance wages) and ESOP (long-term performance wages).
 - Pay-for-performance configuration: Performance-linked (30% group + 40% individual) + tied pay (30%)

Human Resources Development

Improving Organizational Culture

Shinhan Financial Group

Shinhan Culture Index

- The Culture Index, an employee satisfaction survey tool, is regularly conducted biannually, and as of 2022, 20,093 employees (cumulatively) participated in the survey to evaluate their overall satisfaction with the organizational culture
 - Consists of questions about role experiences, goals, and happiness at work, and based on the results of the survey, an improvement plan is developed for areas that need improvement to increase long-term employee satisfaction
 - Strengthened and revamped the employee ESG awareness survey, management diagnosis, and human rights survey in 2022 to listen to employees' opinions in a multifaceted manner

Employee Satisfaction

(Unit: Points/Persons)

	2020	2021	2022
Employee satisfaction level	4.1 ¹⁾	74.3	77.8
Number of survey participants	19,316	14,693	11,530

¹⁾ Based on a 5-point scale for 2019-2020 and a 100-point scale for 2021 and beyond

Reasonable Labor-Management Relations

- Respect worker rights that are guaranteed by labor laws and other relevant laws, and enter a collective agreement through collective bargaining with the labor union
- Maintain a win-win labor-management partnership by such efforts as applying the same labor and employment conditions specified in the collective agreement to even employees to which collective agreement results do not apply
- Regular labor-management meetings are held in accordance with relevant laws to listen to employees' voices on improving working conditions and handling grievances, and to activate the organization's communication culture through communication between management and employees on the status of management, contributing to the development of labor-management relations
 - In 2022, we will hold a labor-management council to improve our HR system, including the introduction of a half-day leave system

Collective Bargaining

(Unit: Persons)

	2020	2021	2022
No. of people eligible to join labor union	15,281	14,965	14,934
No. of people with labor union membership	14,800	14,505	14,650
Labor union membership rate (%)	96.9	96.9	98.1

Transforming organizational culture through 'RE:Boot Shinhan'

- Implemented the "RE:Boot Shinhan", a culture transformation project, on the occasion of the 20th anniversary of its founding, to establish an organizational culture that is needed for the new era and to develop into "Excellence, Shinhan"
 - Create a flexible work environment: continuously remove barriers to horizontal communication, such as job titles, dress codes, and time off, and implement HR systems for performance engagement and creativity to create a work environment where employees feel rewarded and proud
 - Launched the "who-riend Committee" in August 2021, as an autonomous organization consisting mainly of the millennials and Generation Z as part of the "RE:Boot Shinhan" project: Formed the Committee through voluntary participation by 10 employees in their 20s to 30s at the holding company to secure strategic insight and to build an environment where employees' creativity and initiative can be demonstrated
- Held the 2nd Shinhan Culture Forum: to commemorate the 40th anniversary of the Group's founding in 2022, the 'RE:Boot Shinhan' project held the 2nd Shinhan Culture Forum with the goal of transforming the culture code (mind-set, process) to meet the needs of the management paradigm shift, including the external environment and generational changes in customers and employees. The forum shared the success equation of Shinhan in the past through the compilation of a history of the Group's 40th anniversary and examined the future direction of Shinhan's culture based on the opinions of employees in the field



RE:BOOT Shinhan

Human Resources Development

Key organizational culture improvement activities by group affiliate

Category	Main Activities
Enabling communication	Shinhan Financial Group <ul style="list-style-type: none"> Operate an employee grievance system to foster a healthy work environment
	Shinhan Bank <ul style="list-style-type: none"> Operate 'Hangout Square,' a communication channel for employees to freely exchange ideas Run a CEO-Employee "meet and greet" A "chit-chat program" to encourage employees and build self-esteem Established the MZ Advisory Board "Empathy RE: Boot" metaverse discussion channel to diagnose organizational culture
	Shinhan Card <ul style="list-style-type: none"> Conduct Digital First/S-Culture Forums in 2022 (first and second half) Horizontal reverse mentoring system - 'R Square (R2)' to discover new businesses, and 'Youth Inspiration Group' program centered on MZ generation
	Shinhan Securities <ul style="list-style-type: none"> Operate the employee communication channel 'S-Voice': Collecting employee opinions on resonance/innovation/change/sharing/VOCs Implement the 15 reforms selected by the internal junior board: identify short-, medium-, and long-term tasks to transform employees and the organization
	Shinhan Fund Partners <ul style="list-style-type: none"> Launching a joint labor-management ESG campaign for communication
Conduct training and education programs	Shinhan Card <ul style="list-style-type: none"> Conduct all-employee non-face-to-face organizational culture training for 'RE:Boot Shinhan' on the metaverse platform Gather Town Operate 'I'm Ventures', an internal venture incubation and support program
	Shinhan Capital <ul style="list-style-type: none"> Implemented S-Kitchen, an organizational bonding activity with employees
	Shinhan DS <ul style="list-style-type: none"> Held 'Shinhan Way 2.0 Employee TWogether Training' to present ideas for organizational culture change
	Shinhan Savings Bank <ul style="list-style-type: none"> Launching a "Delight Campaign" to improve meeting, reporting, and approval culture

Category	Main Activities
Specialized Organization Operations	Shinhan Bank <ul style="list-style-type: none"> Opened 'Expac' and open lounge 'SOL Lounge' to develop new digital-based business models
	Shinhan Life <ul style="list-style-type: none"> Launch of Pathfinder, a company-wide change organization
	Shinhan EZ General Insurance <ul style="list-style-type: none"> Establish an "organizational culture TF" council for employee-led organizational culture change and innovation
	Shinhan Savings Bank <ul style="list-style-type: none"> Established 'Shinhan Culture Planners' to promote employee-centered organizational culture change

Shinhan Bank

'S.A.Q' (Speed, Agility & Quickness), Shinhan's differentiated agile organization

- Adopt an agile organization and build an organizational tribe: Adopting an agile organization (S.A.Q.) to meet diverse and fragmented customer needs quickly and effectively in the digital age, and building a purpose-driven organizational "tribe" to deliver on key strategic tasks
- Establish an E2E organization (Tribe & Squad) centered on Tribe Leaders, and promote rapid execution of strategic tasks that require aggregation of advancement capabilities such as New SOL, New Groupware, etc.
 - Five tribes in operation as of 2023, and a "senior squad" formed by rehiring retired employees to specialize in senior college
- Enabled quick decision-making and strengthened business execution capabilities by reducing top management's positions from three steps – deputy president, assistant deputy president, director – to two steps – deputy president and director

Diversity Programs

Diversity and Inclusion

Shinhan Financial Group

Diversity and Inclusion Statement of Principles

- Recognizing diversity as a new opportunity for the Group's sustainable development, we established the Principles of Diversity and Inclusion, which outline five commitments based on the premise of non-discrimination in all areas
- Prohibit bias or discrimination based on personal characteristics, background, identity, or cultural differences, such as gender, disability, national origin, age, education, personal network, religion, or sexual orientation, in all areas of work
- Transparently share our activities and performance through the publication of an annual diversity report

[Shinhan Financial Group Diversity Report](#)

Outstanding Performance in DEI

- Ranked first in Korea on the Bloomberg Gender Equality Index (GEI) for the fifth consecutive year in 2023
- Signed Gender-Balanced Inclusive Growth Partnership with the Ministry of Gender Equality and Family in 2019
- Certified as a family-friendly company by the Ministry of Gender Equality and Family Affairs (Shinhan Bank, Shinhan Asset Management, Jeju Bank, Shinhan Credit Information, Shinhan Capital)

Diversity by Management Level

(Unit: Persons)

	Female (Percentage)	Male (Percentage)
Deputy general manager	6,191 (62.4%)	3,731 (37.6%)
Deputy director ~ general manager	3,686 (32.0%)	7,838 (68.0%)
Department head	206 (11.7%)	1,555 (88.3%)
Executive Officers	24 (8.5%)	257 (91.5%)

Diversity Status by Role Type

(Unit: Persons)

	2022
Sales departments	6,015
STEM departments ¹⁾	724

* Expanded data management scope from 2022 (bank → all group companies)

¹⁾ Science, Technology, Engineering, Math

Nationality Diversity

(Unit: Persons)

Nationality	No. of employees	No. of managers ¹⁾	Nationality	No. of employees	No. of managers ¹⁾
Vietnam	2,972	440	Hong Kong	20	7
Indonesia	954	293	Singapore	9	3
Korea	666	431	Germany	7	7
China	471	177	U.K.	6	3
Cambodia	444	64	Russia	5	2
India	347	76	Malaysia	5	2
Myanmar	296	9	Australia	4	4
Japan	179	68	Nigeria	1	1
Kazakgstan	156	91	New Zealand	1	1
USA	145	96	Uzbekistan	1	-
Mexico	41	24	Kenya	1	1
Canada	40	17	Hungary	1	-
The Phillippines	23	3	Total	6,795	1,820

* Based on international local entities and operations in Bank, Card, Securities, Life, Asset Management, and DS

¹⁾ Manager and above

Diversity Programs

Localization at Overseas Worksites

(Unit: Persons)

Country	No. of employees	No. of locally hired	Employees with Korean nationality	Employees with foreign nationality (Percentage)	No. of managers ¹⁾ (Percentage)
Japan	318	283	104	179 (56.3%)	68 (48.9%)
China	498	464	3	461 (92.6%)	174 (82.5%)
Vietnam	3,059	3,003	31	2,972 (97.2%)	440 (85.6%)
USA	293	266	111	155 (52.9%)	102 (54.0%)
India	361	338	-	338 (93.6%)	73 (76.0%)
Indonesia	973	958	4	954 (98.0%)	293 (94.2%)
Canada	113	108	58	50 (44.2%)	19 (48.7%)
Germany	27	24	18	6 (22.2%)	6 (50.0%)
Cambodia	455	446	2	444 (97.6%)	64 (86.5%)
Kazakhstan	168	162	1	161 (95.8%)	93 (93.0%)
Mexico	46	41	-	41 (89.1%)	24 (82.8%)
Hong Kong	65	47	25	22 (33.8%)	8 (20.0%)
London	34	25	18	7 (20.6%)	4 (23.5%)
Singapore	30	21	9	12 (40.0%)	3 (20.0%)
Manila	27	24	3	21 (77.8%)	3 (37.5%)
Dubai	10	8	4	4 (40.0%)	2 (50.0%)
Sydney	14	10	6	4 (28.6%)	4 (50.0%)
Yangon	301	297	1	296 (98.3%)	9 (69.2%)
Hungary	2	1	-	1 (50.0%)	-
Uzbekistan	1	1	-	1 (100.0%)	-
Poland	-	-	-	-	-
Total	6,795	6,527	398	6,129 (90.2%)	1,389 (76.3%)

* For international local entities and operations in banking, cards, securities, life, wealth management, and DS

¹⁾ Manager and above

Nurturing Female Talent

Shinhan Financial Group

Direction for fostering female leaders

- Shinhan Financial Group establishes strategies and goals for fostering women leaders to promote organizational diversity and flexibility
- Operate relevant programs for each group company by setting up three focus areas: executive development, middle management development, and strengthening female talent networking

Female Talent Development Program



Developing women in management – Shinhan SHeroes

- The first female leader development program in the domestic financial sector, meaning “Shinhan’s Women Heroes,” which will foster a total of 280 female leaders (cumulatively) by 2023, and support their leadership capabilities and network expansion
- In 2022, we launched Women in Tech (WIT), a new professional organization for women leaders in digital and ICT
- Introduced the C.O.RE principle, which refers to the central role and qualitative growth of women leaders in the group

Diversity Programs

Shinhan SHeroes 2023 Operational Direction



Start fostering 'SHeroes 6'

- Held a launch ceremony in May 2023 for the sixth generation of the group's female leader development program, "Shinhan SHeroes," with 60 participants selected
- The SHeroes Fellows Mentoring System, a network for detailed mentoring by senior female leaders who have completed the SHeroes program, will be established as a continuous system for fostering female leaders through the operation of autonomous organizations by group companies

Conducted 'CORUS¹⁾' training for female middle managers

- Participation of Shinhan DS, Shinhan Life, Jeju Bank, Shinhan Savings Bank, etc. in a separate program to strengthen the leadership capabilities and networking of female middle managers at the managerial level

Employee Welfare Policy

Shinhan Financial Group Shinhan Bank

Family-friendly practices that boost job satisfaction and engagement

- Create a work environment that supports employees' ability to balance work and family, enabling them to focus on their work: the same for all employees, including contractors

¹⁾ CORUS is a combination of 'CORE', the direction of fostering SHeroes, and 'US', meaning managers who act as a chorus to maximize harmony in the organization

- Operate leave and support programs for maternity and paternity support for the different stages of employee life cycles

	Leave and vacation policies	Other assistance programs
Pregnancy	<ul style="list-style-type: none"> • First bank to offer paid leave for fertility treatment • Support for prenatal leave for pregnant women 	<ul style="list-style-type: none"> • Allow pregnant employees to reduce their workday by two hours per day
Maternity	<ul style="list-style-type: none"> • Support for 110 days of paid maternity leave, beyond the law-required 90 days • 10 days of paid maternity leave for spouses 	<ul style="list-style-type: none"> • Restrictions on overtime and night and holiday work for employees in the first year postpartum
Nursery	<ul style="list-style-type: none"> • Paid parental leave that counts as service for primary and secondary caregivers <ul style="list-style-type: none"> - One year of paid parental leave per child for male and female employees alike - Up to 2 years of use, including pre- and post-natal leave, split into one installment (above the required 1-year statutory leave threshold) - Who: Children ages 9 and under or in third grade or above • For the birth of a premature or disabled child, up to 2.5 years of parental leave with an additional 6 months of leave 	<ul style="list-style-type: none"> • On-site breastfeeding room (Shinhan Card, Shinhan Securities) • Ease childcare burden by operating daycare centers in the workplace (a total of 6 joint group and bank daycare centers in Seoul and the Seoul metropolitan area) • Childcare allowance (for children ages 5-7) and preschool education expenses to help raise your children • Support for compressed work schedules during your child's elementary school year (month of March, 10am start time) • Allow eligible employees with children under the age of nine or in the third grade to take a four-hour workweek to care for them (the "Convenience" system) • Educational assistance for children to ease the burden of educational expenses (for children attending junior high schools, colleges, universities, and equivalent overseas schools authorized by the Ministry of Education)

- Support for paid leave for family support purposes other than maternity and paternity leave: operate a paid care leave or leave system for yourself and your spouse in the event of parental, spousal, or child illness (within one year)
- Programs to minimize career gaps due to employee parental leave
 - Always-on mobile content (jobs, finance in general, culture, etc.), soft-landing training for returning employees, 800+ lectures on Shinhan EDU Open Classroom, etc.

Diversity Programs

Operating a SMART work system to create an efficient work environment for employees

- Establish optional work hours (flexible work hours) and remote and work-from-home systems that allow individuals to design their own commute times and work locations
- Operate a 40-hour workweek to comply with legal working hours and a SMART work system, such as a voluntary commuting system and a staggered commuting system that considers work characteristics
- Applying the SMART work system to all employees, including contractors, without discrimination
- Implementing a part-time working option to prevent employees from being overexposed to work or when it is difficult to work full-time due to personal circumstances

Welfare programs to keep employees happy and stable

- Operate various welfare programs to support the health of employees and their families, including physical and mental health promotion programs, in-house hospitals (internal medicine, dental), medical expense support, and health screenings
- Vacation and work-life balance stipends to encourage vacation use, as well as support for retreats such as hotels and resorts that can be used while on vacation
- Operate a housing loan support system for employees' housing and life stability
- Provide welfare programs to all employees, including contractors, without discrimination

Career planning and re-entry support for retirees

- To help employees prepare for their second life and retirement, we provide severance pay to retired employees, including those who are scheduled to retire and those who wish to retire, and operate employment-related education and reemployment success projects
- Support for 'Re-employment Support Service' by operating a job placement counseling program for retired employees

Parental Leave

(Unit: Persons)

	2020		2021		2022	
	Female	Male	Female	Male	Female	Male
No. of employees scheduled to return to work in the current year after parental leave	741	34	582	41	494	70
No. of employees who have returned to work in the current year after parental leave	622	27	547	41	463	64
Percentage of employees who have returned to work in the current year after parental leave (%) ¹⁾	83.9	79.4	94.0	100	93.7	91.4
No. of employees retained for over 12 months after returning to work in the previous year	664	21	583	25	447	38
Percentage of employees retained for over 12 months after returning to work in the previous year (%) ²⁾	94.9	95.5	93.7	92.6	81.7	92.7

* Expanded data management scope from 2022 (Holding, Bank, Card, Securities, Life, Capital, Asset Management, Jeju → all group companies)

¹⁾ Employees who have returned to work in the current year after parental leave / Employees who were anticipated to return to work in the current year after parental leave

²⁾ No. of employees retained for over 12 months who have returned from previous year's parental leave / No. of employees who have returned in the current year from previous year's parental leave

Retirement Pension Reserves

(Unit: KRW billion)

	2020	2021	2022
Present value of defined benefit obligation	2,182	2,206	1,935
Fair value of plan assets	(2,138)	(2,297)	(2,540)
Recognized liabilities from defined benefit plan	44	(91)	(605)

Safety & Health

Safety and Health Policy and Management System

Shinhan Financial Group

Safety and Health Mission and Management Statement

- Shinhan Financial Group places the safety of all employees, partner companies, and customers as a top priority in corporate management, and declares a safety and health policy to secure the trust of stakeholders by complying with safety and health laws and regulations

[🔗 Shinhan Financial Holding's Safety & Health Mission / Goals / Management Policy](#)

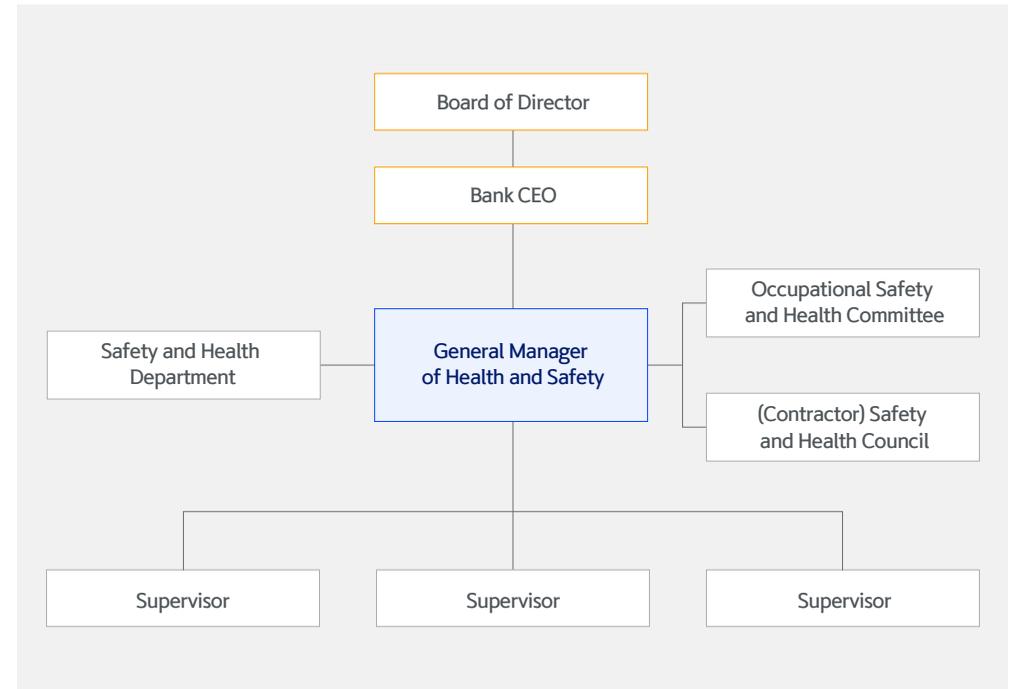
Shinhan Bank

Safety and Health Policy

- Establishment of the Group Safety and Health Mission, Objectives and Management Policy in January 2022, a safety and health policy that applies to all Group employees, customers and partner companies
- Make safety the top priority in all operations and management, and strengthen the occupational safety and health and serious accident management system based on the Safety and Health Management Regulations in response to the expansion of corporate safety and health obligations and strengthening of responsibilities due to the enforcement of the Serious Accident Punishment Act
 - Board approval and review for Safety and Health Management Plans
 - Establishment of manuals and standards for systematic safety and health management: Major disaster response manual, guidelines and manuals for conducting risk assessments, and evaluation criteria and procedures for securing safety and health in the selection and contracting of partner companies
 - Establishing and executing a dedicated budget for safety and health to secure safety and health personnel and facilities, as well as checking the implementation of relevant laws and regulations and improving hazardous risks based on risk assessments
 - Work permits and checklists to prevent industrial accidents in the construction industry, etc.

[🔗 Shinhan Bank Introduction to Safety Management](#)

Shinhan Bank Health & Safety Governance



Safety & Health

Safety and Health Management System

- Shinhan Bank has established a safety and health system centered on the head of safety and health management directly under the bank president to create a safe and comfortable working environment for employees and workers
- Strengthened the safety and health management organization system centered on the Occupational Safety Planning Team, a department dedicated to safety and health, and fully implemented various legal obligations

Classification	Configuration	Role																				
Safety and Health (General) Manager	Head of Management Support Group	<ul style="list-style-type: none"> • General management, review, and supervision of occupational safety and health work in the workplace • Oversee internal checks and investigations of risk assessment results and implementation of identified improvement measures • Oversee occupational safety and health committees and safety and health councils 																				
Safety and Health Department	Occupational Safety Planning Team	<ul style="list-style-type: none"> • Perform occupational safety and health duties as directed by the safety and health manager • Unified management of row safety and health functions and roles • Oversee rounds (once a week) and joint inspections (once a quarter) to ensure worker safety and health 																				
Occupational Safety and Health Committee	Labor-Management Tie	<ul style="list-style-type: none"> • Deliberate and resolve major issues related to safety and health at the workplace (once a quarter) • Share internal audit and review reports on safety and health management controls <p>Results of the Occupational Safety and Health Committee in 2022</p> <table border="1"> <thead> <tr> <th>Classification</th> <th>Effective Date</th> <th>Meeting agenda</th> <th>Results</th> </tr> </thead> <tbody> <tr> <td>Q1 '22</td> <td>2022. 03. 11</td> <td> <ul style="list-style-type: none"> • Develop a 2022 safety and health plan • Conduct site risk assessment in 2022 </td> <td>Approved</td> </tr> <tr> <td>Q2 '22</td> <td>2022. 05. 13</td> <td> <ul style="list-style-type: none"> • Create worker safety and health training materials • Listening to employees on safety and health </td> <td>Approved</td> </tr> <tr> <td>Q3 '22</td> <td>2022. 09. 23</td> <td> <ul style="list-style-type: none"> • Pursuing ISO 45001 certification </td> <td>Approved</td> </tr> <tr> <td>Q4 '22</td> <td>2022. 12. 15</td> <td> <ul style="list-style-type: none"> • Securing emergency evacuation routes for business locations • Implementation of safety and health education </td> <td>Approved</td> </tr> </tbody> </table>	Classification	Effective Date	Meeting agenda	Results	Q1 '22	2022. 03. 11	<ul style="list-style-type: none"> • Develop a 2022 safety and health plan • Conduct site risk assessment in 2022 	Approved	Q2 '22	2022. 05. 13	<ul style="list-style-type: none"> • Create worker safety and health training materials • Listening to employees on safety and health 	Approved	Q3 '22	2022. 09. 23	<ul style="list-style-type: none"> • Pursuing ISO 45001 certification 	Approved	Q4 '22	2022. 12. 15	<ul style="list-style-type: none"> • Securing emergency evacuation routes for business locations • Implementation of safety and health education 	Approved
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(Contractor) Safety and Health Council	Banks and contractors	<ul style="list-style-type: none"> • Various consultation and input mechanisms on contractor safety and health (monthly) 																				

Supervisor	Department heads representing each department branch	<ul style="list-style-type: none"> • Direct and supervise staff to manage occupational safety and health functions within the branch. • Identify hazards and risks for risk assessment and implement remedial measures
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Acquired ISO 45001 certification

- Obtained ISO 45001 certification in November 2022 to publicly recognize our safety and health system and strengthen workplace safety and health
- Adopted and operating a safety and health management system of international standards applied to all branches, including the head office, to ensure a safe working environment for employees and workers, which is strengthening in society
- In-house safety and health personnel strengthened their expertise in safety and health management by acquiring ISO 45001 auditor qualification, and continuously reviewed the adequacy and effectiveness of the safety and health management system through regular internal audits (semi-annually)



Safety & Health

Safety and health management goals and plans

- Shinhan Bank has set life protection and accident prevention for all employees, including employees, contractors, and labor providers, as a priority management goal, and has established and implemented a systematic safety plan for the safety and health of employees and workers based on its safety and health management policy
- Establish an annual safety and health plan that considers safety and health management objectives and is reported to the Board of Directors, and conduct performance management through continuous monitoring of the achievement of measurable quantitative safety and health objectives and identification of areas for improvement

2022 Safety and Health Goals and Achievements

Classification		Unit	Safety and health goals	Achievement rate
Achieve zero accidents	Serious accidents (based on the Occupational Safety and Health Act and the Serious Accident Punishment Act)	Case	0	100% (0 disasters, 0% disaster rate)
Safety and health education	Recipient safety and health training (routine and special)	%	70% training completion rate	70% training completion rate
Employee health management	Comprehensive (general checkup)	%	100% inspection rate	94% inspection rate
	Special inspections (for night workers)	%	100% inspection rate	100% inspection rate
	Managing people with pre-existing conditions	%	100% Managing people with pre-existing conditions ratio	100% Management rate
Conduct an emergency drill	Fire drills (security audits)	%	100% implementation rate	60% implementation rate

EHS Compliance Audit implementation

- Evaluate compliance with and implementation of relevant laws and regulations, such as the Occupational Safety and Health Act and the Serious Accident Punishment Act, and reflect them in establishing safety and health management plans
- Strengthen the foundation for continuous EHS system operation by identifying improvement plans and details, and the manpower and budget required for improvement
 - Verify compliance with 59 occupational safety and health laws, 2 major disaster punishment laws, and 5 other laws (Act on Prevention and Control of Infectious Diseases, Chemicals Control Act, Act on Installation, Maintenance, and Safety Management of Fire and Fire Protection Facilities, City Gas Business Act, and Electricity Safety Management Act)

Safety and Health

Safety and Health Risk Management

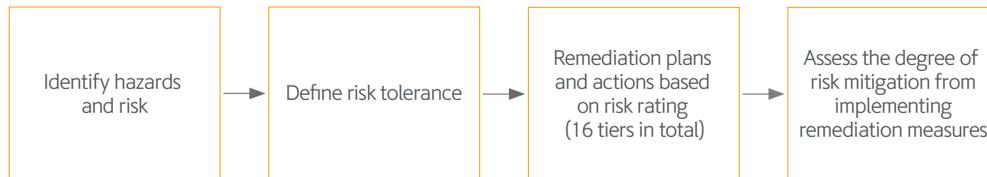
Shinhan Bank

Workplace risk assessment

- Establish guidelines and manuals for conducting risk assessments to identify, respond to, and manage safety hazards and risks in the workplace
 - After conducting an initial assessment for all business sites, conduct annual assessments and occasional assessments as needed to identify routine, non-routine, and emergency situations according to the degree of risk (considering the size of the impact in the event of an accident and the likelihood of an accident occurring)
 - Training on risk assessment methodology for all staff and stakeholders
- Risk assessment items: management status of facilities at headquarters and sales offices, including electricity, fire, and sanitation facilities, safety and health issues that may arise during office work (including call centers), etc.

Risk Assessment Process

- Conducted an initial risk assessment of sales offices and general office activities for all business sites from December 2021 to June 2022, and based on the assessment results, identified hazards and risk factors and continuously managed improvement needs



Safety and Health Goals and Achievements in 2022

Derive risk factors	Risk rating ¹⁾	Action performance	Improvement actions
Nighttime work in a substation with access via temporary stairs, risk of falling if the floor is icy	H	----> ML	Installing steel stairs
Risk of falling through the top of the vent grating	H	----> L	Installing a fence to block access
Risk of slip and fall accidents when walking on steep slopes in wet weather	M	----> L	Installing non-slip mats and post slip and fall safety signs

¹⁾ Based on risk level: HH (12-16), H (8-9), M (6), ML (3-4), L (1-2)

Responding to occupational safety incidents and emergencies

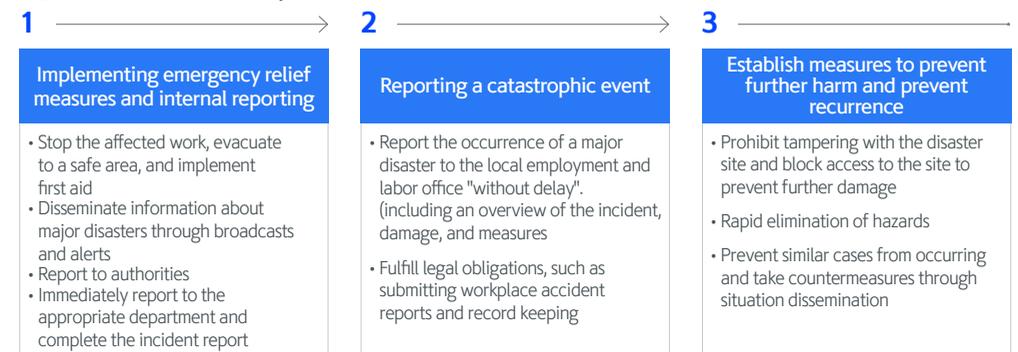
- Establish a rapid response system by establishing an emergency action manual (Major Disaster Response Manual) to respond to emergencies such as safety and health accidents or disasters
- Immediately upon the occurrence of a disaster, supervisors and witnesses shall notify the department in charge of the disaster, and in principle, employees may stop work and evacuate if there is an imminent risk of an industrial accident occurring
- The head of safety and health management analyzes disasters that have occurred on a regular basis each year, and establishes and implements disaster prevention measures accordingly to strengthen emergency response capabilities
 - Conducted a comprehensive analysis of the previous year's disasters in the first quarter of each year, and shared the results of the annual disaster analysis with all business sites to strengthen response capabilities

Major Industrial Accident Response Procedures

[1] Imminent threat of a major industrial accident



[2] In the event of a major industrial accident



Safety & Health

Manage worker health risks

- Shinhan Bank operates the 'Shinhan Care Program' for systematic and integrated health management of its employees
 - Manage employee health risks by conducting regular medical examinations for workers, and follow-up examinations and special medical examinations for those diagnosed with occupational diseases
 - Risk factor investigation (triennial) and prevention training for musculoskeletal diseases

Shinhan Care Program



Safety and Health Program

Shinhan Bank

Protection plan for customer service employee

- Shinhan Bank has implemented more systematic and professional employee protection measures through interviews with complainants, on-site training, telephone coaching, legal advice, and support for in-house lawyers to accompany investigations
- Strengthened timely on-site response through infrastructure such as 'Siren 5119', new consumer protection platform, and stalking/sexual harassment employee counseling channel

Category	Main Description
Organizations/ Councils/Systems	<ul style="list-style-type: none"> • Special Complaint Field Support (Special Complaint Team created in 2016) • Grievance Selection Committee • Employee Protection Measures Committee • ZERO Consumer Protection Complaint Recognition Award
Psychological Counseling	<ul style="list-style-type: none"> • Supporting psychological counseling for customer service employees who have been traumatized by a special complainant's behavior
Legal Support	<ul style="list-style-type: none"> • Legal counseling and investigation
Special Complaint Response Training	<ul style="list-style-type: none"> • Publish 'Response script for each type of special complaint customer' • Create and publish webtoons of common special complaint cases • Distribute educational materials by making videos on how to respond to major complaints • Periodically conduct basic training on complaint handling and special complaint response training whenever necessary, such as training for various promotions and job training, through a 'consumer protection professor' in the consumer support department
Consumer Protection Group's Job Training	<ul style="list-style-type: none"> • Enhanced work skills and ability to deal with complaints through training on anti-prohibition laws and complaint prevention for all employees
CPO(Consumer Protection Officer) Special Complaint Discovery	<ul style="list-style-type: none"> • Preemptive consumer protection and on-site support by hiring excellent retirees for career employees to coach branches on anticipated complaints in advance. • Responding to cases that will be transferred to special complaints in conjunction with the special complaint team
Siren 5119 Programs	<ul style="list-style-type: none"> • Developed a "Siren 5119" program to protect employees who are isolated in a special complaint situation in the event of an anticipated special complaint situation (name-calling, verbal abuse, sexual harassment) at a sales site • Immediate all-employee joint response process in special complaint situations to resolve complaints and protect employees at the same time

Safety & Health

Implement safety and health training for employees and partner companies

- Conduct safety and health training for employees and partner companies to raise safety awareness and mitigate safety risks

Target	Training content	Training dates	Educational performance	Training type
Employees	CPR training for new employees	2023.01.25 (2H)	Completed	In-person and group training
	Safety and health officer training	2023.03.03 (6H)	Completed	
	Training risk assessment personnel	2022.12.09 (8H)	Completed	
Partner Companies	Fire prevention training	Annual	Completed	
	CPR training	2023.02.24 (2H)	Completed	
	Fire Prevention Training	2023.02.24 (1H)	Completed	
	Training for risk assessors	2023.04.14 (2H)	Completed	



CPR training for new employees



CPR Training for employees of partner companies



Fire prevention training for partner companies

Implement a wellness program to improve employee health

- Blood pressure and diabetes management programs to help prevent serious illnesses, and weight management challenge programs to help you create your own healthy routine
 - 492 and 1,350 participants, respectively, as of December 2022

Reopened "Open Counseling Center," a consultation channel for employee mental health management

- Diversified consultation channels by creating an online-based simple consultation function in addition to the existing offline consultation
 - Provide online meditation and healing content to relieve stress and support online psychological care
- Conduct all-employee mental health screenings and provide mental health screening reports

Emotional worker protection system

- Operate various support systems to protect the human rights of customer service agents and ensure their stability in accordance with the awareness of emotional labor and changes in the working environment
 - Distribute protection manuals and healthcare training for emotional workers
 - Counseling and therapy system, healing center program
 - Operating a grievance committee and intranet anonymous grievance box

Safety and health communication

- Regular occupational safety and health committees and surveys (semi-annually) and various channels to collect various opinions from employees and workers on workplace safety and health issues and apply them to occupational safety and health improvement activities
 - Channels: Kakao Channel (SHB Safety Guardian), Call Center dedicated to safety and health (02-2151-5127), Email (yscho@shinhan.com)

Safety and Health

		Unit	2020	2021	2022
Sick leave and absences ¹⁾	Absence days	Day	15,972	13,161	63,276
	Absence rate	%	0.3023	0.2533	1.0592
Industrial safety	Occupational accidents ²⁾	Case	6	4	5
	Days of absence due to occupational accidents ³⁾	Day	459	0	236
	Absence rate due to occupational accidents ⁴⁾	%	0.0083	0.0000	0.0041
	Total lost time hours ⁵⁾	Hour	3,672	0	1,888
	Total work hours ⁶⁾	Hour	44,438,000	43,882,000	46,224,640
	Accident rate ⁷⁾	%	0.0270	0.0182	0.0212

* Expanded data management scope from 2022 for 'Sick Leave and Vacation' data (Bank, Card, Securities, Life → All Group Companies)

* Expanded data management scope for 'Occupational Safety' data from 2022 (Holding, Bank, Card, Securities, Life, Capital, Asset Management, Jeju → All Group Companies)

¹⁾ Absences due to sick leave and vacation include absences due to inability to work due to work-related injury or illness (including industrial accidents) and absences due to personal reasons (other reasons such as personal illness): sick leave (accidental) + sick leave (accidental) + sick leave (accidental) + sick leave (accidental).

²⁾ Recognized as an industrial accident only if it is reported to the Department of Labor

³⁾ Only for cases recognized as an industrial accident

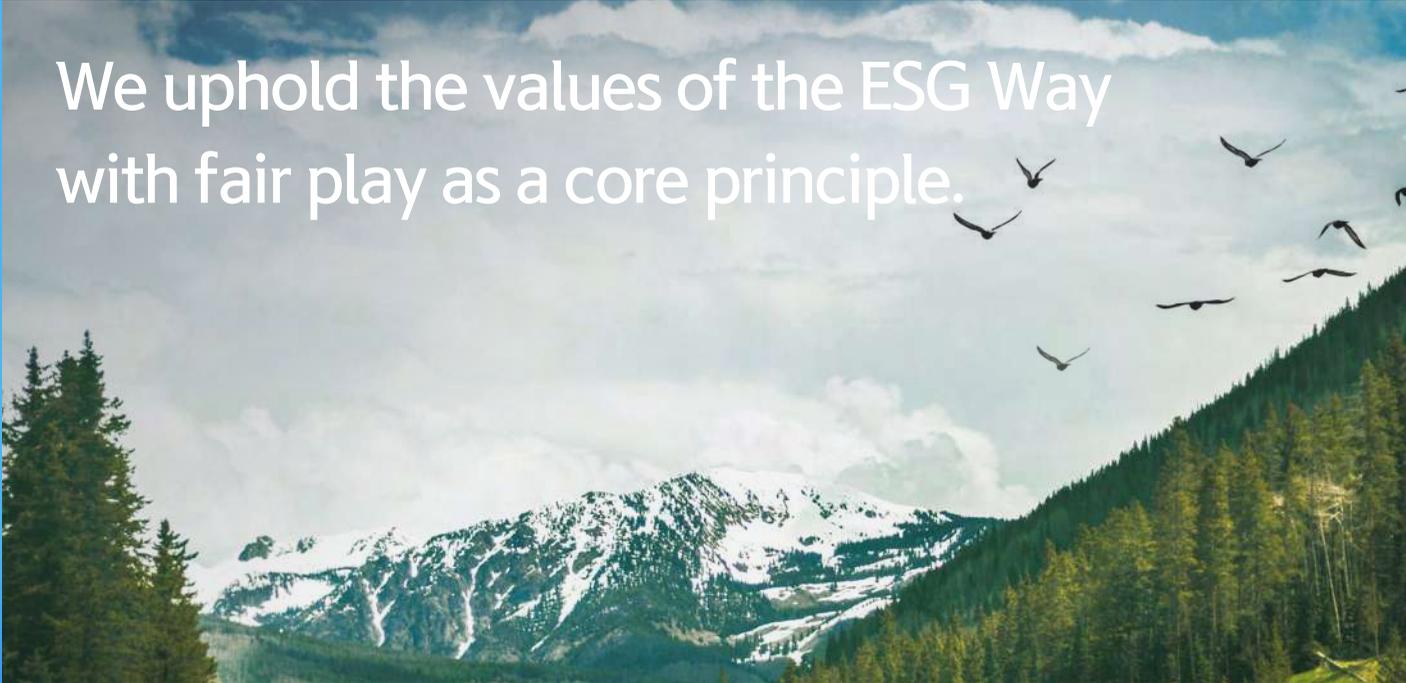
⁴⁾ {Days of absence due to industrial accidents / (total working days (viewed annually)*number of employees)}*100

⁵⁾ Days of absence due to industrial accidents*8 hours

⁶⁾ Total days*8 hours*Number of employees

⁷⁾ Number of accidents / Number of employees*100

We uphold the values of the ESG Way
with fair play as a core principle.



DO THE
FAIR
THING



Corporate Governance

Governance Principles

Governance policy

- Strive to secure transparency, soundness, and stability of its governance system, and to establish a governance structure that reflects the Group's growth paths and organizational culture as away to promote long-term development and protect the interests of stakeholders, including shareholders and financial consumers
- Actively disclose the standards, procedures, and results of governance-related work in the Annual Report on Corporate Governance and on the website to implement transparent governance as a financial institution

[🔗 Disclosures of Corporate Governance](#) [🔗 Disclosures of Board of Director](#)

BOD Composition and Selection Criteria

BOD composition principles

- In accordance with Article 36 of the Articles of Incorporation, Article 3 of the Internal Code of Corporate Governance, and Article 5 of the BOD Regulations, Shinhan Financial Group's BOD consists of no more
- In actual operations, of the total 11 members, 9 are independent directors and one is an independent non-executive director (independent director ratio of 82%), reflecting stricter application
- Since March 2010, it has been stipulated in Article 45 of the Articles of Incorporation that the BOD Chairperson be separated from the CEO and that the BOD Chairperson be appointed from among independent directors, thereby realizing independent director-centered BOD operation value. In March 2021, Independent Director Lee Yoon-Jae was appointed as the BOD Chairperson

[🔗 Shinhan Financial Group Articles of Incorporation](#) [🔗 Shinhan Financial Group BOD By-law](#)

Independent director appointment process and criteria

- Independent directors are individually elected or re-elected on an annual basis through the general meeting of shareholders after verifying candidates who meet the requirements of 'independence' and 'expertise' as required by internal regulations and external laws and regulations, among those recommended by the Independent Director and Audit Committee Member Recommendation Committee
 - The Independent Director and Audit Committee Member Recommendation Committee recommends a candidate who is in line with the BOD resolution and satisfies independent director qualification requirements and deliberation criteria
 - A reputation inquiry is conducted by an outside advisory organization on all independent director candidates to prepare verification materials in advance
 - Determine the number of independent directors to be appointed and their areas of expertise to meet board resolutions through verification of the independent director Board Skill Matrix, taking into account diversity core principles, etc.

- Apply expertise, fairness in carrying out duties, sense of ethical responsibility, and faithfulness, which are specified in the Act on Corporate Governance of Financial Companies, as independent director qualification requirements; and as additional deliberation criteria, apply BOD composition diversity, suitability with Shinhan Financial Group, and effectiveness of management advice
- When AGM agenda items that are related to an independent director are introduced, agenda items that are different in their nature, such as independent director recommendation, are not combined together to be introduced as a separate agenda item, and are introduced as individual agenda items.
- Executive directors are appointed by the shareholders' meeting from among those recommended by the Presidential Nomination Committee, and non-executive directors are appointed by the shareholders' meeting upon recommendation of the Board of Directors

Restrictions on concurrent position of independent directors

- Article 39, Paragraph 2 of the Articles of Incorporation and Article 23, Paragraph 2 of the Internal Code of Corporate Governance stipulate that Shinhan Financial Group's independent directors cannot be elected as a different company's independent director, thus placing highly-intensive restrictions on holding a concurrent position (with the exception of holding a concurrent position as an independent director at a subsidiary)

Director tenure

- The term of office of a director is determined by the General Meeting of Shareholders for a period not exceeding three years and is renewable
- Independent directors shall serve a term of not more than two years, but not more than one year in case of re-election, and may not serve for more than six years, and may not serve for more than nine years by combining the periods of service as an independent director of the Company or its subsidiaries, etc.¹⁾
- Independent directors who are part of the group of nominees for re-election are prohibited from participating in voting on self-nomination and self-recommendation proposals at the Independent Director and Audit Committee Member Recommendation Committee

¹⁾ Restrict the tenure to prevent independent directors' clubby boards by reflecting Article 6, Paragraph 1, Sub-paragraph 7 of the Act on Corporate Governance of Financial Companies

Corporate Governance

Independence and Diversity of Independent Directors

BOD independence

- Shinhan Financial Group's internal regulations stipulate that independent directors account for at least a majority of BOD members. The Group forms an independence-verified independent director-centered BOD to ensure that the Group's and company's major decision-making takes place from various perspectives.
- Independent directors account for at least a majority of BOD members to ensure independent director-centered BOD activities (Percentage of independent directors in BOD Sub-Committees: Average 94%)
- Stipulated directors' independence determination criteria that are in line with global standards and disclose the "Independence of Director" Guidelines on website; and observe the 「Commercial Act and the Act」 on 「Corporate Governance of Financial Companies」 in Korea to verify director independence, and check independence of director candidates and directors in office by applying the US NYSE regulations or by establishing stricter independence requirements

[Shinhan Financial Group "Independence of Director" Guidelines](#)

- In addition to pursuing gender diversity of the BOD by including two female independent directors in the BOD, we composed the BOD to consist of independent directors who cover two nationalities (Republic of Korea, US) and two countries where they mainly work (ROK, Japan) to incorporate global perspectives in corporate management

[Shinhan Financial Group Board Diversity Guidelines](#)

Diversity and Expertise of BOD

- Established detailed criteria on expertise and diversity and refers to the criteria when choosing an independent director candidate; and stipulated the "Board Diversity Guidelines", thus realizing governance diversity and expertise as a way to have the BOD engage in important decision-making based on an extensive perspective
- Organize the Board of Directors to include individuals who have the appropriate experience or knowledge to perform their duties as directors in various fields and who can inherit and develop the Group's entrepreneurial spirit, and ensure that the BOD is not biased by having a certain common background in expertise or representing the interests of a particular profession, etc.
- In accordance with the requirements for expertise specified in the Corporate Governance Act, the board of directors is composed by appointing independent directors who are experts in the seven fields of finance, economics, management, accounting, law, consumer protection, and information technology, as well as those who have expertise in global areas linked to the company's management strategies. Considering the nature of a financial holding company that oversees the financial industry, independent directors with diverse expertise in multiple fields are appointed.
- On December 16, 2021, the 7th Independent Director and Audit Committee Member Recommendation Committee organized long list monitoring criteria from among management criteria for long list of candidates for independent directors and thus improved long list exclusion and separate long list management criteria.
 - Faithfully implemented the principle of diversity of BOD composition, such as clarifying the criteria so that female candidates account for a minimum 20% of the long list of candidates for independent directors at all times to continually increase the number of female independent directors.

BOD Composition by Expertise

(Unit: Persons)

Expertise	Mar. 2021	Mar. 2022	Mar. 2023
Finance	3	3	2
Economy	1	2	2
Business administration	2	2	1
Accounting	2	2	2
Law	3	3	3
Information Technology	2	1	1
Global	1	1	0
Total	14	14	11

No. of Female Candidates in Independent Director Pool

(Unit: persons)

Classification	2020	2021	2022
No. of independent director candidates	117	131	140
No. of female candidates in the independent director pool	29	49	50
Percentage of female candidates in the independent director pool (%)	24.8	37.4	35.7

BOD Composition

Shinhan Financial Group BOD Composition

Classification	Name	Gender	Expertise	Main Work Experience	Nationality/ Country of Residence	Date of Appointment (Initial appointment date of independent directors)	Tenure	Roles within BOD
Inside Director (CEO & Chairman)	Jin Ok-dong	Male	Finance, Business Administration, Global	<ul style="list-style-type: none"> Deputy President, Shinhan Financial Group President & CEO, Shinhan Bank CEO & Chairman, Shinhan Financial Group (Current) 	Korea	Mar. 23, 2023	3 years	<ul style="list-style-type: none"> Chair of Subsidiary Management Committee Member of ESG Strategy Committee
Independent Director (BOD Chairperson)	Lee Yoon-jae	Male	Economy, Finance, Business Administration	<ul style="list-style-type: none"> Financial and Economic Secretary to the President CEO, korEI 	Korea	Mar. 23, 2023 (Mar. 27, 2019)	1 year	<ul style="list-style-type: none"> Member of CEO Recommendation Committee Member of Remuneration Committee Member of Subsidiary Management Committee
Independent Director	Kim Joseol	Female	Economy, Global	<ul style="list-style-type: none"> Professor, Shinshu University of Economics Professor, Osaka Commercial University of Economics (Current) 	Korea/Japan	Mar. 24, 2022	2 years	<ul style="list-style-type: none"> Member of Subsidiary Management Committee Member of Independent Director and Audit Committee Member Recommendation Committee Member of ESG Strategy Committee
Independent Director	Kwak Su-keun	Male	Accounting, Business Administration	<ul style="list-style-type: none"> Chairperson, Financial Supervisory Advisory Committee, Financial Supervisory Service Honorary Professor, Seoul National University Business School (Current) 	Korea	Mar. 23, 2023 (Mar. 25, 2021)	1 year	<ul style="list-style-type: none"> Chair of ESG Strategy Committee Member of Remuneration Committee Member of Audit Committee Member of Subsidiary CEO Candidate Recommendation Committee
Independent Director	Bae Hoon	Male	Law, Accounting, Global	<ul style="list-style-type: none"> Director, Lawyers Association of Zainichi Korea (LAZAK) Representative Attorney, Orbis Legal Profession Corporation (Current) 	Korea/Japan	Mar. 23, 2023 (Mar. 25, 2021)	1 year	<ul style="list-style-type: none"> Member of CEO Recommendation Committee Member of Audit Committee Member of Subsidiary CEO Candidate Recommendation Committee
Independent Director	Sung Jae-ho	Male	Law, Global, Finance	<ul style="list-style-type: none"> Member, Public Fund Oversight Committee, Financial Services Commission (Current) Professor, Sung Kyun Kwan University School of Law (Current) 	Korea	Mar. 23, 2023 (Mar. 27, 2019)	1 year	<ul style="list-style-type: none"> Chair of Remuneration Committee Chair of CEO Recommendation Committee Member of Risk Management Committee Member of Subsidiary CEO Candidate Recommendation Committee
Independent Director	Yoon Jaewon	Female	Accounting, Business Administration	<ul style="list-style-type: none"> Vice Chairman, Korean Academic Society of Taxation (Current) Professor, College of Business Administration, Hongik University (Current) 	Korea/U.S.	Mar. 23, 2023 (Mar. 26, 2020)	1 year	<ul style="list-style-type: none"> Chair of Audit Committee Member of ESG Strategy Committee Member of Independent Director and Audit Committee Member Recommendation Committee
Independent Director	Lee Yong Guk	Male	Law, Finance, Global	<ul style="list-style-type: none"> Cleary Gottlieb Steen & Hamilton LLP* (Partner Attorney at New York and Hong Kong Offices / Seoul Office Representative) * Specialized in financial sector, including corporate M&A and IPOs. Clinical Professor, Seoul National University School of Law (Current) 	Korea	Mar. 23, 2023 (Mar. 25, 2021)	1 year	<ul style="list-style-type: none"> Member of Risk Management Committee Member of CEO Recommendation Committee Member of Independent Director and Audit Committee Member Recommendation Committee Member of ESG Strategy Committee
Independent Director	Jin Hyun-duk	Male	Business Administration, Global, Consumer goods	<ul style="list-style-type: none"> Visiting Professor, Engineering, Utsunomiya University, Graduate School, Japan CEO, PHOEDRA Co., Ltd. (Current)* * Company engaged in the diversified leisure industry, providing entertaining products and services targeted towards consumers 	Korea/Japan	Mar. 23, 2023 (Mar. 26, 2020)	1 year	<ul style="list-style-type: none"> Member of CEO Recommendation Committee Member of Independent Director and Audit Committee Member Recommendation Committee
Independent Director	Choi Jae Boong	Male	Information Technology	<ul style="list-style-type: none"> Member, Advisory Committee, Financial DT Academy, Korea Banking Institute (Current) Professor, Sung Kyun Kwan University College of Engineering (Current) 	Korea	Mar. 23, 2023 (Mar. 25, 2021)	1 year	<ul style="list-style-type: none"> Member of Independent Director and Audit Committee Member Recommendation Committee Member of CEO Recommendation Committee Member of Risk Management Committee
Non-Executive Director	Jeong Sang-hyuk	Male	Finance, Business Administration	<ul style="list-style-type: none"> Vice President of Shinhan Bank President of Shinhan Bank (Current) 	Korea	Mar. 23, 2023	2 years	<ul style="list-style-type: none"> Not affiliated with any separate committee within the board (Participates in the board only to address independence issues)

* Average director tenure of 2.6 years as of end-March 2023

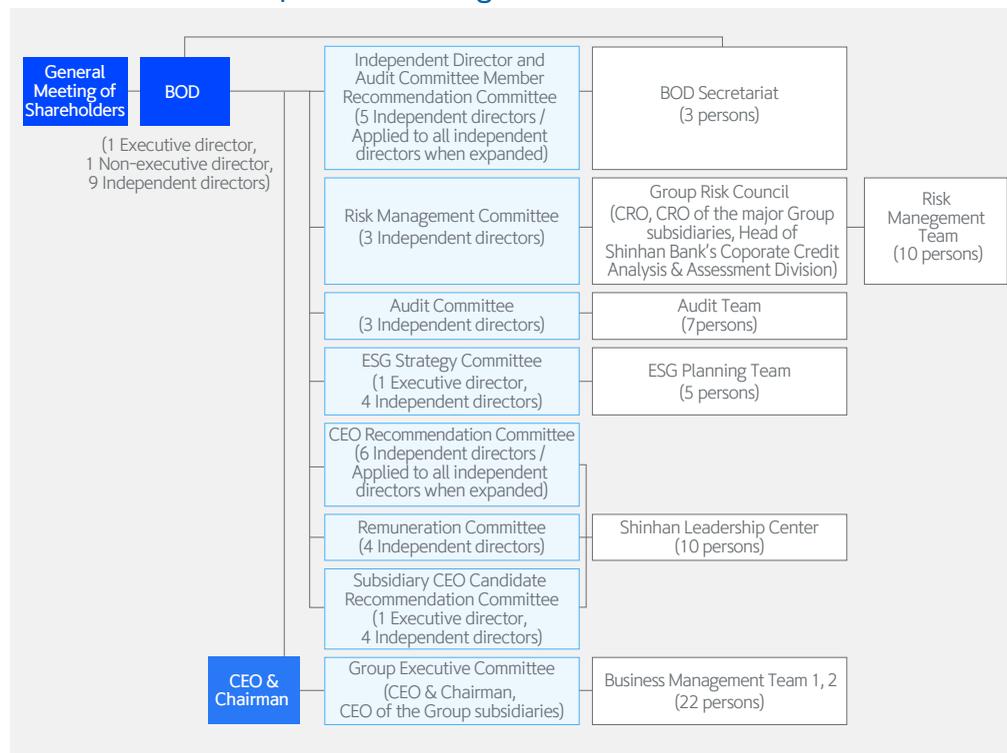
Corporate Governance

BOD Sub-Committees

- Operate seven BOD Sub-Committees, including the CEO Recommendation Committee, Risk Management Committee, Remuneration Committee, Audit Committee, Independent Director and Audit Committee Member Recommendation Committee, ESG Strategy Committee, and Subsidiary Management Committee
- Subdivided work according to regulations per committee to result in increased efficiency and expertise of BOD work; and have at least one person who worked at a financial company or in the field of corporate financial or accounting affairs in the Risk Management Committee and Remuneration Committee in consideration of the intent of relevant regulations of previous best standards although it is not stipulated in the Act on Corporate Governance of Financial Companies
- In case of the Audit Committee, the Act on Corporate Governance of Financial Companies and internal rules stipulate that independent directors account for at least two-thirds of the Committee members, but Shinhan composed the Committee to consist of only independent directors to faithfully fulfill the function of supervising top management

 [Activities of BOD Sub-Committees](#)

Shinhan Financial Group Governance Organization Chart



Roles and Activities of BOD Sub-Committee

- Held 54 meetings of BOD Sub-Committee in 2022, reviewed 175 items on agenda, which include 83 resolutions and 92 reports and deliberations

Category	Approvals	Report
CEO Recommendation Committee	<ul style="list-style-type: none"> • Evaluate and deliberate the candidate group of the Group's management succession candidates • Select the Group's management succession candidates 	<ul style="list-style-type: none"> • Performance Evaluation Results of the Group's management succession candidates in 2021 • Group's management succession development activity plan for 2022
Risk Management Committee	<ul style="list-style-type: none"> • Matters related to a change to the Group's internal credit risk grading system • Basel III Liquidity Risk (LCR, NSFR) Management System Operations 	<ul style="list-style-type: none"> • Results of monitoring financed emissions management • Results of scenario analysis • Physical risk impact • Major matters related to disclosure • Execution of a project on building an integrated ESG risk management system
Remuneration Committee	<ul style="list-style-type: none"> • Establish a performance evaluation system for management, etc. • Establish a compensation system for executives, etc. 	<ul style="list-style-type: none"> • Not applicable
Audit Committee	<ul style="list-style-type: none"> • Set a work performance target for the Head of Audit Team • Select an external auditor • Evaluate the operation status of internal monitoring devices • Draft performance evaluation criteria for full-time Audit Committee members of the Group subsidiaries 	<ul style="list-style-type: none"> • Compliance officer's previous year activity details and this year's plan • Outside auditor communication and main audit matters • Status of holding the Audit Committee meetings at the Group subsidiaries
Independent Director and Audit Committee Member Recommendation Committee	<ul style="list-style-type: none"> • Finalize the long list to recommend independent director candidates • Deliberate Audit Committee member requirements, including expertise and competency 	<ul style="list-style-type: none"> • Audit Committee member candidate qualifications and recommendation process
ESG Strategy Committee	<ul style="list-style-type: none"> • Financed emissions reduction goal from the net-zero perspective • Strategies on executing climate risk and opportunity • Move forward with joining ESG initiatives • Pursue diversity within the Group 	<ul style="list-style-type: none"> • Results of implementing the financed emissions reduction goal • Results of implementing opportunity execution strategies • Major matters related to disclosure • ESG implementation performance and status of issuing a report • Establishment of ESG strategic KPIs and social value measurement model
Member of Subsidiary CEO Candidate Recommendation Committee	<ul style="list-style-type: none"> • Evaluate the Group subsidiary CEO and management leadership • Identify candidates for subsidiary management succession • Deliberate on subsidiary CEO candidate 	<ul style="list-style-type: none"> • Plan to develop subsidiary management succession candidates in 2022 • Subsidiary management committee operation improvement plan

Corporate Governance

BOD Operations

BOD Activities

- BOD meetings shall be called by the Chairman, with regular meetings to be held quarterly and special meetings to be held as deemed necessary by the Chairman or any other director or committee of the Board of Directors
- Send materials on agenda items that are submitted for consideration seven days prior to a BOD meeting so that independent directors can sufficiently review the agenda items beforehand, thus supporting efficient BOD operations
- In 2022, the Board of Directors held a total of 15 meetings, including 4 regular meetings and 11 extraordinary meetings, and discussed a total of 120 items, including 31 resolutions and 89 reports.
- Recorded directors' average attendance rate of 99.1%, while setting the minimum meeting attendance rate that is demanded from all directors as 75% by applying Institutional Shareholder Services (ISS) standards
- Provide information on the financial environment and training that reflects trends to increase the level of independent director understanding of the business characteristics of the financial holding company and each subsidiary and to support the execution of their duties; and all participated in and completed the course
 - In particular, in accordance with the Group Risk Management Code of Conduct, all executives, including independent directors, receive regular training on risk management at least twice a year.
- Operate the BOD Secretariat, consisting of the Secretary-General and two manager-level personnel, in order to support overall work of all directors including independent directors

(the appropriateness of the meeting hours, agenda items, and frequency of the meetings, and whether sufficient information is provided by the company) and their given roles (the appropriateness of activities relevant to the authority of the board)

- Confirmed that BOD operations and execution of roles are at an excellent level as a result of 2022 BOD evaluation

Evaluation of Directors

- Conduct an independent director evaluation at the beginning of each year in accordance with Article 30 of the Internal Code of Corporate Governance to strengthen directors' responsibilities and verify their work skills when they are recommended for reappointment – the evaluation consists of self-assessment (by the director him/herself) 30%, the Board's evaluation (by all other independent directors) 60%, and evaluation by employees 10%
 - To enhance the fairness and transparency of the evaluation process, the entire evaluation process is outsourced to an independent third party every year to evaluate the independent directors.
- Have formed the evaluation indicators to include professionalism, job fairness, ethical responsibility, integrity, and 12 detailed evaluation indicators; also reflected qualitative factors to the assessment by asking them to comprehensively describe opinions on each independent director
- All 12 independent directors who were in office as of the end of 2021 were assessed as "meeting or exceeding expected levels" in independent director duties. Also, the average value of each evaluation item also indicates that they are stronger than expected for their duties, so we recommend re-election of the eight independent director candidates for re-election at the 22nd Annual General Meeting of Shareholders.
- Disclose the evaluation outline and results through the annual report on corporate governance; and conduct both quantitative and a qualitative evaluation for management, and the Remuneration Committee handles deliberation and decisions in connection with work performance at the organizational level
- Apply the non-concurrent non-executive evaluation criteria as evaluation criteria to non-executive directors

BOD Activities

(Unit: Time, Cases)

	2020	2021	2022
No. of meetings held	16	13	15
Agenda items for resolution	40	26	31
Agenda items for report	92	89	89

BOD Participation

(Unit: %)

	2020	2021	2022
Average participation rate	97	100	99

Evaluation of the BOD

- Evaluate BOD operations based on the adequacy of resolutions and reporting items, level of management information provided, its roles, etc. every year in accordance with Article 8 of the Internal Code of Corporate Governance, and the Board refers the result to its operations
- Evaluate All members of the BOD on their performance in conjunction with an external assessment agency to ensure the fairness and independence of the evaluation based on operating performance

BOD compensation

(Unit: KRW million, as of Dec. 2022)

	No. of people	Total compensation	Average compensation per person ¹⁾
Registered directors (excluding independent directors and the Audit Committee members)	2	851	426
Independent directors (excluding the Audit Committee members)	8	621	78
Audit Committee members	4	342	85

¹⁾ Total compensation/No. of persons converted for the period

Corporate Governance

Performance and Remuneration System

BOD compensation limits

- Determine the compensation limit of the BOD at the AGM by resolution and compensation is paid fairly and transparently according to the compensation rules after the shareholders' resolution
- Transparently disclose the information on the employee compensation system, including the remuneration information of directors and auditors, through an annual report on the governance and remuneration system. In particular, the annual compensation details for directors and auditors whose annual compensation is over KRW 500 million, and five highest-paid employees among those with annual compensation of more than KRW 500 million are disclosed in a business report and an annual governance report

Key performance indicators for CEOs and executives

- Conduct performance evaluation on the CEO of the holding company based on both financial performance and non-financial evaluation factors
- Conduct performance evaluation on other executives of the holding company based on the Group's KPIs and the implementation rate of key strategic tasks according to their duties; and in case of executives who oversee risk management, compliance monitoring, and audit work, which require work independence, use performance indicators that are not connected to the company's financial performance to ensure independence

Financial performance indicators	Other financial performance indicators	Non-financial performance indicators
Profitability metrics (adjusted ROE, adjusted ROA), soundness indicator (NPL ratio), operating net income, risk-related metrics (RAROC), and efficiency metrics (gross profit margin) are used, and the percentage of achievement against the year's target for each metric is scored	Reflects the Group's KPIs of mid- to long-term growth foundation and shareholder value-related indicators (Total Shareholder Returns (TSR), reference share price, stock dividends, ATSR, RTST, etc.) compared to other competitors' data	Evaluation of achievement in strategic tasks in line with the strategic directions of the Group – strengthening the customer-centered One Shinhan system, expanding market-leading business models, implementing advanced global growth strategies, focusing on innovation-driven digital transformation, fully launching value-creating sustainable and innovative finance, differentiating risk management capabilities to better respond to change, etc.

Alignment Performance Measurement with Compensation

- Make performance-based compensation account for at least 50% of total compensation in case of executives to set a compensation system with a focus on performance-based compensation, and performance measurement results are reflected in payment of performance-based compensation
- Performance evaluation for annual performance bonus consists of company-wide financial performance and non-metric strategic tasks
- Performance evaluation for long-term performance shares consists of indicators related to shareholder value, profitability and soundness

Criteria for Deferred Compensation, Negotiating, Return, and Guarantee of Performance-based Compensation

- Our executives, including our CEO, are not paid a fixed annual salary, but rather have a compensation plan that is tied to performance
- Fixed remuneration consists of basic salary and activity allowance, and variable remuneration, the amount of which is determined by performance evaluation, consists of annual (short-term) performance pay and long-term performance pay
- Annual compensation is deferred based on the results of the previous year's performance evaluation, and the proportion of long-term compensation is more than 50% for general executives and 60% for top management
 - Deferred payment can be paid in cash or Shinhan Financial Group shares
 - For long-term incentive awards, the final number of awards will be determined by average performance over the next four years (relative stock price appreciation relative to peers, achievement of operating net income and adjusted ROE targets, and achievement of fixed charge coverage ratio targets), with payments deferred in an amount determined by the stock price at the time of payment (CEO variable compensation vesting period operates at a maximum of 4.33 years)
 - The structure of long-term incentive compensation allows for adjustments to the total amount of long-term compensation if the company incurs pre-payment losses or misses targets, or if the company's value is impaired and the stock price declines
 - Adjustment of remuneration based on a clawback provision that allows for the return of the performance fee in the event that the employee resigns for reasons attributable to the employee, causes damage to the company, or is subject to severe disciplinary action by a supervisory agency prior to the payment of the deferred variable remuneration

CEO compensation

- In 2022, the Group CEO & Chairman received a total compensation of KRW 851 million, consisting of salary and wages. In addition, he was granted 26,747 performance shares
- In terms of PS, exercisability will be determined by a review of business performance and share price movements during the period from 2022 to 2025

CEO-to-Employee Compensation Ratio

(Unit: KRW million)

Total CEO compensation	Employee compensation ¹⁾		Ratio (Multiples)
8.51	Median	1.37	6.23
	Mean	1.55	5.5

¹⁾ Excluding CEO compensation

Corporate Governance

Ownership of Shares

Share ownership requirements for executives

- Shinhan Financial Group does not have a stock ownership requirement for CEOs and executives under the Korean law¹⁾, but executives acquire and hold treasury shares as part of responsible management

¹⁾ South Korea's 'Financial Services Act' limits individual ownership of shares in commercial banks to 4% or less to protect the public interest of financial institutions.

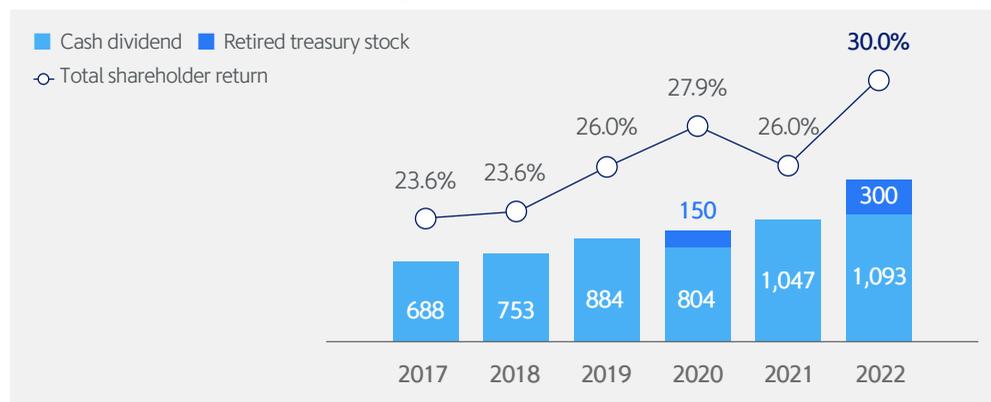
Shinhan Financial Group (holding company) Employee Stock Ownership Plan (ESOP)

- Shinhan Financial Group operates the Employee Stock Ownership Plan (ESOP), as a way to improve ownership by sharing corporate growth and performance with employees, and provides some of employee compensation in the form of the company shares
- As of June 2023, the Shinhan Financial Group's (Holding Company) employee's stock ownership association consisted of approximately 20,000 members from the holding company and 15 affiliates

Returns to shareholders in excess of 12% capitalization

- In February 2022, Shinhan Financial Group decided on a shareholder return policy that includes
 - maintaining or increasing cash dividends per share annually,
 - combining cash dividends with treasury stock repurchases,
 - equalizing and regularizing quarterly dividends, and
 - continuously improving the total shareholder return ratio (disclosing the principle of shareholder return for common equity ratio exceeding 12%)
 - Regularize and continue to increase quarterly cash distributions to shareholders, repurchase treasury shares, and continue to increase shareholder return

Total shareholder return (including preferred stock, KRW billion)



* As of May 2023, Shinhan Financial Group does not hold any golden shares for government organizations.

[📄 Shareholders with ownership of 5% or greater of Shinhan Financial Group](#)

Share Ownership of Executives

(No. of shares is based on December 31, 2022; base pay is based on 2022)

Position	Name	No. of shares	Ratio to base pay
CEO & Chairman	Cho Yong-byoung ¹⁾	17,895	1.26
Others	Heo Young Taeg	6,605	1.11
	Wang Ho-min	2,223	0.37
	Lee Een-Kyoon	5,000	0.84
	Ahn Jun Sik	3,092	0.52
	Kim Soung Jo	3,308	0.55
	Bang Down Kwon	1,064	0.18
	Lee Tae Kyeong	10,587	1.77
	Kim Myung Hee	450	0.08
	Ko Seok Heon	1,000	0.17

* Based on the closing stock price on December 1, 2022 (KRW 35,200), the value of the Group CEO's holdings is KRW 629,904,000, with a base salary of KRW 500 million

¹⁾ Past President and CEO

Corporate Governance

Leadership Stability

Principles of CEO succession

- In relation to executive candidate recommendation, operate the CEO Recommendation Committee and Independent Director and Audit Committee Member Recommendation Committee. Also, the Subsidiary Management Committee is run for independence and transparency in subsidiary CEO candidate recommendations. We appoint independent directors, who are Committee members, in a way that we avoid redundancy as much as possible so as to prevent executive recommendation rights from being concentrated on a specific independent director
- It is regulated that independent directors account for a majority of the CEO Recommendation Committee members, while we have all of the Committee members as independent directors to enhance transparency and independence of the CEO management succession process
- Assign the BOD an authority to handle management succession work, and the CEO Recommendation Committee constantly manages management succession plans as part of efforts for transparent, sound governance
- The CEO Recommendation Committee concludes its work on nominations at least two months prior to the expiration of the term of office of the President and CEO, and the CEO Recommendation Committee nominates candidates for election as directors at the Annual General Meeting of Shareholders

2023 Management leader development plan



Ethics & Compliance

Ethics/Compliance Management System

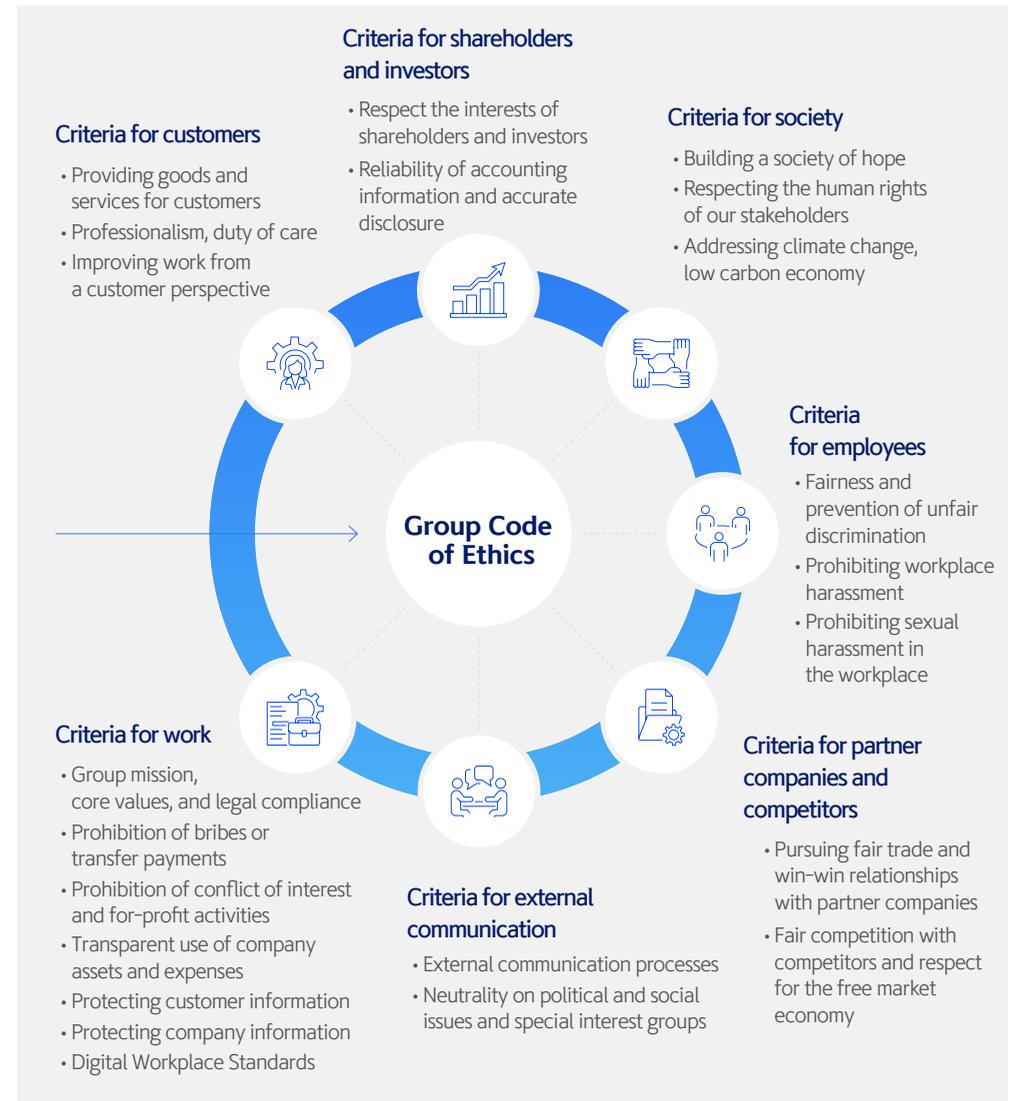
Shinhan Financial Group

Code of Ethics

- Shinhan Financial Group regards ethical management as an important principle to enhance transparency and fairness in management, and has established effective procedures for its implementation
- The Shinhan Financial Group Code of Ethics, which contains the main principles of our ethical management philosophy and policies, and the standards for employee behavior, set forth desirable decision-making and behavioral standards, and each group company operates its own code of ethics that reflects its different business characteristics and individual circumstances
- In August 2022, through a resolution of the Board of Directors, the "Shinhan Financial Group Code of Ethics" was completely revised to reflect changes in the financial market system and business methods, strengthening the system for driving ethical management
 - Customer-centered and business expertise, given the high level of societal demand for financial consumer protection
 - Diversity, human rights, and the group's ESG policies
 - New ways of working in a digital world, including protecting customer information
 - Changes in organizational culture, such as banning workplace bullying and sexual harassment
- Conducted various efforts to internalize ethical management in all Group companies by publishing ethical standards manuals and revising related internal regulations

Reflecting changes in systems and practices	Reflecting the nature of the financial industry	Empowering employee action
Reflects recent legislation and social issues such as financial consumer protection, ESG, and customer information protection	<ul style="list-style-type: none"> • Specialties: Asset Management, Capital Markets, etc. • Diversity: Digital, cross-industry partnerships, etc. • Social issues: improving workplace culture*, etc. <p>*Bullying, harassment, sexual harassment, etc.</p>	Clarify the Who/What /How perspective Publishing and disseminating ethical standards commentaries (including Do/Don't examples and interpretations)

 [Group Code of Ethics](#)



Ethics & Compliance

Shinhan Financial Group Ethics and Compliance Management System Operating Standards

Criteria and scope	Description
Group Code of ethics	<p>Applies to holding companies, subsidiaries, grandchildren companies, and all employees</p> <ul style="list-style-type: none"> Employee ethics (including compliance with laws and regulations, fair conduct of business, protection of confidential information and information security, and prohibition of engaging in improper political activities) Ethics toward customers, shareholders, employees, and partner companies Social responsibility and contributions <p>Group Code of Ethics</p>
Employee Standards of Conduct	<p>Applies to all employees, both full-time and contract, and all workers, including temporary employees</p> <ul style="list-style-type: none"> Basic principles Integrity and honesty Anti-bribery and anti-corruption Avoiding conflicts of interest Foster mutual respect and a healthy work environment Community outreach and environmental stewardship <p>The Code of Conduct for Employees</p>
Code of Conduct for Partner Companies	<p>Applies to all partners that do business with subsidiaries and grandchildren companies within the group</p> <ul style="list-style-type: none"> Respect workers' fundamental human rights, including voluntary work, protection of vulnerable workers, working hours, wages and benefits, privacy and humane treatment, and procedures to prevent human rights abuses. Safety and health in the workplace (occupational safety, occupational injury and illness management, etc.) Environment (including compliance with environmental laws and regulations, waste reduction, and efficient use of resources) Business Ethics <p>CoC for Partner Companies</p>
Compliance Management System (ISO 37301)	<p>Management of holding companies and subsidiaries</p> <ul style="list-style-type: none"> Requirements to establish, develop, implement, assess, - maintain, and improve an effective and responsive compliance management system. Requirements: compliance mandate, compliance culture, compliance governance, etc. Certify that your organization's compliance policies and list response are globally compliant
Anti-Corruption Management System (ISO 37001)	<p>Management of holding companies and subsidiaries</p> <ul style="list-style-type: none"> Prescribes requirements for establishing, implementing, maintaining, and improving an organization's anti-corruption management system Reduce organization's risk of non-compliance, share anti-corruption awareness, and avoid the costs and penalties associated with breaking the law

Group Compliance Management Governance

Classification	Name	Position	Target	Notes
Compliance Monitoring	Group Compliance Officer Council	CCO ¹⁾	Each Group subsidiary's compliance officer	Set the Group's major compliance/law/ethics policies and directions
	Group Working-level Compliance Employee Council	Working-level employees	Each Group subsidiary's working-level compliance manager	Identify the Group's compliance/law/ethics issues and establish execution measures
Internal control	Group Executive Committee	CEO	Each Group subsidiary's CEO	Disseminate major internal control agenda within the Group
	Internal Control Committee (operated by each Group subsidiary)	Management	Chairperson (CEO) and members (executives)	Deliberate, decide on, and review major matters related to internal control as each company's top decision-making body on internal control
Financial consumer protection	Group Financial Consumer Protection Council	CCO ¹⁾	Executive in charge of financial consumer protection at each Group subsidiary	Respond to financial consumer protection-related internal control issues in the Group, and establish financial consumer policies and directions

* No. of members per driving system: 10-16 persons

¹⁾ CCO(Chief Compliance Officer): Compliance Officer, Chief Compliance Officer

Ethics & Compliance

Internal Control System

Internal control activities

- The holding company compliance officer is responsible for the group's internal control and assists the subsidiary compliance officers in carrying out their internal control activities
- Strengthening Group-wide internal control by discussing and sharing internal control issues through the Compliance Officer Council, Anti-Money Laundering Council, etc.
- If an employee violates internal control regulations and financial laws and regulations, he or she may be subject to disciplinary action ranging from caution to dismissal, depending on the case, after deliberation by the HR Committee in accordance with the HR Regulations
- Conducted online and offline training for compliance officers of all group companies to strengthen internal control capabilities
- Prevent and manage violations of laws and regulations by conducting fair trade-related training for employees working in the internal control departments of group companies to ensure that they are familiar with and implement relevant regulations
- 'Group Internal Control Regulation' establishes standards and procedures that all group employees must comply with when performing their duties, and operates detailed internal control work guidelines for each group company
 - The standards for establishing and operating the internal control system of group companies are established through the resolution of the board of directors of the group companies, and all group companies operate an internal control committee chaired by the CEO to manage major internal control matters for each group company
- Strengthening the management of group internal control by reflecting the performance indicator 'Internal Control Strengthening Index' related to internal control within the KPIs of group companies' management
 - Shinhan Financial Group reflects internal control items in the Group's executives and CCOs (compliance officer) performance evaluation. Also, Shinhan Financial Group designates a compliance officer for each department to evaluate the compliance performance of each department and reflects the same in the performance evaluation
 - Shinhan Bank reflects the level of compliance in its branch evaluation

Group Executive KPI - Internal Control Over Financial Reporting

Improving drafting systems	Strengthening ethics and compliance program	Proactive monitoring enforcement activities	Others
<ul style="list-style-type: none"> • Strengthening the internal control role of first-line executives • Strengthening anti-money laundering posture 	<ul style="list-style-type: none"> • Educating and empowering employees • Executive ethics compliance activities 	<ul style="list-style-type: none"> • Managing internal control system adequacy • Performing activities to remediate internal control weaknesses • Implement ordered leave on hazardous duty 	<ul style="list-style-type: none"> • Improving internal control staffing and infrastructure, etc.

Internal control audit

Shinhan Financial Group

- Shinhan Financial Holding reports the activities and work plans of the Group Compliance Officer to the Audit Committee twice a year to promote timely and effective control activities
- Every year, the audit team of Shinhan Financial Holdings periodically audits the adequacy of the operation of the internal control system for the holding company and its subsidiaries with audit committees (Shinhan Bank, Shinhan Card, Shinhan Securities, Shinhan Life, Shinhan Capital, Shinhan Asset Management, Jeju Bank, Shinhan Savings Bank, and Shinhan Asset Trust, a total of nine companies)
- In accordance with the Financial Company Governance Supervisory Regulations and the Group Internal Control Regulations, we regularly check the internal control system/operation status once a year and report the results to the BOD
- Samil Accounting Firm confirms that the Group's internal accounting control system is effectively designed and operated from a materiality perspective in accordance with the 'Conceptual Framework for the Design and Operation of Internal Accounting Control Systems'.

Ethical Business Practices

Shinhan Financial Group

Ethical Management Activities

- Conduct employee self-checks to raise awareness of compliance with laws and regulations, and all executives and employees take an ethical practice pledge every year to comply with the Group Code of Ethics and corporate regulations (once a year)
- Conducting regular ethical compliance training for all employees of the group every year
 - Group joint ethics compliance online training and mandatory Group Code of Ethics training
 - Conduct human rights education, such as improving disability awareness in the workplace and preventing sexual harassment in the workplace
 - Conduct webtoon-style training on major ethical compliance issues (10 times a year)
- Each group company conducts industry-specific training and practices ethical management by protecting customer rights
- Provide opportunities for self-checks on the status of Shinhan's implementation of the Code of Conduct for Partner Companies through the 'Code of Conduct for Partner Companies Self-Diagnostic Questionnaire'

Ethics & Compliance

Strengthening ethical management capabilities of group companies

Shinhan Bank	<ul style="list-style-type: none"> Progress of the bank's own ethics and compliance self-check program <ul style="list-style-type: none"> Weekly 'Hello Compliance' program to raise compliance and internal control awareness Distribute monthly compliance letters highlighting ethics, money laundering, and financial law cases and conduct self-check quizzes Conducting ethics compliance training for the heads of sales branches affiliated with regional headquarters through on-site communication training for compliance officers Posting and presenting educational materials on ethical compliance for headquarters/branch managers through sales-related meetings Conduct ethical management education through training by position and job type
Shinhan Card	<ul style="list-style-type: none"> Operating the "Integrity Contract System" to ensure transparency and fairness in contracts Monthly 'Compliance Self-Diagnosis Program' to review the ethical and legal adequacy of business activities Establishment of "AI Ethics Principles" to prevent ethical violations and minimize damages that may arise from AI misjudgments, such as invasion of customer privacy, social prejudice, or discrimination
Shinhan Securities	<ul style="list-style-type: none"> Strengthening the regulation of unsound business behavior by checking financial product transactions, unfair transactions, and receipt of property benefits for all employees Internalization of ethics/compliance management <ul style="list-style-type: none"> Self-inspection: Ethics and compliance self-inspection with the main contents of the Group Code of Ethics and Group Common Bylaws twice a year Regular ethics and compliance management self-inspection for all employees Block Leave and Mandatory Leave: The use of a certain number of consecutive days of leave (5 or more paid days off) each year allows companies to review their systems and processes to prevent accidents and provide employees with a better work-life balance Supplier Code of Conduct Commitment: A pledge to comply with the Code of Conduct for Partner Companies for companies and individuals who continue to work with us to jointly recognize the importance of the Group's principles and philosophy of socially responsible management
Shinhan Life	<ul style="list-style-type: none"> Operating the 'Ethical Management Pledge' system for executives to pledge fair and transparent ethical management Review the ethical and legal appropriateness of business activities through legal compliance checks
Shinhan EZ General Insurance	<ul style="list-style-type: none"> Conduct ethics compliance self-checks for all employees (twice a year), with the Group Code of Ethics and Group Common Bylaws as the main contents Created an ethical practice pledge for all employees to raise awareness of legal compliance and conducted joint group ethical compliance training (video training) Conduct self-checks using the departmental compliance checklist (monthly) and report results to the Compliance Officer Posting information materials on raising compliance/ethical awareness and internal control understanding and direction (group videos, code of ethics, reports, etc.)

Heightening Ethics Awareness for Employees

(Unit: Persons)

Category	2020	2021	2022
Pledge to ethics & compliance	22,841	22,578	23,356
Participation rate in signing the pledge to (%)	98.0	99.7	99.9

Training on Ethics and Human Rights

(Unit: Persons / Hours)

Category	2020	2021	2022
Ethics training participants ¹⁾	23,709	23,342	22,936
Ethics training hours ²⁾	47,418	46,684	47,872
Human rights training hours ³⁾	23,709	23,342	22,936

¹⁾ Including contract workers (part-timers) and deployed workers

²⁾ Including trainings on ethics and compliance (Online training)

³⁾ Hours of training aimed at preventing discrimination, sexual harassment, etc.

Whistleblower System

- All Group subsidiaries, including the holding company, operate an internal whistle blowing system
- The Compliance Officer receives a report, conducts investigation, and makes notification; and protect the whistleblower's identity or report content so that there is no disadvantage or discrimination in work conditions due to the report

 [Shinhan Guardian](#)



Ethics & Compliance

Financial Accidents and Measures Taken ¹⁾

(Unit: Cases)

Classification		2020	2021	2022	
Violations ²⁾	Total	14	16	18	
	Corruption/Bribery	Malpractice	3	3	4
		Bribery	-	-	-
	Conflicts of interest	Embezzlement	3	2	6
		Intercession of private loan	-	1	1
		Others	7	3	7
	Money laundering or insider trading	Violation of real-name policy	-	3	-
		Provision of private loan	1	4	-
	Total monetary damages (in millions)		111	-	-
	Measures Taken ³⁾	Total	16	37	24
Salary reduction		4	6	4	
Reprimand		-	9	6	
Warning		7	13	4	
Caution		2	4	4	
Others (beyond salary reduction)		3	5	6	

¹⁾ Cases for which confirmation and measures were completed based on Shinhan Financial Group's internal control system

²⁾ Only including the financial incidents reported to the Financial Supervisory Service

³⁾ Status of disciplinary measures related to financial accidents (including actors, aids, supervisors, etc.)

Whistle Blowing

(Unit: Cases)

	2020	2021	2022
No. of cases reported	23	36	39
Discrimination or harassment	-	3	8

Policy Influence

(Unit: KRW billion)

	2020	2021	2022
Total membership fee paid to relevant associations	15	16	18
Korea Federation of Banks, etc.	9	9	11
Credit Finance Association	2	2	2
Korea Financial Investment Association	3	3	3
Korea Life Insurance Association	2	2	2
Korea Chamber of Commerce & Industry	1	1	1

* Shinhan Financial Group complies with Article 31 (Restrictions on Donations) of Chapter 6 of the Korean Political Funds Act, which prohibits donations of political funds by corporations or organizations, and is stipulated through Chapter 1, Section 7 of the Group Code of Ethics. The Group does not provide any political funds that directly influence policy formation, election funds, or lobbying funds for specific political organizations and parties, and cooperates in the development of public interest through support for associations whose political neutrality is guaranteed. We recognize that expenditures related to policy influence can be a risk factor in the medium to long term, and we manage our overall donations and their size to prevent potential risks. In addition, we operate and manage donations in accordance with the guidelines for donation management, deliberate executive decisions at the Donation Working Committee, and make prior decisions with the BOD in cases exceeding KRW 1 billion.

Ethics & Compliance

Anti-money Laundering ¹⁾

Anti-money laundering system and activities

Shinhan Financial Group

- Shinhan Financial Group and its 11 group companies, including Shinhan Bank, Shinhan Card, Shinhan Securities, Shinhan Life, Shinhan Capital, Shinhan Asset Management, and Jeju Bank, have implemented anti-money laundering systems, including domestic anti-money laundering laws and FATF recommendations, to enhance trust through strong financial crime prevention systems
- Establishment of the Group's anti-money laundering internal control system through the 'Group Anti-Money Laundering Business Regulations' and 'Group Anti-Money Laundering Business Guidelines' that are common to all group companies
- The Audit Committee conducts an independent audit on the adequacy and effectiveness of the company's work on money laundering prevention, etc. once a year and reports the results of the review/evaluation to the BOD (Articles 10, 15 of the Audit Committee Regulations)
- Semi-annual internal control committee meetings to report to management and the Board on key anti-money laundering issues and developments
- For all money laundering and terrorist financing related documents, maintain a retention period of five years in accordance with the Financial Intelligence Unit regulations
- Each group company establishes internal anti-money laundering guidelines that reflect the characteristics of its business area and continuously promotes the advancement of its internal anti-money laundering system
- We conduct anti-money laundering system training for independent directors every year, and provide differentiated anti-money laundering training for employees by position and task in various ways

¹⁾ AML/CFT: Anti-Money Laundering/Combating the Financing of Terrorism



Shinhan Bank

Anti-money laundering activities

- Continue to build a sophisticated anti-money laundering framework as part of infrastructure improvements to strengthen our anti-money laundering efforts
- Introduce ethical management communication channels such as the securities account and transaction details reporting system, ethical practice pledge system, and ethical management hotline, and transparently disclose the results of their operation to strengthen anti-money laundering work and seek business innovation

Major Anti-Money Laundering Programs

<p>Global leveling of the Suspicious Transaction Reporting (STR) framework</p>	<ul style="list-style-type: none"> • Improve STR report quality and reduce workload <ul style="list-style-type: none"> - Suspicious Transaction Detection Rule Optimization: Performed rule optimization based on the results of a validity analysis of 193 rules (as of October 2022) based on productivity, reliability, and redundancy metrics - Introduce an RPA alert baseline analysis process: Streamline the simple tasks of alert baseline analysis with an RPA process - Build a machine learning transaction risk assessment model: Enhance STR reporting by classifying suspicious transaction alerts by risk level by training artificial intelligence on various variable data such as customer, product, and channel
<p>Centralize KYC headquarters for corporations and organizations</p>	<ul style="list-style-type: none"> • Registering the headquarters application through the process of confirming the corporate customer, requesting the headquarters post-inspection, and registering/sending the closing ledger <ul style="list-style-type: none"> - Accurate and fast compared to traditional branch time (average 20 minutes vs. average 5 minutes) - Minimize bank sanction risk and reduce monitoring time for branch customer verification targets - Reduce sales force workload and avoid KPI penalties
<p>Establish 'U.S. OFAC 50 Percent Rule' guidelines</p>	<ul style="list-style-type: none"> • OFAC 50% Rule guidelines for economic sanctions compliance in the wake of increased U.S. sanctions and reporting processes to mitigate the risk of sanctions violations <ul style="list-style-type: none"> - Increase OFAC 50% Rule compliance awareness among domestic and international storefront personnel with training materials in local languages

Ethics & Compliance

Modernizing customer AML risk assessment model

- Became the first Korean bank to introduce a customer AML risk assessment model using AI machine learning technology to improve screening for high-risk customers
- Reduce the risk of AML violations by accurately identifying customers at high risk of money laundering and performing enhanced customer verification in a timely manner

Anti-money laundering education

- Annual anti-money laundering training program to ensure employees with global responsibilities have a basic understanding of anti-money laundering and economic sanctions
- Based on global guidelines, we provide domestic and international training by position and job type, including Thomson Reuters' training programs, ACAMS corporate member training, and program training programs to secure AML expertise

Customer verification policy

- Shinhan Bank conducts thorough identification and verification procedures before establishing business relationships with customers to comply with FATF international standards and domestic laws and regulations
- To prevent money laundering, terrorist financing, and economic sanctions evasion transactions using legal entities and organizations, specialized personnel within the dedicated department perform pre- and post-checks on the appropriateness of performing the actual owner verification task
- Updating customer information by periodically verifying and informing customers based on their level of risk of money laundering through in-person, mobile, and messenger channels throughout the transaction

Transaction monitoring system and operations

- Shinhan Bank secured dedicated personnel with expertise in various types of illegal activities and various new criminal methods
- Advanced transaction monitoring and reporting to monitor high-risk transactions such as money laundering at all times

New product/new service money laundering and terrorist financing risk assessment policy

- Identify and assess the risk of money laundering and public intimidation financing activities prior to launch for all products and services
- If a risk is identified that exceeds the bank's pre-set levels, require the implementation of appropriate measures to mitigate the risk

Shinhan Card

- Identify and verify customers, identify money laundering and terrorist financing risks of trading customers, and operate management approval processes for customers who are nationals of non-Financial Action Task Force (FATF) countries
- Upgraded the suspicious transaction extraction model (added suspicious transaction models related to means of electronic prepayment, virtual assets, and liquidation of points)
- Sophisticated monitoring of suspected money laundering transactions: Validation of the Suspicious Transaction Extraction Rules (Rules) with an external expert consulting firm and the identification of 16 new Rules to create a more sophisticated and detailed monitoring system
- Establish and operate an effective anti-money laundering system based on a risk assessment and risk-based approach (RBA)
- Establishment of a reputation risk check system through the construction of a financial institution's highest-level DB using risk data from external specialized organizations
- Advanced Risk-Based Assessment (RBA) Integrated Models and Systems, including Risk Assessment of Financial New Products and Services



Ethics & Compliance

Preventing Unfair Trade and Unfair Competition

Shinhan Financial Group

Creating a culture of fair trade for Win-Win partnerships

- Shinhan Financial Group fosters a culture of ethical management and fair trade among its partner companies in accordance with the Code of Conduct for Partner companies, which applies to all partner companies
- Enhancing transparency in contractual business and building a foundation for mutual growth by including integrity contract clauses in business dealings with partner companies
- Promote communication with partner companies through meetings, surveys, and VOC channels
- Support the promotion of ESG management with partner companies by introducing an ICT purchase contract system that reflects the status of social responsibility management diagnosis and the performance of ESG management promotion

Compliance with the Market Order

- Enhanced monitoring conducted at each subsidiary to prevent violations by ensuring that employees properly understand the contents of the Financial Investment Services and Capital Markets Act and do not get involved in any market disturbances
- Shinhan Financial Holding checks the purchase and sale of company shares by employees every half-year to prevent unfair transactions such as insider trading using undisclosed material information
- Employees of Shinhan Securities report their transactions to the Compliance Department on a monthly basis, and the company conducts training for employees to prevent unfair transactions and strengthens monitoring activities through the system



Shinhan Financial Group has obtained ISO 37001 (Corruption Prevention Management System) international standard certification

- Establishment, implementation, maintenance and improvement of the organization's anti-corruption management system
- Reduce the risk of violations, share awareness of anti-corruption, and anticipate costs and penalties associated with violations

Shinhan Bank

Fair Trade Compliance Policy

- In the case of Shinhan Bank, the CEO's message on compliance practices is publicly available, emphasizing compliance with the Fair Trade Act by adhering to "basics and honesty" and "principles"
- As a leading bank in the industry, we have established a fair competition system and operate a compliance program (CP) to prevent losses and minimize penalties for violations of the law

[Shinhan Bank Compliance practices CEO message](#)

7 Components of a CP Program



Ledger documents

- Demonstrate interest and commitment to compliance from the CEO to the rank-and-file
- Send a strong message internally and externally that reflects the commitment of the CEO



Establish a monitoring regime

- Establish an internal oversight system for the prevention, early detection and correction of misconduct
- Report performance to the BOD at least once a semi-annually to reduce sanction levels



Designate and operate a compliance officer

- Designate a compliance officer with substantial responsibility and authority for CP operations
- Appointment of executives and other high-level personnel through the board of directors



Sanctions for employees who violate applicable laws

- Establish and operate sanctions for employees who violate applicable laws and regulations
- Report performance to the board at least semi-annually to reduce sanction levels



Create and distribute a compliance letter

- Make compliance easy to understand as a guide for doing business
- Clarify "do's" and "don'ts" with examples rather than laws



Establish a document management system

- Assign someone to manage CP-related documentation to ensure accurate and up-to-date information
- Introduce incentives to build an efficient and organized management system



Run a training program

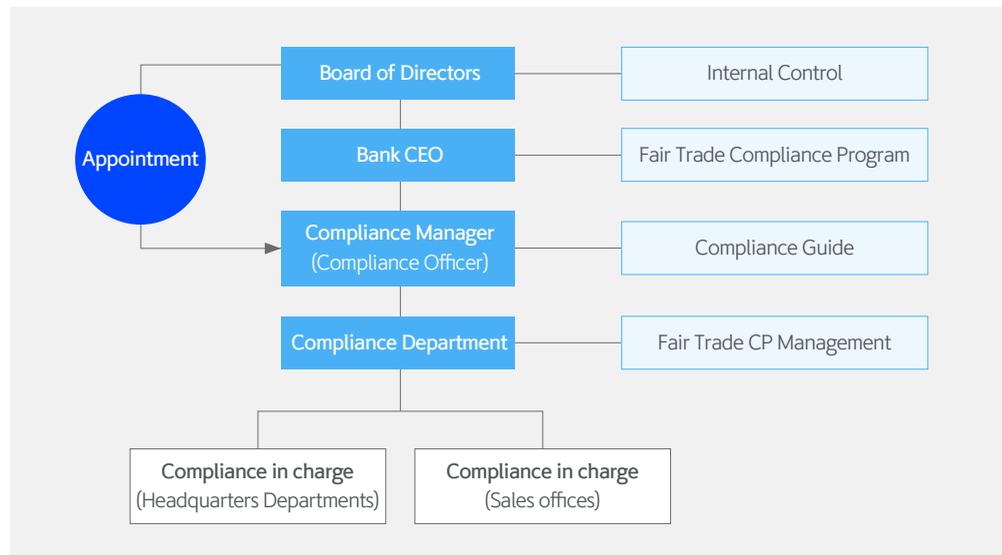
- Deliver differentiated training based on department and position
- Reduce sanction levels by conducting at least 2 hours of training per semester

Ethics & Compliance

Fair Trade Policy and Operating System

- We have established compliance operating regulations based on the Act on Monopoly Regulation and Fair Trade, and constantly monitor the enactment and revision of major laws such as the Terms and Conditions Regulation Act, the Display Advertising Act, and the Electronic Commerce Consumer Protection Act
- Preemptively prevent compliance violations from occurring by issuing behavioral guidelines for antitrust compliance, including those for tasks that are likely to result in antitrust violations, and practice manuals that reflect the financial industry and group (holding company) structure to all employees
- Create an antitrust compliance checklist categorized by business area (Receiving, Lending, Synergy, Consignment, etc.) and department (Head Office, Sales, Synergy)
- The Compliance Manager, appointed by the Board of Directors, serves as the Compliance Officer and conducts overall inspection and management of compliance operations, and secures objectivity and independence in business execution
 - Report compliance monitoring results to the Board of Directors on an annual basis and semi-annual reports to the President and Holding Company Compliance Officer
- Compliance officers in each department perform compliance tasks related to their department's work and report the implementation results to the Compliance Department every month, and immediately report any unfair trade-related issues to the Compliance Department

Shinhan Bank Fair Trade Compliance Program (CP) Operating Organization



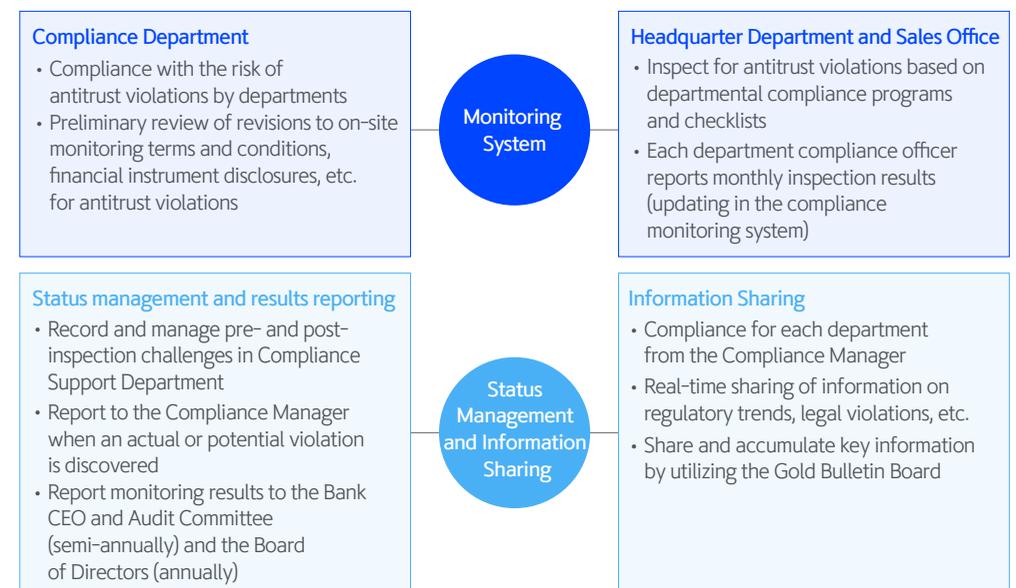
Antitrust compliance training

- Provide regular training for employees in charge of fair trade compliance, and conduct departmental training and consultation from time to time

Classification	Training by department	Counseling	Collective Training
Cycle	Anytime	Anytime	Semi-annually
Training hours	1 hour	-	2 hours
Target	All employees	All employees	Employees in departments with high potential for legal violations
Contents	Focus on work-related cases Regulatory agency trends and recent trial cases	Fair Trade Regulations Consultation on questions during practice	Lectures by internal and external experts Analysis of trial decision cases and communication of fair competition issues

Autonomous Compliance Monitoring System

- Establishment and introduction of an autonomous compliance monitoring system consisting of two tracks of monitoring the status of regular and frequent autonomous compliance by the compliance monitoring department and each department



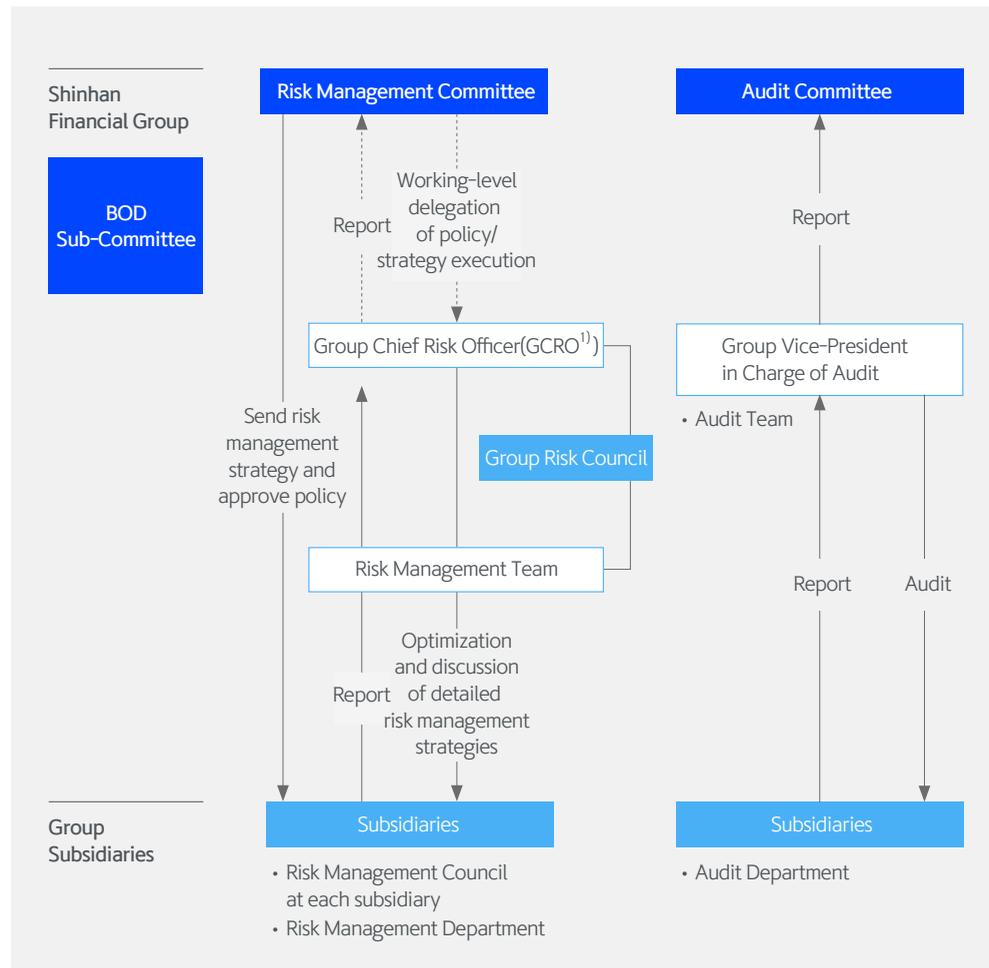
Risk Management

Risk Management System

Shinhan Financial Group

Risk Management

Risk Management Organization Chart



¹⁾ GCRO(Group Chief Risk Officer)

- A risk management committee consisting of all independent directors, including financial, accounting, or financial directors, establishes a group risk management policy and executes and monitors the policy through a group risk council composed of holding companies and group managers
- The "Group Risk Management Regulations" stipulate that risk management managers are in charge of risk management in principle to ensure job independence, and that unfair personnel disadvantages shall not be imposed due to reasons related to job performance
- In addition, in the case of risk management managers of Shinhan Financial Group and group companies, structural independence from the business sector is guaranteed by excluding them from the profit and loss index-oriented KPI evaluation
- The management receives weekly, monthly and quarterly risk monitoring results and various risk issues to understand the risk characteristics of the group and its impact on the group, and uses them to make management decisions related to risk
- Each group company operates independent groups, headquarters and departments to manage and control financial and non-financial risks for the company's stable and sustainable growth
- Shinhan Financial Group conducts an regular internal/external audit of the risk management process to check the level of risk management
 - Conduct an internal audit once a year on the overall management process for major risks such as internal capital adequacy, self-normalization plans, and credit risks
 - Audit-related data are frequently submitted at the request of the supervisory authority, and regular audit by the Financial Supervisory Service on the overall risk management system in the first half of 2023 is completed

Management regulations

Category	Main content
Risk Management Committee Policy	<ul style="list-style-type: none"> • Establish a risk management policy • Determine an acceptable level of risk
Group Risk Management Regulations	<ul style="list-style-type: none"> • Define ESG risk • Specifying sub-regulations related to ESG risk management
Group ESG Risk Management Rules	<ul style="list-style-type: none"> • Details on recognizing, measuring, and managing ESG risk management
Group ESG Risk Management Best Practices	<ul style="list-style-type: none"> • Best practices beyond ESG risk management <ul style="list-style-type: none"> – Climate risk management, area of significance management, environmental and social risk review, ESG risk-related systems, etc.

Risk Management

Integrated Risk Monitoring System

- Shinhan Financial Group conducts preemptive and integrated risk management for financial and non-financial risks based on Semi-Matrix-type risk management organization between holding companies and group companies. It establishes group ESG risk management rules and best practices to specify details on ESG and non-financial risk recognition, measurement, and management
- Recognize and manage all possible risks across the management, including the group's business model, consolidating risk management at the group level to ensure that the group continues to grow long-term on a stable basis
 - Operates an integrated risk monitoring system for external economic indicators, self-risk indicators, risk management processes and policy status, and identifies potential risks and other key issues in a timely manner and analyzes the impact of risks and issues to establish proactive responses at the group level
 - Operate a 'Risk Dashboard' that monitors external issues related to the portfolio managed by each group company, including assets and risks, to detect and manage unexpected changes in key indicators
- Identify all major operation-related risks such as credit, market, operation, interest rate, liquidity, insurance, credit concentration, payment by foreign currency, reputation, strategy risks that may cause potential damage, in consideration of the nature, size, and complexity of each company in the Group
 - Value-at-Risk (VaR) calculation of quantifiable risk such as credit, market, operation, interest rate, liquidity, insurance, credit concentration, payment by foreign currency, etc. by adopting statistics-based methodology, while setting capital buffer for non-quantifiable risk
- To ensure adequacy of the required equity capital related to quantitative and non-quantifiable risks within the equity capital held by the group, group risk limits are set in consideration of the risk appetite from available capital and buffer capital
 - Maintaining the adequacy of internal capital by setting and managing a risk limit of 87.6% in 2023

Risk assessment and stress test

- Shinhan Financial Group conducts an integrated crisis analysis (stress test) twice a year to identify vulnerable areas and establish a response plan for potential events along with checking the adequacy of capital, and reports it to the board of directors
 - Increase crisis response capabilities by conducting analysis from the perspective of proactive crisis response and post-resilience to avoid compromising financial execution capabilities in crisis situations

Setting up a stress test scenario	<ul style="list-style-type: none"> • Reflects macroeconomic outlook and external environmental changes on risk factors to the group's portfolio • Consider scenarios reflecting historical volatility (global financial crisis, IM bailout, etc.) • Considering the size of subsidiaries and the complexity and fluctuations of operational activities, reflecting the impact of local currency depreciation with exchange rate fluctuations • Carry out the process of collection
Stress test analysis methodology	<ul style="list-style-type: none"> • Conduct stress tests on credit, markets, interest rates, etc. in accordance with the stress testing manual by risk type • Consider the effects on profit or loss and equity due to increased provision for bad debts, along with the effects on regulated capital and internal capital by scenario
Utilizing the stress test results	<ul style="list-style-type: none"> • Conducting a capital adequacy check from the perspective of regulatory capital and internal capital <ul style="list-style-type: none"> - Regulatory Capital Perspective: Check whether the regulatory capital ratio meets the minimum required level by scenario and prepare a capital management plan in case of a crisis - Internal Capital Perspective: Inspection of the capacity to absorb integrated risk amount of available capital and establishment

Risk Management

Strengthening Risk Management Capabilities

Shinhan Financial Group

Risk management training for executives and employees

- The Group's risk management philosophy and seven risk management principles are specified in the 'Group Risk Management Code' and 'Group Risk Management Regulations', and regular risk management training is conducted for all employees, including independent directors of each group company
- Training on the group's risk management system, etc. is conducted once a year for new employees of the group
- Operate the Risk Expert Network (REN), a group of all employees of the risk management department in the group, to discuss issues related to risk management and to share best practices with the group
- At the end of each year, a 'Group Risk Management Workshop' involving executives and employees of the Group Risk Management Division is held to share REN's research results and select 'Risk Managers of the Year' to reward outstanding employees

System for employee's risk suggestion and inspection

Shinhan Financial Group

- Enable employees to report identified or potential risks and make suggestions through a work improvement suggestion system at each Group subsidiary, which is followed by the review and feedback by the department in charge of risks to reflect them in relevant systems
- In operation risk aspects, employees can independently examine operation risk levels through risk & control self assessment (RCSA). Major indexes are reflected in evaluation to induce risk reduction

Emerging Risk Management

Shinhan Financial Group

Identification and management of emerging risk

- Define risks that can become a mid- to long-term threat to the Group's strategies or operations according to economic, social, and environmental changes, and take preemptive responses to reduce these risks
- Have categorized the Group's major emerging risks into "climate change risk", "large-scale infectious disease recurrence risk", "population structure change risk", and "real estate market risk" to manage them

Emerging Risk	Climate risk	Real estate market downturn risk
Category	Environmental	Economic

Risk Definition and Description	<ul style="list-style-type: none"> • If the transition to a low-carbon economy accelerates due to the need to react to climate change, the financial health of companies in Shinhan Financial Group's portfolio may deteriorate due to increased cost burdens, and there is a risk that the health of the portfolio may deteriorate • In addition, there is a risk that the value of assets in the portfolio may decline due to increased acute and chronic risks, such as extreme weather events due to climate change, or that the profitability of companies may be adversely affected due to supply chain disruptions 	<ul style="list-style-type: none"> • South Korea has a mythical "real estate bull run," with apartment prices in Seoul, the country's capital, rising fivefold in 20 years (2002-2021) • In the event of a full-blown population decline in the future, the number of economically active people will decrease, while income levels will remain relatively stagnant, and interest burdens will increase due to rising interest rates • In this case, unsold properties may increase, especially outside the Seoul metropolitan area, and the overall real estate financial health may be adversely affected by a mid- to long-term downturn in the real estate market, including a deterioration in construction due to falling real estate prices, an increase in non-performing real estate businesses, a contraction in consumption by real estate asset holders, and an increase in non-performing vulnerable customers
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Emerging Risk	Large-scale pandemic risk	Demographic change risk
Category	Social	Economic

Risk Definition and Description	<ul style="list-style-type: none"> • As the world has experienced with the COVID-19 pandemic, large-scale infectious disease outbreaks can cause significant and irreversible social and economic damage • Climate change and environmental degradation are accelerating the onset cycle of infectious diseases, and a recurrence of a large-scale epidemic such as COVID-19 is likely to result in risk transfer to financial institutions due to the ripple effect 	<ul style="list-style-type: none"> • According to the UN Population Fund's 'State of the World's Population Report' published in 2022, South Korea has the world's lowest total fertility rate of 1.1 out of 198 countries, which means that South Korea is experiencing a rapid population decline unlike any other country • Demographic changes are expected to trigger changes in consumption patterns and wealth structure, with the proportion of South Koreans aged 50 and older reaching 56% by 2040 and the overall population expected to decline from 2020 • This could lead to changes in financial product consumption, asset quality, and more, and if financial institutions do not respond appropriately to these structural changes, they could lose their customer base and market competitiveness
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Risk Management

Emerging Risk	Climate risk	Real estate market downturn risk	Large-scale pandemic risk	Demographic change risk
Category	Environmental	Economic	Social	Economic
Impact on Business	<ul style="list-style-type: none"> Depending on the implementation and physical risks of climate change, Shinhan's portfolio may be adversely affected financially, including deterioration in the health of its portfolio and decline in asset values, and it may be exposed to reputational risk if it fails to transition to sustainable finance for the transition to a low-carbon economy Furthermore, continued financial support for high-emitting industries could be construed as greenwashing, leading to legal risks for shareholders and stakeholders To analyze the financial impact of climate change, Shinhan conducted a top-down analysis using NGFS and the Bank of Korea's climate scenario analysis, and a bottom-up analysis using S&P's Climate Credit Analytics The top-down analysis shows that the BIS ratio falls by 1.5% in 2050 under the 2°C scenario, and by 2.3% in 2050 under the 1.5°C scenario The bottom-up analysis analyzes the power generation and oil & gas industries, which are highly affected by climate change, and shows that the power generation industry's credit rating can fall by up to four notches, and the oil & gas industry's credit rating can fall by up to three notches, depending on the scenario. Default rates were also found to increase by up to 10 times or more 	<ul style="list-style-type: none"> Increases in unsold inventory centered outside of metropolitan areas and declines in real estate prices could adversely affect the health of financial institutions through a variety of spillover effects Domestic real estate finance exposure totaled KRW 269.7 trillion as of Q3 2022, or 126% of nominal GDP, and has been rising since 2019 due to the impact of low interest rates In the event of a real estate downturn, the health of a household's real estate-related loans may deteriorate as real estate prices decline In addition, there is a possibility of non-performance of real estate PF and real estate supply industry exposures due to the increase in unsold units and deterioration of the construction industry Shinhan Financial Group's real estate financing volume continues to grow to KRW 160 trillion as of the end of March 2023, which could impact business operations in the event of a deterioration in the real estate economy This means that Shinhan is promoting a differentiated approach to real estate risk management in terms of potential risks that are different from general real estate asset risk management 	<ul style="list-style-type: none"> In the event of a recurrence of a pandemic such as COVID-19, there is the potential for severe economic shocks due to social lockdowns, supply chain disruptions, and response delays, and the potential for a recurrence of liquidity crises, especially due to financial market shocks As a result, the health of financial institutions may deteriorate due to the insolvency of vulnerable customers who are unable to secure liquidity, and the sharp contraction of market liquidity may expose vulnerable sectors such as the secondary market to liquidity crises If the pandemic is prolonged, financial institutions' assets may become insolvent or their customer base may weaken due to economic downturns, changing financial needs, etc. In addition, delayed or inadequate government response and global coordination to the pandemic could result in social disruption and temporary collapse of the financial system, including bank runs 	<ul style="list-style-type: none"> As the population shrinks and the number of economically active people decreases, a cascading effect of stagnant economic growth and shrinking economic size can occur This could lead to a reduction in the size of household loans or an increase in delinquencies Domestic household credit volume continued to grow to KRW 1,868 trillion as of the end of 2022, and Shinhan Financial Group's household loans also continued to grow, reaching KRW 169 trillion as of the end of 2022 Currently viewed as a typical retail loan asset, but potential for household loans to shrink in size or deteriorate in quality as the economy deteriorates due to changing demographics In addition, changes in consumption patterns and financial product utilization patterns may result in different financial needs than in the past, and there is a risk of losing market competitiveness if products do not adequately meet these needs
Mitigating actions	<ul style="list-style-type: none"> To respond to the risks posed by climate change, Shinhan has established a governance system that recognizes/measures, monitors and manages risks, and reports to the BOD and management Shinhan understands the risks posed by climate change and its spillover effects on the financial system and recognizes the targets for climate risk management Developed a system for measuring the Group's financed emissions (Scope 3) to measure climate risk, established reduction targets at a long-term level based on the measurement results, and assigned the reduction targets to each subsidiary as targets for practical management For other high-risk areas such as carbon-intensive industries, we monitor financed emissions and carbon intensity through dashboard management, and some industries are designated as priority management areas, and exposure limits are imposed and managed The status of such management is regularly reported to the Board of Directors and executives, and reflected in the establishment of climate change response strategies 	<ul style="list-style-type: none"> Shinhan strengthens monitoring of vulnerable areas for household and corporate real estate finance exposures and selects real estate-related industries as priority industries for the Group to manage exposure limits We manage vulnerable areas through detailed monitoring of shadow banking (activities engaged in credit intermediation outside the banking system that are not subject to bank-level prudential regulation), which is relatively vulnerable to a deterioration in the real estate economy, and respond by determining whether there are signs of insolvency through continuous supervisory activities in key areas such as real estate PFs 	<ul style="list-style-type: none"> Based on the experience of the COVID-19 pandemic, Shinhan Financial Group has further refined its response system in the event of a crisis Determine the level of crisis based on internal and external indicators, including financial markets, and have a system in place to respond proactively in the event of a crisis In particular, in the case of liquidity risk, based on the experience of COVID-19, we have sophisticatedly simulated the level of liquidity shortage during a crisis and established a contingency funding plan to ensure that sufficient liquidity is available in the event of a crisis Furthermore, in the event of unforeseen circumstances and complex crises, stress tests based on various scenarios are conducted on an ongoing basis to identify areas of vulnerability in the portfolio and develop countermeasures 	<ul style="list-style-type: none"> Shinhan monitors changes in the composition of the Group's customers by age group and responds by identifying the financial product needs of each age group and launching products that meet their financial needs Reflected in the Group's mid- to long-term strategic agenda, particularly as the changing demographics are expected to see active seniors and a new breed of young adults emerge as key customer segments Strengthening its product lineup, e.g., stable annuity withdrawals and various monthly distribution products, while continuing to cultivate and secure financial planning experts in areas such as taxation to enhance internal capabilities to generate stable returns

Risk Management

Assessment of Systemically Important Banks

Shinhan Financial Group

- Shinhan Financial Group has been required to disclose the scorecard since the end of 2013, and submits management status data related to the selection of G-SIBs to the Basel Committee on Banking Supervision (BCBS) every year
- Shinhan Financial Group has been designated as a 'systemically important bank/bank holding company (D-SIB)' in 2022 and is required to set aside 1.0% additional capital. As of the end of 2022, the BIS ratio was 16.13% for Shinhan Financial Holding Company and 17.77% for Shinhan Bank, exceeding the Basel III minimum capital ratio (11.5%)

BIS Leverage Ratio

(Unit: KRW billion)

	2020	2021	2022
(Basel III) Tier 1 capital	36,267	40,435	43,267
(Basel III) Total exposure	626,450	676,686	776,749
(Basel III) Leverage ratio	5.8	6.0	5.6

Assessment Results of D-SIB (2022)¹⁾



* Financial Services Commission Press Release (2021.07.13)

¹⁾ D-SIB(Domestic Systemically Important Bank): A major domestic banking systematically

Tax Policy

Shinhan Financial Group

- Observe tax regulations of each country where we do business and faithfully fulfills our tax payment duties
- Have established the "Shinhan Financial Group's Tax Policy" and make the tax policy receive BOD approval; and do not engage in such conduct as using the tax structure or tax haven to avoid taxes
- Have categorized into major business countries, which are Japan, China, Vietnam, and the U.S., and the others to disclose sales, operating profit, and paid tax by country in our report every year

Effective Tax Rate

(Unit: KRW million)

	2020	2021	2022
Earnings before tax	4,753,871	5,583,664	6,349,251
Reported tax amount	1,255,795	1,471,036	1,617,088
Reported tax rate (%)	26	26	25
Actual tax amount paid	1,131,254	1,498,819	1,666,075
Effective tax rate (%)	24	27	26

Risk Management

Income Tax by Country

(Unit: KRW billion)

		2020	2021	2022
Total	Sales	49,027	45,730	61,877
	Operating income	4,930	5,952	5,888
	Net income before tax	4,754	5,584	6,349
	Income tax	1,256	1,471	1,617
	Income tax payable	390	730	702
Domestic	Sales	46,968	43,729	59,069
	Operating income	4,436	5,404	5,047
	Net income before tax	4,303	5,037	5,559
	Income tax	1,131	1,343	1,421
	Income tax payable	366	676	664
Overseas	Company name	SBJ Bank		
	Key activities	Regulated Financial Services		
	No. of employees	353	328	318
	Sales	233	248	281
	Operating income	109	118	162
	Net income before tax	106	117	164
	Income tax	33	35	47
	Income tax payable	12	11	13
China	Company name	Shinhan Bank (China)		
	Key activities	Regulated Financial Services		
	No. of employees	538	501	498
	Sales	246	290	367
	Operating income	26	17	60
	Net income before tax	23	15	58
	Income tax	6	1	13
	Income tax payable	1	0	-

		2020	2021	2022	
Overseas	Vietnam	Company name	Shinhan Bank Vietnam, Shinhan Vietnam Finance Limited, Shinhan Securities Vietnam Co., Ltd., Shinhan DS Vietnam Co., Ltd.		
		Key activities	Regulated Financial Services		
		No. of employees	2,605	2,758	3,059
		Sales	535	566	807
		Operating income	172	173	266
	Net income before tax	177	175	277	
	Income tax	36	34	60	
	Income tax payable	8	10	18	
	U.S.	Company name	12 companies including Shinhan Bank Europe GmbH and hinhan Bank (Cambodia) Plc		
		Key activities	Regulated Financial Services		
No. of employees		242	241	293	
Sales		150	136	188	
Operating income		31	31	39	
Net income before tax	30	29	48		
Income tax	8	9	15		
Income tax payable	1	-	-		
Others	Company name	12 companies including Shinhan Bank Europe GmbH and			
	Key activities	Regulated Financial Services			
	No. of employees	2,431	2,357	2,627	
	Sales	895	762	1,164	
	Operating income	156	209	314	
	Net income before tax	116	211	244	
	Income tax	42	49	61	
Income tax payable	3	6	8		

Financial Consumer Protection

Financial Consumer Protection Management System

Shinhan Financial Group

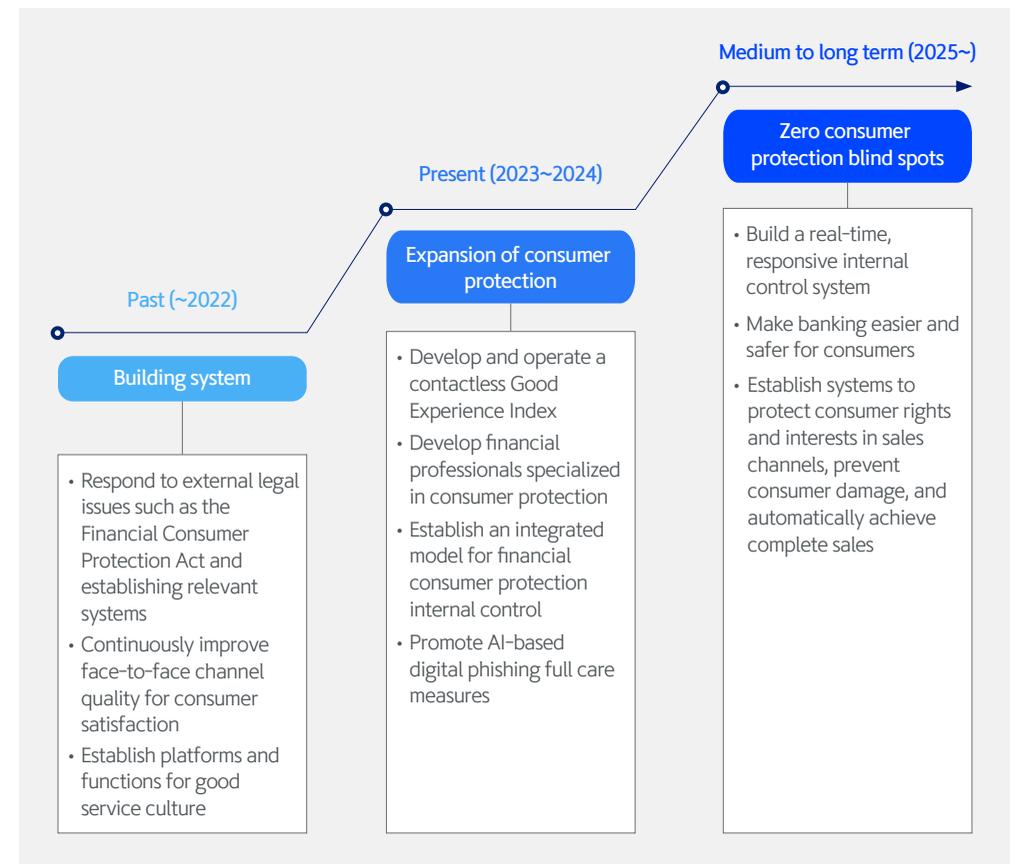
Consumer Protection Charter

- Shinhan Financial Group has declared the Consumer Protection Charter, which expresses its commitment to actively protect the rights and interests of all financial consumers in a rapidly changing social and financial environment
- Each affiliate such as Shinhan Bank and Shinhan Card has declared the Financial Consumer-centeredness Charter to practice compassionate banking by placing the protection of financial consumers' rights and interests at the center of its business, in consideration of their business characteristics
- With the implementation of the Financial Consumer Protection Act, the Group Consumer Protection Consultative Group was established to respond at the group level, and a checklist was provided to help group affiliates to respond to the Financial Consumer Protection Act

[🔗 Shinhan Financial Group Consumer Protection Charter](#)

Set short- and long-term goals for consumer advocacy

- Shinhan Financial Group has established mid- and long-term goals for 2023 and 2025 to practice genuine financial consumer protection
 - We will play a pivotal role in becoming "the bank that protects consumers' assets in the safest way" in 2023, and pledge to take the lead in becoming "a zero blind spot bank for financial consumer protection" by "achieving the highest level of financial consumer protection system in Korea across time and space" in 2025



Shinhan Financial Group Consumer Protection Charter

Shinhan Financial Group pledges to make consumer protection a top priority and practice customer-centric management so that consumers' basic rights can be realized.

Shinhan (will),

- One. We consider customers as the reason for Shinhan's existence and the foundation of finance, and we will make them our top priority.
- One. We will do our best to build trust with customers by establishing high ethical standards and a culture of consumer protection.
- One. We will listen and think from the customer's perspective and prioritize their rights and interests when providing products and services.
- One. We will safely manage and protect our customers' valuable assets and information.
- One. We will spread the social value of warm finance by sharing the benefits of finance with our neighbors in need.

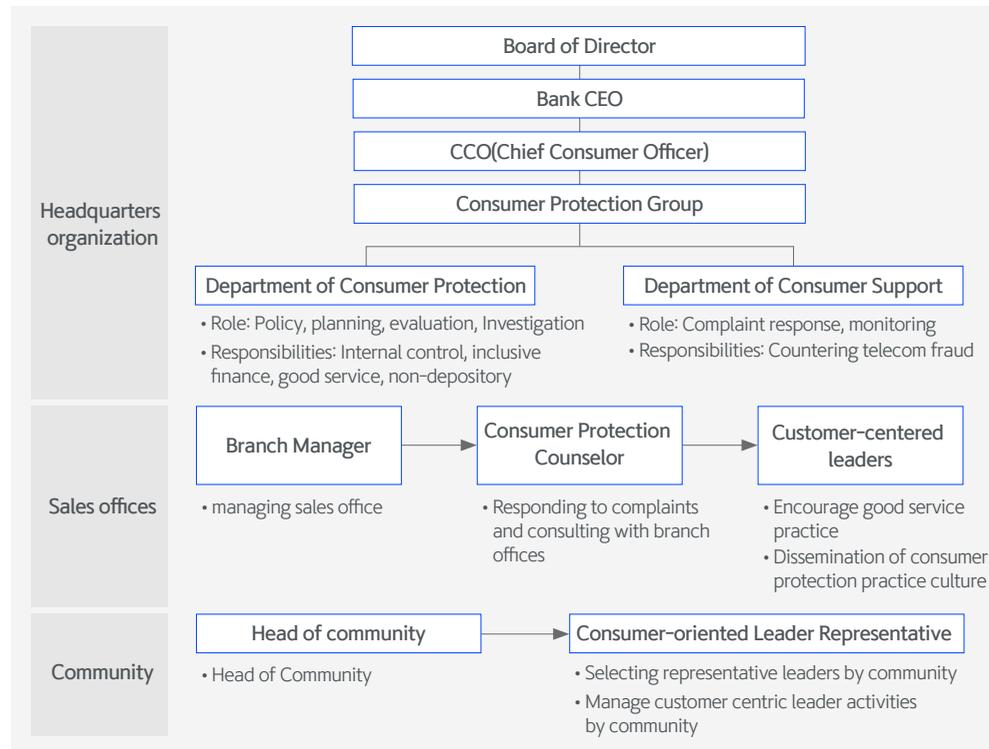
Financial Consumer Protection

Shinhan Bank

Financial Consumer Protection Governance

- Shinhan Bank has established and operates a Financial Consumer Protection Group under the direct supervision of the President of the Bank to implement customer-centered core values, and has established and operated the Financial Consumer Protection Internal Control Regulations and the Financial Consumer Protection Regulations with the approval of the Board of Directors for the protection of financial consumers
- Established the Financial Consumer Protection Internal Control Committee to deliberate and resolve important issues for the bank's financial consumer protection under the direct supervision of the CEO
- We operate meetings for financial consumer protection, such as the Non-Depository Products Committee and the Financial Consumer Protection Internal Control Council, and report the results to the CEO and the Board of Directors to actively reflect them in the bank's management activities

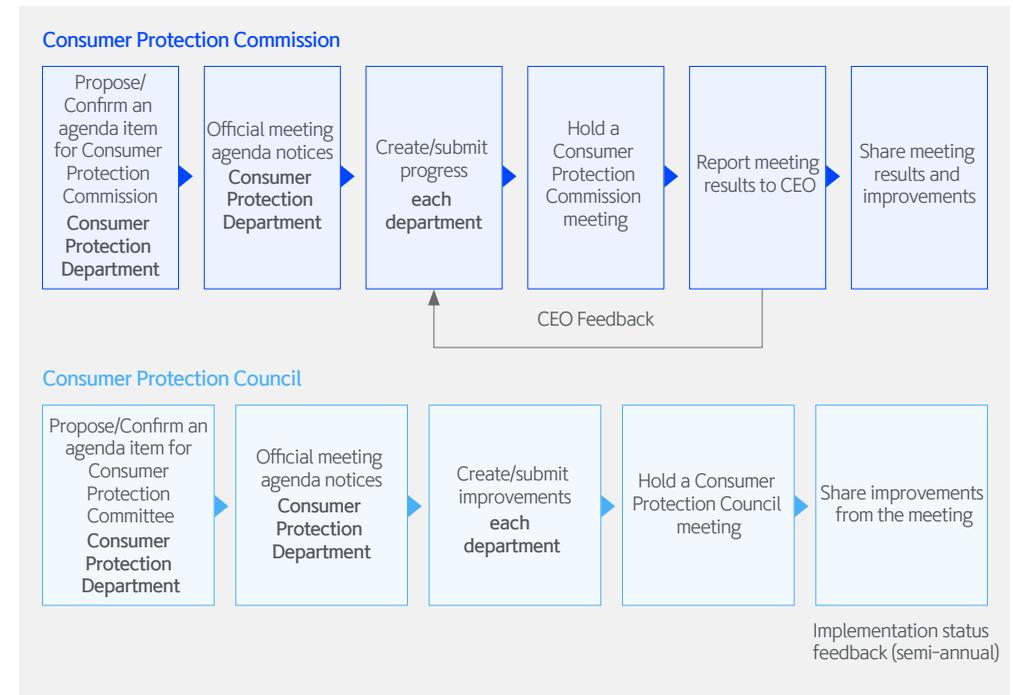
Shinhan Bank Financial Consumer Protection System



Financial Consumer Protection Consultative Group

Consumer Protection Commission	<ul style="list-style-type: none"> • Purpose: Inspection and discussion on comprehensive measures for financial consumer protection • Held: Biannually • Participants: Group Leaders
Consumer Protection Council	<ul style="list-style-type: none"> • Purpose: Inspection and discussion on comprehensive measures to protect financial consumers • Held: Biannually • Participants: Department Heads
Consumer Protection Practices Council	<ul style="list-style-type: none"> • Purpose: Inspection and discussion on comprehensive measures to protect financial consumers • Held: Biannually • Participants: Deputy general manager

Operating Process of the Financial Consumer Protection Council



Financial Consumer Protection

Establish a Code of Business Conduct

- Shinhan Bank has declared and implemented the "Code of Ethics for Business Conduct," which covers the bank's business activities and specifies the role of employees in promoting the rights and interests of financial consumers, thereby enhancing the trust of financial consumers using banking services

[🔗 Shinhan Bank Code of Business Conduct and Ethics](#)

Debt Collection Policy

- Shinhan Bank complies with relevant laws and guidelines to protect the rights of debtors by conducting fair debt collection, and prevents illegal or unfair acts or unnecessary disputes through internal controls related to debt collection
- Conduct training for personnel to prevent compliance risks related to debt collection
- Protect and support debtors in financial difficulties through the Credit Recovery Committee support system (Workout) and the judicial system (Debtor Recovery and Bankruptcy Act)

Fair advertising

- Shinhan Bank publishes financial transaction terms and conditions, advertisement guidelines, and pre-screening manuals to conduct advertisement review for the purpose of preventing financial disputes through fair advertising
- Establish standards for general and product-specific mandatory labeling, banned items, group affiliate joint advertising and formats through an advertisement checklist for each product
 - Implement pre-screening rules to prevent customer misunderstanding due to unclear expressions and to deliver benefits and disadvantages to financial consumers in a balanced way
- Bank advertisement review standards and detailed rules for advertisement review from the Korea Federation of Banks are jointly respected, and a standardized advertisement template is prepared in compliance with preliminary review
- Conduct internal control training programs including advertising for executives and employees, and conduct periodic monitoring on product disclosure
- The Compliance Department conducts a preliminary review to confirm compliance with financial product advertisements, product provisions, and disclosures
- The Consumer Protection Department conducts a prior consultation process to review misleading phrases and expressions, use of easy-to-understand words and expressions, false or exaggerated content, and slander of other banks

Shinhan Bank Shinhan Card

Loan Modification Policy

- Shinhan Bank and Shinhan Card operate the Interest Rate Reduction Request System, which allows borrowers to request a reduction in the interest rate on loans where the borrower's credit status affects the calculation of the interest rate, if it is determined that the borrower's credit status has improved, such as an increase in income or property, an increase in creditworthiness, or an improvement in financial condition, in accordance with relevant laws and regulations*

* As stipulated in 「Article 30.2 of the Banking Act」 (requirement to reduce interest rates) and 「Article 50.13 of the Banking Act」 (requirement to reduce interest rates)

- Requirement for interest rate reduction: Whether to improve internal credit rating by comprehensively considering credit transaction history such as loans and credit cards, credit judgment information such as amount and duration of delinquency, and credit ability such as annual income and financial asset history

[🔗 Shinhan Bank Right to Interest Rate Reduction Demand](#)

[🔗 Shinhan Card Right to Interest Rate Reduction Demand](#)

Shinhan Card

Financial Consumer Protection Internal Control Board

- Shinhan Card regularly operates the Financial Consumer Protection Internal Control Committee, a company-wide meeting to ensure stable operation of internal controls related to the Financial Consumer Protection Act and to protect the rights and interests of financial consumers
 - Share all matters related to internal control with executives/department heads of relevant departments and listen to their opinions, including revision of enforcement decrees related to internal control, process management/supplementation, 3-Filters inspection system, operation of complete sales council, operation of financial consumer protection education, and evaluation/reward for financial consumer protection

Preventing incomplete sales

- Shinhan Card operates a self-monitoring organization for each sales department, and the consumer protection team also monitors customer complaints to preemptively eliminate any incomplete sales elements that may arise. Financial investment product transactions are reported and monitored regularly to check for unfair transactions, and a rule prohibiting the use of undisclosed material information has been established
- Checks for unfair transactions through reporting and regular monitoring of financial investment product trading, establishment of Ban on Using Undisclosed Important Information
- In terms of systems, the Soboro System, a comprehensive consumer protection management system, monitors all customer voices such as consultations, complaints, and general inquiries in real time
- Strengthened prevention of legal violations by conducting quarterly theme checks related to mis-selling and regular training for departments with high potential to access undisclosed information

[🔗 Code of Conduct for Sales](#)

Financial Consumer Protection

Shinhan Securities

Product development from a financial consumer protection perspective

- When developing new products, Shinhan Investment & Securities establishes and operates a pre-consultation procedure among relevant departments to correct problems after pre-inspection from the perspective of financial consumer protection
 - Comply with the 'Internal Guidelines for Product Development to Protect Financial Consumers' to reflect the views of financial consumers in finalizing financial product development
 - Check the 'Checklist for Financial Product Development' to diagnose whether there are any disadvantages to financial consumers when developing new financial products

[Discretionary investment guidelines](#) [Consumer Rights & Services](#) [Product Development Process](#)

Pre-checks

- Check for violations of relevant laws and regulations
- Check for violations of financial consumers' rights and interests
- Reflecting opinions of financial consumers
- Adequacy of information content for rational selection (product manual, etc.)
- Inspection of unfairness of contract contents and terms and conditions
- Providing information from the perspective of financial consumers



Financial Consumer Protection Institutions and Activities

Shinhan Financial Group

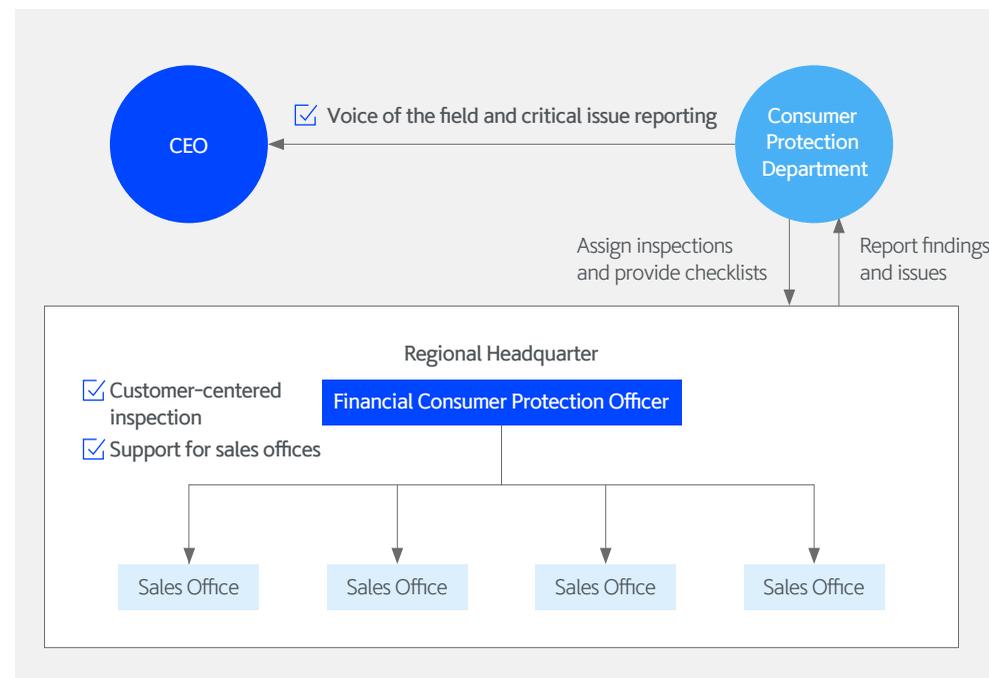
Conduct financial consumer protection training

- Shinhan Financial Group conducts mandatory training for all employees to strengthen financial consumer protection capabilities for all group companies

Shinhan Bank

Financial Consumer Protection Officer System

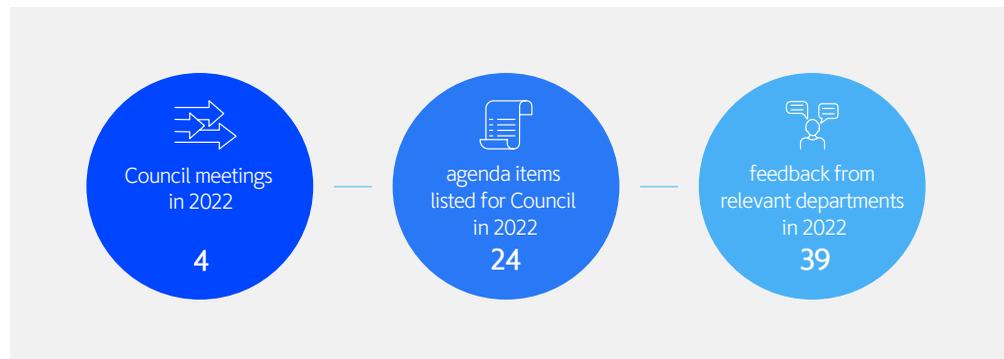
- The "Financial Consumer Protection Officer" system, which was implemented in 2020 as part of strengthening consumer protection, assigns separate personnel to each regional headquarters to check issues related to consumer protection and help resolve customer complaints at branches
- Performs duties such as checking the appropriateness of the product sales process from the customer's perspective, preventing payment delays such as overdue deposits and other transfers, and preventing telecommunications financial fraud



Financial Consumer Protection

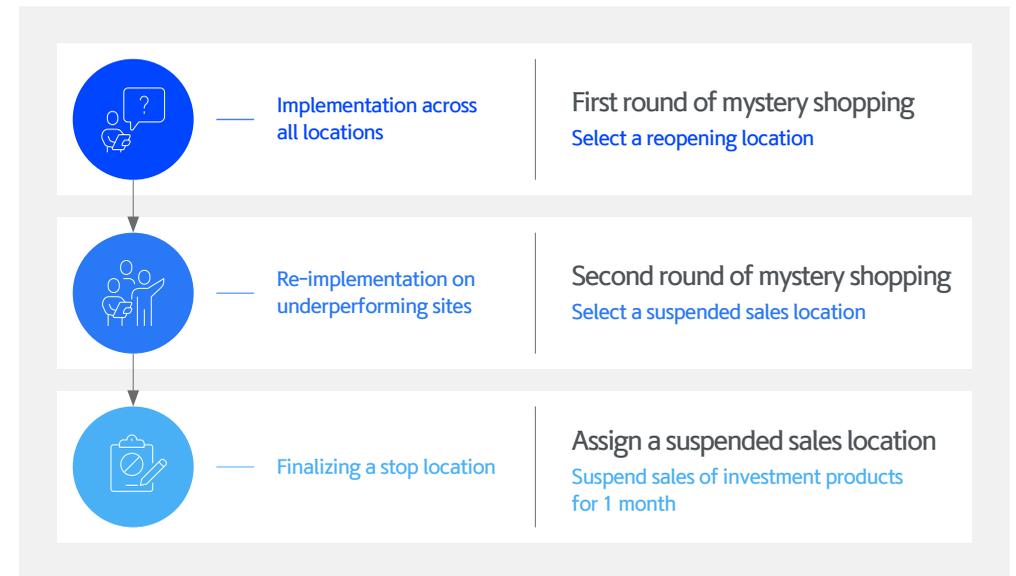
Shinhan Ombudsman Activity

- Operate the “Shinhan ombudsman” system that emphasizes customer-centric management, with “customer first” as the top-priority value; and appoint five experts in different fields, including academia and law, and one investment product-specializing company, as members to verify and improve various bank policies in the aspect of protecting financial consumers
- Conducted executive meeting lectures led by the Ombudsman to raise awareness of employees' financial consumer protection perspectives in light of the enforcement of the Prohibition Act
- Implement the “system of temporary sales suspension of investment products” to further strengthen protection of customers who use investment products and to emphasize the importance of complying with the investment product sales process to employees
- Recruited the first group of “SOL-Mate”, in February 2022, a customer advisory group, to reflect customer opinions in product and service development, and quickly incorporated customer opinions in products and services through surveys, sharing of opinions and suggestions, and direct participation in product/service production projects
- Created the “CX (customer experience) Tribe” in 2022 to improve bank work from the customer perspective



Temporary suspension of sales of investment products

- Since 2020, the Temporary Suspension System for Investment Products has been in place to regulate the sale of investment products to outlets with insufficient investor protection
 - Temporarily suspend the sale of investment products, such as various funds and stock-linked products, if investor protection was superficial, sales procedures were not followed, or sufficient explanations were not provided



Financial Consumer Protection

Finalized implementation of 'SoboPlus+', a digital platform for financial consumer protection

- Final implementation of 'SoboPlus+', a financial consumer protection platform based on consumer experience analysis data
- Visualization of key consumer protection data, enhancement of complaint handling and prevention activities using artificial intelligence (AI), and shortening of complaint processing time through new digital technologies to expand the scope of work to strengthen customer communication and improve customer experience

CASE SoboPlus+

- Through the dashboard that visualizes customer opinions, you can check major complaint keywords, multi-dimensional analysis data, and real-time customer opinions by individual/branch, and customer opinions are immediately reflected in management activities as an agenda for executive meetings



Shinhan Card

Financial Consumer Protection Act Dedicated Counselor Program

- Operated the Financial Consumer Protection Act Dedicated Counselor System: Selected 120 dedicated counselors to protect the rights and interests of financial consumers and communicate with customers in accordance with the Financial Consumer Protection Act
- Supported smooth operations by strengthening customer communication related to the Financial Consumer Protection Act across all business areas for Shinhan Card employees, as well as various internal inspections
- To prevent confusion in touchpoint channels that sell products related to the Act, the company trained employees and revamped processes around the Act's application forms, and sent all employees an app push and email with the "Consumer Rights Enhanced by the Act," produced by the Financial Services Authority and the Credit Union Association

Shinhan Securities

Consumer protection systems and activities

- Strengthening customer protection by giving the general manager of financial consumer protection the right to refuse to launch a product after consultation with the consumer protection department, thorough analysis and screening through the product department's checklist, and final consumer impact analysis.
- Establishment of a system to reimburse financial compensation provided to sales representatives when financial consumers withdraw or terminate financial transactions due to unscrupulous sales behavior by sales representatives.
- Introducing a new recording system and AI happy call system for the complete sales process, which not only monitors the sales process between the customer and the salesperson, but also transcribes the product description script and delivers it to the customer, ensuring that the main contents of the financial product are fully explained to the customer and preventing the omission of essential information or the use of prohibited expressions.

Financial consumer protection training

- Conducting annual training programs for all employees to foster a culture of financial consumer protection.
- Conducting regular trainings, such as designating a monthly consumer protection day to inform employees of key contents related to consumer protection and encouraging their participation.
- Providing information on the consumer protection system and best practices for consumer protection through the intranet.

Shinhan Life

FC Product Competency Training

- Provide ongoing on-the-job training to enhance product knowledge, which is essential for FCs to fully sell and increase productivity
- Support FCs to improve their sales skills and enhance their knowledge as professionals by producing and distributing sales activity guidebooks such as "Statistical Keywords for Warranty Consulting" and "Cells of Warranty (Sales Points)" series to provide various information essential for sales activities and to help deliver more accurate information during customer consultations

Financial Consumer Protection

Preventing Financial Fraud

Shinhan Financial Group Shinhan Bank

Supporting and preventing victims of voice phishing

- In May 2023, Shinhan Financial Group signed a MOU with the Financial Supervisory Service and the Social Welfare Foundation to provide various support and prevent financial damage in response to the rapid increase in vulnerable people who have been victimized by voice phishing (telecommunication financial fraud)
- Shinhan Bank plans to donate a total of KRW 30 billion to the Social Welfare Foundation over a three-year period to carry out various support projects

Overview of the Voice Phishing Victim Assistance and Prevention Initiative

	KRW 18 billion won to support the living expenses of vulnerable victims	• Provide up to KRW 3 million per person to approximately 6,000 victims, all of whom are below 100 percent of median income
	KRW 1.5 billion to provide prevention education and voice phishing insurance	• Provide voice phishing prevention education and voice phishing insurance products in conjunction with related organizations such as independence support organizations, schools, and senior welfare centers for the young and elderly
	KRW 3 billion for psychological and legal counseling	• Provide psychotherapy and legal counseling services to prevent secondary harms, such as depression, from being a victim of voice phishing
	KRW 7.5 billion won for public relations, campaigns, policy development, etc.	• Promote and develop campaigns and policies using damage prevention content, such as Shinhan Bank's "Create a password for our family" campaign



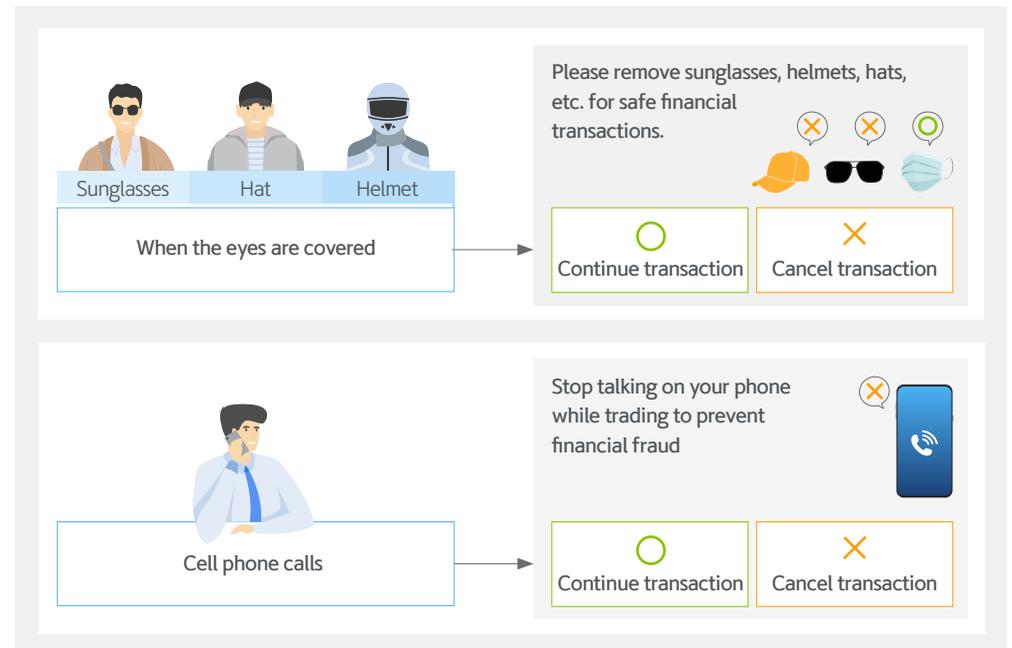
[YouTube - Helping customers with finance](#)

Shinhan Bank

Introducing AI anomaly detection at ATMs

- In March 2022, Shinhan Bank became the first bank in the country to introduce ATMs that detect abnormal behavior using artificial intelligence to protect senior financial assets, a key target of voice phishing
- AI anomaly detection ATM service utilizes cameras installed in automated teller machines (ATMs) to detect anomalous behavior, such as talking on the phone or wearing sunglasses and hats during a transaction, and alerts the user with a cautionary message
- Shinhan Bank's data experts and external experts analyze transaction types through AI deep learning (machine learning) and introduce them to ATM machines at branches where there is a high risk of voice phishing incidents due to the high number of visits from elderly consumers, and in the second half of 2023, in connection with the Fraud Detection System (FDS), we plan to improve procedures to enable transactions after additional identity verification if abnormal behavior is detected when using an ATM

Anomaly Detection Process



Financial Consumer Protection

Voice phishing prevention activities

- Conducted financial fraud prevention training: In response to the growing social need to prevent vulnerable people from being victims of financial fraud, the National Police Agency and Shinhan Bank's Financial Education Center in Myeongdong, Jung-gu, Seoul, conducted financial fraud prevention training for people with developmental disabilities
- Introducing Voice Phishing Monitoring: Day, Night, and Weekend Monitoring

Implementing open banking damage prevention measures

- Shinhan Bank is the first in the financial sector to implement 'Comprehensive Measures to Prevent Open Banking Damage' to take the lead in protecting financial consumers
 - Open Banking Delay System: Restrict transfer transactions for 12 hours when a customer aged 50 or older is first registered as a withdrawal account through another bank's Open Banking
 - Open Banking Guardian Service: Protect the digitally vulnerable from open banking crimes by restricting the registration of withdrawal accounts through the Bank's or other banks' open banking

Leveraging AI to prevent voice phishing

- A new monitoring system with AI-based detection Anti-Phishing Smart 3.0 is introduced to quickly respond to rapidly changing types of phishing crimes and prevent accidents based on data deep learning
 - Prevented 4,614 customer frauds and KRW 49,802 million in fraud in 2022, and reduced the average amount of fraudulent payments by nearly 45% year-over-year

Increase prevention awareness - Launch a public awareness campaign

- Voice Phishing Zero Challenge, a campaign with the National Police Agency to create a family password.
- This campaign encourages families to create a password that can only be known by family members to protect against family impersonation voice phishing, and simultaneously runs large-scale customer engagement events to engage a large number of customers.



Improving Financial Accessibility

Shinhan Financial Group

Shinhan Easy, an integrated consumer financial training platform

- In January 2022, Shinhan Financial Group launched 'Shinhan Easy', a group-wide financial training platform that integrates financial training programs operated by each group company
- Based on the know-how of financial education conducted by the Shinhan Financial Hope Foundation and group companies such as Shinhan Bank, Shinhan Card, Shinhan Securities, and Shinhan Life, we intuitively and effectively provide essential financial knowledge to all generations, including children, youth, and the silver generation



Customized financial education for underserved populations

- Traveling Banking Experience Classes: Provides educational programs to elementary and secondary schools in rural and mountainous areas with mobile bank branches (bankbirds) that allow students to experience banking services in person
- Customized financial education for people with developmental disabilities: Continuing financial education for people with developmental disabilities by giving them the opportunity to experience passbooks, deposits, and withdrawals under the same conditions as a real bank branch to promote active social participation and economic independence
- Life Financial Education for North Korean Refugees: Experiential life financial education for North Korean refugees settling in South Korea. Participants experience bank account issuance, deposits, withdrawals, savings account enrollment, currency exchange, etc. under the same conditions as a bank branch
- Digital financial education for seniors: Provides digital financial education tailored to senior citizens and provides necessary banking experience through a web screen that implements the Shinhan Bank Sol mobile banking application
- Shinhan Shining Star Financial Education Musical: Designed, produced, and performed by out-of-school youth, with a total of three performances in 2019

Financial Consumer Protection

Number of Financial Education Participants

(Unit: Person)

	2020	2021	2022
Total	75,253	77,995	335,766
Shinhan EASY ¹⁾	-	-	219,082
SFG (Hope Foundation)	-	-	2,596
Shinhan Bank	58,475	56,179	80,826
Shinhan Card	7,015	12,371	18,402
Shinhan Securities	1,949	2,394	5,334
Shinhan Life	7,531	6,415	7,600

¹⁾ Based on the number of visitors to the group's joint financial education platform opened in 2022 (shinhan-easy.hunet.co.kr)

Financial Education Programs by Group Affiliate

Shinhan Bank	<ul style="list-style-type: none"> • Financial Experience Class on the Wheel • Exploring the Bank – Kids' Online Experience • Shinhan Shining Star Financial Education Musical • One Company, One Financial Education • Everyday Financial Education for the Workers with Developmental Disabilities • Online Financial Education (YouTube channel content) • Shinhan Solverse Meta Finance Story • Digital Financial Education for Seniors
Shinhan Card	<ul style="list-style-type: none"> • One Company, One Financial Education (Areumin Financial Class, Areumin Financial Expedition) • Shinhan Card Areumin Financial Friend (for slow learners and digitally vulnerable people)
Shinhan Securities	<ul style="list-style-type: none"> • One Company, One Financial Education (Compassionate Finance Camp)
Shinhan Life	<ul style="list-style-type: none"> • One Company, One Financial Education • Happy Finance Academy
SFG Hope Foundation	<ul style="list-style-type: none"> • Shinhan Dream Dodamteo (for elementary school students) • Youth Debt Total Care



Explore Shinhan Bank Children's LAN Bank



Financial Literacy Education for People with Developmental Disabilities



Digital Finance Education for Seniors

Financial Consumer Protection

Innovate Services and Improve Convenience

<p>Improve accessibility through online and mobile channels</p>	<p>Shinhan Bank</p> <p>Launches 'Specialized Consultation Center' for specialized consultations on digital financial and non-financial services</p> <ul style="list-style-type: none"> • Launched the 'Specialized Consultation Center' to provide specialized consultation for customer inquiries on digital financial and non-financial services • The specialized consultation center provides quick and accurate guidance to customers who need specialized consultations, such as consultations related to digital devices such as smart kiosks and customized consultations for the hearing impaired, senior customers, etc.
<p>Improve field accessibility with customer-centric services</p>	<p>Shinhan Bank</p> <p>Introducing kiosk video sign language counseling</p> <ul style="list-style-type: none"> • Introduced the industry's first 'Smart Kiosk Sign Language Counseling' service by hiring a sign language counselor for the hearing impaired to provide customized counseling to digitally vulnerable financial consumers with hearing loss <p>Written consultation service</p> <ul style="list-style-type: none"> • A service that provides hearing-impaired people and the elderly who visit sales branches with the possibility of smooth consultation by converting their voice into text through a dedicated tablet, enabling two-way communication with the addition of a handwriting function, and will be piloted for the first time in the financial sector from April 20, 2022. <p>Launched Shinhan Evening Plus service</p> <ul style="list-style-type: none"> • Operating 'Shinhan Evening Plus', which allows customers to bank on weekday evenings and Saturdays <p>Digital Lounge, an unmanned storefront to improve financial access, launches</p> <ul style="list-style-type: none"> • The 'Digital Lounge', the first in the financial sector to introduce AI Banker to customer service, consists of a digital desk where customers can directly consult with employees through live video calls, and smart kiosks where customers can perform tasks such as opening new accounts and issuing cards by themselves
<p>Other accessibility improvements</p>	<p>Innovative storefronts for the financial blind spots</p> <ul style="list-style-type: none"> • Co-building innovative stores of the future in convenience stores and super channels operated by GS Retail to improve customer access to financial services

Shinhan Card

Financial education for the Seoul Metropolitan Government to bridge the digital divide

- Provided PCs and digital financial education to the Seoul Metropolitan Young Women's Home for homeless women

Educate young adults to support financial independence

- Implemented the 'Areumin Financial Academy' program to strengthen 'financial literacy' for financial independence
 - Conducted visits and online financial concerts for young adults who have reached the age of 18 and are preparing to start living on their own in child welfare facilities and foster homes in Seoul, providing customized education on economic independence, such as wise management of support payments, the need to save and invest, and proper consumption and credit protection

Strengthening financially vulnerable populations

- Provides various complaints and communication mechanisms/services such as braille card issuance, sign language counselling, and notification services for senior designees to minimize unexpected damages and complaints from financially vulnerable people who have difficulty using financial products and services due to the complexity of diversification and sophistication of financial products, and also to strengthen accessibility for financial inclusion and solve complaints efficiently
- Provide financial accident prevention education for each business process, including a guide to responding to the socially vulnerable
- We continue to strengthen our efforts to protect the financially vulnerable by creating accessible YouTube content for the MZ generation, "traveling financial education" to welfare centers for the elderly, and sign language vocabulary and video content for the deaf and hard of hearing

Signed a MOU with PitchMarket to strengthen digital financial empowerment for the elderly

- Provide financial programs tailored to the needs of the elderly by jointly operating step-by-step digital financial education courses, including one-on-one education and online education for the elderly, through a MOU with the Seoul 50 Plus Foundation and Pitch Market, Inc.

Ratio of Subscription to Digital Financial Services

(Unit: Persons / Cases)

	2020	2021	2022
Customers	48,369,064	48,732,870	50,155,816
Customers registered for web/mobile services	37,673,069	39,607,982	39,995,145
Percentage of customers using digital financial service (%)	77.9	81.3	79.7

Financial Consumer Protection

Shinhan Life

Revised financially underserved customer service manual

- Revise relevant manuals for customers with limited mobility, such as seniors and people with disabilities, to minimize customer inconvenience when answering and handling business
- Expand financial inclusion by establishing disability-specific basic etiquette for customers, especially for those with disabilities, and by organizing and training staff on terms that should and should not be used

Provide "door-to-door service" for the financially vulnerable

- Operate 'door-to-door service' for elderly and disabled customers who are not familiar with digital devices and have difficulty conducting business in person
- If you need to go to a customer plaza or other location to submit documents, visit the customer in person to pick up the documents

Shinhan Securities

Making finance more accessible

- Provides services such as 'screen enlargement', 'large text mode', 'visible ARS', 'voice over', and 'voice OTP electronic security card' for comfortable use by marginalized groups, including the elderly and disabled
- Introduced various login processes to enhance customer accessibility and obtained web accessibility quality certification, Web Watch certification mark, etc.

CASE Create an Inclusive Finance Cell



- In February 2022, Shinhan Bank established the Inclusive Finance Cell within the Consumer Protection Department to enhance access to financial services for the digitally marginalized
- Conducted a survey with a specialized research company (Next Science) on 'Financial service usage status and improvement for the elderly due to changes in financial service channels' and planned new business through contacts and suggestions from various welfare organizations and institutions
- Based on the research results, we signed an MOU with the Seoul Digital Foundation under the Seoul Metropolitan Government and conducted digital education projects for elderly customers and the general public in the form of '1:1 elderly care' with the foundation's 'Everywhere Support Group' in places such as manned and unmanned sales offices and Cafe Swith
 - Promote "Digital Flower Road," a handwritten contest to inspire digital adoption among the elderly, and reward customers
 - Conduct digital financial education for volunteers everywhere and create and distribute educational materials
 - Digital helpdesk pilot at 8 branches in Seoul (7.20-11.4)
 - 1:1 digital tutoring operation for senior citizens in 4 digital lounge and Cafe Swith (7.19-11.4 / total 609 people / 2 hours education per person)

Financial Consumer Protection

Develop consumer-focused products and services

Shinhan Financial Group

Board-level product and service reviews

- Conduct periodic board-level reviews to proactively prevent risks to financial consumers that may arise from financial products and services, and to identify and manage risks that may arise

Group companies' BOD products and services checklist for 2022

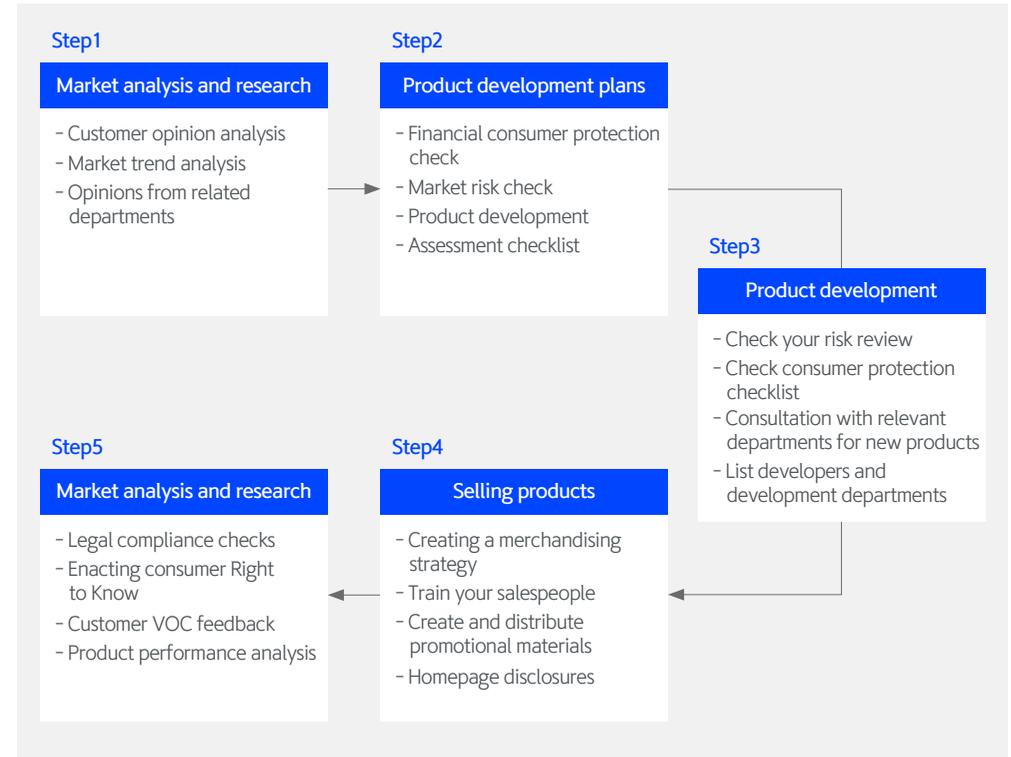
Shinhan Bank	<ul style="list-style-type: none"> • Reporting on climate bond issuance and green bond issuance • Report on the development of 'Shinhan ESG Excellent Win-Win Support Loan' • Expansion of innovation/New deal financing, report on early expansion of green policy finance secondary conservation loan from MOE
Shinhan Card	<ul style="list-style-type: none"> • Reporting on consumption data-based carbon emission index 'Shinhan Green Index' service • Reported on expanded issuance of auto finance green bonds, development of hydrogen/electric vehicle charging discount services, and expansion of products using waste plastic materials
Shinhan Life	<ul style="list-style-type: none"> • Report on the status of launching ESG-related insurance products for financially vulnerable groups (easy-to-enroll products for the prevalent and elderly) • Report on progress, including continued support for premium payment deferrals for the socially disadvantaged

Shinhan Bank

Enhance customer-centric product launches and follow-up

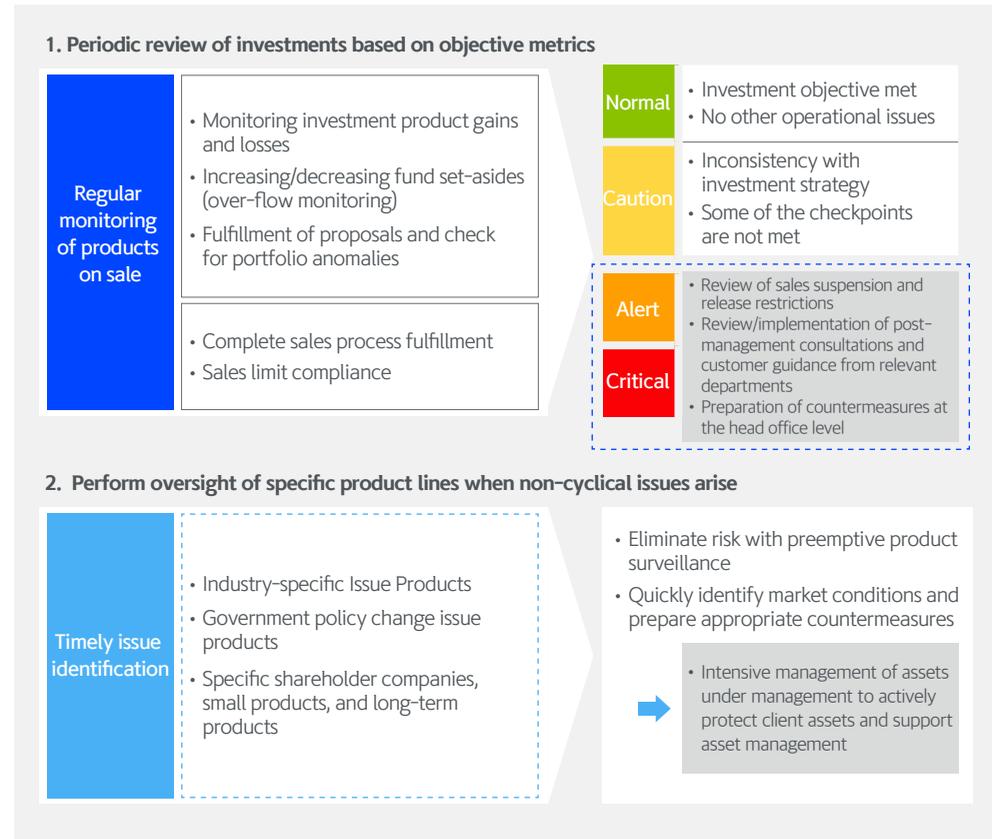
- Shinhan Bank conducts periodic reviews of investment products based on objective management indicators and conducts supervision of specific product groups when issues arise
- Operating a non-deposit product steering committee to unify the pre-launch inspection system for investment products
- Conducting periodic reviews and management of sales of financial products, including high-risk products, to protect financial consumers

Product Development Process



Financial Consumer Protection

Product Management Process



Shinhan Card

Customer Advisory Group 'Shinhan Saida'

- Shinhan Card collects customer opinions and reflects policies through 'Shinhan Saida', a 3,000-member customer panel organization, to prevent consumer damage and financial accidents
- Shinhan Saida, a customer panel, is composed of 'expert advisors' with financial experience, 'MZ players' comprised of MZ generation, and online supporters, and seeks ways to address merchant issues, consumer convenience, and build a digital service environment through communication with advisors

Shinhan Securities

S Friends General Customer Advisory Board

- The General Customer Advisory Group is composed of 10 members who consider diversity through an open call, and the opinions of customers are collected and reflected in the business of products and services
- Strengthen the execution of consumer policies by reporting activities and needs for improvement to the Consumer Protection and Internal Control Council

Expanding customer participation

- Continued operation of the 'Shinhan Digital Forum', a contactless lecture program with CEOs and CFOs of 3,000 companies since November 2021

Shinhan Life

Implementing a customer consultant program

- Operate online and offline customer participation systems to expand customer communication and reflect customer opinions in management
- Shinhan Life operates a customer consultant system that allows customers to directly experience the company's services based on consumer needs research and provide practical service improvement directions
- In 2022, we will select consultants for male and female life insurance customers in their 30s and 50s to check the status of our customer contact channels (homepage, mobile, call center, customer plaza, etc.) services for financially vulnerable groups such as the elderly and disabled
- Action items derived from customer consultants' service inspections from a consumer protection perspective are shared with each relevant department and continuously updated and monitored to reflect them in the business process

Shinhan EZ General Insurance

Consumer protection activities

- Participate in new product committees when developing products to protect consumer rights and launch products after consulting with the consumer protection department
- Create a product development checklist for the product and conduct deliberations on important documents related to the insurance contract when developing the product
- Review the contents of the complete sales script to fulfill the obligation of explanation and checking whether the complete sale is fulfilled

Financial Consumer Protection

Increase customer satisfaction

Shinhan Financial Group

Customer satisfaction surveys

- Shinhan Financial Group conducts customer satisfaction surveys for six (6) organizations: Shinhan Bank, Shinhan Card, Shinhan Securities, Shinhan Life, Jeju Bank, and Shinhan Savings Bank

Customer satisfaction

(Unit: Point)

Name of group affiliate	2020	2021	2022
Shinhan Bank ¹⁾	95.2	95.1	94.5
Shinhan Card	89.2	88.0	85.3
Shinhan Securities	77.6	82.2	99.0
Shinhan Life ²⁾	-	95.5 ³⁾ / 92.0 ⁴⁾	95.0
Jeju Bank	97.7	96.6	94.4
Shinhan Savings Bank	-	-	91.0 ⁵⁾

¹⁾ Percentage of 4,5 responses of satisfied or above on a scale of 1-5

²⁾ Customer satisfaction scores of Shinhan Life, which merged with Orange Life in July 2021, are disclosed separately due to different submission criteria

³⁾ Shinhan Life: Customer Satisfaction Score

⁴⁾ Shinhan Life: KSQI Score (Call Center)

⁵⁾ Expanding data coverage with the launch of an ESG data platform in 2022

Customer Complaint Handling

(Unit: Case)

Number of participants	2020	2021	2022
No. of customer complaints ¹⁾	16,465	11,011	8,986
No. of complaints handled	16,465	11,011	8,986
Handling rate (%)	100	100	100
Monetary loss due to product sales-related lawsuits (KRW million)	0	1,178	1,178

* Expanded data reporting starting in 2022

(7 → 9: Bank/Card/Securities/Life/Capital/Asset Management/Jeju/Savings Bank/EZ Insurance)

¹⁾ Total number of complaints submitted through various windows, including the financial regulatory body, official website, customer call center, in-person visit, etc.

Shinhan Bank

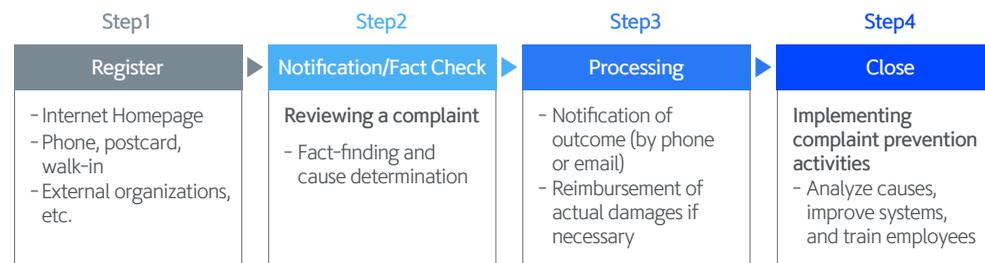
Establish a good service value system and support system

- The first value system introduced by the financial sector to lead the way in customer-centered practices, differentiated from customer satisfaction (CS)
 - Establish a positive virtuous cycle communication system by providing satisfaction for good service to customers and inspiring reward and pride in work to employees
- Developed a "Good Service Support System" that allows customers to communicate their experiences in real time by sending a KakaoTalk mobile survey to all customers who have transacted with the bank within two hours
 - Improve the quality of customer experience, provide optimized training programs through experience data analysis, and promote the conversion of complaint experiences

Customer Satisfaction Survey Process - Good Service Experience Survey

Channels	Categorizing investigations
Face-to-face	Personalized customer experience research
	Enterprise experience research
	PWM Center experience survey
	Institutional customer experience research
	Survey on customer experience journey
Contactless	Digital customer experience research
Internal	Headquarters Good communication survey
Others	CSI strategy research (FGIs, panels, etc.)

Process for handling complaints



Financial Consumer Protection

Shinhan Securities

Implemented a customer rating system and expanded mobile channels

- Introduced a customer evaluation system to reflect four customer satisfaction indexes (customer response attitude, work responsiveness, professionalism, and expression) in the evaluation of CEOs, sales offices, and employees
- Establish a mobile consultation and complaint channel to accept various opinions and make genuine suggestions and communications

Shinhan Life

Customer communication and satisfaction surveys

- Redefining complaint types to build a unified consumer protection system
 - Manage as 1) a "one-stop" type that is immediately resolved by customer contact personnel,
 - 2) a "responsible response" type that is resolved by headquarters business departments and sales sites,
 - and 3) a "specialized response" type that is resolved by the consumer protection department

Information Security

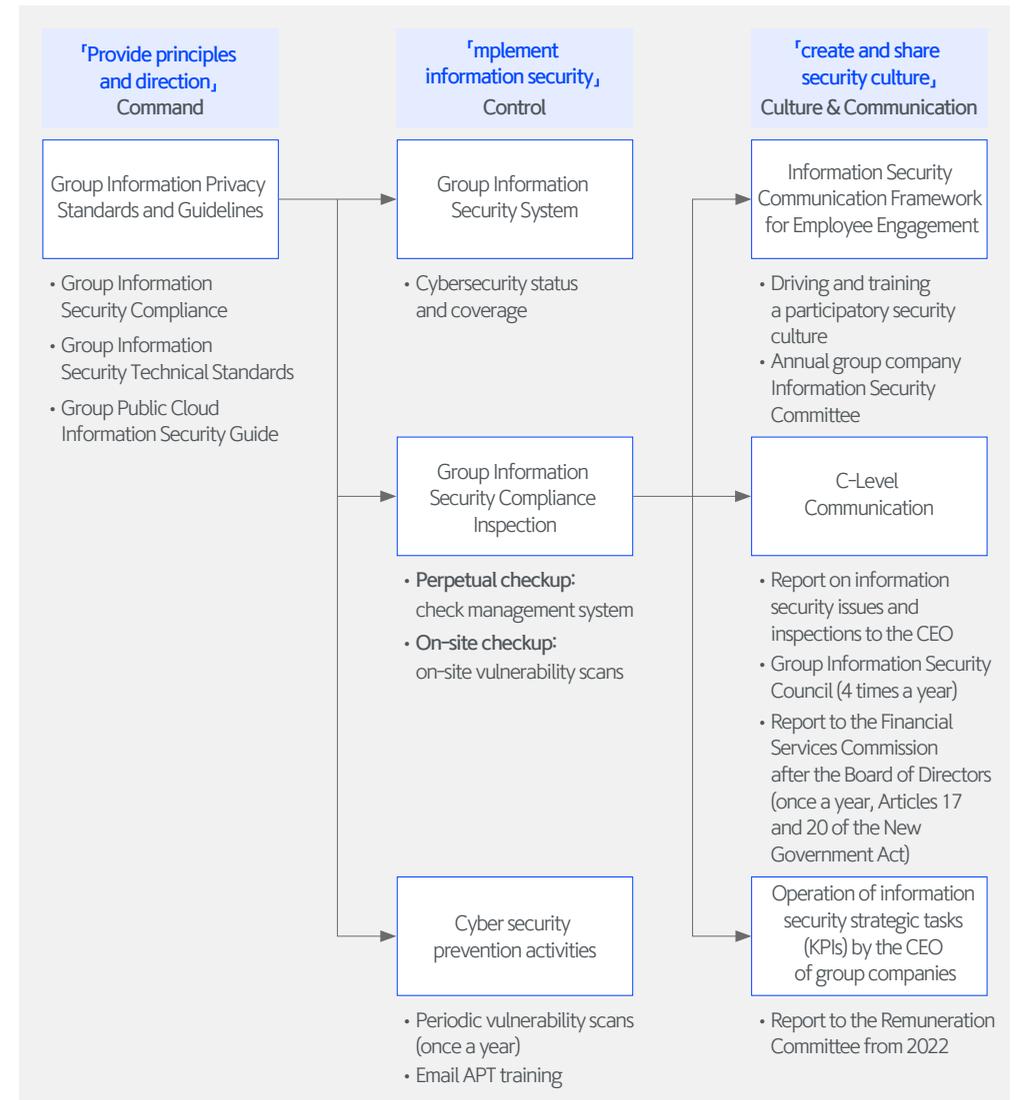
Information Security Policy and Framework

Shinhan Financial Group

Information Security Framework

- Based on the 3C principle, Shinhan Financial Group promotes integrated information security work across all group companies centered on consistency of execution in accordance with group information protection policies and standards and communication with all employees
- Establish and operate systematic information protection standards in four priority areas: compliance, technology, security incident response, and information leakage response to provide safe financial services through upwardly leveled information protection operations for each group company
- Employee responsibilities and obligations are stipulated in the Group Information Security Management Guidelines, Information Protection Management Regulations, and Rules on Personal Information Protection to help with employees' observance and understanding of information protection; and the Group's online manual on security compliance is available for perusal on the Group's internal portal website
- In the event of a cyber-attack on the Group's common systems or an emergency requiring a joint response, the Computer Emergency Response Team (CERT), the Group's breach response organization led by the Group CISO, acts as a control tower.

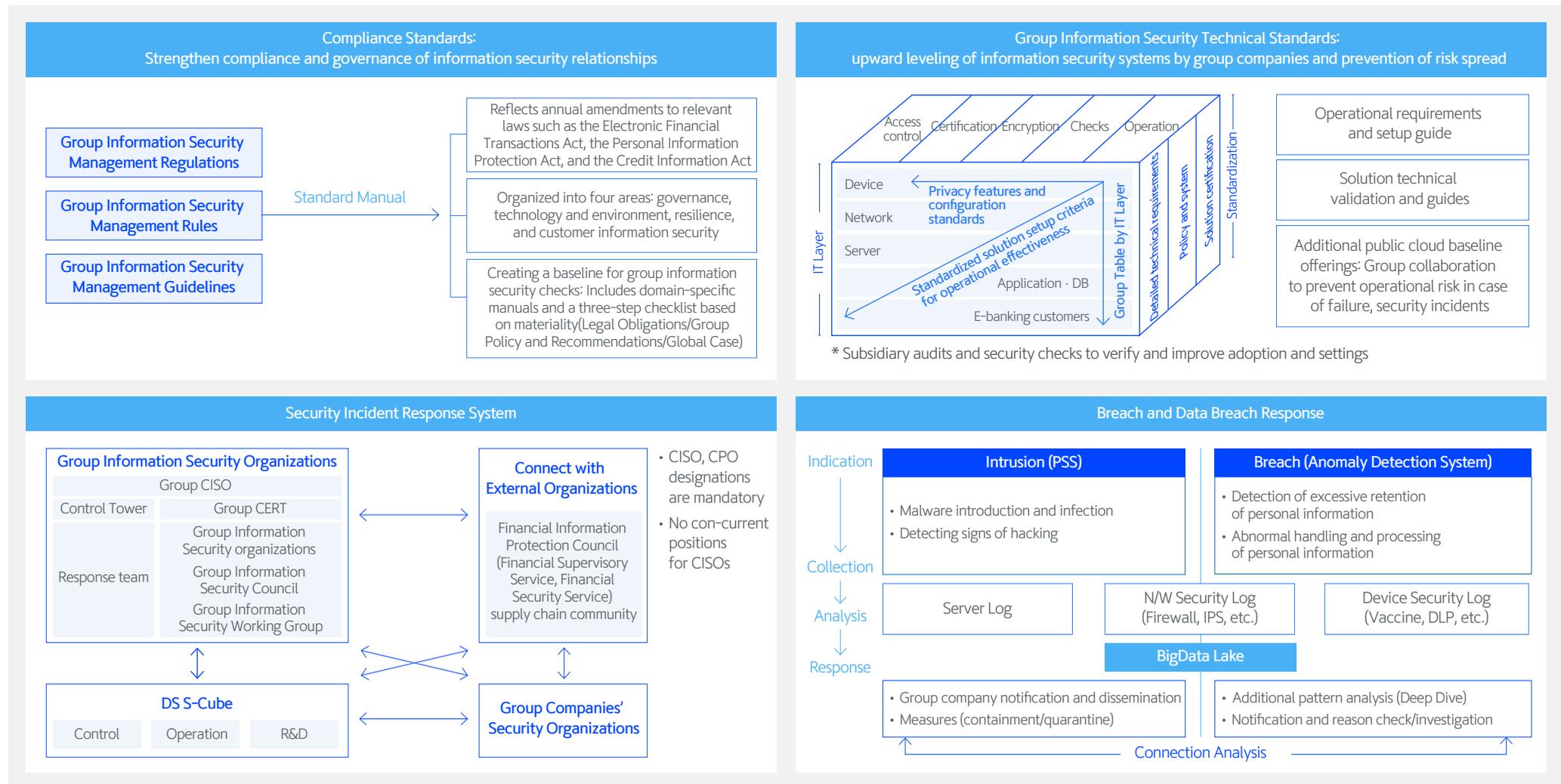
Shinhan Financial Group Information Security 3C Principles



Information Security

Information Security Performance Management

- Established a system to reflect information security-related performance in the CEO's performance evaluation in order to provide services that customers trust and create a culture of information security across the group.
 - Conduct assessments in four areas: vulnerability management, customer privacy and rights enforcement, information security compliance, and security culture
 - Penalties for legal risks regarding cyber/data breach legal
 - Apply ICT stability and efficiency assessments to strengthen the continuity and reliability of digital financial services



Information Security

Customer Information and Personal Information Handling Policy

- Shinhan Financial Group and all group companies process and handle customer personal information in accordance with the Personal Information Protection Act, and recognize that the provision and use of customer information among group companies is a measure to improve the quality of financial services and develop the Korean financial industry in accordance with the Financial Company Holding Act, and have established and operated the Customer Information Handling Policy
- The Privacy Policy applies to the entire supply chain, including all group companies and business partners, to cover all relevant scopes of handling personal information in the course of business operations, and trustees of personal information processing also sign a security management agreement to ensure compliance with Shinhan's information protection measures
- Shinhan's personal information risk is managed by Shinhan Financial Group's risk and compliance management system, and the risks are regularly identified and managed through the group information security management portal compliance inspection system
- The principle of zero tolerance is applied when an employee violates the personal information protection policy to strengthen employees' awareness of their job
- Shinhan Financial Group has been conducted 'constant evaluation' of personal information protection through the 'Financial Security Institute', a third-party organization dedicated to security in the financial sector established by government authorities. Also, Shinhan conducts regular internal audits of the privacy policy compliance



- [🔗 Customer Information Handling Policy](#)
- [🔗 Privacy Policy](#)
- [🔗 Credit Information Handling System](#)

Information Security Implementation System

Shinhan Financial Group

Information Security and Privacy Management System

- Directors with professional skills related to information technology serve as members of the Risk Management Committee; and the BOD receives a report on the Group's information protection-related performance, issues, and execution plan during a regular report every year

- Requires that independent directors have sufficient practical experience and knowledge in specialized areas, such as consumer protection and information security, as an active qualification for appointment
- In accordance with the Credit Information Protection Act, we receive annual reports on information protection strategies such as personal information protection policies, performance of credit information management and guardianship, and results of compliance checks on the provision and use of customer information among group companies every quarter
- The Risk Management Committee implements integrated management of non-financial and ESG risks, including cybersecurity and information protection, and receives regular reports from internal audit on the status of the Group's information protection governance system and operations in accordance with Article 16 of the Audit Committee Regulations
- In 2021, Shinhan Financial Group appointed a Chief Digital Officer (CDO) who oversees the digital, ICT, and information protection strategies of all group companies to strategically manage and supervise the group's information protection work, and each group company designated a Chief Information Security Officer (CISO) who reports directly to the CEO to independently manage and supervise the company's information protection work
 - Specifies the obligation to possess information security expertise as a qualification for the appointment of the Chief Information Security Officer (CISO) based on the Electronic Financial Transaction Act and its enforcement regulations
- Establish relevant internal regulations, such as group information security management guidelines, management regulations, and personal information protection rules, to define the responsibilities and obligations of employees for information security.

Directors and Executives with Information Technology Expertise

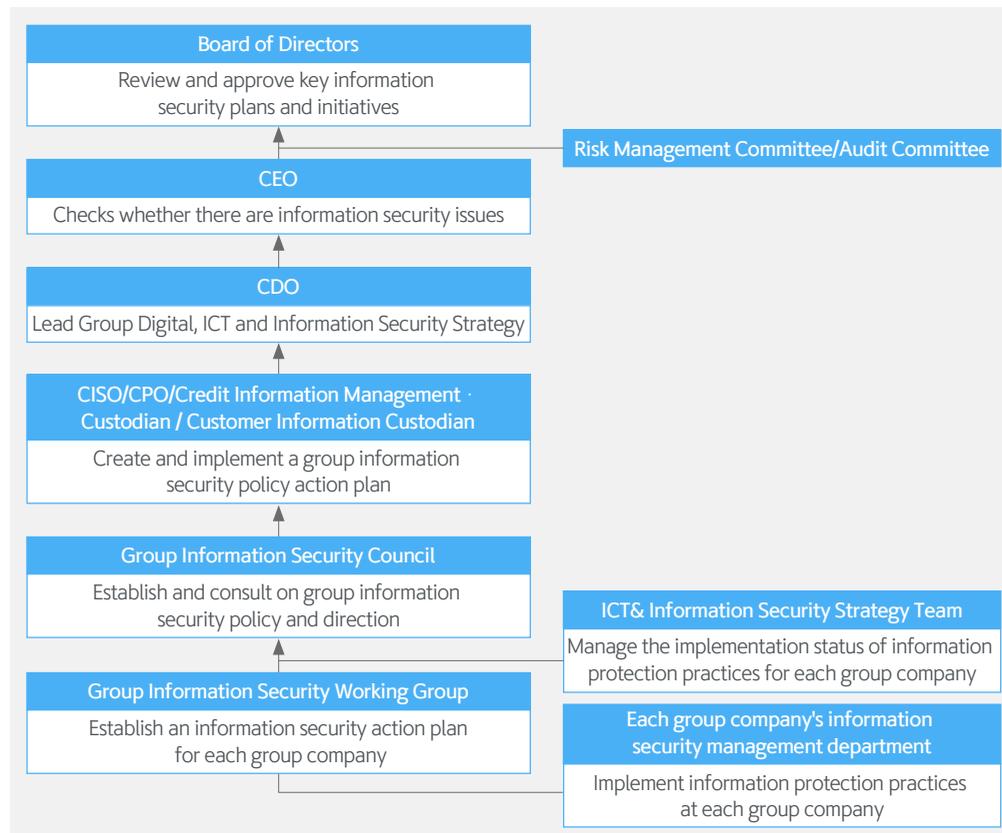
Name	Position	Area of Expertise	Main Work Experience	Role within BOD
Choi Jae Boong	Independent director	Information Technology	• Member, Advisory Committee, Financial DT Academy, Korea Banking Institute (Current)	• Risk Management Committee
Kim Myung Hee	Chief Digital Officer (CDO) Chief Information Security Officer (CISO) Chief Privacy Officer(CPO) Credit Management, Guardianship Customer Information Custodian	Information Technology · DT	• Director of National Information Resource Management, Ministry of the Interior and Safety (Former)	• Other non-executive director, Risk Management Committee ¹⁾

¹⁾ Serves as a member of the Risk Management Committee within the BOD of Shinhan Bank

Information Security

Group's Information Security Governance

- Based on the 'Group Information Protection Council Regulations' applied to all group companies, the Group Information Protection Council meets once a quarter to check the status of the Group's information protection and management and supervision, including CISOs, CPOs, and credit information managers and custodians
 - Periodically check the group-wide information protection status, including information technology-related operation plans and information protection management status, inspection of domestic and overseas information protection regulations, and handling of information leakage incidents and violators of information protection-related regulations, and report related matters to the BOD and supervisory bodies
- Operate a separate information protection headquarters in charge of protecting customer information, and designate a 'personal information protection officer' and a 'credit information management and protection officer' to independently and systematically carry out the establishment and operation of information protection and personal information management systems



Information Security Certification Status

- Shinhan Financial Group and each of its group companies have obtained external certifications to periodically verify the information protection management system to enhance security levels, and global branches have also obtained the international standard information protection certification ISO 27001 to establish an international-level information processing system management system and security management process

Information Security and Privacy Certification Status

Shinhan Bank ISO 27001, ISMS-P	Shinhan Capital ISO 27001	Shinhan Savings Bank ISO 27001
Shinhan Card ISO 27001, PCI-DSS, ISMS-P	Shinhan Asset Management ISO 27001, BS 10012	Shinhan DS ISO27001, ISO27701, ISO20000
Shinhan Securities ISO 27001, ISMS-P	Jeju Bank ISMS	Shinhan Fund Partners ISO 27001
Shinhan Life ISO 27001		

- * ISO 27001: International Certification Standards for Information Security Management Organizations
- ISO 27701: International Certification Standard for Personal Information Protection Management Systems
- ISMS: Financial Services Authority Certified Information Security Management System
- ISMS-P: Financial Services Authority Certified Information Security and Personal Information Management System (ISMS Certification and Personal Information Management System Certification (PIMS) in one)
- PCI-DSS: Credit Card Privacy Standards
- BS 10012: Privacy Management System Certification

CASE Shinhan Investment & Securities Selected as an Excellent Company for Information Security Disclosure and Information Security Investment



- Implemented information security voluntary disclosure activities on the status of information security investment, manpower, and certification of the only company in the industry
- Designated as an excellent company for information protection disclosure and information protection investment (June. 30, 2022), fulfilling the five requirements of the evaluation criteria for establishing an information protection ESG system
 - Membership and activities as a delegate to the Financial Security Institutions Authority and participation in the Financial Intelligence Council
 - Operated industry-leading information protection systems, including obtaining information protection and privacy certifications, achieving the highest rating in the Information Protection Continuous Assessment, receiving the Financial Information Protection Association's commendation, and completing the highest-level course at the CISO Financial Security Institute

Information Security

Establishing an Information Security System

Shinhan Financial Group

Information Security Compliance Checks and Systems

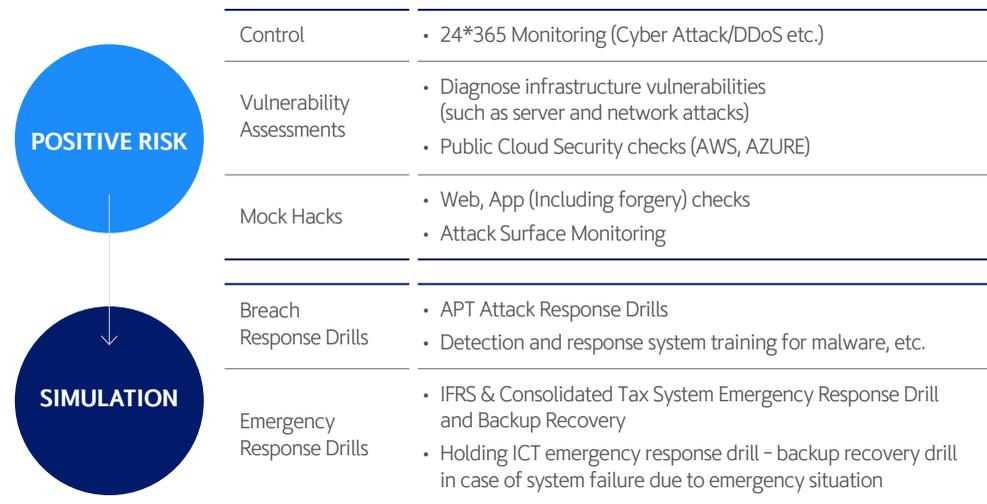
- Starting in 2021, we will dualize online and on-site inspections to assess the implementation of Group information security policies and standards and the level of risk management
- Continuous management of security levels by conducting regular and ongoing diagnosis of IT infrastructure and information security management systems for all group companies by third-party specialized organizations, as well as internal and external (Financial Services Commission) audits of personal information
- Identify priority improvement tasks for each group company based on the results of the annual information security inspection, and strengthen the information security risk and performance management system by reflecting the information security goals within the strategic tasks (KPIs) of each group company's CEO and Information Security Officer

Cyber Hacking Response and Infrastructure Security

- Operates a 24*365 integrated security control system to respond to cyber breaches and threats, and conducts mock drills to respond to various breaches
 - Establish cyber crisis alert levels and minimize the impact of a breach by building a manual¹⁾ that includes definitions and response processes for each type of breach
- Operate security infrastructure, such as building firewalls to protect information systems (servers and communication terminals), and conduct vulnerability checks and security assessments on e-finance infrastructure and customer services
 - Conduct annual breach and emergency response drills, including one semi-annual vulnerability analysis assessment (twice a year) and one infrastructure inspection
 - Vulnerability analysis by third-party experts, including hacker attack simulations, to enhance security capabilities
- Continuous upgrade and deployment of systems and solutions, including mobile malware app real-time detection solutions, cloud security solutions, etc.

¹⁾ Prepared in accordance with Article 23 of the Electronic Financial Supervision Regulation and Article 30 of the Shinhan Financial Group Information Security Management Guidelines

Shinhan Financial Group Security Check Process



Online checks (annual recurring checks through the security portal)

- Fact-finding and compliance risk management in conjunction with regular internal audit and ongoing assessment support
- Checks based on information security and privacy laws and internal policies
- Aim to improve information protection business processes and documentation management system
- In connection with the regular information protection evaluation system, the same level of inspection is conducted
- Review whether improvements were made to previously-discovered matters
- Improvement progress and results of repetitively-discovered matters

On-site checks (identify and remediate risks in the real world)

- Inspect external infringement and risks of information leakage by internal personnel
 - Confirm based on domestic/overseas information protection incident scenarios
 - Information protection roundabout routes of new technology and new service-related areas
- Focused inspection of items over which online inspections have limitations

Information Security

Advanced Group Integrated Security Control

- Shinhan Financial Group strengthens its ability to respond to increasingly sophisticated and advanced cyber threats by establishing group-wide security controls
 - Step 1: (Big Data Lake) Rebuilding intelligent security controls with big data analytics → Step 2: (AI-Based) Adopt an AI-based cyberattack defense system
- In 2023, the Group will strengthen the data analysis process of the intelligent security monitoring system through the use of machine learning, and enhance the non-scenario-based detection and response system
- Plans to establish a three-stage Security Orchestration, Automation, and Response (SOAR) platform for the integrated security monitoring system, enabling automatic classification and response automation for various cyber threats and fostering seamless collaboration between security monitoring and operations personnel

Business Continuity Management

- Define situations that may impede business continuity within the Group and the response process for each situation in accordance with the Group Information Protection Management Regulations, and conduct regular response drills by continuously updating the Business Contingency Plan (BCP) manual and ICT Emergency Response Manual, including the emergency organization, reporting system, and emergency contact network
- In the event of an emergency situation that may affect ICT business, such as a failure, disaster, or security breach, we conduct monthly emergency response drills in accordance with the emergency response plan
- Establish a training and exercise plan to maintain and operate the incident response plan during normal business hours

Security Incident Response Process

- Classify security incidents into four types: insider information leakage, external information leakage, service failure, and customer sector hacking information leakage, and establish a five-step response system to respond to incidents immediately upon recognizing the occurrence of a security incident
- Distribute employee guides on step-by-step actions in the event of a security incident, including initial response, reporting and communication procedures, and normalization procedures



Strengthening Customer Privacy Management

Shinhan Financial Group

Mid- and long-term privacy goals

- Shinhan Financial Group sets mid- and long-term goals for information protection from a zero trust perspective and defines implementation tasks to secure trust through safe customer information protection and enhanced rights

Information Security Tasks	2025 Targets
<p>For Korea's #1 Digital Finance Company, "Secure customer information and empowerment to build trust"</p> <p>Increase Customer Trust & Value</p> <ol style="list-style-type: none"> Customer Information Rights Enforcement Service Attack Surface Management 	<p>"Leading Cybersecurity in Finance"</p> <p>Different</p> <p>Gaining customer trust Transparency and enforcement of customer privacy rights</p>
<p>Establish a Zero-Trust Information Security Organization</p> <ol style="list-style-type: none"> Advance Cyber Threat Detection and Response Strengthen supply chain security management Redesign access and authentication systems Create a culture for all employees to fulfill their information protection responsibilities 	<p>Nimble</p> <p>Leading cybersecurity in finance Building a cybersecurity environment without internal and external boundaries</p>
<p>Manage information security standards</p> <ol style="list-style-type: none"> Group Information Security Compliance Group Information Security Technical Standards 	<p>Right</p> <p>Raising and leveling the level of group information protection Raising the level of group information protection and proactively responding to threats</p>

Information Security

Services to enhance customer privacy rights

- Shinhan Financial Group and all group companies protect personal information in accordance with Article 30 of the Personal Information Protection Act and operate relevant regulations and policies to handle grievances related to personal information smoothly
 - Transparently manage the rights and obligations of information subjects, such as access, correction, deletion, and suspension of processing of personal information, and how to exercise them, including in the privacy policy
 - Strive to protect personal information by complying with relevant laws and regulations, prohibiting the provision of personal information to third parties, and clearly stipulating responsibilities when entrusting personal information
 - Disclose a list of outsourcers and third-party providers to inform customers of the scope of your privacy policy
- Launched Shinhan Plus, the only service in the domestic financial sector that provides customers' information rights (integrated inquiry, viewing, and withdrawal of subsidiary marketing consent) as a service (Shinhan Bank/Shinhan Card/Shinhan Investment & Securities/Shinhan Life/Jeju Bank/Savings Bank).
- Clarify customers' rights to information processing by providing an opt-in option in the personal (credit) information protection utilization agreement (mandatory and optional)
 - * As an opt-out option is prohibited by Korean government authorities, Shinhan Financial Group does not provide such an option



Individual (Credit) Data Subject Awareness Activities

- Posting the revised privacy policy and credit information utilization system in a pop-up on the main homepage and in notices
- Prevent accidents in advance by posting guidelines and precautions for situations where customers' personal information may be leaked, such as the 10 Commandments for Electronic Financial Transaction Users and the 10 Commandments for Smartphone Financial Transactions, on the homepage
- Provide a visualization of the main contents of the privacy policy to make it easier for the financially excluded and vulnerable to understand the processing and use of personal information

 [East-to-Understand Privacy Policy](#)

Custodian Privacy Checks

- Implement life-cycle management of personal information by conducting written and on-site inspections of the personal (credit) information processing management department as well as the information protection compliance status and information protection training status of the customer's personal information processing contractor

Phishing/pharming Site Detection and Closure Services

- Introduced services to proactively protect customers from fraudulent crimes that use illegally obtained personal information through phishing/pharming sites
 - Expanded from a sole business of Shinhan Bank to a joint business of the group from the perspective of safeguarding customer assets

Detection and response procedures

		
Detection and response	Blocking	Documentation and reporting
Proactively detect phishing, malware, malicious app attacks, and social media threats	Block access to malicious content and prevent further user harm with global blocking partners	Provide attack information and status via online dashboards and APIs
		
Forensics and analytics	Shutdown	Reporting
Deep analysis of phishing tools, malware samples, mobile apps, and social media threats	Rapidly close attack points	Restore reports, data feeds, and exfiltrated data

Information Security

Information Security

		Unit	2020	2021	2022
Number of customer data breaches ¹⁾		Cases	0	0	1
Number of customers impacted by the breach		Persons	0	0	3,382
Amount of monetary damages due to customer information breach		KRW million	0	0	0
Number of data breaches involving personally identifiable information (PII) ²⁾		Cases	0	0	1
Number of customers who have given consent to provide information to third parties		Persons	19,400,572	23,790,932	38,298,430
Percentage of customers who have given consent for third-party disclosure ³⁾		%	40.1	48.8	76.4
Employee Information Security Training	Training hours	Hours	137,577	140,093	135,641
	Number of participants	Persons	21,622	21,119	22,372
External/Subcontractor Information Security Training	Training hours	Hours	21,856	20,716	19,565
	Number of participants	Persons	5,832	7,105	10,440

* Expanded data management scope from 2022 (Bank, Card, Securities, Life, Capital, Asset Management, Jeju → all group companies)

¹⁾ Number of breaches confirmed by regulators

²⁾ New reporting indicators in 2022

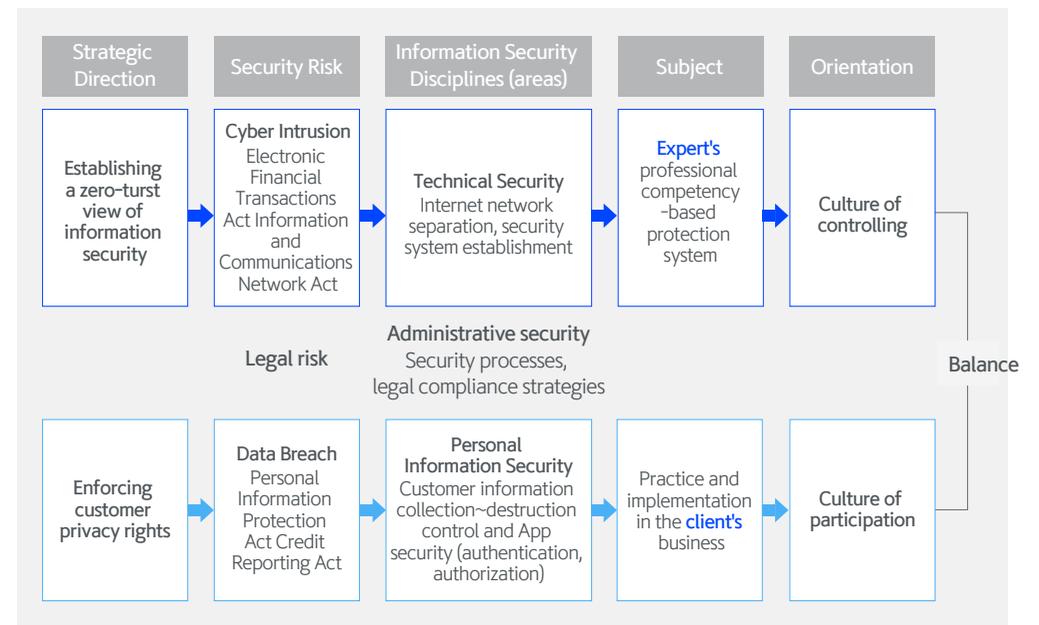
³⁾ Percentage of customers who agreed to provide information to third parties

Enhancing Information Security Capabilities

Shinhan Financial Group

Implementing Security Culture RE:Boot

- Promote "Security Culture RE:Boot," a security culture formation and employee awareness-raising activity to overcome the limitations of traditional information protection
 - Transforming a control-oriented culture based on laws and regulations into a participatory security culture centered on strengthening information rights of various digital services and trust-based employee practices
- Conducted group security culture change management by identifying key improvement areas through the employee survey for security culture diagnosis
 - In 2022, we will conduct a survey by selecting focus groups on customer information processing/general support/ICT/information protection for all group companies (29-item survey on information protection culture)
 - Applied the 'People-Centered Security Framework' and '7S Model' to diagnose the security culture in seven areas, and expanded the survey to 10 indicators considering the core requirements of each component of the framework in 2023



Information Security

Major Improvements to Group Security Culture

 <p>Process: Shifting awareness</p> <ul style="list-style-type: none"> • Reduce preconceptions and difficulty of tasks • Diversify communication channels with security 	 <p>Trust: Building empathy</p> <ul style="list-style-type: none"> • Create a shared understanding of information privacy responsibilities 	 <p>Autonomous: Motivating the Group</p> <ul style="list-style-type: none"> • Need to recognize and motivate contributions to security performance
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Rewards and Penalties for Creating a Culture of Information Security Compliance

- In accordance with the Group Information Security Management Guidelines, operate a reward system (reward and discipline) to raise employees' information security awareness and compliance with the policy
 - Reward: Recognize individuals for their contributions to raising the bar in the implementation of the information security policy
 - Penalty: Penalize employees in accordance with the zero-tolerance principle when they violate the information security policy and cause damage to brand value, information leakage, or infringement

* Aiding and abetting co-conspirators and teachers in addition to direct violators

Information Security Education and Training for Employees and Business Partners

- In accordance with the supervisory regulations of the Group Information Security Management Guidelines, information protection training for employees is mandatory, and regular and occasional in-house information protection training is conducted for employees and employees in charge of partner companies to strengthen information protection capabilities
- Developed online training contents for information protection customized for Shinhan Financial Group
 - Guidance on key gaps identified during group information security reviews and job-specific content for financial groups
 - Case-based, storytelling-driven organization and easy-to-understand training using simple words and cartoon images
- Regularly conduct training activities to raise employee security awareness, such as mock malware training, at least once a year

Criteria for Mandatory Information Security Training

Executive	CISO	General employee	Employees in charge of information technology	Information Security Officer
At least 3 hours per year	At least 6 hours per year	At least 6 hours per year	At least 9 hours per year	12 hours or more per year

Shinhan DS

Shinhan DS-EY Korea Sign MOU to Jointly Promote Information Protection Business in the Financial Sector

- Collaborate on new technology business related to cyber threat response and develop strategic products

Human Rights

Human Rights Policy and Governance

Shinhan Financial Group

Human rights policy

- Shinhan Financial Group established the Human Rights Declaration in 2014 to respect and protect the human rights of all stakeholders, including its employees, and to comply with employment and labor laws in the regions where all of its operations are located, and supports the basic principles for protecting and respecting human rights set forth in the UN Human Rights Council's Universal Declaration of Human Rights and the Guiding Principles for Business and Human Rights
- Strive to eliminate human rights violations in all areas of business activities, including the sale of financial products and services through the 'Human Rights Principles for the Protection of Stakeholders' Rights and Interests' and the 'Commitment to Respect Human Rights'
 - If there are cases of human rights violation, prompt and efficient response procedures will be conducted through various reporting channels
- Shinhan Financial Group has established and operates Shinhan Financial Group Code of Ethics and the Code of Conduct for Partner Companies, and each Group company implements human rights management through its bylaws that comply with the Group's human rights principles
- Declaration of Human Rights Declaration and human rights principles are publicly available on the Shinhan Financial Group website and apply to affiliates, subsidiaries, joint ventures, and partner companies within the Group.

Roles and responsibilities of human rights management

- Shinhan Financial Group strives to comply with employment and labor laws and protect human rights in all regions where it operates.
- Shinhan Financial Group promotes unified human rights management at the group level through ESG Driving System that extends from the BOD to working groups
 - Establish a management system that enables practical human rights management by reflecting ESG factors such as human rights in the strategic tasks of the holding and group companies' CEOs
- All executives and employees take an ethical practice pledge every year that includes human rights to faithfully implement and comply with, and apply the 'Code of Conduct for Partner Companies' to partner companies as well
- Conduct annual human rights impact assessments with key stakeholders

Shinhan Bank

First commercial bank in Korea to establish a human rights management system and introduce a third-party human rights impact assessment

- Establish a human rights management process and disclose results through reporting to a committee within the board of directors (ESG Management Committee) and human rights reports
- Conduct a third-party (DNV Korea) human rights impact assessment in line with the human rights assessment areas

[🔗 Shinhan Bank Human Rights Report](#)

Shinhan Bank Human Rights Management Governance

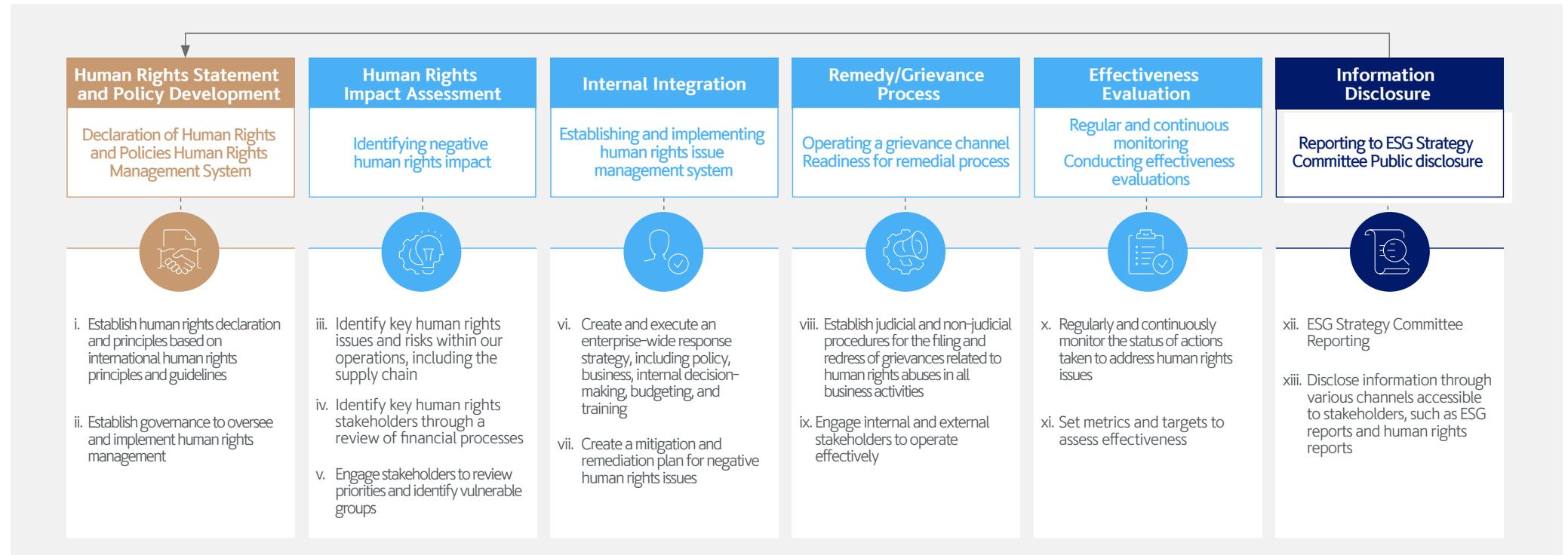
Board of directors	ESG Management Committee	<ul style="list-style-type: none"> • Establishing a human rights management plan and evaluating results • Reporting to the ESG Committee • Top-level decision-making on human rights management
Departments in charge	ESG Planning Office	<ul style="list-style-type: none"> • Creating and implementing a human rights management plan • Implementing and inspecting human rights, including human rights impact assessments • Monitoring the receipt and handling of human rights violation cases • Reporting on the work of the ESG Management Committee and disclosing internally and externally
Related departments	Compliance Department	<ul style="list-style-type: none"> • Reporting, investigation and follow-ups of grievance, sexual harassment and workplace harassment • Suggestions on ethical management, counselling and reporting of financial corruptions and banking inconveniences, investigation and follow-ups
	Information Security Department	<ul style="list-style-type: none"> • Receiving, investigating and following up on privacy breaches
	Consumer Support Department	<ul style="list-style-type: none"> • Receiving, investigating and following up on consumer complaints (unfair business practices, financial disputes)
	HR Department	<ul style="list-style-type: none"> • Reporting, investigation and follow-ups of grievance, sexual harassment and workplace harassment • Counselling, receiving, investigating and following up of misconducts in recruitment, such as job solicitation and unreasonable employment discrimination
	Standing Audit Committee	<ul style="list-style-type: none"> • Investigating and following up on bank employees' violation of laws, bylaws, and codes of ethics
	Digital Business Department	<ul style="list-style-type: none"> • Receiving, investigating, and following up on behavioral information reports

Human Rights

Human Rights Due Diligence and Human Rights Impact Assessment

Shinhan Financial Group

Human rights due diligence process



Human Rights Impact Assessment

- Shinhan Financial Group conducts human rights impact assessments at all its business sites to identify the actual or potential negative impacts of its activities on human rights
- The human rights impact assessment consists of a three-step process of identifying human rights issues, assessing the impact of risks, and identifying key human rights areas, and conducts improvement activities and monitoring to reduce direct and indirect human rights risks and impacts identified through the human rights impact assessment

Handling of Human Rights-related Grievances

- Operate various human rights-related communication channels, and thus identify human rights violation factors beforehand and make improvements
- Operate the “reporting process for workplace harassment” at each Group subsidiary for employees, and conducting immediate, quick investigations in accordance with the report-handling process in the event of a human rights-related issue, such as sexual harassment and workplace harassment
- Collect and handle grievances related to human rights as well as unethical behavior by operating a receipt channel through the 'Supplier VOC Channel' on the Shinhan Financial Group website

[Shinhan Financial Group Partners VOC Channel](#)

[Shinhan Financial Group 2022 Human Rights Report](#)

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APPENDIX

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WEF Index	164
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GHG Assurance Statement	167

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GRI Content Index

GRI Standard	Disclosure	Page	Note
General Disclosures			
	2-1	Organizational details	5
	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	- Changes in data scope due to expanded reporting
	2-5	External assurance	165-166
	2-6	Activities, value chain and other business relationships	Business Report p.3-15
	2-7	Employees	76 ESG Factbook > Employees > 1. Employment Status
	2-8	Workers who are not employees	76 ESG Factbook > Employees > 1. Employment Status
	2-9	Governance structure and composition	99-102 2022 ESG Highlights p.31 2022 Annual Report on Corporate Governance and Remuneration System p.12-16
	2-10	Nomination and selection of the highest governance body	- 2022 Annual Report on Governance and Remuneration System p.57-84
	2-11	Chair of the highest governance body	101
GRI 2: General Disclosures 2021	2-12	Role of the highest governance body in overseeing the management of impacts	50-53 2022 ESG Highlights p.30-31 2022 Annual Report on Governance and Remuneration System p.18-48
	2-13	Delegation of responsibility for managing impacts	50-53 2022 ESG Highlights p.30-31
	2-14	Role of the highest governance body in sustainability reporting	50-53 2022 ESG Highlights p.30-31 2022 Special Report p.5, 17 2022 Annual Report on Corporate Governance and Remuneration System p. 164-168
	2-15	Conflicts of interest	109-115 2022 Annual Report on Corporate Governance and Remuneration System p.276-279
	2-16	Communication of critical concerns	102 2022 Annual Report on Corporate Governance and Remuneration System p.36-49, 164-168
	2-17	Collective knowledge of the highest governance body	100-101 2022 Annual Report on Corporate Governance and Remuneration System p.114-120
	2-18	Evaluation of the performance of the highest governance body	103-104 2022 Annual Report on Governance and Remuneration System p.47-48, 120-126
	2-19	Remuneration policies	51,104 2022 Annual Report on Governance and Remuneration System p.187-197
	2-20	Process to determine remuneration	51,104 2022 Annual Report on Governance and Remuneration System p.187-197
	2-21	Annual total compensation ratio	105 2022 Business Report p733-734
	2-22	Statement on sustainable development strategy	19 2022 ESG Highlight p.33-34

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GRI Standard	Disclosure	Page	Note	
GRI 2: General Disclosures 2021	2-23	Policy commitments	9, 23, 41, 51, 67, 88, 92, 99-100, 107-108, 116, 122, 124, 133-139, 146	Shinhan Financial Group discloses policies related to ESG management on its website and annually discloses related performance through ESG reports.
	2-24	Embedding policy commitments	92-93, 135-136	
	2-25	Processes to remediate negative impacts	2022 Special Report p.72-73	ESG Factbook > Customers > 2. Customer Complaint Resolution
	2-26	Mechanisms for seeking advice and raising concerns	109-110, 114, 135, 147	2022 Special Report p.77-79 ESG Factbook > Employees > 14. Whistle Blowing System ESG Factbook > Customers > 5. Number of complaints related to personal information protection Number of human rights-related comments received: 0
	2-27	Compliance with laws and regulations	111	2022 Business Report p.746-749
	2-28	Membership associations	111	ESG Factbook > Economics > 7. Policy Impact
	2-29	Approach to stakeholder engagement	-	2022 Special Report p.71, 98-100
	2-30	Collective bargaining agreements	86	ESG Factbook > Employees > 9. Collective bargaining
	Material Topics			
	GRI 3: Material Topics 2021	3-1	Process to determine material topics	-
3-2		List of material topics	-	2022 Special Report p.103-105, 108
Responding to Climate Change				
GRI 3: Material Topics 2021	3-3	Managing material issues		2022 Special Report p.4-31
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change		2022 Special Report p.8-21
GRI 302: Energy 2016	302-1	Energy consumption within the organization	43	ESG Factbook > Environment > 4. Energy Usage
	302-3	Energy intensity	43	ESG Factbook > Environment > 4. Energy Usage
	302-4	Reduction of energy consumption	43	ESG Factbook > Environment > 4. Energy Usage
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	44	ESG Factbook > Environment > 1. Greenhouse Gas Emissions (Scope 1, 2)
	305-2	Energy indirect (Scope 2) GHG emissions	44	ESG Factbook > Environment > 1. Greenhouse Gas Emissions (Scope 1, 2)
	305-3	Other indirect GHG emissions (Scope 3)	44	ESG Factbook > Environment > 2. Greenhouse Gas Emissions (Scope 1, 2) ESG Factbook > Environment > 3. Financed Emissions
	305-4	GHG emissions intensity	44	ESG Factbook > Environment > 1. Greenhouse Gas Emissions (Scope 1, 2)

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GRI Standard		Disclosure	Page	Note
Expanding ESG Finance				
GRI 3: Material Topics 2021	3-3	Management of material topics	22	2022 ESG Highlight p.16 2022 Special Report p.19
Organization-specific metrics	-	Green Finance	22	KRW 2.82 trillion in eco-friendly finance in 2022
	-	Affordable Finance	61-64	2022KRW 4.27 trillion in financial performance in 2022
Building an Ecosystem for Sustainable Growth				
GRI 3: Material Topics 2021	3-3	Management of material topics	55, 61-62, 64, 65, 67	ESG Factbook > Inclusive & Innovative Finance
Improving Customer Communication and Satisfaction				
GRI 3: Material Topics 2021	3-3	Management of material topics	129-136	ESG Factbook > Customers > 1. Customer Satisfaction, 2. Customer Complaint Resolution
Establishing Sound Governance				
GRI 3: Material Topics 2021	3-3	Management of material topics	99-100	2022 Annual Report on Governance and Remuneration System p.9-17
Establishing an Integrated ESG Management System				
GRI 3: Material Topics 2021	3-3	Management of material topics	50-53	2022 ESG Highligh p.30-31
Strengthening Risk Management				
GRI 3: Material Topics 2021	3-3	Management of material topics	116-117	
Compliance and Ethics				
GRI 205: Anti-corruption 2016	3-3	Management of material topics	107-108	
	205-1	Operations assessed for risks related to corruption	109-110	
	205-2	Communication and training about anti-corruption policies and procedures	110, 115	
GRI 206: Anti-competitive Behavior 2016	205-3	Confirmed incidents of corruption and actions taken	111	ESG Factbook > Economy > 8. Financial Incidents and Actions Taken
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	114-115	
Tightening Information Security an Privacy				
GRI 3: Material Topics 2021	3-3	Management of material topics	137-140, 142-143	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	144	ESG Factbook > Customers > 3. Information Protection
Ensuring Financial Consumer Protection				
GRI 3: Material Topics 2021	3-3	Management of material topics	122-125	

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ISSB Index

🔗 2022 Special Report - TCFD

Classification	IFRS S2 Climate-Related Disclosures	Reference Page
	1. Disclose information about the governance body or bodies with oversight of climate-related risks and opportunities, and information about management’s role in those processes	
Governance	a) the identity of the body or individual within a body responsible for oversight of climate-related risks and opportunities	24-25
	b) how the body’s responsibilities for climate-related risks and opportunities are reflected in the entity’s terms of reference, board mandates and other related policies	24
	c) how the body ensures that the appropriate skills and competencies are available to oversee strategies designed to respond to climate-related risks and opportunities	27
	d) how and how often the body and its committees (audit, risk or other committees) are informed about climate-related risks and opportunities	24, 26
	e) how the body and its committees consider climate-related risks and opportunities when overseeing the entity’s strategy, its decisions on major transactions, and its risk management policies, including any assessment of trade-offs and analysis of sensitivity to uncertainty that may be required;	24, 117
	f) how the body and its committees oversee the setting of targets related to significant climate-related risks and opportunities, and monitor progress towards them, including whether and how related performance metrics are included in remuneration policies	25, 2022 ESG Report p.51
	g) a description of management’s role in assessing and managing climate-related risks and opportunities, including whether that role is delegated to a specific management-level position or committee and how oversight is exercised over that position or committee. The description shall include information about whether dedicated controls and procedures are applied to management of climate-related risks and opportunities and, if so, how they are integrated with other internal functions	24, 2022 ESG Report p.50-51
	1. Strategy for addressing significant climate-related risks and opportunities	
Strategy	a) the significant climate-related risks and opportunities that it reasonably expects could affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term	29-30
	b) the effects of significant climate-related risks and opportunities on its business model and value chain	29-30
	c) the effects of significant climate-related risks and opportunities on its strategy and decision-making, including its transition plans	29-30
	d) the effects of significant climate-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term—including how climate-related risks and opportunities are included in the entity’s financial planning	29-30
	e) the climate resilience of its strategy (including its business model) to significant physical risks and significant transition risks	40
		2. [Climate-related risks and opportunities] Significant climate-related risks and opportunities that could reasonably be expected to affect the entity’s business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term
	a) a description of significant climate-related risks and opportunities and the time horizon over which each could reasonably be expected to affect its business model, strategy and cash flows, its access to finance and its cost of capital, over the short, medium or long term	30
	b) how it defines short, medium and long term and how these definitions are linked to the entity’s strategic planning horizons and capital allocation plans	29-30
	c) whether the risks identified are physical risks or transition risks. For example, acute physical risks could include the increased severity of extreme weather events such as cyclones and floods, and examples of chronic physical risks include rising sea levels or rising mean temperatures. Transition risks could include regulatory, technological, market, legal or reputational risks	30,45
	2-1. Assessment of the current and anticipated effects of significant climate-related risks and opportunities on its business model	
	a) a description of the current and anticipated effects of significant climate-related risks and opportunities on its value chain	30
	b) a description of where in its value chain significant climate-related risks and opportunities are concentrated (for example, geographical areas, facilities or types of assets, inputs, outputs or distribution channels) -	

* Reference page is a page of TCFD report included in the 2022 Special Report.

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Classification	IFRS S2 Climate-Related Disclosures	Reference Page
	<p>3. [Strategy and decision-making] Effects of significant climate-related risks and opportunities on its strategy and decision-making, including its transition plans</p>	
Strategy	<p>a) how it is responding to significant climate-related risks and opportunities including how it plans to achieve any climate-related targets it has set:</p>	
	<p>i. information about current and anticipated changes to its business model</p>	
	<p>ii. changes the entity is making in strategy and resource allocation to address the risks and opportunities identified in 2-1. Examples of these changes include resource allocations resulting from demand or supply changes, or from new business lines; resource allocations arising from business development through capital expenditures or additional expenditure on operations or research and development; and acquisitions and divestments</p>	
	<p>iii. plans and critical assumptions for legacy assets, including strategies to manage carbon-energy- and water-intensive operations, and to decommission carbon-energy- and water-intensive assets</p>	19-21
	<p>iv. information about direct adaptation and mitigation efforts it is undertaking (for example, through changes in production processes, workforce adjustments, changes in materials used, product specifications or through introduction of efficiency measures)</p>	
	<p>v. information about indirect adaptation and mitigation efforts it is undertaking (for example, by working with customers and supply chains or use of procurement)</p>	
	<p>vi. how these plans will be resourced</p>	
	<p>b) information regarding climate-related targets for these plans including:</p>	17-18
	<p>i. the processes in place for review of the targets</p>	Among Shinhan Financial Group companies, Shinhan Bank is subject to the carbon regulation 'Greenhouse Gas Target Management System'
	<p>ii. the amount of the entity's emission target to be achieved through emission reductions within the entity's value chain</p>	
<p>iii. the extent to which the targets rely on the use of carbon offsets</p>		
<p>iv. whether the offsets will be subject to a third-party offset verification or certification scheme (certified carbon offset), and if so, which scheme, or schemes</p>		
<p>v. the type of carbon offset, including whether the offset will be nature-based or based on technological carbon removals and whether the amount intended to be achieved is through carbon removal or emission avoidance</p>		
<p>vi. any other significant factors necessary for users to understand the credibility and integrity of offsets intended to be used by the entity (for example, assumptions regarding the permanence of the carbon offset)</p>		
	<p>c) quantitative and qualitative information about the progress of plans disclosed in prior reporting periods in accordance with (a)-(b)</p>	
	<p>4. [Financial position, financial performance and cash flows] Information that enables users of general purpose financial reporting to understand the effects of significant climate-related risks and opportunities on its financial position, financial performance and cash flows for the reporting period, and the anticipated effects over the short, medium and long term—including how climate-related risks and opportunities are included in the entity's financial planning</p>	
	<p>a) how significant climate-related risks and opportunities have affected its most recently reported financial position, financial performance and cash flows</p>	The company does not currently disclose the impact of climate change-related risks and opportunities on its financial position and performance.
<p>b) information about the climate-related risks and opportunities for which there is a significant risk that there will be a material adjustment to the carrying amounts of assets and liabilities reported in the financial statements within the next financial year</p>		
<p>c) how it expects its financial position to change over time, given its strategy to address significant climate-related risks and opportunities, reflecting:</p>		
<p>i. its current and committed investment plans and their anticipated effects on its financial position (for example, capital expenditure, major acquisitions and divestments, joint ventures, business transformation, innovation, new business areas and asset retirements)</p>		
<p>ii. its planned sources of funding to implement its strategy</p>		
<p>d) how it expects its financial performance to change over time, given its strategy to address significant climate-related risks and opportunities (for example, increased revenue from or costs of products and services aligned with a lower-carbon economy, consistent with the latest international agreement on climate change; physical damage to assets from climate events; and the costs of climate adaptation or mitigation)</p>		
<p>e) if the entity is unable to disclose quantitative information for (a)-(d), an explanation of why that is the case</p>		

Global Initiatives

Classification	IFRS S2 Climate-Related Disclosures	Reference Page
	1. How an entity measures, monitors and manages its significant climate-related risks and opportunities	
	a) information relevant to the cross-industry metric categories	26-31
	b) industry-based metrics	'2022 ESG Report' SASB Index Notes
	c) targets set by the entity to mitigate or adapt to climate-related risks or maximize climate-related opportunities	26-31
	d) other metrics used by the board or management to measure progress towards the targets identified in (c)	15
	2. Information relevant to the cross-industry metric categories	
	a) greenhouse gas emissions—its absolute gross greenhouse gas emissions generated during the reporting period, measured in accordance with the Greenhouse Gas Protocol Corporate Standard, expressed as metric tons of CO2 equivalent, classified as Scope 1, Scope 2, Scope 3 emissions;	26
	b) for Scope 1 and Scope 2 emissions, the entity shall disclose emissions separately for (1) the consolidated accounting group (the parent and its subsidiaries); (2) associates, joint ventures, unconsolidated subsidiaries or affiliates not included in (1); and (3) the approach it used to include emissions for the entities included in (2) (for example, the equity share or operational control method in the Greenhouse Gas Protocol Corporate Standard)	-
	c) transition risks—the amount and percentage of assets or business activities vulnerable to transition risks	12-13
	d) physical risks—the amount and percentage of assets or business activities vulnerable to physical risks	15-16
	e) climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities	8, 19
	f) capital deployment—the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities	13
	g) internal carbon prices – the price for each metric ton of greenhouse gas emissions that the entity uses to assess the costs of its emissions; and an explanation of how the entity is applying the carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis)	17-18
	h) remuneration – the percentage of executive management remuneration recognized in the current period that is linked to climate-related considerations; and a description of how climate-related considerations are factored into executive remuneration	6
	3. Scope 3 emissions disclosed and related activities and description	
	a) upstream and downstream emissions in its measure of Scope 3 emissions	
	b) categories included within its measure of Scope 3 emissions	26-31
	c) when the entity's measure of Scope 3 emissions includes information provided by entities in its value chain, it shall explain the basis for that measurement	
	d) if the entity excludes those greenhouse gas emissions in (c), it shall state the reason for omitting them	Not applicable
	4. Climate-related targets	
	a) metrics used to assess progress towards reaching the target and achieving its strategic goals	
	b) the specific target the entity has set for addressing climate-related risks and opportunities	
	c) whether this target is an absolute target or an intensity target	
	d) the objective of the target (for example, mitigation, adaptation or conformance with sector or science-based initiatives)	
	e) how the target compares with those created in the latest international agreement on climate change and whether it has been validated by a third party	26-31
	f) whether the target was derived using a sectoral decarbonization approach	
	g) the period over which the target applies	
	h) the base period from which progress is measured	
	i) any milestones or interim targets	
Metrics and targets		

Global Initiatives

TCFD Index

Classification	Framework	Reference Page
Governance	a. Describe the board’s oversight of climate-related risks and opportunities	2022 Special Report p.5-7
	b. Describe management’s role in assessing and managing climate-related risks and opportunities	
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	2022 Special Report p. 8-21
	b. Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	
	c. Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
Risk Management	a. Describe the organization’s processes for identifying and assessing climate-related risks	2022 Special Report p.22-25
	b. Describe the organization’s processes for managing climate-related risks	
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management	
Metrics and Targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	2022 Special Report p.26-31
	b. Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	

Global Initiatives

SASB Index

	Topic	Code	Category	Unit of Measure	Reference Page
Commercial Banks	Data Security	FN-CB-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Number, Percentage (%)	144
		FN-CB-230a.2	Description of approach to identifying and addressing data security risks	n/a	137-145
	Financial Inclusion & Capacity Building	FN-CB-240a.1	(1) Number and (2) amount of loans outstanding qualified to programs designed to promote small business and community development	Number, Reporting currency	61-66
		FN-CB-240a.2	(1) Number and (2) amount of past due and nonaccrual loans qualified to programs designed to promote small business and community development	Number, Reporting currency	-
		FN-CB-240a.3	Number of no-cost retail checking accounts provided to previously unbanked or underbanked customers	Number	64
		FN-CB-240a.4	Number of participants in financial literacy initiatives for unbanked, underbanked, or underserved customers	Number	130
	Incorporation of Environmental, Social, and Governance Factors in Credit Analysis	FN-CB-410a.1	Commercial and industrial credit exposure, by industry	Reporting currency	30
		FN-CB-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in credit analysis	n/a	22-30
	Business Ethics	FN-CB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Reporting currency	-
		FN-CB-510a.2	Description of whistleblower policies and procedures	n/a	110-111
	Systemic Risk	FN-CB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Basis points (bps)	120
		FN-CB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	n/a	116-117
Asset Management & Custody Activities	Transparent Information & Fair Advice for Customers	FN-AC-270a.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Number, Percentage (%)	-
		FN-AC-270a.2	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of financial product-related information to new and returning customers	Reporting currency	135
		FN-AC-270a.3	Description of approach to informing customers about products and services	n/a	122-134
	Employee Diversity & Inclusion	FN-AC-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Percentage (%)	88-89
	Incorporation of Environmental, Social, and Governance Factors in Investment Management & Advisory	FN-AC-410a.1	Amount of assets under management, by asset class, that employ (1) integration of environmental, social, and governance (ESG) issues, (2) sustainability themed investing, and (3) screening	Reporting currency	22-34
		FN-AC-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment and/or wealth management processes and strategies	n/a	22-34
		FN-AC-410a.3	Description of proxy voting and investee engagement policies and procedures	n/a	38-39

Global Initiatives

	Topic	Code	Category	Unit of Measure	Reference Page
Asset Management & Custody Activities	Business Ethics	FN-AC-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Reporting currency	111
		FN-AC-510a.2	Description of whistleblower policies and procedures	n/a	110
	Systemic Risk Management	FN-AC-550a.1	Percentage of open-end fund assets under management by category of liquidity classification	Percentage (%)	-
		FN-AC-550a.2	Description of approach to incorporation of liquidity risk management programs into portfolio strategy and redemption risk management	n/a	117
		FN-AC-550a.3	Total exposure to securities financing transactions	Reporting currency	-
		FN-AC-550a.4	Net exposure to written credit derivatives	Reporting currency	-
Consumer Finance	Customer Privacy	FN-CF-220a.1	Number of account holders whose information is used for secondary purposes	Number	144
		FN-CF-220a.2	Total amount of monetary losses as a result of legal proceedings associated with customer privacy	Reporting currency	144
	Data Security	FN-CF-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of account holders affected	Number, Percentage (%)	144
		FN-CF-230a.2	Card-related fraud losses from (1) card-not-present fraud and (2) card-present and other fraud	Reporting currency	-
		FN-CF-230a.3	Description of approach to identifying and addressing data security risks	n/a	137-143
		FN-CF-270a.1	Percentage of total remuneration for covered employees that is variable and linked to the amount of products and services sold	Percentage (%)	-
		FN-CF-270a.2	Approval rate for (1) credit and (2) pre-paid products for applicants with FICO scores above and below 660	Percentage (%)	-
	Selling Practices	FN-CF-270a.3	(1) Average fees from add-on products, (2) average APR, (3) average age of accounts, (4) average number of trade lines, and (5) average annual fees for pre-paid products, for customers with FICO scores above and below 660	Reporting currency Percentage (%), Months, Number, Reporting currency	-
		FN-CF-270a.4	(1) Number of complaints filed with the Consumer Financial Protection Bureau (CFPB), (2) percentage with monetary or nonmonetary relief, (3) percentage disputed by consumer, (4) percentage that resulted in investigation by the CFPB	Number, Percentage (%)	135
		FN-CF-270a.5	Total amount of monetary losses as a result of legal proceedings associated with selling and servicing of products	Reporting currency	135
Insurance	Transparent Information & Fair Advice for Customers	FN-IN-270a.1	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	Reporting currency	135
		FN-IN-270a.2	Complaints-to-claims ratio	Rate	-
		FN-IN-270a.3	Customer retention rate	Rate	-
		FN-IN-270a.4	Description of approach to informing customers about products	n/a	122-127, 133-134
	Incorporation of Environmental, Social, and Governance Factors in Investment Management	FN-IN-410a.1	Total invested assets, by industry and asset class	Reporting currency	22-26, 30
		FN-IN-410a.2	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies	n/a	22-34
	Policies Designed to Incentivize Responsible Behavior	FN-IN-410b.1	Net premiums written related to energy efficiency and low carbon technology	Reporting currency	-
		FN-IN-410b.2	Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors	n/a	26-27, 63-65

Global Initiatives

	Topic	Code	Category	Unit of Measure	Reference Page
Insurance	Environmental Risk Exposure	FN-IN-450a.1	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	Reporting currency	-
		FN-IN-450a.2	Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) non-modeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)	Reporting currency	-
		FN-IN-450a.3	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy	n/a	-
	Systemic Risk Management	FN-IN-550a.1	Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	Reporting currency	-
		FN-IN-550a.2	Total fair value of securities lending collateral assets	Reporting currency	57
		FN-IN-550a.3	Description of approach to managing capital- and liquidity-related risks associated with systemic non-insurance activities	n/a	117
Investment Banking & Brokerage	Employee Diversity & Inclusion	FN-IB-330a.1	Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees	Percentage (%)	88-89
	Incorporation of Environmental, Social, and Governance Factors in Investment	FN-IB-410a.1	Revenue from (1) underwriting, (2) advisory, and (3) securitization transactions incorporating integration of environmental, social, and governance (ESG) factors, by industry	Reporting currency	5, 8
		FN-IB-410a.2	(1) Number and (2) total value of investments and loans incorporating integration of environmental, social, and governance (ESG) factors, by industry	Number, Reporting currency	25-26
	Banking & Brokerage Activities	FN-IB-410a.3	Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment banking and brokerage activities	n/a	23
	Business Ethics	FN-IB-510a.1	Total amount of monetary losses as a result of legal proceedings associated with fraud, insider trading, anti-trust, anti-competitive behavior, market manipulation, malpractice, or other related financial industry laws or regulations	Reporting currency	111
		FN-IB-510a.2	Description of whistleblower policies and procedures	n/a	110
	Professional Integrity	FN-IB-510b.1	(1) Number and (2) percentage of covered employees with a record of investment-related investigations, consumer-initiated complaints, private civil litigations, or other regulatory proceedings	Number, Percentage (%)	135
		FN-IB-510b.2	Number of mediation and arbitration cases associated with professional integrity, including duty of care, by party	Number	111
		FN-IB-510b.3	Total amount of monetary losses as a result of legal proceedings associated with professional integrity, including duty of care	Reporting currency	-
		FN-IB-510b.4	Description of approach to ensuring professional integrity, including duty of care	n/a	107-113
	Systemic Risk Management	FN-IB-550a.1	Global Systemically Important Bank (G-SIB) score, by category	Basis points (bps)	120
		FN-IB-550a.2	Description of approach to incorporation of results of mandatory and voluntary stress tests into capital adequacy planning, long-term corporate strategy, and other business activities	n/a	116-117
	Employee Incentives & Risk Taking	FN-IB-550b.1	Percentage of total remuneration that is variable for Material Risk Takers (MRTs)	Percentage (%)	104
		FN-IB-550b.2	Percentage of variable remuneration of Material Risk Takers (MRTs) to which malus or clawback provisions were applied	Percentage (%)	104
		FN-IB-550b.3	Discussion of policies around supervision, control, and validation of traders' pricing of Level 3 assets and liabilities	n/a	-

Global Initiatives

UNGP Index

Reporting Framework			Page
Part A: Governance of Respect for Human Rights			
Policy commitment	A1	What does the company say publicly about its commitment to respect human rights?	146, 2022 Special Report p.68
	A1.1	How has the public commitment been developed?	2022 Special Report p.68
	A1.2	Whose human rights does the public commitment address?	146, 2022 Special Report p.68
	A1.3	How is the public commitment disseminated?	2022 Special Report p.70-71
Embedding respect for human rights	A2	How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?	2022 Special Report p.68-70
	A2.1	How is day-to-day responsibility for human rights performance organized within the company, and why?	2022 Special Report p.70
	A2.2	What kinds of human rights issues are discussed by senior management and by the Board and why?	2022 Special Report p.70-72
	A2.3	How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?	2022 Special Report p.70
	A2.4	How does the company make clear in its business relationships the importance it places on respect for human rights?	2022 Special Report p.74
	A2.5	What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?	2022 Special Report p.72-79
Part B: Defining the Focus of Reporting			
Statement of Salient Issues	B1	State the salient human rights issues associated with the company's activities and business relationships during the reporting period	2022 Special Report p.73-79
Determination of Salient Issues	B2	Describe how the salient human rights issues were determined, including any input from stakeholders	2022 Special Report p.72
Choice of Focal Geographies	B3	If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made	Not applicable
Additional Severe Impacts	B4	Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed	Not applicable

Global Initiatives

Reporting Framework			Page
Part C: Management of Salient Human Rights Issues			
Specific Policies	C1	Does the company have any specific policies that address its salient human rights issues and, if so, what are they?	2022 Special Report p.68-69
	C1.1	How does the company make clear the relevance and significance of such policies to those who need to implement them?	2022 Special Report p.69-70
Stakeholder Engagement	C2	What is the company's approach to engagement with stakeholders in relation to each salient human rights issue	2022 Special Report p.71
	C2.1	How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?	2022 Special Report p.71
	C2.2	During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?	2022 Special Report p.71
	C2.3	During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?	2022 Special Report p.72-75
Assessing Impacts	C3	How does the company identify any changes in the nature of each salient human rights issue over time?	2022 Special Report p.72
	C3.1	During the reporting period, were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they?	2022 Special Report p.76
	C3.2	During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they?	2022 Special Report p.76
Integrating Findings and Taking Action	C4	How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?	2022 Special Report p.72
	C4.1	How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?	2022 Special Report p.70
	C4.2	When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?	2022 Special Report p.74
	C4.3	During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?	2022 Special Report p.77-79
Tracking Performance	C5	How does the company know if its efforts to address each salient human rights issue are effective in practice?	2022 Special Report p.77-79
	C5.1	What specific examples from the reporting period illustrate if each salient issue is being managed effectively?	2022 Special Report p.77-79
Remediation	C6	How does the company enable effective remedy if people are harmed by its actions or decisions in relation to the salient human rights issues?	2022 Special Report p.72
	C6.1	Through what means can the company receive complaints or concerns related to each salient issue?	110, 2022 Special Report p.71
	C6.2	How does the company know if people feel able and empowered to raise complaints or concerns?	110, 2022 Special Report p.71
	C6.3	How does the company process complaints and assess the effectiveness of outcomes?	2022 Special Report p.72
	C6.4	During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned?	2022 Special Report p.73-79
	C6.5	During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples?	2022 Special Report p.77-79

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PRB Index

Reporting and Self-Assessment Requirements		Reference Page
	We will align our business strategy to be consistent with and contribute to individuals' needs and society's goals, as expressed in the Sustainable Development Goals, the Paris Climate Agreement and relevant national and regional frameworks.	
Principle 1: Alignment	1.1 Describe (high-level) your bank's business model, including the main customer segments served, types of products and services provided, the main sectors and types of activities, and where relevant the technologies financed across the main geographies in which your bank has operations or provides products and services.	5, 8
	1.2 Describe how your bank has aligned and/or is planning to align its strategy to be consistent with and contribute to society's goals, as expressed in the Sustainable Development Goals (SDGs), the Paris Climate Agreement, and relevant national and regional frameworks.	9-10
	We will continuously increase our positive impacts while reducing the negative impacts on, and managing the risks to, people and environment resulting from our activities, products and services. To this end, we will set and publish targets where we can have the most significant impacts.	
Principle 2: Impact and Target Setting	2.1 Impact Analysis: Show that your bank has identified the areas in which it has its most significant (potential) positive and negative impact through an impact analysis that fulfills the following elements: a) Scope: The bank's core business areas, products/services across the main geographies that the bank operates in have been as described under 1.1. have been considered in the scope of the analysis. b) Scale of Exposure: In identifying its areas of most significant impact the bank has considered where its core business/its major activities lie in terms of industries, technologies and geographies. c) Context & Relevance: Your bank has taken into account the most relevant challenges and priorities related to sustainable development in the countries/regions in which it operates. d) Scale and intensity/salience of impact: In identifying its areas of most significant impact, the bank has considered the scale and intensity/salience of the (potential) social, economic and environmental impacts resulting from the bank's activities and provision of products and services.	2022 Special Report p.11-18, 52
	2.2 Target Setting: Show that the bank has set and published a minimum of two Specific, Measurable (can be qualitative or quantitative), Achievable, Relevant and Time-bound (SMART) targets Show that these targets are linked to and drive alignment with and greater contribution to appropriate Sustainable Development Goals, the goals of the Paris Agreement, and other relevant international, national or regional frameworks.	9-10, 2022 ESG Highlight p.5-21
	2.3 Plans for Target Implementation and Monitoring: Show that your bank has defined actions and milestones to meet the set targets.	11-12, 2022 Special Report p.68
	2.4 Progress on Implementing Targets: Show that your bank has implemented the actions it had previously defined to meet the set target. Report on your bank's progress over the last 12 months (up to 18 months in your first reporting after becoming a signatory) towards achieving each of the set targets and the impact your progress resulted in.	2022 ESG Highlight p.5-21
	We will work responsibly with our clients and our customers to encourage sustainable practices and enable economic activities that create shared prosperity for current and future generations.	
Principle 3: Clients and Customers	3.1 Provide an overview of the policies and practices your bank has in place and/or is planning to put in place to promote responsible relationships with its customers.	122-124
	3.2 Describe how your bank has worked with and/or is planning to work with its clients and customers to encourage sustainable practices and enable sustainable economic activities.	38-40, 125-136
	We will proactively and responsibly consult, engage and partner with relevant stakeholders to achieve society's goals.	
Principle 4: Stakeholders	4.1 Describe which stakeholders (or groups/types of stakeholders) your bank has consulted, engaged, collaborated or partnered with for the purpose of implementing these Principles and improving your bank's impacts.	2022 Special Report p.98
	We will implement our commitment to these Principles through effective governance and a culture of responsible banking.	
Principle 5: Governance & Culture	5.1 Describe the relevant governance structures, policies and procedures your bank has in place/is planning to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.	50-53, 99-102
	5.2 Describe the initiatives and measures your bank has implemented or is planning to implement to foster a culture of responsible banking among its employees.	107-108, 146, 2022 Special Report p.5-7
	5.3 Governance Structure for Implementation of the Principles. a) target-setting and actions to achieve targets set. b) remedial action in the event of targets or milestones not being achieved or unexpected negative impacts being detected.	50-53
	We will periodically review our individual and collective implementation of these Principles and be transparent about and accountable for our positive and negative impacts and our contribution to society's goals.	
Principle 6: Transparency & Accountability	6.1 Show that your bank has progressed on implementing the six Principles over the last 12 months (up to 18 months in your first reporting after becoming a signatory).	2022 ESG Highlight p.5-21

Global Initiatives

KRX ESG Disclosure Guidance

Item	Index	Content	Reference Page
Part A: Organization			
ESG Response	Roles of the management	Roles of the management in relation to the identification and management of ESG issues	50-51
ESG Evaluation	ESG risk and opportunity	Assessment of ESG-related risks and opportunities	50-51, 116-117, 2022 Special Report p.96, 106
Stakeholder	Stakeholder participation	Method of stakeholder participation in the ESG process	2022 Special Report p.98-100
Part B: Environment			
GHG Emissions	Direct GHG emissions (Scope 1)	Amount of GHG emitted into the air by physical devices or factories that are owned and managed by the company	44
	Indirect GHG emissions (Scope 2)	Amount of GHG emissions caused by electricity, cooling and heating, and steam emissions that were purchased or 41 obtained for company use	
	GHG emissions intensity	Amount of GHG emitted per unit of activity, production, and other organizational-level metric system	
Energy Consumption	Direct energy consumption	Amount of energy consumption of subjects owned or managed by an organization	43
	Indirect energy consumption	Amount of energy consumed outside the organization, such as use and disposal and treatment of sold products	
	Energy consumption intensity	Amount of energy consumption needed per unit of activity, production, and other organizational-level metric system	
Water Consumption	Total volume of water used	Total volume of water used by the organization	44
Waste Discharge	Total volume of waste discharged	Total weight of wastes by treatment method, such as reclamation and recycling	44
Violation of Law and Incident	Violation of environmental law and incident	No. of violations of environmental law, environment-related incidents, and measures taken	No violations
Part C: Society			
Employee	Equality and diversity	Status of employees by gender and employment type, and no. of discrimination-related sanctions and measures taken	76-77, 111
	New employee hires and employee turnover	Status of new employee hires and employee turnover	76-77
	Hiring of young interns	Status of hiring young interns and ratio of change to permanent positions	Not applicable
	Parental leave	Status of employees who use parental leave	91
Health & Safety	Industrial incidents	No. of work-related deaths, injuries, and diseases, and measures	91
	Product safety	No. of product recalls (pickup, destruction, collection, corrective measure, etc.) and measures taken	135
	Labeling and advertising	No. of violations labeling and advertising regulations, and measures taken	124
Information Security	Personal information protection	No. of personal information protection violations and measures taken	144
Fair Competition	Fair competition and abuse of dominance	No. of violations of law related to internal trading, subcontracting, franchise business, and agency trading, and measures taken	114-115

Global Initiatives

WEF Index

Pillar	Theme	Core metrics	Reference Page	
Principle of Governance	Governing purpose	Setting purpose	9-10	
	Quality of governing body	Governance body composition	99-102	
	Stakeholder engagement	Material issues impacting stakeholders	2022 Special Report p.92-108	
	Ethical behaviour	Anti-corruption		107-108
		Protected ethics advice and reporting mechanisms		108-109
	Risk and opportunity oversight	Integrating risk and opportunity into business process		116-119
Planet	Climate change	Greenhouse gas (GHG) emissions	44	
		TCFD implementation	Refer 'TCFD Index'	
	Nature loss	Land use and ecological sensitivity	35-37 2022 Special Report p.32-45	
	Fresh water availability	Water consumption and withdrawal in water-stressed areas	-	
People	Dignity and equality	Diversity and inclusion (Percentage of employees per employee category, per age group, gender and other indicators of diversity)	88-89	
		Pay equality (Ratio of the basic salary and remuneration for each employee category by significant locations of operation for priority areas of equality: women to men; minor to major ethnic groups; and other relevant equality areas)	85	
		Wage level (Ratios of standard entry-level wage by gender compared to local minimum wage, etc.)	85	
	Health & wellbeing	Risk for incidents of child, forced or compulsory labour	94, 97	
		Health and safety	97	
		Skills for the future	Training provided (Average hours of training per person, average training and development expenditure per full time employee, etc.)	79
Prosperity	Employment and wealth generation	Absolute number and rate of employment (Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity, etc.)	76-77	
		Economic contribution (Revenue, operating costs, employee wages and benefits, payments to providers of capital, payments to government, etc.)	8, 15, 2022 Special Report p.47-64	
		Financial investment contribution disclosure (Share buybacks, dividend payments, etc.)	8, 105	
	Innovation in better products and services	Total R&D expenses	2022 Business Report	
	Community and social vitality	Total tax paid (corporate income taxes, property taxes, non-creditable VAT, etc.)	8, 121	

Independent Assurance Statement

This Assurance Statement has been prepared for Shinhan Financial Group Co., Ltd. in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

LRQA was commissioned by Shinhan Financial Group Co., Ltd. to provide independent assurance on its 'Shinhan Financial Group 2022 ESG Report' ("the report") against the assurance criteria below to a moderate level¹⁾ of assurance using Accountability's AA1000AS v3, where the scope was a Type 2 engagement, and using ISAE 3000 and ISAE 3410.

Our assurance engagement covered Shinhan Financial Group²⁾'s operations and activities in Korea and specifically the following requirements³⁾:

- Evaluating adherence to the AA1000 AccountAbility Principles⁴⁾ of Inclusivity, Materiality, Responsiveness and Impact
- Evaluating the reliability of the Materiality Analysis Report on 2022 Special Report pp.93 - 105
- Evaluating the accuracy and reliability of data and information related to performance indicators on material topics on 2022 Special Report p.107
- Evaluating the accuracy and reliability of the selected indicators which are presented in the ESG Factbook and listed below:
 - Environmental: energy consumption (GRI 302-1), energy intensity (GRI 302-3), direct GHG emissions (GRI 305-1), energy indirect GHG emissions (GRI 305-2), other indirect GHG emissions (GRI 305-3), GHG emissions intensity (GRI 305-4), water use and waste disposal
 - Social: absenteeism rate and gender pay gap assessment

Our assurance engagement excluded the data and information of Shinhan Financial Group's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to Shinhan Financial Group. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Shinhan Financial Group's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Shinhan Financial Group.

¹⁾ The moderate level assurance of AA1000AS v3 is equivalent to the limited level assurance of ISAE 3000.

²⁾ Our assurance engagement includes Shinhan Financial Group Co., Ltd., Shinhan Bank Co., Ltd., Shinhan Card Co., Ltd., Shinhan Investment Corp., Shinhan Life Insurance Co., Ltd., Shinhan Capital Co., Ltd., Shinhan Asset Management Co., Ltd., Jeju Bank Co., Ltd., Shinhan Savings Bank Co., Ltd., Shinhan Asset Trust Co., Ltd., Shinhan DS, Shinhan Fund Partners Co., Ltd., Shinhan REITs Management Co., Ltd., Shinhan AI Co., Ltd., Shinhan Venture Investment Co., Ltd. and Shinhan EZ General Insurance, Ltd.

³⁾ Our assurance engagement excluded confirming that the report is in accordance with or with reference to GRI Standards. The GRI standards can be found at the website <https://www.globalreporting.org>.

⁴⁾ <https://www.accountability.org>

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that Shinhan Financial Group has not, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable performance data and information as all errors or omissions identified during the assurance engagement were corrected
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing Shinhan Financial Group's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing documents and associated records.
- Reviewing Shinhan Financial Group's process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by Shinhan Financial Group and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether Shinhan Financial Group makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing Shinhan Financial Group's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Checking whether direct (Scope 1), indirect (Scope 2) and other indirect (Scope 3) GHG emissions, and energy consumptions were transposed correctly from the GHG inventory which had been verified.
- Reviewing additional evidence made available by Shinhan Financial Group at the headquarters of Shinhan Financial Group Co., Ltd. in Seoul.

Independent Assurance Statement

Observations

Further observations and findings, made during the assurance engagement, are:

Inclusivity

We are not aware of any key stakeholder groups that have been excluded from Shinhan Financial Group's stakeholder engagement process.

Materiality

We are not aware of any material issues concerning Shinhan Financial Group's sustainability performance that have been excluded from the report. It should be noted that Shinhan Financial Group has established extensive criteria for determining which issue/aspect is material and that these criteria are not biased to the company's management.

Responsiveness

We found out that Shinhan Financial Group established strategies and goals to address material sustainability issues and was continuously improving its sustainability management performance.

Impact

Shinhan Financial Group needs to improve process to identify its impact on the environment, society and human rights by utilizing a wide range of information obtained through, for example, the human rights impact assessment, corruption risk assessment, grievance mechanism, stakeholder engagement activities of each subsidiary of the group.

Reliability

Shinhan Financial Group's data management system for the selected indicators are well defined.

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is Shinhan Financial Group's verification body for its GHG emissions. The verification is the only work undertaken by LRQA for Shinhan Financial Group and as such does not compromise our independence or impartiality.

Dated: 28 June 2023

Tae-Kyoung Kim

LRQA Lead Verifier

On behalf of LRQA

2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

LRQA reference: SEO00000766



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GHG Assurance Statement

This Assurance Statement has been prepared for Shinhan Financial Group Co., Ltd. in accordance with our contract.

Terms of engagement

LRQA was commissioned by Shinhan Financial Group Co., Ltd. (Shinhan Financial Group) to provide independent assurance on its GHG emissions inventory for the calendar year 2022 (here after referred to as “the report”) against the assurance criteria below to a reasonable level of assurance and materiality of 5% using the verification guidelines for GHG emissions trading system.

Our assurance engagement covered the domestic operations and activities of Shinhan Financial Group and its subsidiaries, and specifically the following requirements:

- Evaluating conformance with the guidelines for target management
- Evaluating the accuracy and reliability of data and information for direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2) in domestic sites. ¹⁾

LRQA’s responsibility is only to Shinhan Financial Group. LRQA disclaims any liability or responsibility to others. Shinhan Financial Group’s responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Shinhan Financial Group.

LRQA’s approach

LRQA’s assurance engagements are carried out in accordance with the verification guidelines for GHG emissions trading system. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Interviewing key people of the organization responsible for managing GHG emissions data and records;
- Reviewing processes related to the control of GHG emissions data and records;
- Reviewing whether GHG emissions have been calculated with parameters from recognized sources;
- Verifying whether GHG emissions controlled by Shinhan Financial Group and its subsidiaries among Shinhan Bank’s GHG emissions verified under GHG target management system were appropriately classified and transferred to Shinhan Financial Group and its subsidiaries;
- Verifying historical GHG emissions data and records back to source for the calendar year 2022; and
- Visiting Shinhan Financial Group’s head office and reviewed additional evidence made available by Shinhan Financial Group.

LRQA’s Opinion

Based on LRQA’s approach, we believe that the GHG emissions in the Report as summarized in Table 1 below are materially correct and that the Report has been prepared in conformance with the guidelines for target management.

¹⁾ This assurance engagement excludes verification of Scope 1 and 2 emissions of Shinhan Bank in accordance with our contract with Shinhan Financial Group. Shinhan Bank’s Scope 1 and Scope 2 emissions which were consolidated using an operational control approach for the same reporting period, have been verified by DNV Business Assurance Korea in accordance with the guidelines for target management under GHG target management system of Korea.

LRQA’s standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification engagement is the only work undertaken by LRQA for Shinhan Financial Group and as such does not compromise our independence or impartiality.

Dated: 13 July 2023

Chan-Sik, Yun

LRQA Lead Verifier

On behalf of LRQA

2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

LRQA reference: SEO00000861

Table 1. Summary of Shinhan Financial Group, GHG Emissions Inventory 2022

Company	Scope of GHG emissions (Tonnes CO ₂ e)		
	Direct GHG emissions	Indirect GHG emissions	Total
Shinhan Financial Group	246	255	501
Shinhan Bank	9,637	62,045	71,682
Shinhan Card Co., Ltd.	1,464	6,957	8,421
Shinhan Securities Co., Ltd.	544	5,056	5,600
Shinhan Life Insurance Co., Ltd.	1,828	8,776	10,604
Shinhan Capital Co., Ltd.	141	389	530
Shinhan Asset Management Co., Ltd.	123	233	356
Jeju Bank	233	895	1,128
Shinhan Savings Bank	150	192	342
Shinhan Asset Trust Co., Ltd.	94	89	183
Shinhan DS	62	112	174
Shinhan Fund Partners Co., Ltd.	73	116	189
Shinhan REITs Management Co., Ltd.	23	44	67
Shinhan AI Co., Ltd.	9	34	43
Shinhan Venture Investment Co., Ltd.	71	49	120
Shinhan EZ General Insurance, Ltd.	0	142	142
Total	14,698	85,384	100,082

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GHG Assurance Statement

This Assurance Statement has been prepared for Shinhan Financial Group Co., Ltd. in accordance with our contract.

Terms of engagement

LRQA was commissioned by Shinhan Financial Group Co., Ltd. to provide independent assurance on its GHG emissions inventory for the calendar year 2022 (here after referred to as “the report”) against the assurance criteria below to a limited level of assurance and materiality of professional judgement using LRQA’s verification procedure, which is in accordance with ISAE 3000 and ISAE 3410.

Our assurance engagement covered domestic operations and activities of Shinhan Financial Group Co., Ltd. and its subsidiaries¹⁾ (Shinhan Financial Group abbreviated), and specifically the following requirements:

- Evaluating conformance with World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, revised edition²⁾
- Evaluating conformance with Partnership for Carbon Accounting Financials (PCAF): The Global GHG Accounting and Reporting Standard Part A, second edition³⁾
- Evaluating the accuracy and reliability of data and information for other indirect GHG emissions (Scope 3) in domestic sites⁴⁾

LRQA’s responsibility is only to Shinhan Financial Group. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Shinhan Financial Group’s responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Shinhan Financial Group.

LRQA’s Opinion

Based on LRQA’s approach nothing has come to our attention that would cause us to believe that Shinhan Financial Group has not, in all material respects:

- Met the requirements above; and
- Disclosed accurate and reliable data and information as summarized in Table 1 below.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LRQA’s approach

LRQA’s assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

¹⁾ Shinhan Bank, Shinhan Card Co., Ltd., Shinhan Securities Co., Ltd., Shinhan Life Insurance Co., Ltd., Shinhan Capital Co., Ltd., Shinhan Asset Management Co., Ltd., Jeju Bank, Shinhan Savings Bank, Shinhan Asset Trust Co., Ltd., Shinhan DS, Shinhan Fund Partners Co., Ltd., Shinhan AI Co., Ltd., Shinhan Venture Investment Co., Ltd. and Shinhan EZ General Insurance, Ltd.

²⁾ <https://www.ghgprotocol.org>

³⁾ <https://www.carbonaccountingfinancials.com>

⁴⁾ This assurance engagement excludes verification of Scope 1 and Scope 2 emissions in accordance with our contract with Shinhan Financial Group Co., Ltd. Shinhan Financial Group’s Scope 1 and Scope 2 emissions for domestic operations and activities, which were consolidated using an operational control approach for the same reporting period, have been verified by LRQA in accordance with the guidelines for target management.

- Interviewing key people of the organization responsible for managing GHG emissions data and records;
- Reviewing processes related to the control of GHG emissions data and records;
- Reviewing whether GHG emissions have been calculated with parameters from recognized sources;
- Verifying historical GHG emissions data and records at an aggregated level for the calendar year 2022; and
- Visiting Shinhan Financial Group Co., Ltd.’s headquarters and reviewed additional evidence made available by Shinhan Financial Group.

LRQA’s standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is Shinhan Financial Group’s verification body for its GHG emissions. The verification assessment is the only work undertaken by LRQA for Shinhan Financial Group and as such does not compromise our independence or impartiality.

Dated: 18 July 2023

Byung-Gil Lim

LRQA Lead Verifier

On behalf of LRQA

2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

LRQA reference: SEO00000861

Table 1. Summary of Shinhan Financial Group, GHG Emissions Inventory 2022

Scope of GHG emissions	Tonnes CO ₂ e
Other Indirect GHG emissions (Scope 3)	
Purchased goods & services – printing paper, credit card, passbook, tap water and groundwater	1,429
Capital goods – laptop, desktop, monitor, printer and LED lighting	1,415
Fuel and energy related activities – natural gas, gasoline, diesel, kerosene, propane, butane, and imported electricity and heat	7,660
Upstream transportation and distribution – operation of cash transport vehicle	396
Waste generated in operations – treatment of waste generated from operations	599
Business travel – personal car, bus, train, domestic and international flight	313
Employee commuting – personal car, bus and subway	12,908
Use of sold products – use of mobile application and internet banking	2,994
End of life treatment of sold products – End of life treatment of credit card and passbook	240
Investments – Scope 1, Scope 2, and Scope 3 emissions from Shinhan Financial Group’s investments and loans, including listed equity and corporate bonds, business loans and unlisted equity, project finance, commercial real estate, mortgages, and motor vehicle loans.	54,942,604

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