

# HIGHLIGHT REPORT



# 2024 Shinhan's Sustainable Change Story

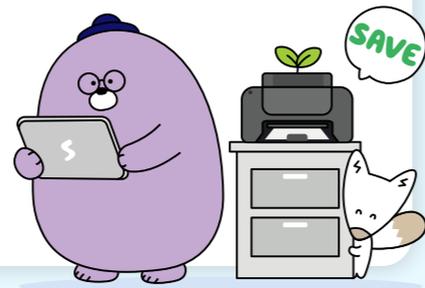
## Shinhan SDGs Story

In 2024, Shinhan Financial Group established its unique SDGs strategic framework based on the United Nations Sustainable Development Goals (UN SDGs). Under this framework, the Group redefined its sustainability approach with the 3Ps—Planet, People, and Prosperity—and set actionable goals in each area to realize a sustainable future through finance. Throughout 2024, the Group is sharing its Story of Sustainable Change, created in collaboration with various stakeholders.

### Planet



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- 3 Expanding Employee ESG Participation Culture



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- 5 Strengthening Financial Consumer Protection System
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- 8 Creating a Virtuous Cycle System for Win-Win Finance
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# Establishing Transition Finance Framework

Globally, rising greenhouse gas emissions and temperatures, along with the expansion of climate finance domestically, are increasing the demand for the financial sector to address environmental challenges. In response, Shinhan Financial Group has established a Transition Finance Framework to provide substantial funds to industries struggling to achieve Net Zero, aiming to bridge the gaps in eco-friendly investment.



## Background for Advancing the Transition Finance System

As the role of financial institutions in promoting corporate low-carbon transitions gains emphasis, the Financial Supervisory Service is set to reinforce the private finance sector's role by establishing 'Transition Finance Guidelines'. In line with this direction, Shinhan Financial Group has developed frameworks for green finance and transition finance. The group supports not only green finance initiatives, which invest in corporate eco-friendly activities, but also transition activities aimed at gradually improving environmental performance in carbon-intensive industries.



### The Need for Transition Finance

Transition finance is a key tool supporting the shift to a sustainable low-carbon economy by providing funds that enable high-carbon industries to gradually transition to eco-friendly structures. It is an essential financial strategy to achieve the Paris Agreement's goal of limiting global average temperature rise to below 1.5°C and carbon neutrality by 2050. This role is particularly vital in Korea, where the industrial structure is heavily weighted towards manufacturing and reliant on fossil energy. As such, transition finance is a pivotal element in Shinhan Financial Group's climate response strategy.

<p><b>Mitigating Carbon Lock-in</b></p>  <p>Providing funds to companies currently not meeting green standards to facilitate their transition to a low-carbon economy, thereby addressing gaps in green investment</p>	<p><b>Distributing Economic Transition Costs</b></p>  <p>Gradually dispersing the economic shocks, such as decline in industrial competitiveness and employment instability, that may arise from the rapid introduction of environmental regulations over an extended period</p>	<p><b>Providing industry-specific tailored support</b></p>  <p>Proposing practical carbon neutrality pathways by applying differentiated transition goals and support methods based on industry characteristics and technological maturity</p>
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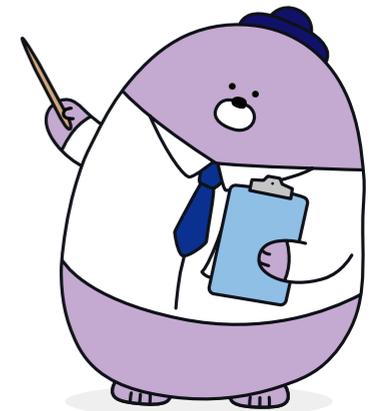
## Progress on Transition Finance

Shinhan Financial Group systematically manages transition finance outcomes and continuously monitors carbon intensity based on transition finance policies established on global guidelines. The Group also discloses detailed information on transition finance types and outcomes in its sustainability reports. In 2025, the Group developed its own transition finance framework, establishing targets and classification systems for transition finance.



### Analysis of Transition Targets and Future Directions

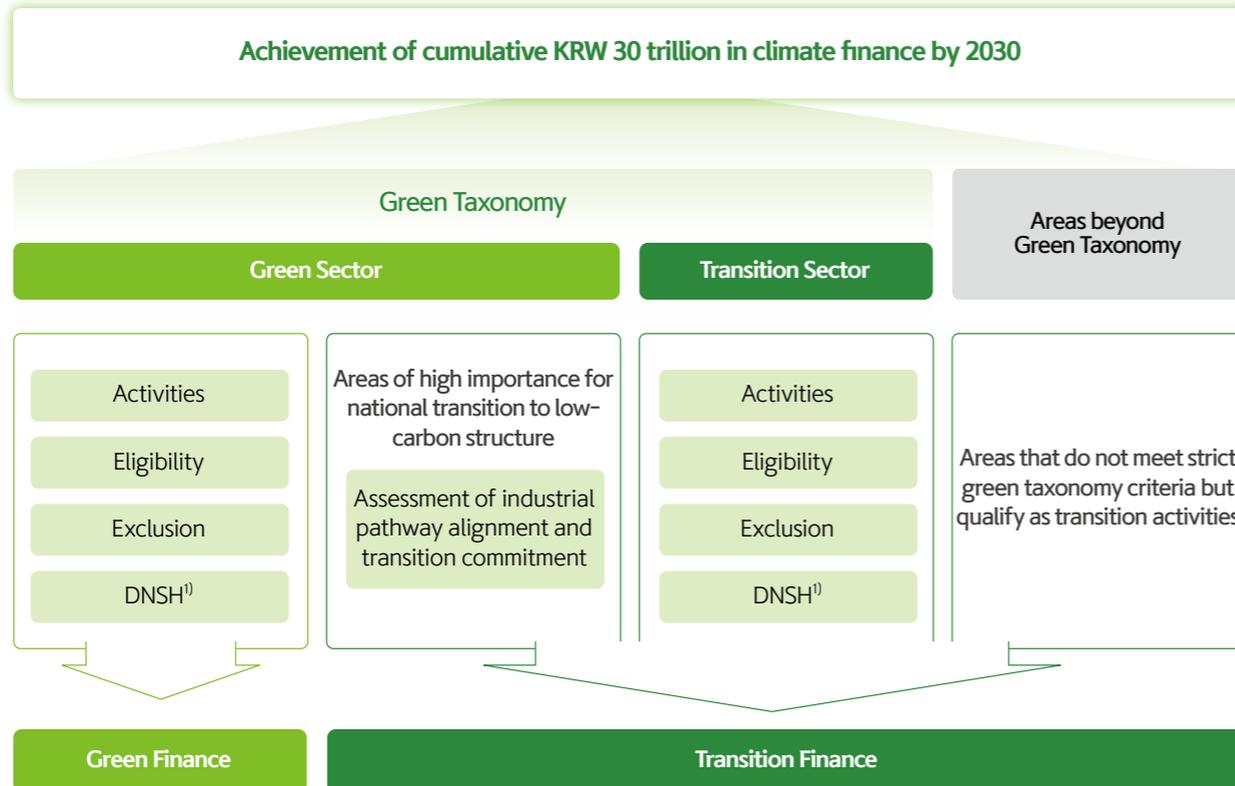
Shinhan Financial Group is establishing a long-term transition finance framework, with plans to enhance indicators through continuous monitoring of carbon emission reductions. Recognizing the need for ongoing management due to the long-term nature of transition finance outcomes, Shinhan Bank, which has already implemented a green classification system within its credit system, will lead initial pilot operations. This approach aims to identify areas for improvement and refine the framework. Following the pilot, each subsidiary intends to develop tailored transition finance systems for each subsidiary to strengthen financial support aligned with their respective environments.



## Establishing Transition Finance Framework

Shinhan Financial Group manages both 'green finance' and 'transition finance' by employing the Green Taxonomy standards that distinguish corporate economic activities into green and transition sectors. By providing clear criteria, the Group aims to minimize subjective interpretation in practice and prevent potential greenwashing. Additionally, the system is designed with a flexible framework that can acknowledge transition activities beyond those recognized by the Green Taxonomy, allowing for continuous refinement of the management structure in line with external trends and changes.

### Transition Finance Classification Process



1) DNSH : Do Not Significant Harm

### Definition and Management Principles of Transition Finance

#### Definition



Transition finance is a means of providing necessary funding for transitional activities to help high-carbon industries shift to lower carbon levels. By promoting greenhouse gas reductions during a sunset period, it aims to improve environmental performance while contributing to the group's carbon neutrality and portfolio transition efforts.

#### Management Principles

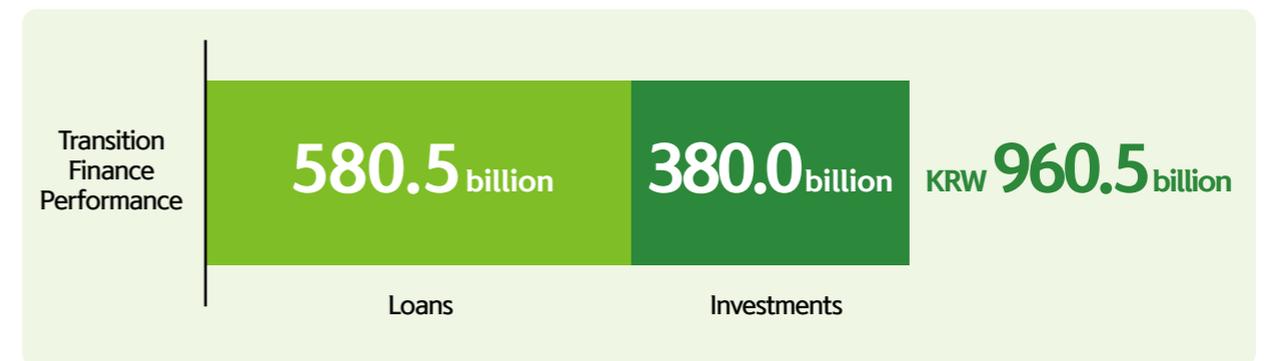


The principle is to carry out thorough analyses of companies that are supported by transition finance to prevent greenwashing, mitigate carbon lock-in effects through the expansion of climate finance, and contribute to the country's shift towards a low-carbon economic structure.



### Performance of Transition Finance

In 2024, Shinhan Financial Group provided a total KRW 960.5 billion in transition finance, consisting of KRW 580.5 billion in loans and KRW 380 billion in investments. While transition finance may impact financial emissions metrics in the short term, it is expected to contribute to the decarbonization of the real economy and strengthen the foundation for sustainable management in the medium to long term.



# Developing a Response System for Mandatory Climate Disclosures

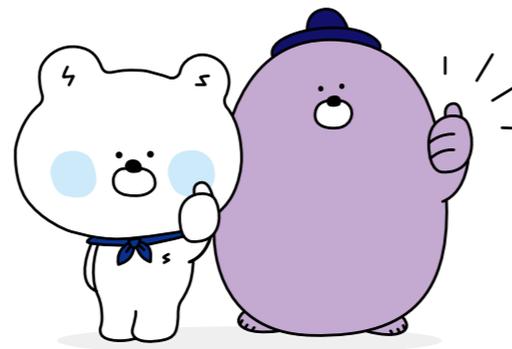
As regulations mandating enterprises worldwide to disclose greenhouse gas emissions and climate-related risks are strengthened, interest in climate disclosure is increasing. While the foundation for mandatory disclosure timing, targets, and items is being established, Shinhan Financial Group is proactively responding to the climate crisis by establishing its own roadmap for climate mandatory disclosure and strengthening climate governance to lead these efforts.

## Background of Climate Disclosure Response

Globally, as climate change intensifies, the importance of eco-friendly management by companies is increasingly highlighted, emphasizing the need for disclosing information related to climate change response. Global sustainability disclosure standards, including those from the International Sustainability Standards Board (ISSB<sup>1)</sup> and the U.S. Securities and Exchange Commission (SEC<sup>2)</sup>), have introduced draft climate disclosure standards. The disclosure of climate-related information has become essential, aiming for companies to clearly identify their climate risks and transparently communicate them to investors and stakeholders. Failure to comply may result in increased legal and financial risks and negative external evaluations. To proactively address mandatory climate disclosures, Shinhan Financial Group is developing a roadmap and establishing governance frameworks.

## Establishment of Climate Disclosure Response Roadmap

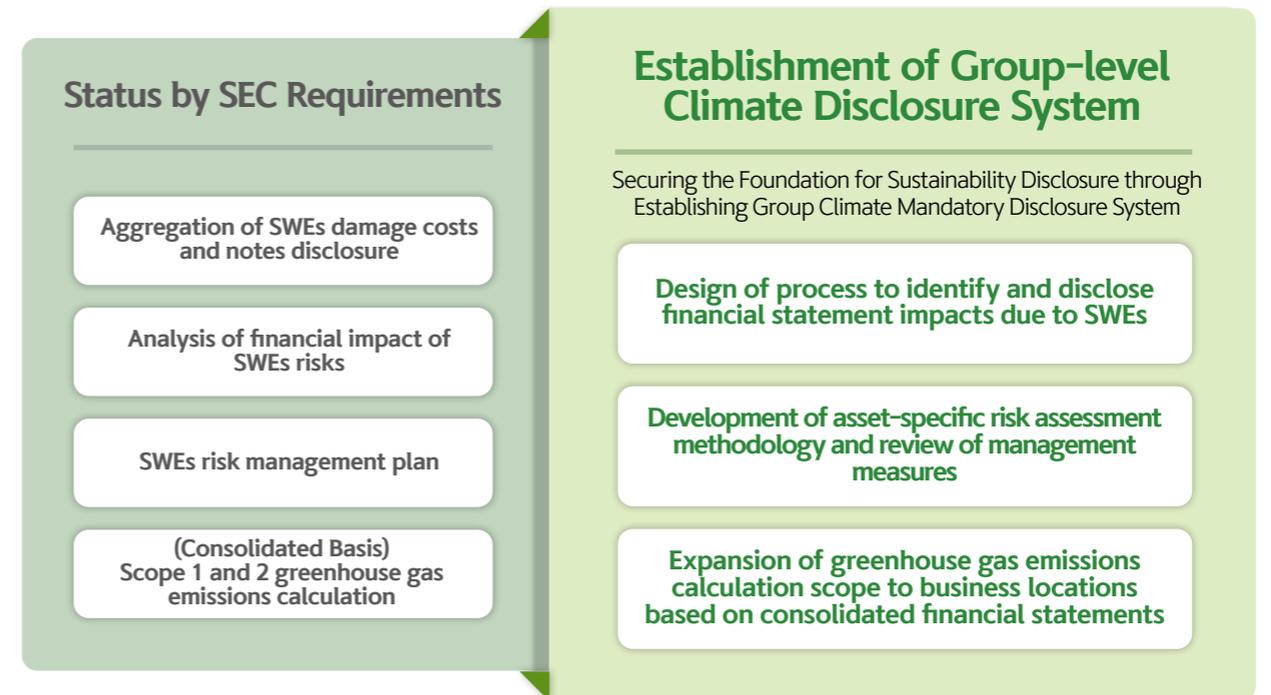
To address climate disclosure regulations, Shinhan Financial Group has independently established a roadmap for climate mandatory disclosure compliance. In 2024, during Phase 1, the Group analyzed the climate disclosure requirements of the U.S. Securities and Exchange Commission (SEC) and set up processes to assess the financial impacts of climate risks across subsidiaries. The Group plans to implement a phased approach that includes formalizing the disclosure process (Phase 2) and systematizing it (Phase 3). Additionally, the Group intends to align its disclosure organization and infrastructure with the implementation schedule of the Sustainability Standards Board of Korea Accounting Standards Board (KSSB<sup>3)</sup> and enhance ESG-related internal control measures accordingly.



1) International Sustainability Standards Board  
 2) U.S. Securities and Exchange Commission  
 3) Korea Sustainability Standards Board

## Establishment of Climate Mandatory Disclosure System

Shinhan Financial Group is systematically responding to meet the U.S. Securities and Exchange Commission (SEC)'s climate disclosure requirements. The core of the SEC's climate disclosure requirements is to identify the financial impact on financial assets and tangible assets caused by Serious Weather Events (SWEs)<sup>1)</sup> and to calculate greenhouse gas emissions on a consolidated financial statement basis. Through the Phase 1 project in 2024, the Group identified SEC requirements, addressed deficiencies, and established a group-wide disclosure system.



1) SWEs (Serious Weather Events and other conditions): Severe weather anomalies and other natural conditions

## Financial Impact Assessment of Climate Risk

### Tangible Assets

Shinhan Financial Group assessed the financial effects of Significant Weather Events (SWEs) on tangible assets for 14 subsidiaries by the end of 2024. The evaluation involved identifying and quantifying impacts on tangible assets, investment properties, and leased assets. Due to typhoon damage, capital expenditures amounted to KRW 185 million, with KRW 202 million spent on maintenance and repair. Furthermore, heavy rainfall led to recognition of KRW 90 million in impairment losses on tangible assets.

### Financial Impact Assessment of Climate Risk on Tangible Assets

(Unit: KRW million)

Weather Events	Details	Category	Amount
Typhoon	Typhoon Yagi <sup>2)</sup>	Capitalization	185
		Expense	202
Heavy Rainfall and Monsoon	Heavy Rainfall in Central Region	Expense	90
<b>Total</b>			<b>477</b>

1) Climate-related natural phenomena defined by the U.S. Securities and Exchange Commission (SEC), including hurricanes, tornadoes, floods, droughts, wildfires, extreme temperatures, and sea level rise.

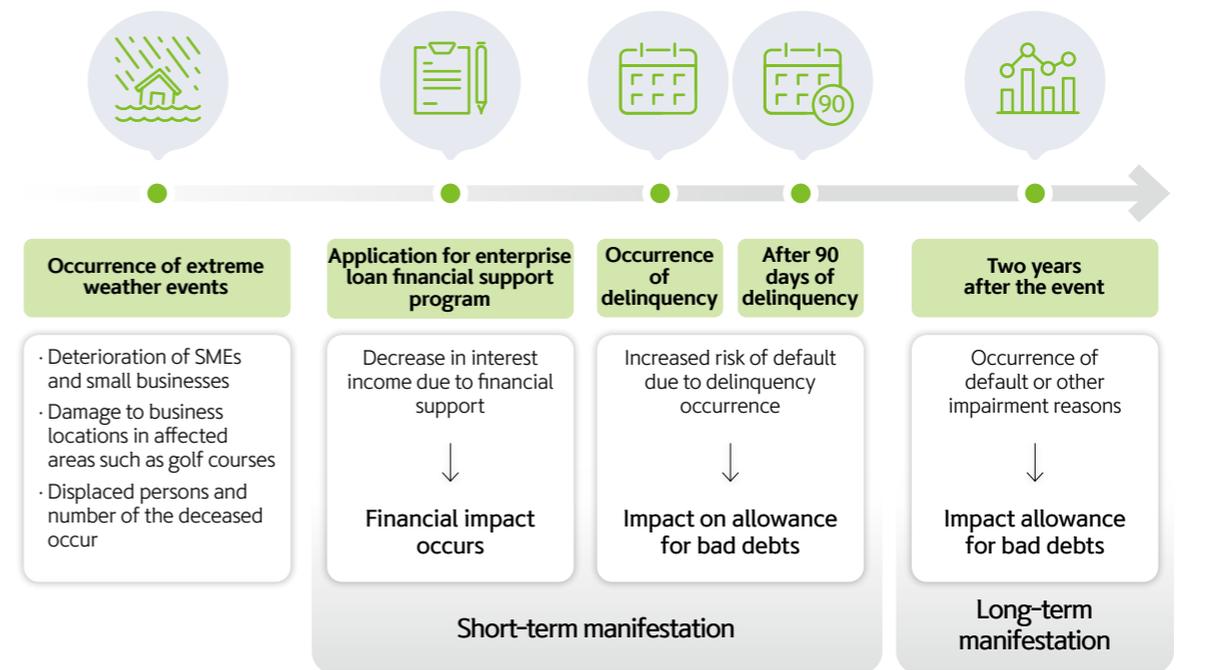
2) Economic losses caused by Typhoon Yagi No. 11, which occurred between September 1 and 8, 2024, in Vietnam amounted to 40 trillion VND (approximately USD 1.62166 billion), with human casualties totaling 298 deaths, 35 missing persons, and 1,932 injured.

### Financial Assets

Shinhan Financial Group is also assessing the impact of Significant Weather Events (SWEs) on financial assets across 14 subsidiaries as of the end of 2024. This involves identifying changes in allowance for bad debts of loan impairments of securities, and the valuation and gains or losses from the disposal of financial assets. This assessment helps determine the financial statement impact of severe weather events on each subsidiary, similar to that on tangible assets. In 2024, the total financial impact of physical climate risks on financial assets was calculated to be KRW 77 million, primarily from provisions for loan impairments.

### CASE of Financial Impact Due to Severe Weather Events

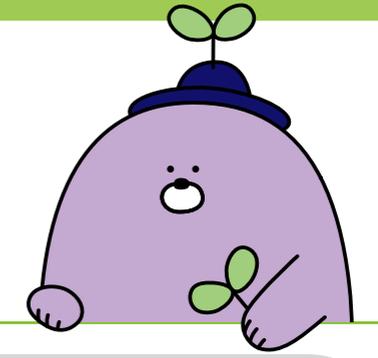
Since severe weather events can have direct and indirect financial impacts, Shinhan Financial Group accumulates and continuously manages data to measure these financial effects.



# Expanding Employee ESG Participation Culture



Shinhan Financial Group is fostering a corporate culture that realizes social value through the voluntary participation and leadership of its employees. By developing the Shinhan 'Green Index' and implementing the 'Let's Save' campaign, the Group encourages employees to take the initiative in addressing environmental and social issues while offering continuous opportunities for volunteering. With the active participation and sense of responsibility of its employees, the Group is striving to create a sustainable future.

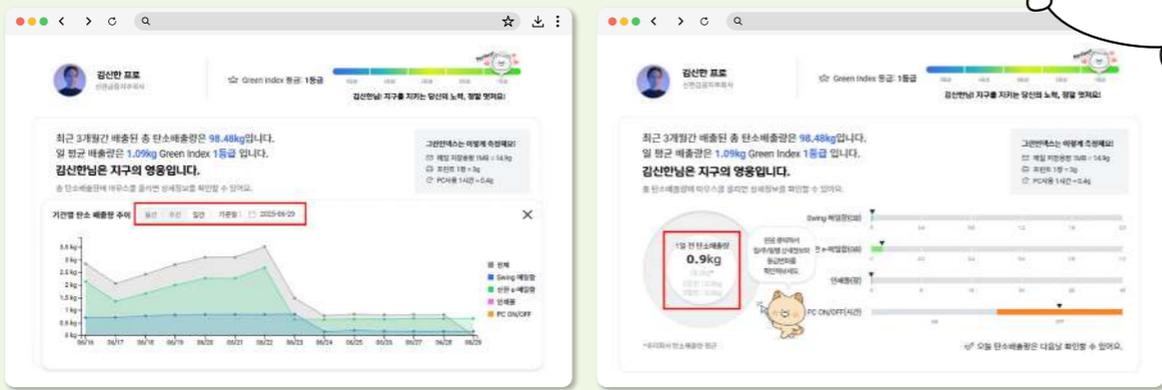


## Creating the Green Index for Implementing Carbon Neutrality Practices

In 2024, Shinhan Financial Group introduced the 'Shinhan Green Index' to cultivate a culture where employees are at the forefront of carbon neutrality efforts. The Green Index serves as a tool to emphasize that ESG is a collective responsibility rather than an individual one, aiming for organizational members to experience change and integrate ESG as a genuine cultural element. By extending the Shinhan SOL Pay Green Index service from Shinhan Card to all group employees, the initiative enables the measurement of carbon emissions not only from individual consumer activities but also from employee work activities. Through the Green Index, the group seeks to quantify the impact of daily work on carbon emissions and establish a culture of voluntary reduction efforts.

### Green Index Platform Screen

- Daily measurement of carbon emissions generated from routine tasks such as email usage, printing volume, PC on/off status, with the ability to monitor daily/weekly/monthly trends
- Provision of Green Index grades (1 to 5) per employee to encourage participation in carbon emission reduction and raise awareness



## Current Status of Green Index Promotion

Through the implementation of the Shinhan Green Index, Shinhan Financial Group categorizes the carbon footprints of individual employees into grades ranging from 1 to 5, encouraging practical efforts for carbon reduction. This system measures factors such as email server data usage and A4 paper output to assign grades, and allows employees to easily check their grade via internal messaging and personal profiles. Since introducing the Green Index, the group has achieved reductions in data and paper usage, driven by the voluntary participation and responsible action of its employees. Management views internal carbon emission reduction as a key priority, promoting an action-oriented approach to ensure the establishment of a sustainable culture throughout the organization.



## Key Achievements of the Green Index (As of the end of December 2024)

Number of Participating Employees

**19,508** Employees

Rate of Agreement for Green Index Practice Pledge

**85.9%**

**Green Index**

환경을 생각하는 전환의 시작  
신한 그린인덱스

우리 미래부담은 환경도 생각하여 앞세워요.  
환경의 가치를 생각하며 효율적으로 일하는 문화,  
환경 지킴이 신함이 등장합니다.

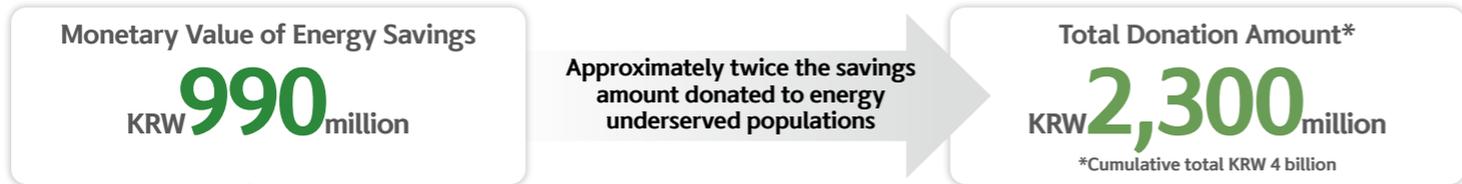
19,508

## 'Let's Save' Campaign

Since 2023, Shinhan Financial Group has been implementing the 'Let's Save' campaign involving all employees to conserve energy and resources. The saved energy and resource usage is converted into monetary value, and twice that amount is donated to energy vulnerable groups. To encourage active employee participation, three energy reduction activities linked to the campaign's themes—'Turn Off', 'Walk', and 'Use Less'—were promoted. Additionally, reductions in electricity, gasoline, A4 paper, disposable water/beverage bottles, and voluntary reduction items reflecting each subsidiary characteristics are measured. The doubled amount of savings is donated to energy vulnerable groups such as children-headed households and elderly living alone, while outstanding employees are rewarded to foster a culture of 'Leading by Example'

<p><b>Shinhan 'Turn Off' Campaign</b></p> <p>Lights-off campaign raising awareness on the importance of climate change response</p> 	<p><b>Shinhan 'Walk' Campaign</b></p> <p>Campaign encouraging public transportation use to reduce carbon emissions</p> 	<p><b>Shinhan 'Use Less' Campaign</b></p> <p>Campaign reducing plastic usage to promote eco-friendly practices</p> 	 <p>Shinhan Financial Group #SaveCampaign #UseLessPlastic #ReducingPlastic #PleaseJoinUsingTumblersInsteadOfDisposableCups</p>
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### 2024 'Let's Save' Campaign Achievements

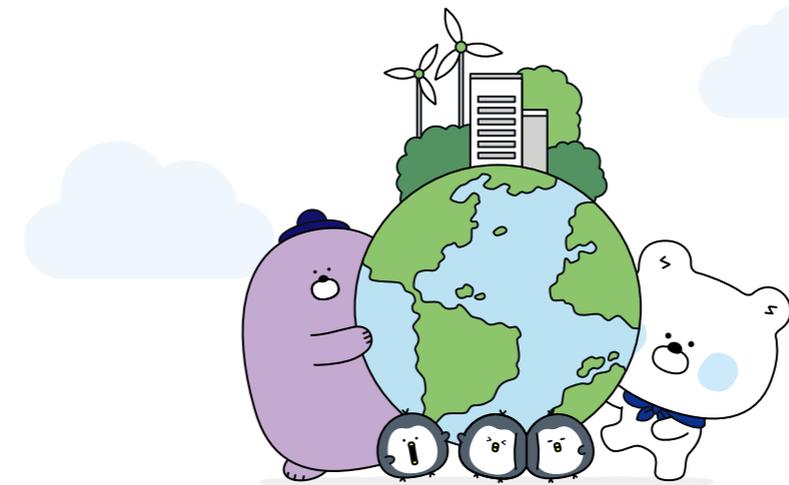


<p>Electricity usage reduction</p> <p><b>2,626 Mwh</b></p>	<p>Gasoline reduction</p> <p><b>103,782 liters</b></p>	<p>A4 paper reduction</p> <p><b>3,528 boxes</b></p>	<p>Disposable water and beverage reduction</p> <p>Approximately <b>KRW 112 million</b></p>
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## Earth Sincerity WEEK Program

Through an energy and resource-saving campaign that involves all employees, Shinhan Financial Group is continuously striving for significant reductions. As part of the 'Let's Save' campaign, the group held 'Earth Week', engaging all employees in various activities during the week of Earth Day. These activities included 'Let's Save Day' for promoting public transport use and energy conservation, the 'Earth Day Lights-off Event' for temporarily turning off building lights, and 'Resource Recycling Day' for recycling unused office appliances. These initiatives are part of the group's efforts to actively engage in climate action.

<p><b>'Let's Save' DAY</b></p> <ul style="list-style-type: none"> <li>Daily practices to reduce gasoline, electricity, and paper usage (e.g, using public transportation)</li> </ul>	<p><b>Earth Day Lights-off Event</b></p> <ul style="list-style-type: none"> <li>Subsidiaries' main buildings collectively turn off lights</li> <li>All electronic devices turned off when leaving work</li> </ul>	<p><b>Resource Circulation DAY</b></p> <ul style="list-style-type: none"> <li>Donation and recycling of unused electronic devices from offices/homes</li> </ul>
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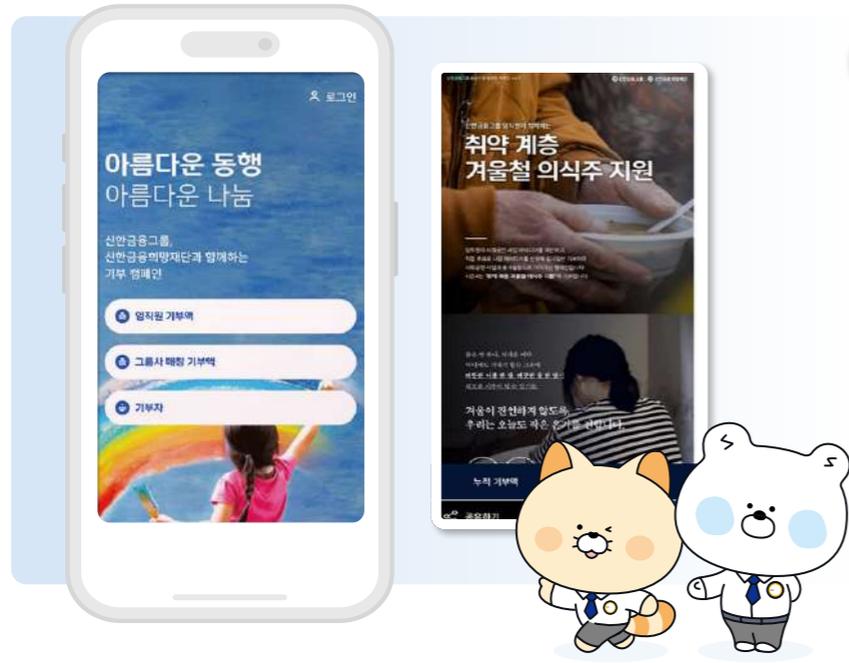
# Fostering a Sustainable, Employee-Engaged Giving Culture



Shinhan Financial Group is fostering a sustainable donation culture driven by the voluntary participation of employees. Through the 'Leading by Example Relay', the Group has created an innovative donation process that transitions from employee idea proposals to donations and volunteering. By establishing an integrated group donation platform, donations are managed with honesty and transparency. The Group aims to fulfill its corporate social responsibility and provide tangible support to local communities and vulnerable populations through this sustainable donation culture.

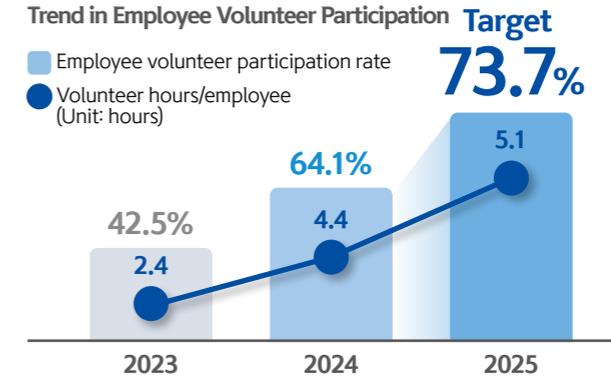
## Integrated Group-wide Donation Platform

Shinhan Financial Group operates the 'Leading by Example Relay' through Shinhan Financial Group Hope Foundation's integrated group donation platform. This platform manages the donation processes and data internally, eliminating fees associated with external platforms, allowing 100% of the donations to be utilized directly. Additionally, it offers the advantage of effectively integrating social contribution projects through independent initiatives or partnerships with NGOs that possess expertise in specific areas. The platform provides real-time tracking of donation status for both donors and administrators, enhancing the transparency of the donation process. Ongoing improvements to the interface aim to further support and encourage employee participation in donation activities.



## 'Leading by Example Relay' Campaign

Shinhan Financial Group's 'Leading by Example Relay' campaign, initiated by the CEO, aims to spread a culture of giving and volunteering founded on employee engagement. This participatory donation platform involves 'Idea Proposal - Donation - Volunteering', empowering employees to suggest solutions for social issues and actively engage in donation and volunteer activities. In 2024, the campaign was held four times, amassing KRW 700 million through employee contributions and company matching funds, directed towards aiding vulnerable subsidiaries in underserved areas. Additionally, employee participation in volunteering increased by 1.5 times, and volunteer hours per person rose by 1.8 times year-on-year, exceeding industry averages.



## Leading by Example Relay Implementation Framework

Phase	Support for Energy Vulnerable Groups	Support for Vulnerable Households with Multiple Children or Newborns	Support for Children at Risk of Food Insecurity During Vacations	Winter Support for Vulnerable Groups' Basic Needs
November 2023 ~ January 2024	February 2024 ~ April 2024	May 2024 ~ July 2024	November 2024 ~ February 2025	
Providing Coal Briquettes and Heating Cost Support for Energy-Vulnerable Groups	Improving Housing Environment for Multi-Child Families	Supporting for children at risk of food insecurity during vacations	Supporting for winter heating equipment for vulnerable groups	
Delivering Coal Briquettes and Winter Supplies to Energy-Vulnerable Households in Gaemi Village	Supporting meal and leisure for children at risk of food insecurity during school vacations.	Visiting Gajaeul District Children's Center to prepare and deliver meal kits and educational play kits.	Improving housing conditions in Yeongdeungpo slum by installing heating wallpaper and flooring, and delivering supplies.	
Employee and Group Donation Amount Raised	Employee and Group Donation Amount Raised	Employee and Group Donation Amount Raised	Employee and Group Donation Amount Raised	
<b>KRW 200 million</b>	<b>KRW 150 million</b>	<b>KRW 150 million</b>	<b>KRW 2 million</b>	
Energy Vulnerable: <b>400 households</b>	Briquettes: <b>3.5 pieces</b>	Children Supported for Food Insecurity: <b>465 children</b>		

# Strengthening Financial Consumer Protection System

Under the mission of 'Finance Can Help Make the World a Better Place', Shinhan Financial Group implements consumer protection not merely as a brand promise but through tangible actions and systems. In 2024, the financial consumer protection system has been further strengthened to practice 'consumer protection' continuously and systematically beyond customer-centric management.

## Establishment of Financial Consumer Protection Organization

Shinhan Financial Group established the 'Group Consumer Protection Division,' the first of its kind among financial holding companies, to enhance integrated monitoring and systematic consumer protection strategies. Efforts are made to reduce gaps in consumer protection capabilities among subsidiaries, with the holding company taking the lead to swiftly communicate issues, system operations, and improvements with subsidiaries. Real-time communication is facilitated through subsidiary-specific meetings and the Group Consumer Protection Committee, serving as consultative bodies for protecting customer assets and improving operations. The division also discovers excellent consumer protection systems and content to share with subsidiaries, generating synergy through collaborative support in operation.

### Strengthening Consumer Protection Capabilities of Small- and Medium-Sized subsidiaries

By leveraging the consumer protection operations and communication framework within the group, Shinhan Financial Group effectively supports its smaller subsidiaries with relatively weaker consumer protection foundations, thereby bridging capability gaps. A notable example of enhancing consumer protection through group collaboration is the provision of free financial safety insurance from Shinhan EZ General Insurance via Shinhan Card's Super SOL platform.



### Operation of Group Consumer Protection Research Association

To lead in financial consumer protection, Shinhan Financial Group has established the 'Financial Consumer Protection Research Institute.' This initiative involves selecting consumer protection researchers from each of its 10 subsidiaries to build a robust framework for internal and external activities, following the Act on the Protection of Financial Consumers. Through this institute, the group conducts studies on consumer protection regulatory frameworks, benchmarks best practices from leading companies, and explores group collaboration models, all aimed at strengthening financial consumer protection.

### Superior Consumer Protection Conference

Shinhan Financial Group explored the future direction of financial consumer protection at the '2024 Shinhan Financial Group Superior Consumer Protection Conference.' Attendees included consumer protection staff, executives, and CEOs from subsidiaries who discussed the significance of consumer protection based on customer-centric values. The event featured presentations on 'outstanding cases of institutional improvements' where customer feedback led to actual service enhancements. It also recognized customer representatives with appreciation plaques for proposing excellent improvements. Furthermore, the conference reinforced the importance of consumer protection through a keynote lecture and panel discussions on 'customer value management and financial consumer protection.'



“Serving as a member of Customer Advisory Committee has deepened my trust in Shinhan. I ask that you continue to grow together with customers and strive to enhance customers' happiness and our society's well-being.”

Member of Consumer Committee  
Customer Advisory at bank



### Shinhan Bank Selected as an Excellent Consumer Protection Company for Four Consecutive Years

Shinhan Bank was selected as an outstanding consumer protection company for four consecutive years in 'the survey of 2024 Korean Consumer Protection Index' conducted by Korea Management Association Consulting. This recognition reflects continuous efforts and various protective activities prioritizing consumer protection and compliance with the Act on the Protection of Financial Consumers.



In 2024, Shinhan Financial Group is expanding AI and big data-driven personalized services to make financial services more easily and conveniently accessible to customers through digital innovation. By enhancing its digital platform, the group is strengthening non-face-to-face transaction environments and creating convenient access to financial services anytime, anywhere in customers' daily lives, thereby continuing its customer-centric innovation efforts.

## Enhancing Customer Convenience Based on AI

### Shinhan Financial Group Integrated AI Contact Center 'AICC'

Shinhan Bank has expanded its AI consultation services through the Shinhan Financial Group Integrated AI Contact Center (AICC) platform. The AICC is an intelligent system that uses AI voice bots and chatbots to understand and respond to customer inquiries. The recent upgrade extends to critical areas such as currency exchange, subscription services, and loan information, significantly improving the convenience and efficiency of consultations, with expectations of a higher completion rate.

### AI-based 'Similar Business Enterprises' and 'Overseas Stock News Provision'

Shinhan Securities has launched 'Overseas Listed Company Recommendations' and 'Overseas Stock News Translation and Summarization' services on Shinhan SOL Securities MTS using AI algorithms. The recommendation service analyzes U.S. stocks similar to domestic companies to help investors find overseas alternatives, while the news service uses AI to translate and summarize Reuters articles for quick access to global information.

### Introduction of AI Sentiment Analysis System

Shinhan Bank has implemented a system within its AI voice bot consultations to analyze customer emotions in real-time. Utilizing deep learning, the system assesses customers' tone and manner of speech to connect them with appropriate services. If anxious reactions are detected during consultations, the system immediately routes calls to the specialized anti-fraud customer service center to address potential voice phishing and financial scams.



## Improving Work Productivity Using AI

2024  
March

### No-code AI Platform 'AI Studio'

Shinhan Bank has expanded the deployment of 'AI Studio,' a no-code AI platform, across all branches, enabling employees to analyze customer data and recommend tailored products using prediction models without requiring AI or coding expertise. This platform predicts demand for products like personalized IRPs, automatically identifying potential customers to enhance the precision of personalized marketing. Pilot operations have demonstrated high prediction accuracy, and the bank plans to further increase the use of AI.

2024  
June

### Support Platform for Sales 'SMARTI (SMART+AI)'

Shinhan Life has introduced the support service for sales 'SMARTI (SMART+AI)' applying generative AI to enhance sales agents' expertise and efficiency. Based on customer surveys, Smart identifies individual risk factors and management plans, analyzes coverage status, recommends optimal products, and designs plans. Through this, agents can provide more refined, lifecycle-based customized services to customers.

2024  
July

### AI-based Service ChatPro (chatPro)

Shinhan Securities has introduced the generative AI-based service 'ChatPro' to improve internal work efficiency and information accessibility. ChatPro quickly searches and organizes necessary manuals and materials for employees and provides translation functions for global business responses. Notably, it is built on an internally dedicated infrastructure isolated from external networks, ensuring security. Automation functions such as advertisement review and IB work assistance will be gradually expanded, aiming to simultaneously enhance work productivity and digital capabilities.

2024  
September

### Work Assistant Platform 'AI ONE'

Shinhan Bank has introduced the work assistant platform 'AI ONE', which integrates various AI services to improve employee work efficiency. Born from the reorganization of AI Molly, AI ONE supports a voice recognition-based mobile environment and automates over 60 tasks such as market indicator checks, document dispatch, and schedule management. This enables employees to save more than 30 minutes of work time daily on average, with plans to expand automation coverage to 50% of all tasks in the future.

# Establishing Customer Asset Risk Management System



Shinhan Financial Group has established a Customer Asset Risk Management System with the goal of managing the entire customer asset management process at a level exceeding proprietary assets. Through this system, risks are managed more systematically and transparently. By integrating the customer asset management system into the investment product sales process from product selection to follow-up management, we provide new customer-centric financial solutions.

## Establishment of Group Customer Asset Risk Management System

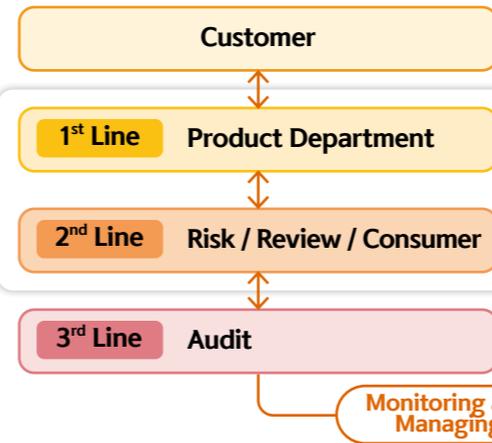
### Background for Introducing Group Customer Asset Risk Management

Amidst rising financial market volatility, such as the recent decline in global real estate values and stock market slumps, Shinhan Financial Group has recognized the increased risk of client asset losses. To fulfill both financial performance and social responsibilities like protecting financial consumers, a client asset risk management framework has been established. To this end, ongoing analyses of client assets are being conducted across major subsidiaries. Shinhan Bank has strengthened governance for a new risk management structure by creating the 'Client Asset Risk Team' under its Risk Management Group, while Shinhan Securities has established the 'Client Risk Management Division.'

### Three Lines of Defense for Customer Asset Management

To manage client asset risks systematically and transparently, Shinhan Financial Group has implemented a Three Lines management framework in the investment product sales process, from product selection to follow-up management. This framework clarifies the roles of departments responsible for review, audit, and follow-up management of client assets, facilitating the reorganization into a customer-centric sales structure as a new financial solution. Additionally, the group has defined 'client asset risk' within its risk management regulations and codified details in subsidiary rules. As a result, issues such as regular client asset monitoring results, dashboards, and limit management are being regularly reported to the management and the Risk Management Committee.

### Three Lines of Defense Management System

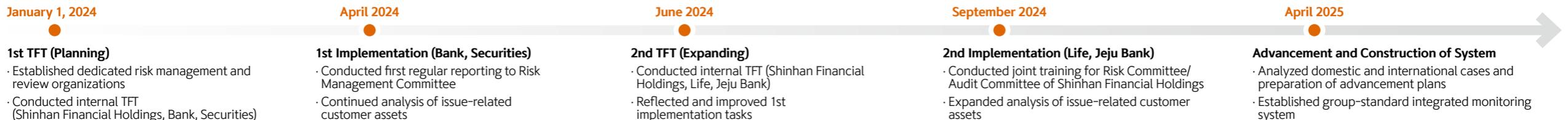


### Integrated Management System

<b>Governance</b>	Implementing Three Lines of Defense Management System across all processes
<b>Product Review</b>	Establishing review organization and strengthened pre-launch review
<b>Risk Management</b>	Strengthening controls on asset concentration and risk exposure limits
<b>Follow-up Management</b>	Advancing Product Supervision System
<b>Consumer Protection</b>	Strengthening Consumer Protection System

## Progress of Risk Management System Implementation

In January 2024, Shinhan Financial Group established a dedicated risk management and review organization, operating an internal task force (TFT) to strengthen the risk management framework across its subsidiaries. Following the initial TFT, Shinhan Bank and Shinhan Securities commenced regular reporting to the Risk Management Committee for the first time, and the TFT was expanded to include Shinhan Life and Jeju Bank. This expansion allowed for the evaluation and improvement of initial tasks, thereby solidifying an enterprise-wide risk management structure. Leveraging the group's case studies, an advanced plan is being devised to build an integrated monitoring system, creating a closely knit management framework.



# Creating a Virtuous Cycle System for Win-Win Finance

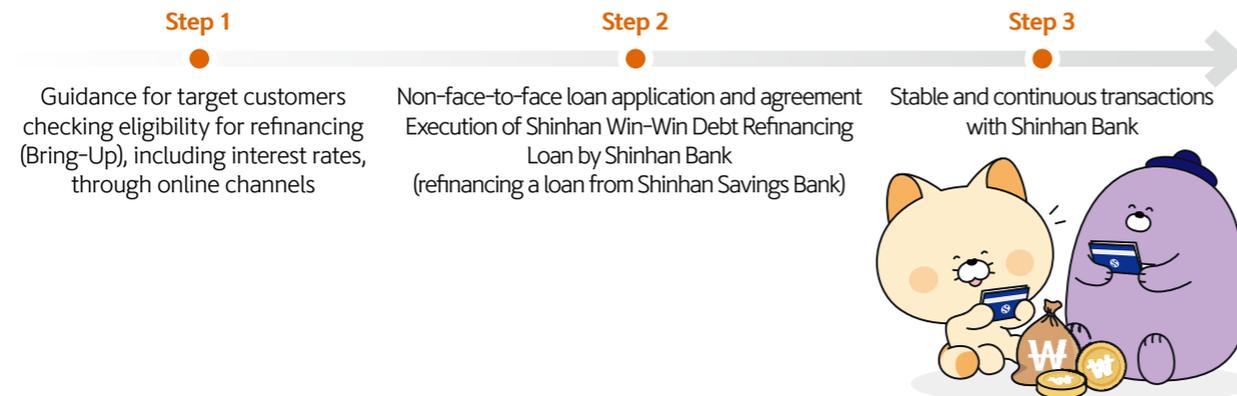
In response to changing economic conditions both domestically and internationally, the role of finance in fostering cooperation and providing support for various stakeholders is expanding. Shinhan Financial Group is facilitating financial accessibility and credit rehabilitation for vulnerable communities through linked financing between Shinhan Bank and Shinhan Savings Bank. Through the 'Bring-Up & Value-Up' project, the group is establishing a tailored financial support system aligned with customer journeys, thereby realizing tangible, Win-Win finance.

## Shinhan Bring-Up & Value-Up Project

Shinhan Financial Group has launched the Shinhan Bring-Up & Value-Up Project in 2024 to fulfill its mission to 'A better world through finance,' aiming for customer cooperation through financial services. As the project's first initiative, the savings bank supports diligent transactions and credit management via credit management services. Customers meeting specific criteria, such as consistently using credit loans over a certain period, are offered the 'Shinhan Win-Win Debt Refinancing Loan,' a low-interest loan exclusive to Shinhan Bank, helping reduce financial costs and improve credit scores. Customers can conveniently check loan exchange eligibility online without visiting branches and complete the exchange process through electronic agreements. The savings bank works continually to identify and inform suitable customers, encouraging stable credit transactions while offering debt adjustment and public support programs to credit-vulnerable individuals for ongoing credit maintenance and improvement. Moreover, the bank has launched the dedicated medium-interest credit loan 'Shinhan Win-Win Debt Refinancing Loan,' focusing on continuous enhancements and expanding the customer base.

This service exemplifies financial institutions proactively encouraging loan exchanges with lower-interest products, granting immediate benefits from the reduced financial costs to customers, earning recognition as a model of inclusive finance. The Group plans to extend the scope of participating financial institutions and products in the future.

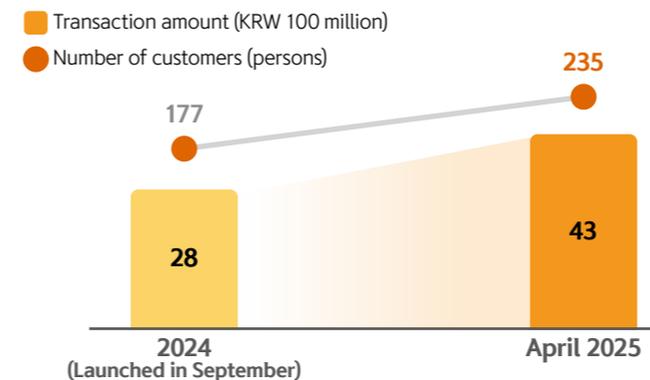
### 'Shinhan Win-Win Debt Refinancing Loan' Service Procedure



## Virtuous Cycle Structure between Bank ↔ Savings Bank



### Performance of Bring-Up (Shinhan Win-Win Debt Refinancing Loan)



**Estimated customer interest savings of KRW 650 million**

**Average interest rate reduction of 4.57 percentage points**

# Introducing an Industry-First Responsibility Map in Finance

The financial authorities amended the Act on Corporate Governance to strengthen internal control management across the domestic financial industry, preparing a pilot operation plan and operational guidelines for the Responsibility Map. Amid rapid changes in the financial industry, all subsidiaries within Shinhan Financial Group have proactively established the Responsibility Map and operational plans to maintain customer trust and prevent financial accidents in advance, thereby redefining their internal control systems. Notably, Shinhan Bank became the first in the financial sector to submit the Responsibility Map to the financial authorities and commence pilot operations, further enhancing its internal control and risk management systems.

## Introduction of the First Responsibility Map in the Financial Industry

The Responsibility Map clarifies who is responsible for each task within a financial company and defines not only obligations but also actual operational methods (what, how). It outlines internal control responsibilities for the Board of Directors, CEO, executives, and others. Financial authorities amended the Financial Company Governance Act to strengthen internal controls and clarify executive responsibilities for risk management and internal control. Submission timing varies based on each company's characteristics and size. Shinhan Financial Group proactively responded by introducing the Responsibility Map early across all subsidiaries to enhance operational transparency. Even non-bank affiliates without submission obligations or with later deadlines have adopted it and established operational plans. Major subsidiaries have set up Internal Control Committees within their Boards of Directors and an Internal Control Operations Committee under each CEO, forming new internal control consultative bodies.

**Key contents of Shinhan Financial Responsibility Map**

**Defining responsibility**  
| Systematic distribution of responsibilities and roles among executives, including the CEO

**Concrete operational guidelines**  
| Implementing a system to fulfill internal control obligations and monitoring through tangible and specific operational practices

**Handling internal control deficiencies**  
| Creating plans for improvement and taking appropriate action for gaps identified during inspections

## Status of Responsibility Map introduction

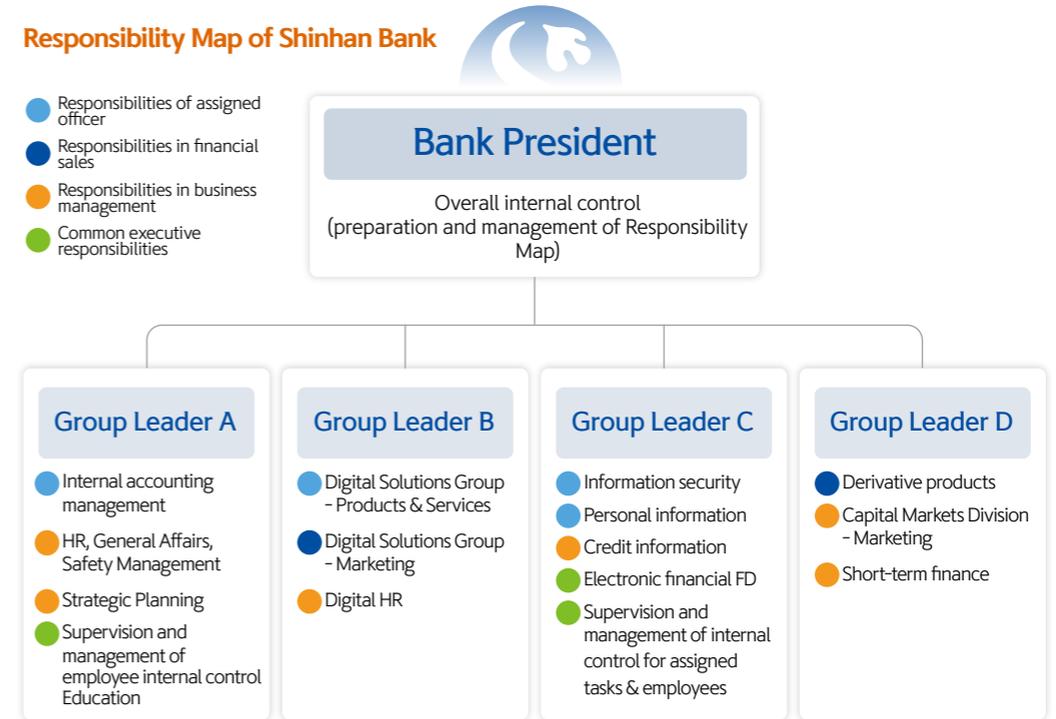
	Establishment of Responsibility Chart	Participation in pilot operation	Submission deadline
Shinhan Financial Group	 <b>Overall subsidiary responsibility structure and establishment of operation plan completed</b>	October 28, 2024	December 27, 2024
Shinhan Bank		September 23, 2024	December 30, 2024
Shinhan Card		-	-
Shinhan Securities		March 27, 2025	-
Shinhan Life		March 25, 2025	-
Shinhan Capital		-	-
Shinhan Asset Management		April 2, 2025	-
Jeju Bank		-	December 31, 2024



## Defining Roles in Internal Control

Shinhan Bank was the first among domestic commercial banks to introduce the Responsibility Map, clarifying executives' areas of responsibility and strengthening internal controls. To support this, it has prepared an internal control operations manual and established inspection, reporting, and approval systems to lead efforts in preventing financial accidents.

### Responsibility Map of Shinhan Bank



\*This structure map is for reference only and may differ from actual conditions.

※ Shinhan DS, Shinhan Fund Partners, Shinhan REITs Management, and Shinhan Venture Investment are not subject to submission obligations; however, they have established systems equivalent to the Responsibility Map.  
 ※ The submission deadline for Shinhan Savings Bank, Shinhan Asset Trust, and Shinhan EZ General Insurance is July 2, 2026.

## Introduction of Implementation Management System for Responsibility Map

In January 2025, Shinhan Financial Group implemented a duty compliance management system to monitor the fulfillment of internal control measures based on each executive's responsibilities. This system also provides management functions for addressing and improving areas that require correction or enhancement.

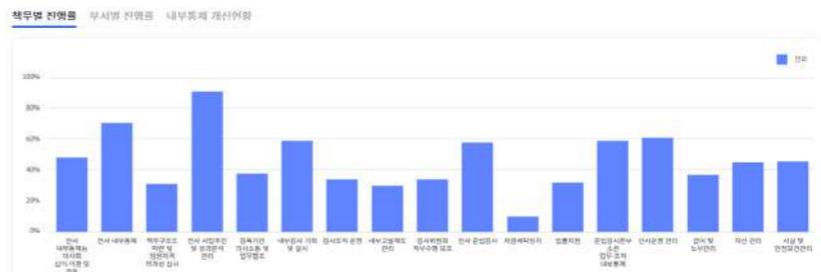
### Responsibility Implementation Management System

	Department Head	Executive	CEO	Board of Directors
Subsidiaries	<ul style="list-style-type: none"> <li>Allocating internal control items within departments/Inspection of internal control activities by item</li> <li>Reporting to executives regarding internal control implementation inspections</li> </ul>	<ul style="list-style-type: none"> <li>Reviewing and approving of internal control inspection results for relevant tasks/organizations</li> <li>Monitoring of improvement plans and status</li> <li>Reporting to CEO on implementation of internal control management measures</li> </ul>	<ul style="list-style-type: none"> <li>Checking appropriateness of executives' performance of internal control management measures</li> <li>Reporting to Board of Directors on overall internal control management measure implementation</li> </ul>	<ul style="list-style-type: none"> <li>Supervising CEO's fulfillment of overall management obligations including internal control</li> </ul>
Shinhan Financial Holdings' Responsibility Implementation Management System	<ul style="list-style-type: none"> <li>Department Head Internal Control</li> <li>Task inspection management of inspection evidence (attachments)</li> <li>Improving plans and implementing details</li> </ul>	<ul style="list-style-type: none"> <li>Internal Control Management measure by executive</li> <li>Inspecting opinions related to responsibility implementation inspections</li> <li>Improving plans and implementing details</li> </ul>	<ul style="list-style-type: none"> <li>Executives' Responsibility Map</li> <li>Dashboard (Status of inspections and improvement measures by executive)</li> </ul>	
Related Committee (Consultative Bodies)	<p><b>Internal Control Operations Committee (led by CEO)</b> Reporting on contents, results, and significant matters during execution of internal control management measures by each executive</p>	<p><b>Internal Control Committee (within Board of Directors)</b> Performing inspection, assessment, and action requests regarding executives' and CEO's internal control management measures and reports</p>	<p><b>Board of Directors</b> Supervising through reports on CEO's overall internal control management measures, results, and significant matters</p>	

### Implementation Inspection and Improvement Progress Rate



### Progress rate by responsibility within Implementation Management System of the Responsibility Map



## Strengthening Internal Control System Based on Responsibility Map

Shinhan Financial Group plans to continuously strengthen the internal control system based on the Responsibility Map by advancing the responsibility implementation management system, enhancing monitoring through the Internal Control Committee, and establishing an organizational culture that values internal control to prevent financial accidents and realize compliance management.



### Advancing Accountability Implementation Management System

Enhancing the effectiveness of internal control through strengthening data-driven management systems



### Inspecting and Supervising through Internal Control Committee

Improving internal control levels through continuous inspection and improvement of internal control management measures



### Establishing Organizational Culture

Creating an environment where all employees recognize the importance of internal control and perform their duties with responsibility

