

SHINHAN FINANCIAL GROUP 2022 ESG HIGHLIGHT

DO
THE RIGHT
THING



We will communicate ESG in the right way.

Shinhan Financial Group seeks to improve its environmental, social, governance (ESG) communication to be more sincere and faithful. This is an “ESG Highlight” published at the beginning of every year to help stakeholders raise their understanding of Shinhan’s ESG. A separate “ESG Report” is planned to be issued at the end of the first half of the year. Each Group subsidiary is also actively disclosing ESG information as follows, and will continue forward with genuine ESG disclosure.

ESG Disclosure

Shinhan Financial Group

- [ESG Report](#)
- [ESG Highlight](#)
- [TCFD Report](#)
- [ESG Factbook](#)
- [Annual Report on Corporate Governance & Remuneration System](#)
- [Annual Report](#)

Shinhan Financial Group Hope Foundation

- [Social Responsibility Report](#)

Shinhan Bank

- [ESG Performance Report](#)
- [Climate Finance Report](#)
- [Equator Principles Annual Report](#)
- [Annual Report on Corporate Governance & Remuneration System](#)

Shinhan Card

- [ESG Performance Report](#)
- [Annual Report on Corporate Governance & Remuneration System](#)

Shinhan Securities

- [ESG Performance Report](#)
- [Annual Report on Corporate Governance & Remuneration System](#)

Shinhan Life

- [ESG Performance Report](#)
- [Annual Report on Corporate Governance & Remuneration System](#)

COVER STORY

The cover design and main pages of this ESG Highlight feature the works of artists affiliated with “THISABLED”, an agency for artists with developmental disabilities. To help artists of THISABLED, a sponsored company of S² Bridge, overcome some prejudice and stereotype, and unlock their potential, Shinhan collaborated with the artists, illustrating our companionship.



* Each material can be accessed through the link function of this interactive PDF.

Please refer to “About the Artists” on page 41 for more information

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Shinhan Financial Group 2022 ESG Highlight 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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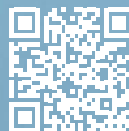
ESG WAY

Taking the right path ahead of others

Shinhan's ESG tricycle is progressing towards a world everyone dreams of.

The front wheel of "Governance (G)" leading, pushed and supported by the rear wheels of "Environmental (E)" and "Social (S)", the three-wheel ESG system is moving forward, keeping all sectional operations in sync with one another.

Shinhan is completing its ESG journey in a way that is "Right, Nimble, Different", for destination cannot be reached without all three wheels performing their roles properly and for corporate growth should lead to sustainable development of society. On this trodden path, which sometimes seems impossible, we will vigorously continue to pedal our ESG tricycle together with stakeholders and thus create a wonderful world.



HEARTISM

A playground for artists with developmental disabilities

Landscape with a bicycle by Kim Chaeseong

Paving the way with
“right” understanding and
“nimble” execution

Shinhan ESG Way

At the center of our founding principles of “Serving the country through finance”, which has been a part of Shinhan since our beginning 40 years ago, as well as our mission of “Building a Better World Through Finance”, that presents the future goal of Shinhan, is the ESG value of empathy and win-win.

We strive to align our corporate growth with ESG value creation and manage it at the Group level, in our efforts to create positive impact while growing together with stakeholders. We established the CSR Committee (currently ESG Strategy Committee) in 2015, becoming the first financial group in Korea to oversee ESG at the BOD level, and also established the ESG Strategy Framework in 2020. By creating the ESG Implementation Committee in 2021, participated by all Group subsidiary CEOs, we have completed the establishment of an ESG driving system that connects all organizations into one, ranging from the BOD to working-level organizations, thereby strengthening ESG execution capabilities.

In 2022, we focused on creating and using ESG information through the “Shinhan ESG Value Index” and “Shinhan ESG Evaluation Model”, both developed by Shinhan for the first among Korean financial groups, as a way to preemptively respond to the trends in mandatory ESG disclosure regulation. We have also developed a financed emissions measurement system, adding another “first” record.

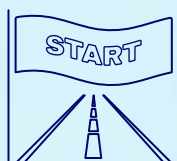
Under the motto of our ESG slogan “Do the Right Thing for a Wonderful World”, we continue with the ESG journey based on the strategic directions of green, brave, and fair, to create a wonderful world through the positive impact of finance.

 [Shinhan Financial Group ESG Strategy Framework](#)

ESG MILESTONES

Where we started

- 2005 Shinhan Bank published a Social Responsibility Report (currently ESG Report)
- 2014 Established the Group’s mission, Compassionate Finance, Your Companion for the Future
- 2015 Created the Corporate Social Responsibility Committee (currently ESG Strategy Committee)
- 2017 Established the Group 2020 CSR Strategy



Where we are

- 2018 Declared support for TCFD
- 2019 Joined UNEP FI Principles for Responsible Banking (PRB)
- 2020 Established the Group’s ESG Strategy (Declared Zero Carbon Drive)
- 2021 Created the ESG Implementation Committee
- 2022 Received SBTi approval for carbon reduction goal



Where we will be

Cut down carbon emissions within the Group asset portfolio to 0

Nurture 10 unicorns by discovering and fostering innovative companies

Ensure all stakeholders of the Group to be 100% satisfied

0 CARBON

10 UNICORNS

100 SATISFACTION



GREEN BLUEPRINT

Creating a blueprint for a green economy to set a direction for the ESG Way

The entire world is calling for net zero. However, the slope of the Earth's temperature rising curve is steep. According to a report disclosed by the United Nations Framework Convention on Climate Change (UNFCCC) in 2022, the Earth's temperature will rise 2.1°C to 2.9°C from pre-industrial levels by the end of this century unless greenhouse gas emissions are extensively reduced. This is substantially above the 1.5°C goal of the Paris Agreement, indicating a dire need for net zero more than ever.

Facing a climate crisis that demands stronger climate action plans and more active execution of net zero, Shinhan Financial Group became the first financial group in East Asia in 2020 to declare the "Zero Carbon Drive". To ensure its effective execution, we set 2022 as the first year of implementation of the carbon reduction goal and added carbon emissions reduction goal to the ESG evaluation criteria of all Group subsidiaries, becoming the first and only Korean financial company to do so. In addition, we received approval from the Science Based Targets initiative (SBTi), in November, for our carbon reduction goal and thus raised credibility.

Guided by the Zero Carbon Drive, Shinhan's preemptive net zero strategy and a new blueprint for a green economy, we will create positive impact of finance to provide sustainable solutions, aimed at not only environmentally sound economic growth but also healthier lives of the next generation.

Goals for Net Zero

Financed Emissions
(Carbon Emissions of the Group Assets)

43,816,695 tCO₂eq
(Measured assets: KRW 212 trillion)

33.7% reduction (from 2020)

59.5% reduction (from 2020)

0 Achieving Net Zero



BRAVE NEW UNIVERSE

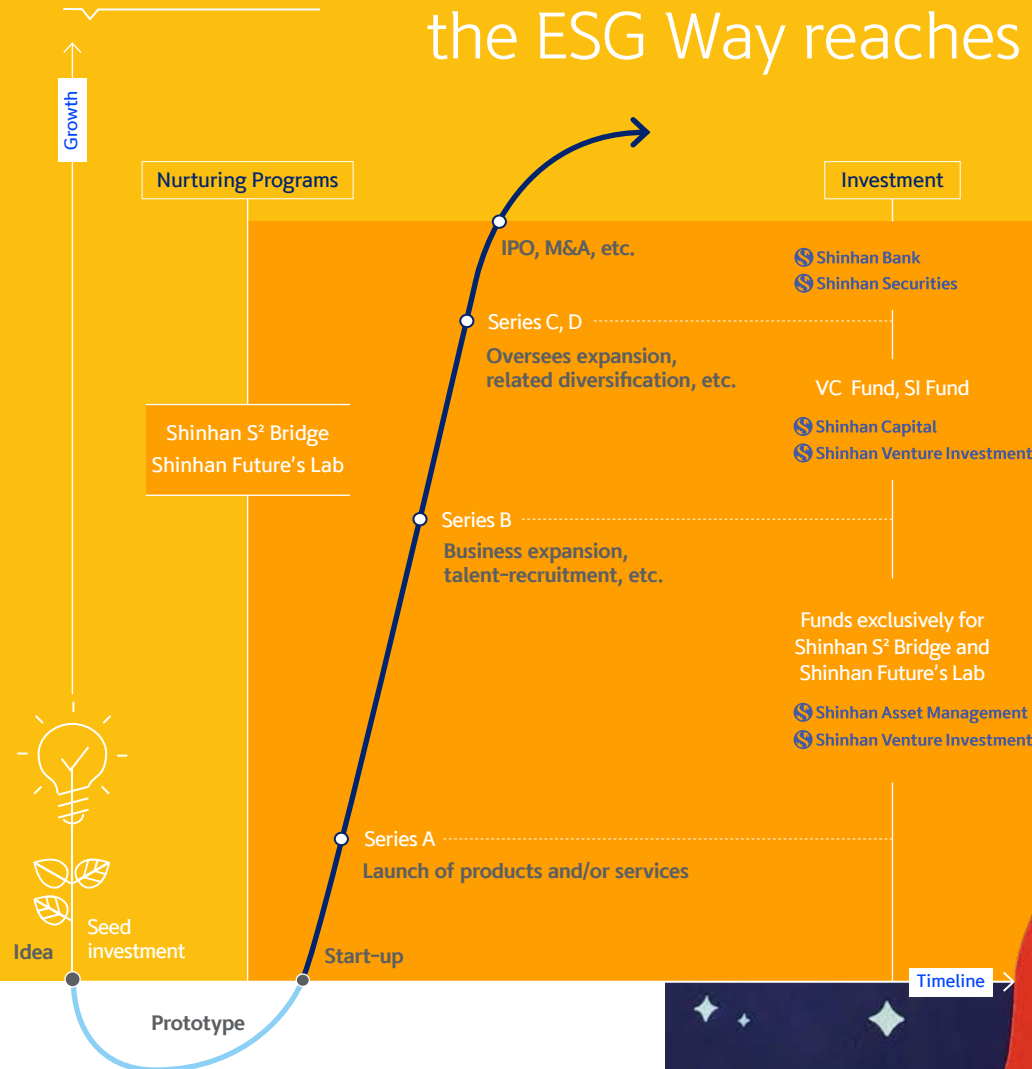
Unfolding a financial ecosystem of empathy and win-win where the ESG Way reaches

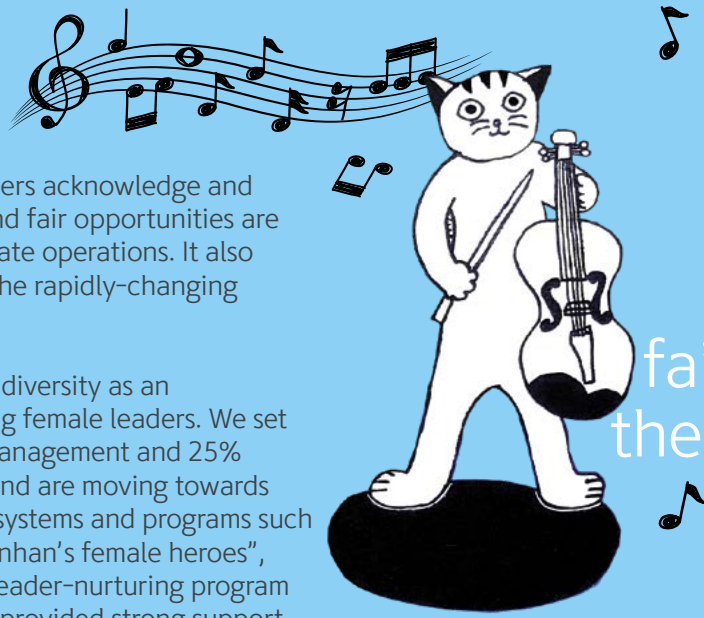
Startups are challengers that change the world in a better direction. Their challenges create a J-shaped curve as the startups go through a period of growth stage – from start-up to launch of products and services, expansion, and maturity. Since the challenges and opportunities are different by phase, startups are required to find ways to grow by changing their strategies accordingly.

Starting at the moment when a seed of an innovative idea grows into start-up, Shinhan supports the entire lifecycle of startups and helps their growth. We offer both financial and no-financial support, ranging from investment to nurturing programs. In addition, we consider ESG factors in selecting companies to nurture, while also establishing guidelines for evaluating startups' ESG levels, in our efforts to make ESG investment a standard that is beneficial for both companies and society.

The venture ecosystem led by Shinhan is a new financial ecosystem of empathy and win-win. Going forward, we will continue our support for and investment in creating a brave new world, taking an untrodden path with brave challengers.

Support for Startups through Life Cycle





**FAIR
PLAY**

Supporting
the principles of
fair play to protect
the value upheld by
the ESG Way

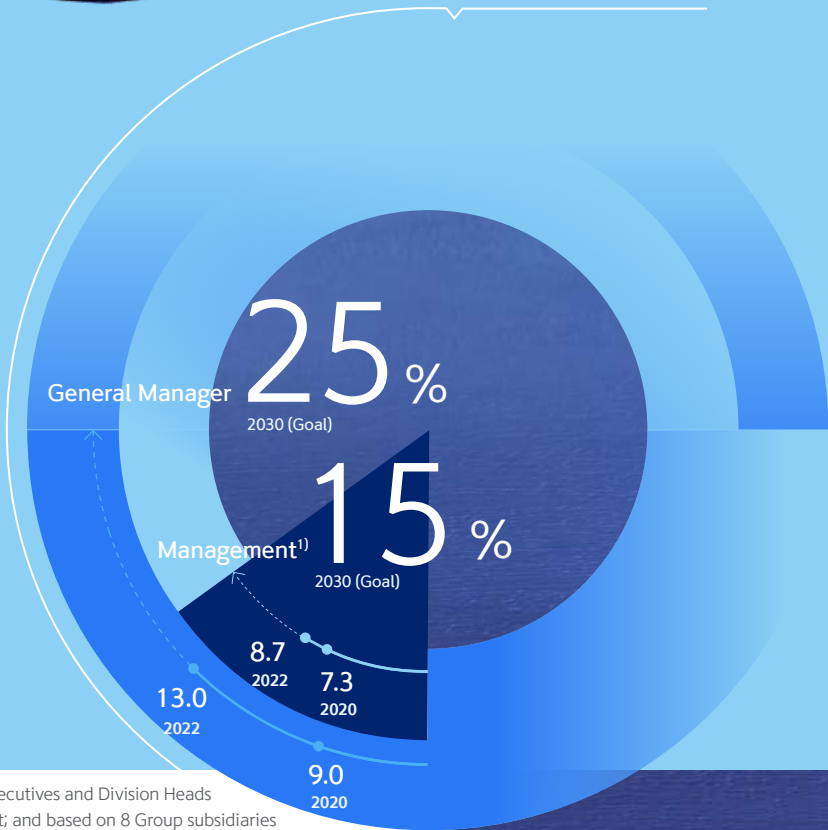
A corporate culture where all members acknowledge and embrace each other's differences and fair opportunities are given is a criterion of proper corporate operations. It also represents a capability to adapt to the rapidly-changing environment.

Shinhan Financial Group recognizes diversity as an opportunity and focuses on nurturing female leaders. We set a challenging goal of 15% female management and 25% female general managers by 2030, and are moving towards achieving this goal through various systems and programs such as "Shinhan SHeroes". Meaning "Shinhan's female heroes", Shinhan SHeroes is the first female leader-nurturing program in the Korean financial industry and provided strong support for a total 221 female talent from 2018 to 2022. In 2022, we also created the WIT (Women in Tech) for female leaders in the field of digital and ICT, further increasing expertise.

Shinhan's corporate culture is rooted in the soil of diversity. The founding members who witnessed Shinhan Bank's establishment in 1982 were from various organizations of other commercial banks with different job positions. They respected each other's experience from different backgrounds and demonstrated their strengths to lay the foundation that creates the culture of communication and cooperation of today's Shinhan.

At Shinhan, diversity is respected while opportunities are given to all to unlock their full potential. This corporate culture is our differentiator that leads not only our own corporate growth but also sustainable development of society.

Status of Female Leaders



¹⁾ Executives and Division Heads

* As of 2022 year-end after personnel appointment; and based on 8 Group subsidiaries (Shinhan Financial Group, Shinhan Bank, Shinhan Card, Shinhan Securities, Shinhan Life, Shinhan Capital, Shinhan Asset Management, Jeju Bank)

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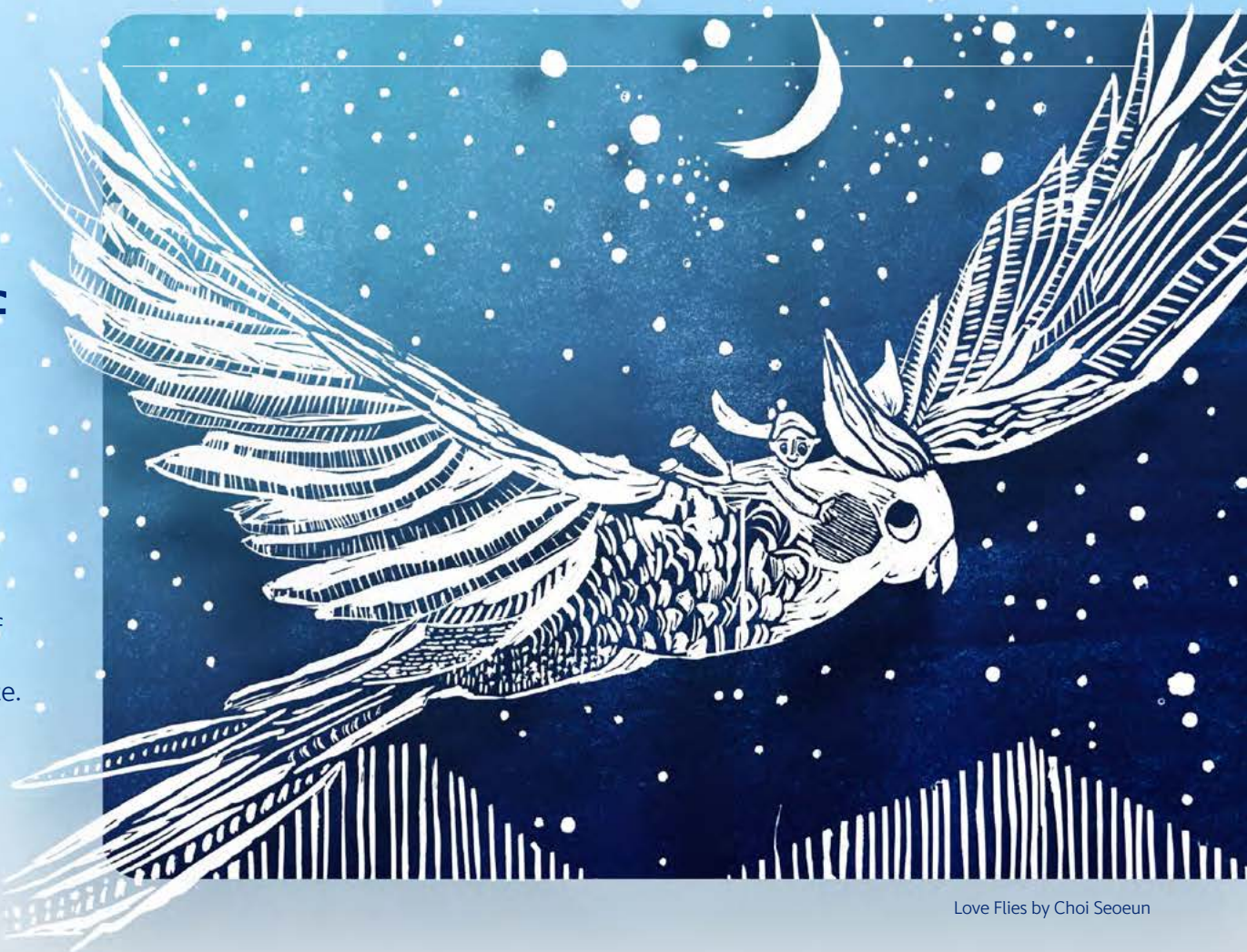
ESG ACTION

Spreading the wings of positive impact

For Shinhan, ESG management is a standard of daily life.

It is an unquestionable mission. Which is why Shinhan unceasingly interprets anew and constantly innovates the role of finance for positive impact, redefining the role of green finance, helping neighbors with their difficulties, and uplifting startups with sincere supports and systematic guidance.

Also offered are the wings of ESG, to help diverse people better express their opinions and everyone enjoy equal opportunities. Soaring high on its ESG wings towards a more wonderful world, we are spreading positive impact further and wider.



Love Flies by Choi Seoeun

○○○

HEARTISM NFT
NFT project featuring the unique creations of
artists with developmental disabilities



2022

Shinhan ESG – Right, Nimble, Different


2022 ESG ACTION: Shinhan Top 9 ESG News

GREEN

NEWS 1
Establishing a financed emissions measurement system

NEWS 2
Developing an ESG evaluation model

NEWS 3
Strengthening green finance leadership



7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION 16 PLANT, PASTURE AND OCEAN-FRIENDLY 17 PARTNERSHIPS FOR THE GOALS

📄 2022 Shinhan Top 9 ESG News – Green

BRAVE

NEWS 4
Providing ESG consulting to SMEs

NEWS 5
Launching the Shinhan Donghaeng Project

NEWS 6
Building a sustainable venture ecosystem



8 DECENT WORK AND ECONOMIC GROWTH 9 HEALTHY ENVIRONMENT AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION


📄 2022 Shinhan Top 9 ESG News – Brave

FAIR

NEWS 7
Promoting the value of DEI

NEWS 8
Measuring social value and evaluating outcomes

NEWS 9
Fostering a corporate culture that respects human rights



1 POVERTY 4 QUALITY EDUCATION 5 GENDER EQUALITY 10 REDUCED INEQUALITIES

📄 2022 Shinhan Top 9 ESG News – Fair

Shinhan’s core values – Right, Nimble, Different – are precisely aligned with sustainable growth of our society. In 2022, Shinhan Financial Group put ESG execution into full swing for stakeholders to enjoy more ESG experiences. Let us introduce our top 9 ESG news executed under the motto of “Shinhan ESG – Right, Nimble, Different” in 2022 based on the strong, systematically established ESG driving system.

2022

Shinhan Top 9 ESG News

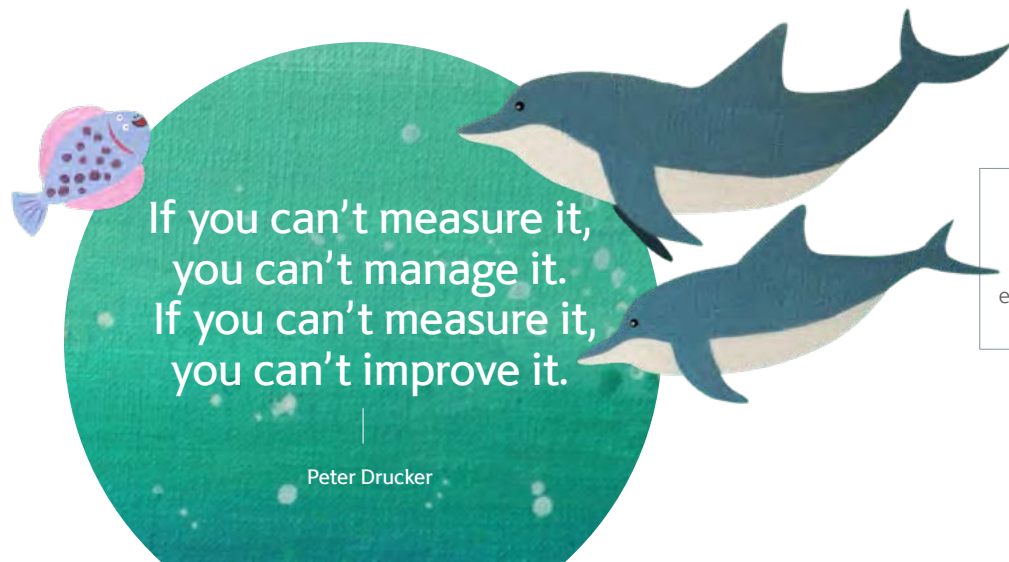
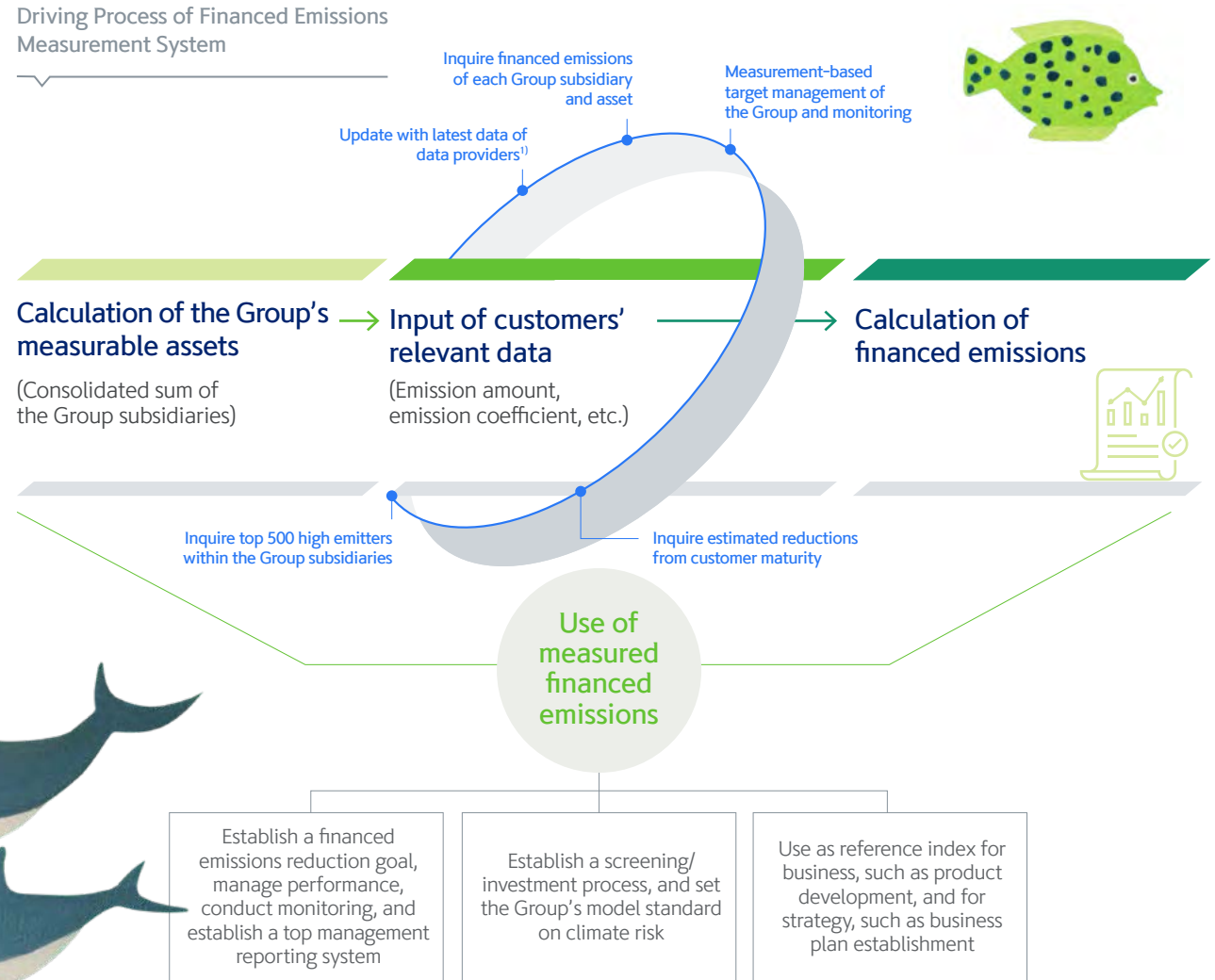
ESG NEWS 1

Establishing a financed emissions measurement system

The well-known saying by Peter Drucker, a management guru, also applies to ESG management, because consistency and sincerity of ESG management can be secured when the value of ESG outcomes is objectively quantified and transparently disclosed.

In its efforts to achieve carbon neutrality, Shinhan Financial Group developed a system that enables it to systematically manage financed emissions in all areas, ranging from strategy establishment to execution, in addition to the measurement and analysis of financed emissions. We became the first financial company in Korea in 2022 to develop the financed emissions measurement system, which categorizes the Group's financial assets into six asset groups in accordance with greenhouse gas (GHG) accounting standards set by Partnership for Carbon Accounting Financials (PCAF) and elaboratively determines and regularly monitors financed emissions. We measured emissions for financial assets totaling KRW 248.6 trillion as of November 30, 2022 and plan to expand the scope of measured assets. We believe that such efforts will lead to strengthening of Shinhan's ESG capabilities and enhancement of execution capabilities.

DO THE GREEN THING



If you can't measure it, you can't manage it.
If you can't measure it, you can't improve it.

Peter Drucker

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

Developing an ESG evaluation model

Shinhan's ESG management has many "firsts". We added another first by developing an internal evaluation model that uses corporate ESG activity data in making loan and investment decisions.

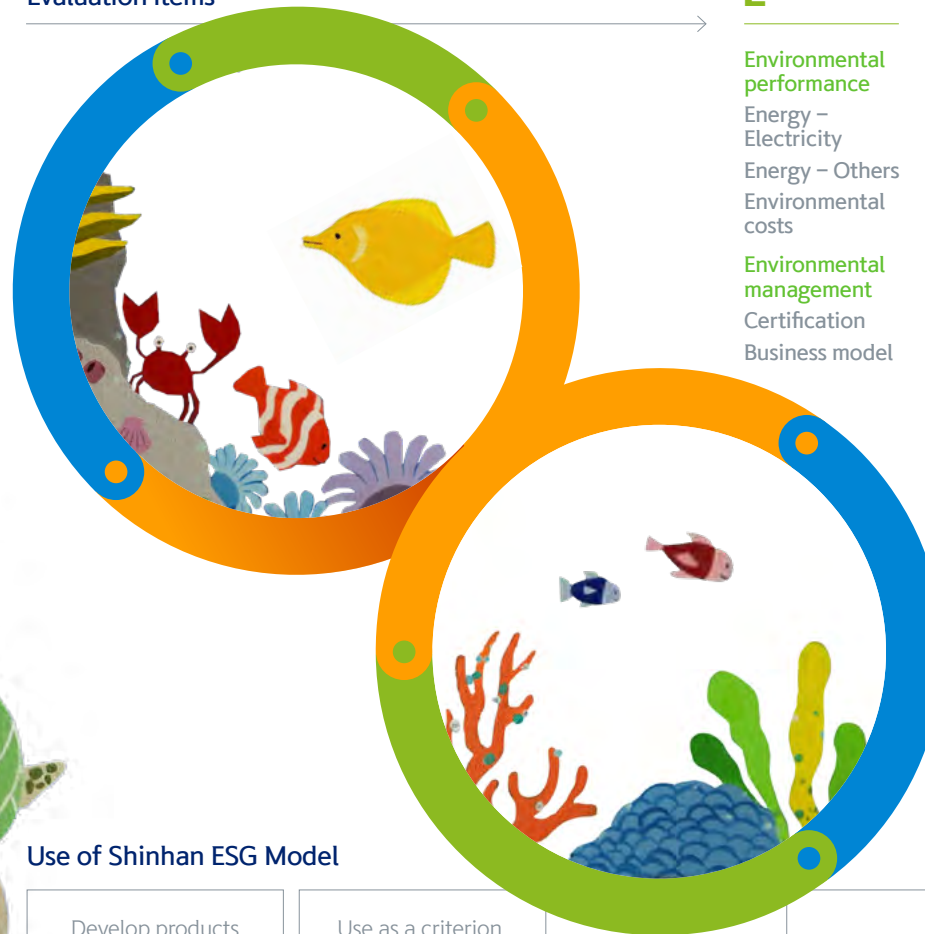
Shinhan Financial Group developed an ESG evaluation model in 2022 according to the roadmap for environmental and social risk management system established in 2017. This unique ESG evaluation model of Shinhan was developed to integrate ESG into the screening process for loans and investments based on the previous system, designed to evaluate environmental/social risks of the loans and investments and to manage areas that require caution. Ratings that are determined according to the evaluation model are used as a criterion for choosing targets of Shinhan Bank's "Shinhan Outstanding Win-Win ESG Support Loan" to encourage ESG activities of corporate clients. Going forward, we plan to expand the application scope to further accelerate joint efforts for ESG execution.



Another "first" enabled by the understanding and execution of ESG achieved together

Evaluation Items of Shinhan ESG Model

Evaluation Items



E

- Environmental performance**
 - Energy – Electricity
 - Energy – Others
 - Environmental costs
- Environmental management**
 - Certification
 - Business model

S

- Human resource management**
 - Job stability
 - Employee benefits
 - Education and training
- Supply chain management**
 - Joint growth
- Safety management**
 - Serious accident
- Social contribution**
 - Donation
 - Investment

G

- Shareholder**
 - Shareholder rights
- Organizational composition**
 - Management stability
- Management**
 - Management transparency
 - Corporate credibility

Use of Shinhan ESG Model



Strengthening green finance leadership

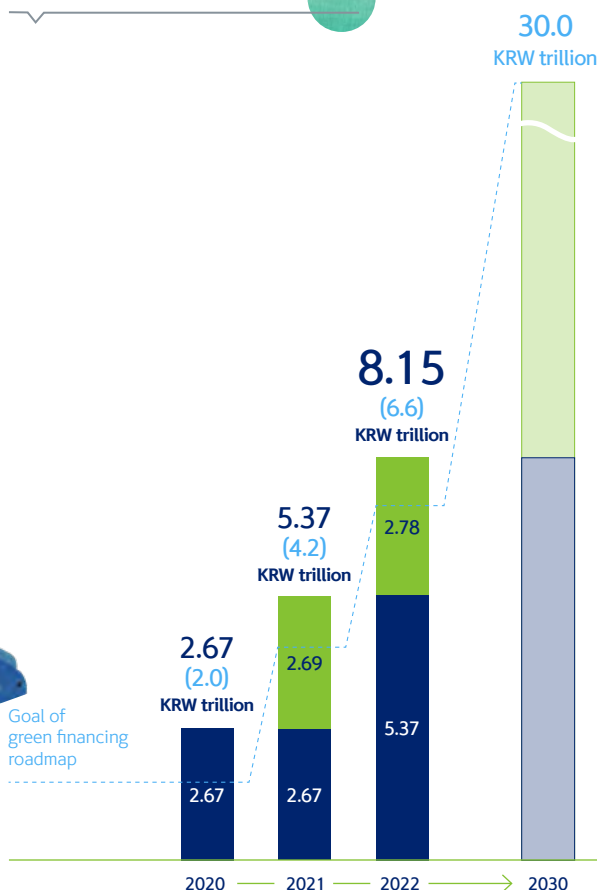
Extreme weather events, such as record-breaking heat wave and heavy snow, are dominating the news, making the global community experience the climate crisis firsthand. Achieving carbon neutrality is essential for protecting daily life and a safe future, and thus around 130 countries¹⁾ across the globe, including Korea, are participating in the race to net zero.

Shinhan prepares for the net zero transition through finance. Aiming at achieving carbon neutrality by 2050 in accordance with the “Zero Carbon Drive” strategy, we are leading the transition to a low-carbon economy by increasing support for eco-friendly businesses and technologies that can offset carbon emissions of financial assets. We are actively establishing “climate funds” that invest in climate-related fields, such as climate change solutions, clean energy, and eco-friendly technologies. By managing KRW 50 billion in the “Shinhan Green Way Company Investment No. 1” that Shinhan Asset Management formed in 2022 and Shinhan Financial Group invested in, we contributed to the facilitation of K-Taxonomy, the Korean green classification system. We also invested in a global fund that invests in companies with “C-tech”, which refers to technology that responds and adapts to climate change, thereby strengthening partnerships and leadership for green growth.

¹⁾ Source: Website of Net Zero Tracker, a global research consortium that tracks the net zero situation



Green Finance*



* Accumulated amount of loans and investments since 2020

Major Green Investments in 2022

Establishment of the “Shinhan Green Way Fund”

A fund managed by Shinhan at the Group level to contribute to building an ESG industry ecosystem by investing in companies related to net zero, including new and renewable energy, circular economy, and green building (investment of KRW 50 billion)



Investment in funds/companies related to global eco-friendly energy and C-tech in Korea and abroad



CI Energy Transition Fund, CI Advanced Bioenergy Fund

These are low-carbon, eco-friendly energy facility investment funds of Copenhagen Infrastructure Partners, an asset management firm of Denmark specializing in energy infrastructure. Shinhan became the first financial institution in Korea to invest in green hydrogen funds (investment of EUR 25 million and EUR 13 million, respectively)



General Atlantic Beyond Net Zero Fund

This is a C-tech fund established by General Atlantic of the US, which provides capital and strategic support to global growth companies (investment of USD 20 million)



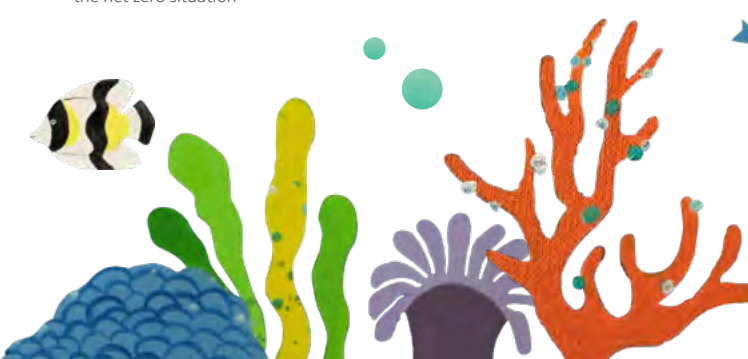
Smile Gate Green Growth Fund

This fund invests in companies that are in the environmental industry, such as technologies that save resources by reducing wastes (investment of KRW 4 billion)



Ascend Elements

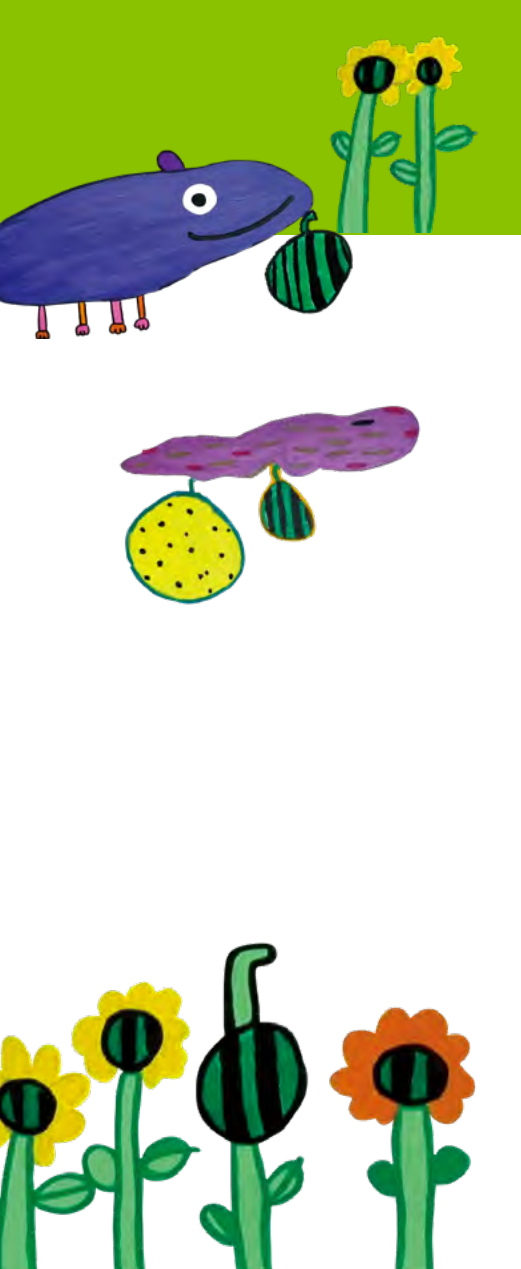
Underwriting of convertible preferred shares of the US-based company that recycles waste batteries of electric vehicles



CASE

Green Growth

Increasing global concern about the climate crisis has made green growth into a task that the entire global community should think and act together. Shinhan takes the lead in this race. In particular, the supply of funds through finance is necessary to vitalize the eco-friendly industry ecosystem that will lead green growth, and thus we are investing in technologies for the future with a grave sense of responsibility.



Beyond Recycling

Equity investment in a waste battery-recycling company

The electric vehicle (EV) market, which will replace internal combustion engine vehicles, is rapidly growing. Reduced use of fossil fuels is welcome news, but the matter of handling waste batteries from EVs requires deep thought.

Amid a global expansion of investments to secure technologies and infrastructure for battery recycling, in 2022 Shinhan GIB invested around KRW 11 billion in Ascend Elements, a US-based battery company with an innovative technology that enables high-added-value upcycling rather than simple battery recycling, thereby taking part in eco-friendly innovation of the mobility ecosystem.



Powered by Hydrogen

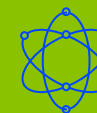
Participation in a green hydrogen production business consortium

A hydrogen economy is an industry structure that uses hydrogen as its main energy source. Hydrogen is eco-friendly energy that is supplied infinitely, unlike depleting fossil fuels, and does not create carbon emissions.

To develop hydrogen into eco-friendly energy source, Shinhan Bank formed a consortium¹⁾ in 2022 and signed a memorandum of understanding (MOU) with the Queensland Government in Australia regarding a pilot project on mass production of green hydrogen²⁾. We will provide financial solutions in the demonstration phase, and work with the consortium to cultivate the Australian market, a promising country for clean hydrogen production, contributing to the realization of the hydrogen economy.

¹⁾ Consists of Shinhan Bank, KOMIPO (Korea Midland Power), LS ELECTRIC, IGIS Asset Management and Elecseed Inc.

²⁾ Hydrogen that is produced by using renewable energy with zero carbon emissions



From Waste to Energy

Investment in a biofuel plant development fund

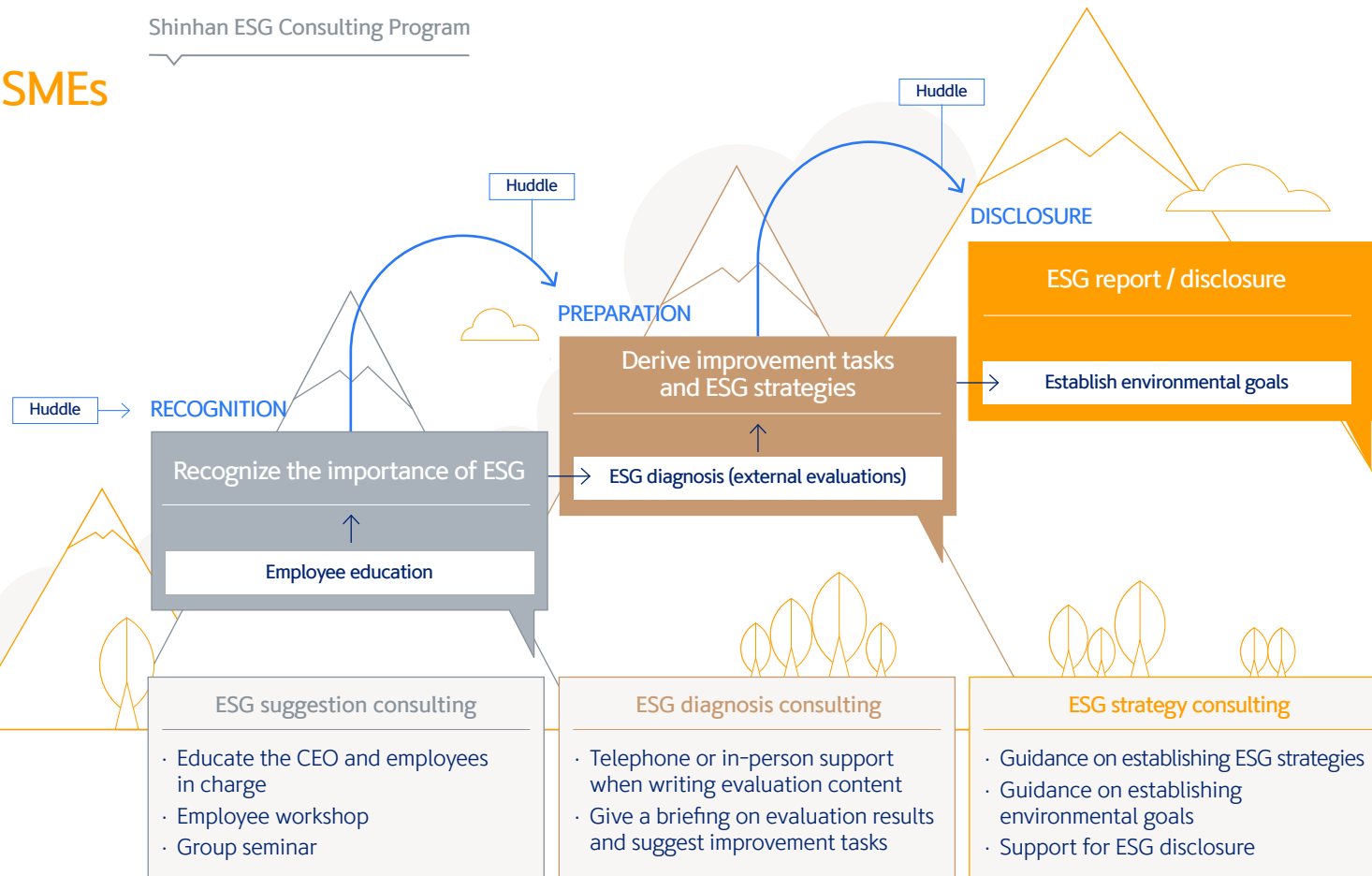
Biofuel is new & renewable energy that is obtained from biomass. It is a waste-based biofuel, including agricultural waste, food waste, and other organic wastes, and a low-carbon energy source that offsets carbon emissions that arise from waste treatment.

In 2022, Shinhan made a commitment to invest around KRW 17.8 billion in a biofuel production plant development fund established by Copenhagen Infrastructure Partners, an energy infrastructure-specializing asset management company in Denmark, through the Green IB Execution Lab that was created for ESG-related financial support. This has enabled us to fulfil our role as the finance for building a next-generation energy infrastructure.

Providing ESG consulting to SMEs

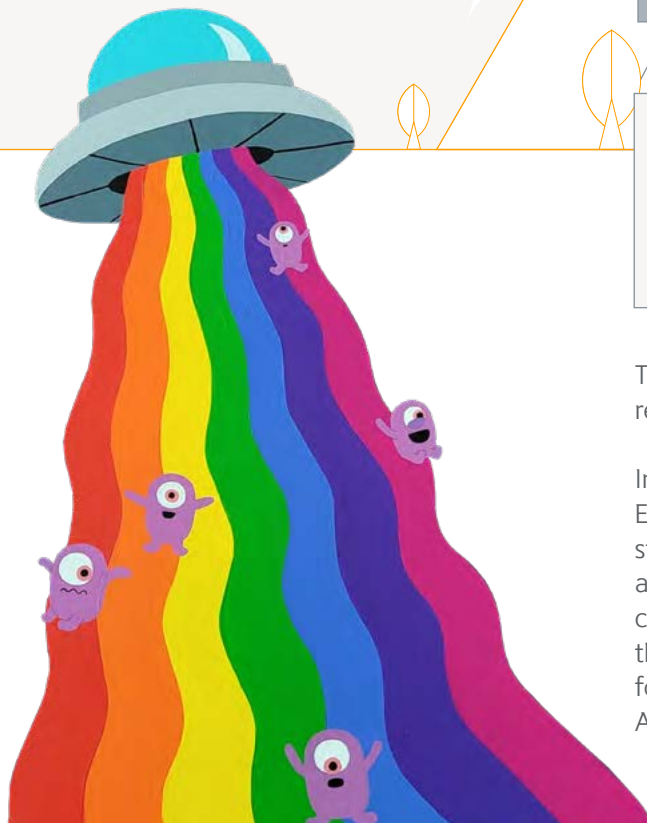
DO THE BRAVE THING

Shinhan ESG Consulting Program



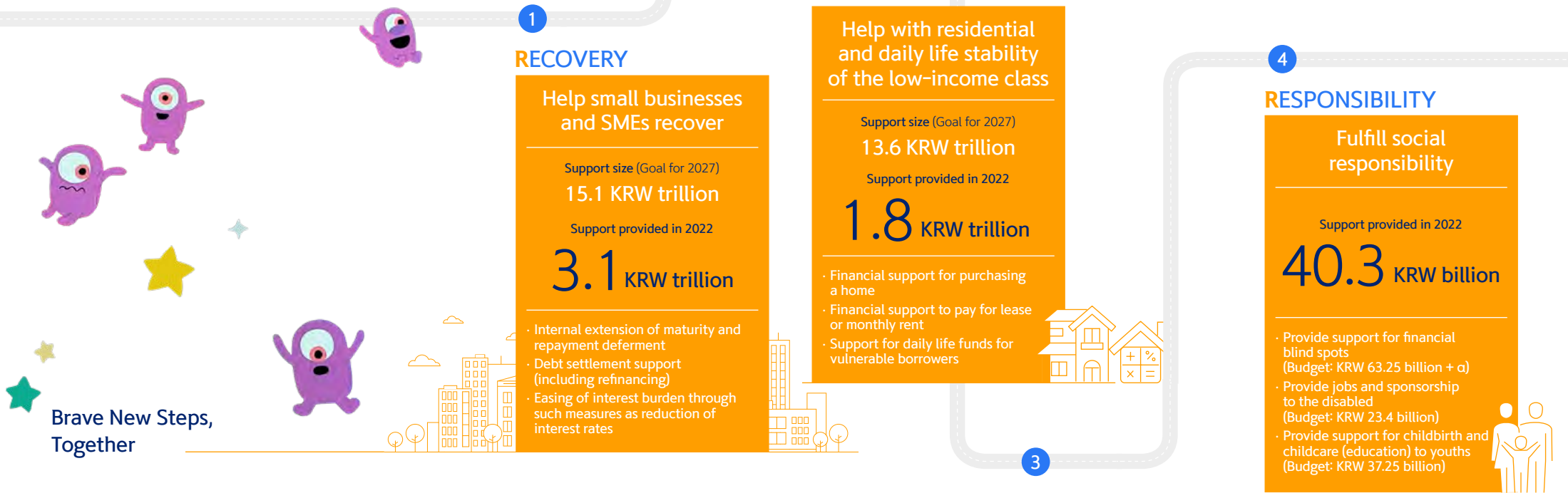
The ESG Way to a sustainable society is a long race. It is also a bold move that requires worldwide solidarity, cooperation, and responsibility. **This is the reason why Shinhan Bank created the ESG Consulting Cell for ESG support to corporate clients.**

In 2022, Shinhan met with 115 corporate clients through the ESG Consulting Cell. We provided suggestions and education on ESG to small and medium-sized enterprises (SMEs) that recognized the need for ESG management but did not know where to start. We also offered ESG diagnosis and evaluation services to companies that sought to practice better ESG management. In addition, we offered consulting on responding to supply chain ESG evaluations, establishing carbon reduction goals, measuring carbon emissions, conducting a due diligence on the supply chain, participating in global initiatives, and making ESG disclosures, thereby helping with the entire process that ranges from establishing ESG management strategies to executing them. Moving forward, we will continue to expand ESG consulting functions to achieve net zero by 2050 together with corporate clients. Although it is an untrodden path, we will become united and devote ourselves to finishing the race together.



Launching the Shinhan Donghaeng¹⁾ Project

Structure of the Shinhan Donghaeng Project



Brave New Steps, Together

The first step of ESG management is to take a look around. We have not yet recovered from COVID-19 damages, and face another challenge where economic difficulties are increasing as a result of base rate hikes and inflation in Korea and abroad. In response, Shinhan Financial Group launched the “Shinhan Donghaeng Project”, aimed at providing practical help to the financially underprivileged, including small business owners, youths, and the low-income class.

This project consists of four major areas “R4”: “1. Recovery” which helps small businesses and SMEs recover; “2. Residence” which helps with residential and daily life stability of the low-income class; “3. Re:Start-Up” which provides support for start-up and job search and helps youths advance forward; and “4. Responsibility” which means social responsibility. For 12 key tasks under the 4R, Shinhan plans to provide financial support totaling KRW 33.3 trillion over the next five years. We seek to make a positive impact through the Shinhan Donghaeng Project, which means both “walk together” and “happy together”. In addition, we will strengthen the stability of Korea’s financial system by preventing reduced vitality of the national economy that is caused by deteriorated financial means of the underprivileged, thereby contributing to the nation’s sustainable development.

¹⁾ Homonym for the words meaning “walk together” and “happy together” in Korean

Building a sustainable venture ecosystem

Fostering of and Investment in Venture Companies

Two major pillars of startup-fostering



A startup scale-up support program, centered around digital and fintech, which is run in Korea, Vietnam, Indonesia, and Japan, and supports advancement to Silicon Valley

Shinhan Future's Lab

Launched in May 2015

333
Companies fostered



A comprehensive startup-nurturing program, which is run in five major areas across the nation (Seoul, Incheon, Daegu, Daejeon, Jeju) and Vietnam

S² Bridge

Launched in September 2020

479
Companies fostered

TOTAL
812
COMPANIES

Funds for establishing a venture ecosystem

AUM by Business Line



Shinhan Capital
One-Shinhan Future's Fund

423.2 KRW billion

Shinhan Venture Investment
VC Fund

1,395.3 KRW billion

Shinhan Asset Management
Startup Venture Fund

681.0 KRW billion

TOTAL

2,499.5 KRW billion

Brave New World for Startups

Shinhan stands by the side of startups throughout their entire life cycle and provides support that encompasses both finance and non-finance, thereby building a venture ecosystem led by Shinhan. "S² Bridge" and "Shinhan Future's Lab" are the two major pillars of Shinhan's startup-fostering programs. As a startup-fostering platform, S² Bridge was set up in Seoul and other major cities starting in 2020, and it is now leading the expansion of the startup ecosystem. As of the end of December 2022, we fostered 479 startups, provided support to attract investments amounting to KRW 299.7 billion, and helped increase corporate value worth KRW 1,116 billion and create/retain jobs for 4,621 people. Through Shinhan Future's Lab, the first startup accelerator program in the Korean financial industry, we nurtured a total of 333 startups and invested KRW 73.65 billion from the 1st group in 2015 through the 8th group in 2022.

Investing in startups through finance is a distinctive capability of Shinhan that grows together with invested companies. In 2022, we established the KRW 33 billion worth of "S² Bridge ESG Investment Fund No. 1" for the S² Bridge program. As of the end of December, assets under management (AUM) of major venture capital (VC) funds of Shinhan Financial Group reached KRW 2,499.5 billion. Through the digital strategic investment (SI) fund that Shinhan became the first in the Korean financial industry to establish in 2021, we are managing KRW 600 billion as of the end of 2022 and taking the lead in new technology investment. Moving forward, we will continue to provide extensive support, that transcends the boundaries of finance and non-finance, to be with challengers and thus establish a venture ecosystem of innovation and win-win.

* As of the end of 2022

CASE

Brave Challenge

Shinhan supports the entire business life cycle of startups that sowed seeds of innovation, so that they can grow into large trees making the startup ecosystem. Our support also enables Korean startups to become global unicorns. The venture ecosystem led by Shinhan is a space of innovation and win-win. The following tells stories of startups which make innovation happen, with unprecedented but essential ideas to create a better world, together with Shinhan.



We will add more value to our growth by adding ESG!

LD Carbon
1st Group of S² Bridge : Daegu

"LDC", the abbreviation of LD Carbon, embodies the meaning of sustainable Life re-Defined by Carbon circulation for human beings and the Earth. LDC began with research into resource circulation that considers both human beings and the Earth and generates both economic value and eco-friendly value. Shinhan is the one that recognized the meaning.

We were chosen for the 1st group of "S² Bridge : Daegu" eco-friendliness incubation in 2022 and received essential help from an expert mentor. We also received KRW 2 billion as a surprising gift! We will grow with greater value so that the value of the ESG strategic fund invested in LDC can shine bright.



Continuous communication and consistent collaboration were the best support!

HOMES Company
6-1st Group of Shinhan Future's Lab

"Shinhan Future's Lab" is a reliable partner that empathizes with and cheers for the growth of its member companies. "HOMES Company" was chosen for Shinhan Future's Lab in 2020 and received substantial help in publicizing our distinctiveness – single occupancy households. We signed an MOU with Shinhan Bank in 2022, and an opportunity was given to prepare for entry into Japan together with the newly-launched Shinhan Future's Lab Japan.

Now we expect to become a unicorn, and we still have received promise of continued communication and support. HOMES Company looks forward to making contributions to the expansion and connection of the venture ecosystem together with Shinhan.



We are working together to expand the digital ecosystem through investment and collaboration!

GALAXY Corp.
One-Shinhan Connected New Technology Fund No. 1

Partnership with Shinhan is always new. This is especially true for the selection of "GALAXY Corp." in October 2021 as an investment target of Shinhan Financial Group's digital SI fund, which was followed by the signing of a strategic MOU with Shinhan Bank and Shinhan Capital. We believe this is because Shinhan regards startups as strategic partners rather than investment outlets.

What we also find extremely significant is that the investment was made in consideration of long-term collaboration with GALAXY Corp., a metaverse company that uses alternate characters of celebrities. We hope to effectively use these opportunities and work in unison to expand the digital ecosystem – a new universe.



Promoting the value of DEI

Shinhan Financial Group understands the importance of diversity, equity, and inclusion (DEI) and its role in the corporate strategy. DEI also serves as key value underpinning Shinhan's mission – Compassionate Finance, Your Companion for the Future. In 2022, we continued communicating with our stakeholders by publishing our second Diversity Report and developed a new diversity index related to nationality. In addition, we attended the International Corporate Governance Network (ICGN) Seoul Conference, an arena of information exchange for capital market development and corporate governance improvement, and the gender equality forum hosted by UN Global Compact (UNGC), to share information on Shinhan's DEI activities and plans for promotion.

Moving forward, we will expand DEI activities, while also thoroughly managing and disclosing relevant indices, aimed at developing distinctive capabilities to explore a wonderful world where fair opportunities are given to everyone.

ESG Q&A

Why is DEI important? How does Shinhan manage it?

Shinhan established the Shinhan Financial Group's Commitment to Diversity and Inclusion, thus stating its commitment to promoting DEI value and making continuous efforts to fulfill the commitment.

Moreover, we are taking active measures to deliver DEI value so that DEI can spread in a consistent, harmonious direction based on interest from a greater number of stakeholders.

DEI can be defined as an effort to create a society that is free of discrimination and prejudice. As ESG is becoming mainstream, an increasing number of companies are integrating DEI with their key growth strategies.

It is because a corporate culture that provides fair opportunities enables the company to attract outstanding talent and improve corporate reputation, and also makes positive impact on other non-financial performance.

DO THE FAIR THING



Measuring social value and evaluating outcomes

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.

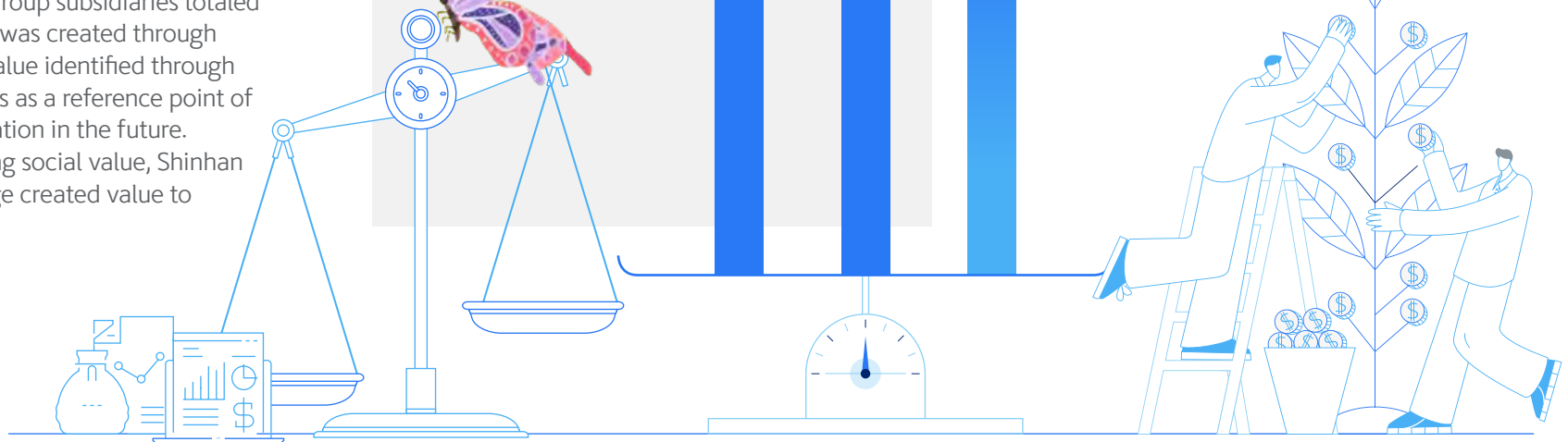
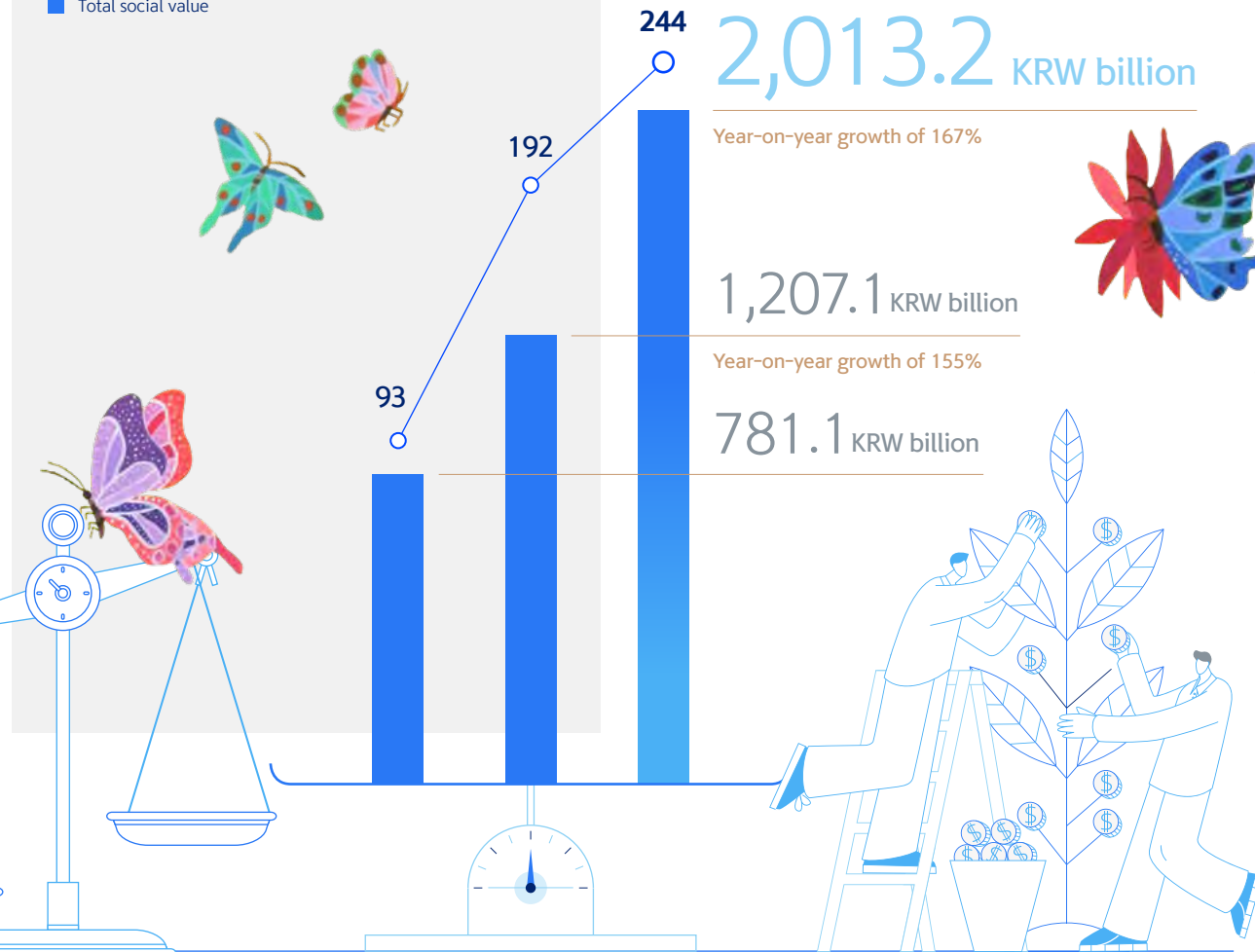
In respond to this demand, in 2019 Shinhan Financial Group developed the "Shinhan ESG Value Index", which measures the effects of ESG activities in monetary value, in collaboration with the Center for Global ESG and Business Ethics of Yonsei University. It was followed by our continuous efforts to make the measurement system more elaborate by expanding measurement targets and proxy index, and we also have updated the classification system of measured programs from the perspective of joint growth with local communities – an area that investors and evaluating agencies focus on.

The social value measured for 15 Group subsidiaries totaled KRW 2,013.2 billion in 2021 which was created through 244 programs. The current social value identified through the Shinhan ESG Value Index serves as a reference point of improvement for greater value creation in the future. In addition to continually generating social value, Shinhan will accurately measure and manage created value to enhance the value of social value.

Social Value Creation Trends

	2019	2020	2021
Increasing number of measured Group subsidiaries	2	12	15
Increasing number of proxy index		30	93

○ No. of measured programs
■ Total social value



Fostering a corporate culture that respects human rights

Companies have roles and responsibilities to resolve issues that our society faces. Human rights issues are not an exception, and thus there is demand for human rights management in accordance with international principles and guidelines, including the UN Guiding Principles on Business and Human Rights (UNGPs).

Shinhan Financial Group respects and protects the human rights of all stakeholders, including employees. We announced the Declaration of Human Rights in 2014 and are striving to practice the UNGPs. In 2022, we published the Human Rights Report based on the UN Guiding Principles Reporting Framework and amended the Group's Code of Ethics that was established in 2011.

Shinhan Bank established the Human Rights Management System Guidelines, a manual for establishing a human rights management system, in 2022 based on which it built a human rights management system optimized for the Bank by reflecting key content of international initiatives. In addition, it became the first commercial bank in Korea to conduct a third-party human rights impact assessment and disclosed the results on its website. Through the human rights assessment, the Bank identified its current status of human rights management and improvement points, and sought to view this entire process from the stakeholder perspective. Going forward, we will continue to think from the stakeholder perspective and take bold actions to foster the human rights-friendly culture as our strength.



[Shinhan 2021 Human Rights Report](#)

[Shinhan Bank Statement of Human Right Impact Assessment](#)

ESG PERSPECTIVES

How will ESG shape the future of Shinhan?

What would it take to become a 100-year old company? Shinhan's answer is ESG. ESG management is essential for corporate survival, and at the core of ESG management lies the fact that the purpose of business is to serve society.

Shinhan implemented ESG management in a "Right, Nimble, Different" way in 2022, the first year of ESG execution. We had sincere dialogue with division heads in charge of ESG at the Group subsidiaries who are diligently spreading the ESG culture at the center of change.

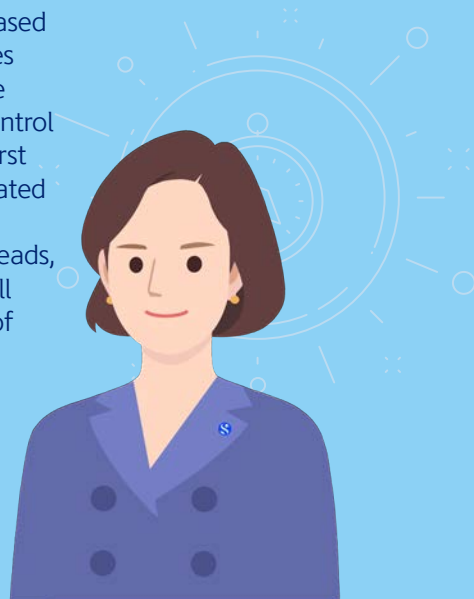
<p>Q1</p> <p>What key project did the Group subsidiary implement for ESG execution in 2022?</p>		
		<p>Q2</p> <p>In what moments did you feel that ESG was the right choice?</p>
	<p>Q3</p> <p>What are your resolutions and goals for the ESG journey that you will continue to take?</p>	

Q1 What key project did the Group subsidiary implement for ESG execution in 2022?

A1

We strengthened our ESG governance system based on the vision, “a leading ESG bank that enhances value of customers and society”. We created the ESG Planning Office and ESG Division as ESG control towers. In addition, Shinhan Bank became the first commercial bank in Korea to establish an integrated decision-making system, ranging from the ESG Steering Committee for headquarters division heads, the ESG Management Committee attended by all executives, and the ESG Committee composed of the CEO and all independent directors, thereby expanding ESG management.

Park Jong-jin
General Manager of ESG Planning Office,
Shinhan Bank



A1

In 2022, Shinhan Card focused on distinctive ESG execution that is based on its business. We took our practice to net zero together with our customers through the “Shinhan Green Index”, a carbon emissions calculation service from the customer perspective – first of its kind in the industry. We also ran a win-win program that provides data to the digitally underprivileged by using big data. I believe these efforts will present a new direction for the ESG journey of Shinhan, leading a sustainable future.

Kim Gun
Team Head of ESG Team,
Shinhan Card

A1

I would say an ESG activity that is most in line with Shinhan Securities’ business is entry into the carbon market. Beginning with participation in the in-house trading market in early 2022, we were chosen as a carbon market maker in December, thereby laying the foundation to prepare for market expansion. We also held an ESG forum for staff in charge of ESG and plan to hold events on diverse themes to solidify our corporate image as a leading ESG securities firm in the capital market.

Choi Young-soon
Team Head of ESG Planning Team,
Shinhan Securities

A1

In implementing ESG management, it is very important to spread and share positive impact on society. This is why Shinhan Life is moving forward with ESG branding that enables diverse stakeholders, including customers, to experience ESG value in daily life. In 2022, we delivered ESG value by launching ESG sound sources and music videos and producing ESG YouTube content for millennials and Generation Z.

Moon Ji-young
General Manager of ESG Part,
Shinhan Life

A1

Shinhan Capital adopted 2022 as the first year of ESG execution and focused on establishing a basic system. We created the ESG Committee, changed the evaluation and remuneration system to improve green finance performance, and provided diverse employee training so that ESG is embraced as an important value rather than work. In addition, we increased venture investment AUM for innovative growth of both the company and society, recording KRW 400 billion in cumulative AUM.

Moon Myung-gyun
General Manager of Strategy Planning Department,
Shinhan Capital

A1

Shinhan Asset Management focused on data composition and accumulation to use GHG emissions information as a meaningful index for investments. We plan to secure data through disclosed materials and collect additionally required data from different companies through shareholder letters on net zero to build a GHG emissions database. By using such measurable indexes, we will upgrade our own ESG evaluation model.

Song Tae-hun
Head of ESG Strategy Team,
Shinhan Asset Management



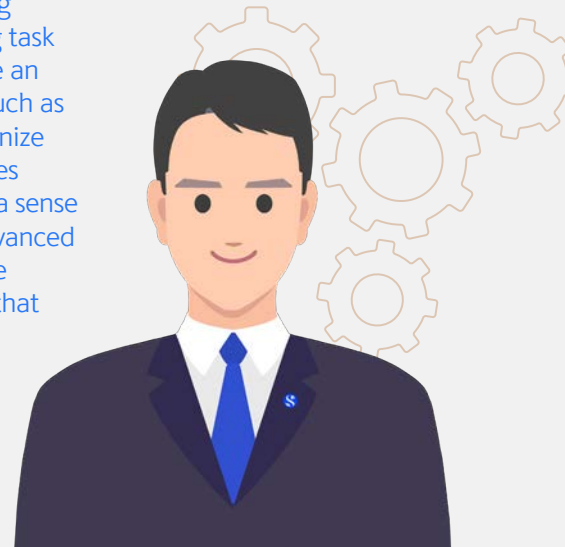
Q2 In what moments did you feel that ESG was the right choice?

A2
 ESG is a management topic and essential for all companies to achieve sustainable growth. However, unlike large companies that are proactively responding to ESG, many SMEs lack the capacity to prepare for it. Shinhan Bank is providing practical help to these SMEs by preemptively offering green finance and ESG management consulting. In addition, we are making contributions so that outstanding companies in Korea can develop ESG into a competitive edge, which is truly rewarding.

Park Jong-jin
 General Manager of ESG Planning Office,
 Shinhan Bank

A2
 Rapidly responding to the sharply-changing business environment while implementing sustainable management is a challenging task to many companies. However, this can be an opportunity those who have prepared, such as Shinhan Card where all employees recognize ESG as an essential strategy that enhances corporate sustainability and value. I feel a sense of pride in Shinhan Financial Group's advanced ESG management for serving as a reliable support for developing competitiveness that can turn a crisis into an opportunity.

Kim Gun
 Team Head of ESG Team,
 Shinhan Card

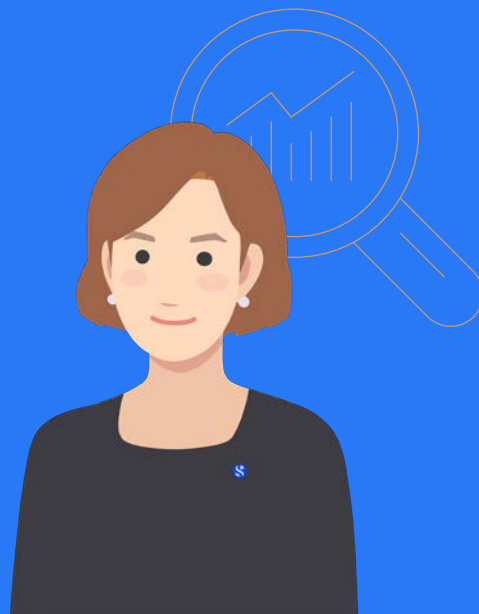


A2
 ESG recently received an explosive degree of attention but went through a difficult year in 2022 amid global contraction. There are yet no clear ESG standards, and it is uncertain what kind of impact our ESG activities will make on future generations. However, I am confident that ESG action will enable us to build a better world, albeit slowly, as I witness growing interest in environmental protection and wider spread of consideration for the underprivileged. I believe ESG is a pioneering path not a crossroad.

Choi Young-soon
 Team Head of ESG Planning Team,
 Shinhan Securities

A2
 Shinhan Life provides long-term insurance products based on customer trust. ESG is therefore an essential strategy, going beyond right choice. As customer satisfaction, consumer protection as well as win-win with stakeholders gain greater importance for sustainable growth, we truly feel the importance of ESG management in every moment we handle our work and strive to make ESG real and sincere.

Moon Ji-young
 General Manager of ESG Part,
 Shinhan Life



A2
 We improved carbon intensity by making company-wide efforts to reduce carbon emissions and strategically implementing green finance. Witnessing the results of our efforts made me proud in that we contributed to improving the future environment. Also, a steady increase in venture investments for more than four years resulted in performance improvements of startups and revenue improvements of Shinhan Capital. I hope to see more of "Compassionate Finance, Your Companion for the Future" through ESG.

Moon Myung-gyun
 General Manager of Strategy Planning Department,
 Shinhan Capital

A2
 We received replies with words of encouragement from invested companies regarding shareholder letters in the process of engagement activities as an investor. We realized their sense of sincerity towards ESG management and welcomed the sense of camaraderie. When an increasing number of companies become sincere towards ESG and the solidarity among investors that recognize these companies grows stronger, I think ESG investment will become mainstream.

Song Tae-hun
 Head of ESG Strategy Team,
 Shinhan Asset Management

Q3 What are your resolutions and goals for the ESG journey that you will continue to take?

A3

A new era of ESG regulation begins and regulations across all areas of ESG are expected to be strengthened in 2023. Shinhan Bank will go beyond responding to ESG regulations and strive to develop the rapidly-expanding ESG market as the sustainable growth momentum. In particular, through creative connection and expansion between the areas of E and S and strengthened customer- and field-centered execution capabilities, we will enhance our status as a leading ESG bank.

Park Jong-jin
General Manager of ESG Planning Office,
Shinhan Bank

A3

Shinhan Card will do its utmost to establish a global top-tier ESG management system in alignment with the Group's ESG strategy. We seek to build a virtuous cycle of win-win in which customers, society, and we as a company continue to grow together by strengthening our competitiveness through ESG. To this end, Shinhan Card will take the lead in implementing the Group's ESG strategy in a "Right, Nimble, Different" way.

Kim Gun
Team Head of ESG Team,
Shinhan Card

A3

Shinhan Securities will continue with the right business suitable for the securities business within the Group's ESG execution system. In particular, the Research Center, with its industry-leading ESG analysis capabilities, will take the lead in developing Shinhan Securities' unique ESG evaluation rating model in 2023. Based on the model, we will provide consulting to companies that are experiencing difficulty in implementing ESG to establish Shinhan Securities' position as a leading ESG securities firm and to also win eco-friendly deals.

Choi Young-soon
Team Head of ESG Planning Team,
Shinhan Securities



A3

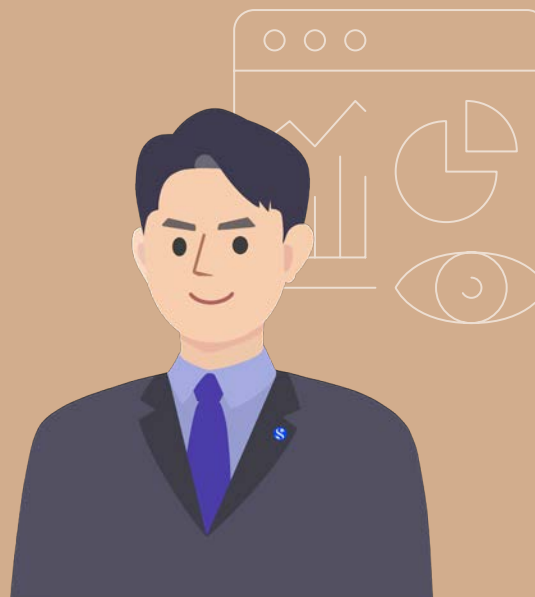
New ESG-related agenda continue to emerge and demands of outside stakeholders will grow stronger, including mandatory ESG disclosures and increased adoption of disclosure standards. This is why preemptive and systematic execution of ESG management is needed more than ever. Shinhan Life will develop distinctive competitiveness by actively implementing net zero and spreading positive impact aligned with the Group's ESG strategy.

Moon Ji-young
General Manager of ESG Part,
Shinhan Life

A3

I went on a business trip to Europe with working-level staff in charge of ESG planning, investment and evaluation, through which we were able to become more aware of the global ESG ecosystem and new investment opportunities. We plan to strengthen the driving force of ESG execution by making eco-friendly investments and venture investments that are suitable for Shinhan Capital's identity as an IB company based on insight that we gained through ESG research and benchmarking.

Moon Myung-gyun
General Manager of Strategy Planning Department,
Shinhan Capital



A3

ESG investment by asset managers is a difficult mission in that it needs to fulfill sustainability and trustee duties. Many challenges and doubts will arise until ESG fully establishes itself in the market as a strategy that can outperform. When Shinhan Asset Management does not sway to short-term ebb and flow of the market and continues ESG investments without being discouraged, we will receive recognition as a truly prestigious ESG investor.

Song Tae-hun
Head of ESG Strategy Team,
Shinhan Asset Management

! GLOBAL ESG ACTION

Where does Shinhan's ESG lead to?



While putting ESG into practice in a "Right, Nimble, Different" way in 2022, Shinhan paid keen attention to global movement. We made contributions so that the ESG disclosure trends could move in the right direction, and cooperated to fulfill roles and responsibilities of finance in achieving green growth. In addition, to step up the fight of finance against climate change, we participated in global initiatives as a leading financial institution representing Asia. Going forward, we will continue to take active part in creating global standards while also contributing to building an ESG ecosystem and sustainable society on the global stage.



Cho Jeong-hoon

Head of ESG Division, Shinhan Financial Group /
Asia Pacific Banking Representative of the UNEP FI Global Steering Committee



Leading the Global Trend of ESG Disclosure



* Source: Korea Accounting Institute

Attended at the IFRS Foundation's Trustees Meeting in Seoul and ISSB Meeting

October 2022 — At the UN Climate Change Conference of the Parties (COP26) that Shinhan attended upon invitation from the United Nations Framework Convention on Climate Change (UNFCCC) in November 2021, the International Financial Reporting Standards (IFRS) Foundation made official the launch of the International Sustainability Standards Board (ISSB) for establishment of ESG disclosure standards.

In October 2022, a meeting was held among executives of leading ESG companies in Korea, IFRS Foundation Trustees Chair, and ISSB Chair. Shinhan Financial Group CEO Cho Yong-byoung participated in the meeting and shared Shinhan's opinions on global ESG disclosure and also suggested an improvement direction for standards.

Strengthening Global Cooperation for Green Growth



Signed an MOU with GGC for global ESG execution

March 2022 — Shinhan Bank became the first in the Korean financial industry to sign an MOU with the Green Guarantee Company (GGC) for global ESG execution and thus expanded the global network for the Zero Carbon Drive strategy.



Discussed finance's roles to resolve climate and biodiversity issues with the UK Minister for Pacific and the Environment

May 2022 — Shinhan Financial Group CEO Cho Yong-byoung met with Lord Zac Goldsmith, UK Minister for Pacific and the Environment, and discussed roles of private financial companies to resolve climate and biodiversity issues.



Discussed the facilitation of climate finance for green growth with the Climate Ambassador of Denmark

June 2022 — Shinhan Financial Group CEO Cho Yong-byoung and Climate Ambassador of Denmark Tomas Anker Christensen met to discuss finance's roles for green growth.

Contributing to the Establishment of a Global Innovative Finance Ecosystem




Held "MUST. CONNECT SINGAPORE"

October 2022 — "MUST. CONNECT SINGAPORE", a global startup innovation roadshow hosted by Shinhan Financial Group together with the Ministry of Trade, Industry and Energy and Incheon Free Economic Zone Authority, was held in October 2022 at the Science Park in Singapore.



Launched "Shinhan Future's Lab Japan"

November 2022 — "Shinhan Future's Lab", a leading startup accelerator program in Korea, signaled the launch of 'Shinhan Future's Lab Japan' in Tokyo.



Participating in Global Initiatives as a Financial Sector Leader




Attended an annual meeting of the UNEP FI Leadership Council

November 2022 — Shinhan Financial Group CEO Cho Yong-byoung attended an annual meeting of the Leadership Council, an official partnership organization of UNEP FI, on November 30, 2022 during which he shared ESG trends in Asia and his opinions on ESG disclosure.

Shinhan is also participating, as the banking representative of the Asia-Pacific, in the Global Steering Committee (GSC), which can be regarded as the board of UNEP FI, and attended an official meeting that was held in Geneva, Switzerland in September. Shinhan is actively communicating with UNEP FI, performing roles as a financial sector leader.

3

ESG PROMISE

Blooming a more wonderful world together

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.

Dancing butterflies by Lee Darae



DO THE RIGHT THING

for a Wonderful World



THISABLED SHOP
Online store for goods made of artwork created by artists with developmental disabilities

ESG Insight

Financial companies are expected to conduct higher-level ESG management for they are a financial intermediary.

To understand how ESG can lead to new opportunity for companies in finance and other industries, we asked the Chair of ESG Strategy Committee Kwak Su-keun of Shinhan Financial Group some questions.



Kwak Su-keun
Independent Director of
Shinhan Financial Group /
Chair of ESG Strategy Committee

Q1

ESG governance is increasingly demanded for financial companies as it gains relevance. Shinhan Financial Group in 2015 became Korea's first financial company to establish an ESG Strategy Committee (former Corporate Social Responsibility Committee) as a part of its commitment to ESG governance. Please share your thoughts on its roles and rationale.

A1

The corporate business environment is rapidly changing. Also, investors and other stakeholder segments are increasingly demanding that ESG integration for corporate management, and subsequently ESG management is fast becoming a "new normal". This change is an opportunity for the prepared but a crisis for the other. To turn ESG into an opportunity for sustainable growth, ESG strategy and goals should first be defined that stay consistent throughout the whole process, from planning to forming execution bodies, followed by a capability to push forward. These are some of the main roles of ESG governance.

In particular, ESG governance plays an important role in ESG management for financial companies which supply capital to markets through business networks that are as complex as a spider web. As climate crisis and social uncertainty will bring corporate value down; and if financial institutions fail to preempt the deterioration of their corporate loan quality, the nation and industry can face one crisis after another. For this reason, establishing sound ESG governance is crucial.

Q2

How do you think Shinhan and other Korean companies should respond to movements to legislate the disclosure of ESG information at home and abroad?

A2

Regulations requiring mandatory ESG disclosure¹⁾ are on a rapid rise. Most regulations seek to address public concerns over ESG washing²⁾ as well as to increase comparability in ESG performances by more accurately measuring them. Therefore, companies are required to collect various non-financial data of their operations and to measure and disclose their impacts and risks on the environment, society and the supply chain. As this is unavoidable, companies should continue to monitor the development of global ESG disclosure standards, while also establishing a sound ESG data infrastructure and strengthening management capabilities.

As companies take steps to enhance the objectivity and reliability of their ESG disclosure, many positive effects can be expected, including increased transparency of performance management and improved efficiency of business management. Also anticipated is a virtuous cycle of ESG management leading to a better financial performance as disclosed materials more than likely to boost investor confidence.

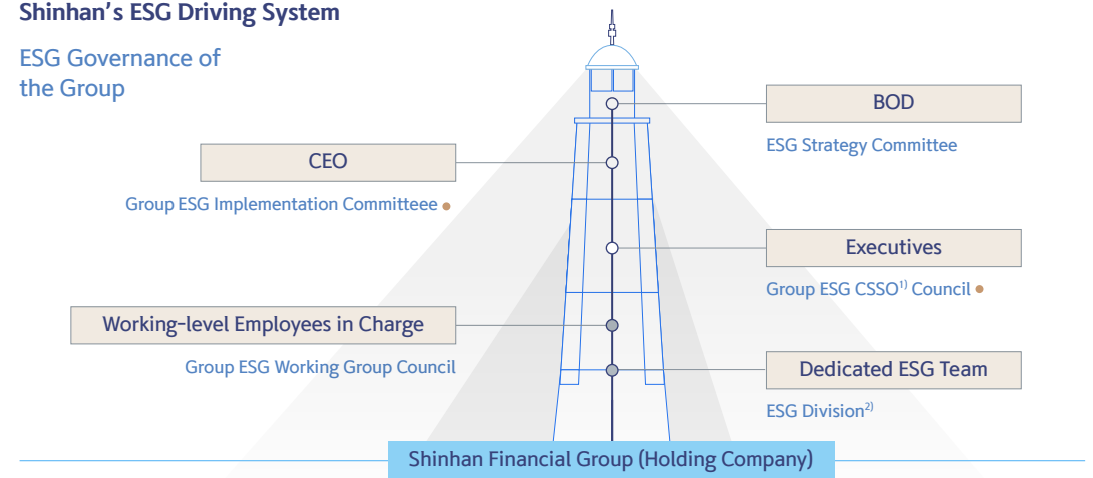


¹⁾ EU Corporate Sustainability Reporting Directive (CSRD), US Securities and Exchange Commission (SEC) climate disclosure, Sustainability disclosure standards established by the International Sustainability Standards Board (ISSB) under the International Financial Reporting Standards (IFRS) Foundation, etc.

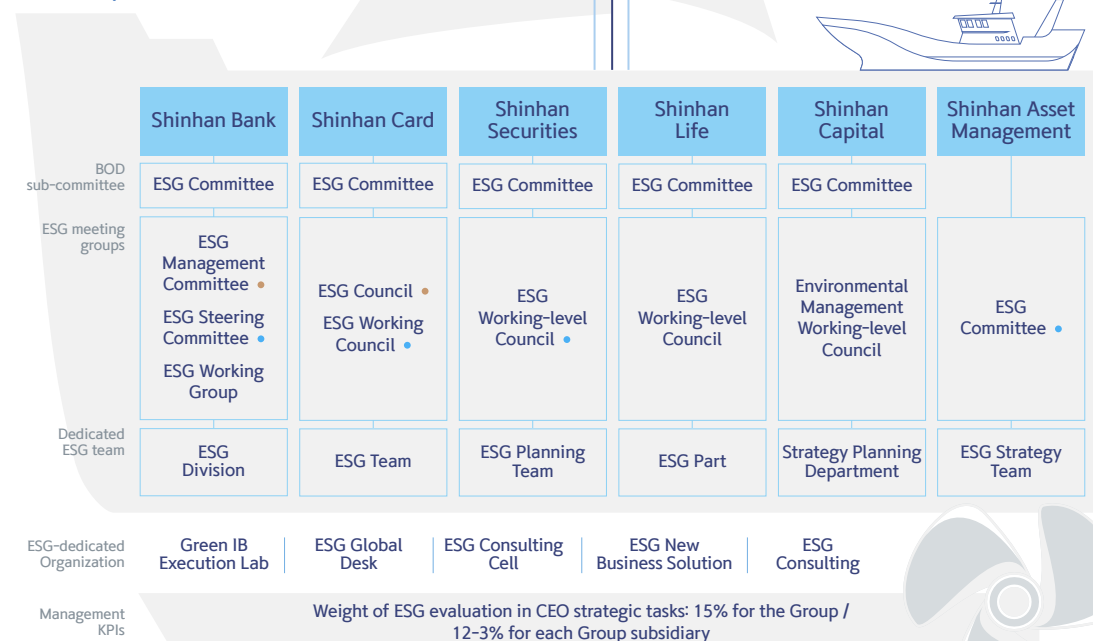
²⁾ Overselling and misrepresenting ESG efforts and initiatives although no/insufficient activities or improvement efforts are taken to achieve ESG indexes

Shinhan's ESG Driving System

ESG Governance of the Group



ESG Governance of the Group Subsidiaries



¹⁾ Chief Strategy & Sustainability Officer (CSSO): Executive who performs the role of integrated management of the strategy and sustainability sectors

²⁾ Concurrent position at the holding company and Bank

* As of the end of 2022

ESG Plan

2022 Shinhan ESG – Right, Nimble, Different

For Shinhan, ESG is the key of corporate management and a standard of daily life. It is our answer to “100-year Shinhan” and a sustainable future.

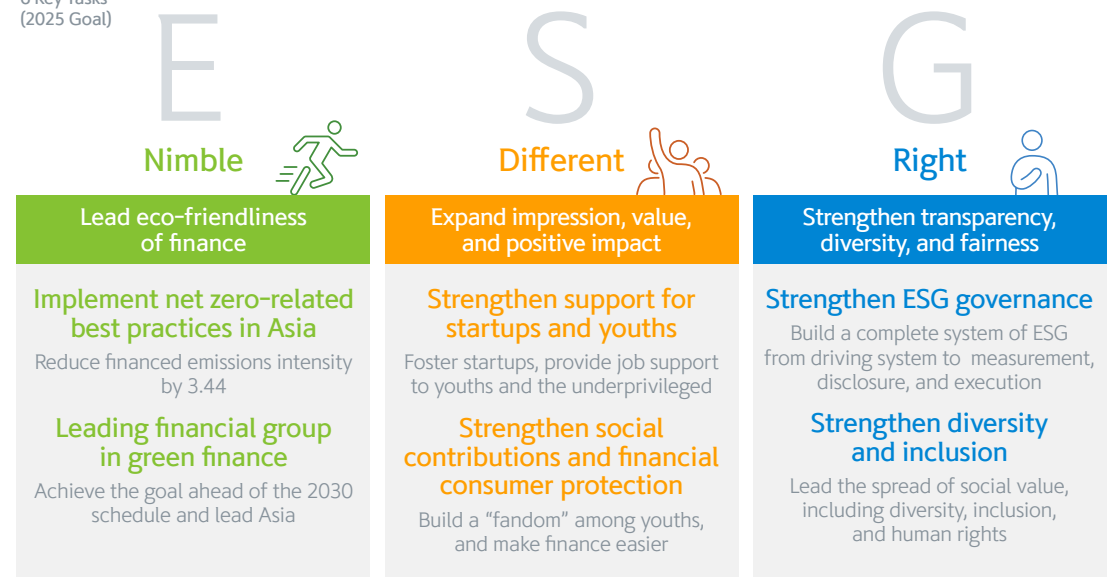
We analyzed the ESG management environment from a preemptive perspective and set challenging tasks. Aiming to become “Asia’s leading ESG financial group” in 2025, we seek to implement key tasks. Moving forward, we will add value to ESG, in a “Right, Nimble, Different” way, to scale positive impact of 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)



DO THE **RIGHT** THING
for a Wonderful World

ESG Invitation



Dear Stakeholders of Shinhan,

I hope this letter finds you well.

I am pleased to present our “2022 ESG Highlight Report” that shows our ongoing efforts to address environmental, social, and governance issues.

Looking back on the past few years, it’s clear that we faced unprecedented challenges. The global community experienced global supply chain disruptions, economic downturns, and extreme climate events. Despite this, our commitment to sustainable growth and our unwavering mindset remained strong.

I’ve had the pleasure of meeting many of our stakeholders in person, and I’ve been heartened by their enthusiasm and support for ESG.

It’s clear that our dedication to this cause has become the “new normal” and will remain a priority for years to come.

As the ground becomes harder and more resilient after a heavy rain, the challenging environment has only strengthened our conviction to continue efforts towards sustainable growth.

As we celebrate our 40th anniversary, I am reminded of our founding vision: "Serving the Country Through Finance" and our corporate mission to "Build a Better World Through Finance." Our ESG slogan, "Do the Right Thing for a Wonderful World," is an extension of these values.

We are committed to sharing the value of sustainable growth as a finance company and will continue to work closely with all of our stakeholders to achieve our shared goals. We will continue to move forward without wavering, no matter what challenges we may face.

I ask that you continue to support our efforts and join us on our journey towards a wonderful world.

Thank you.



Cho Yong-byung
CEO, Shinhan Financial Group

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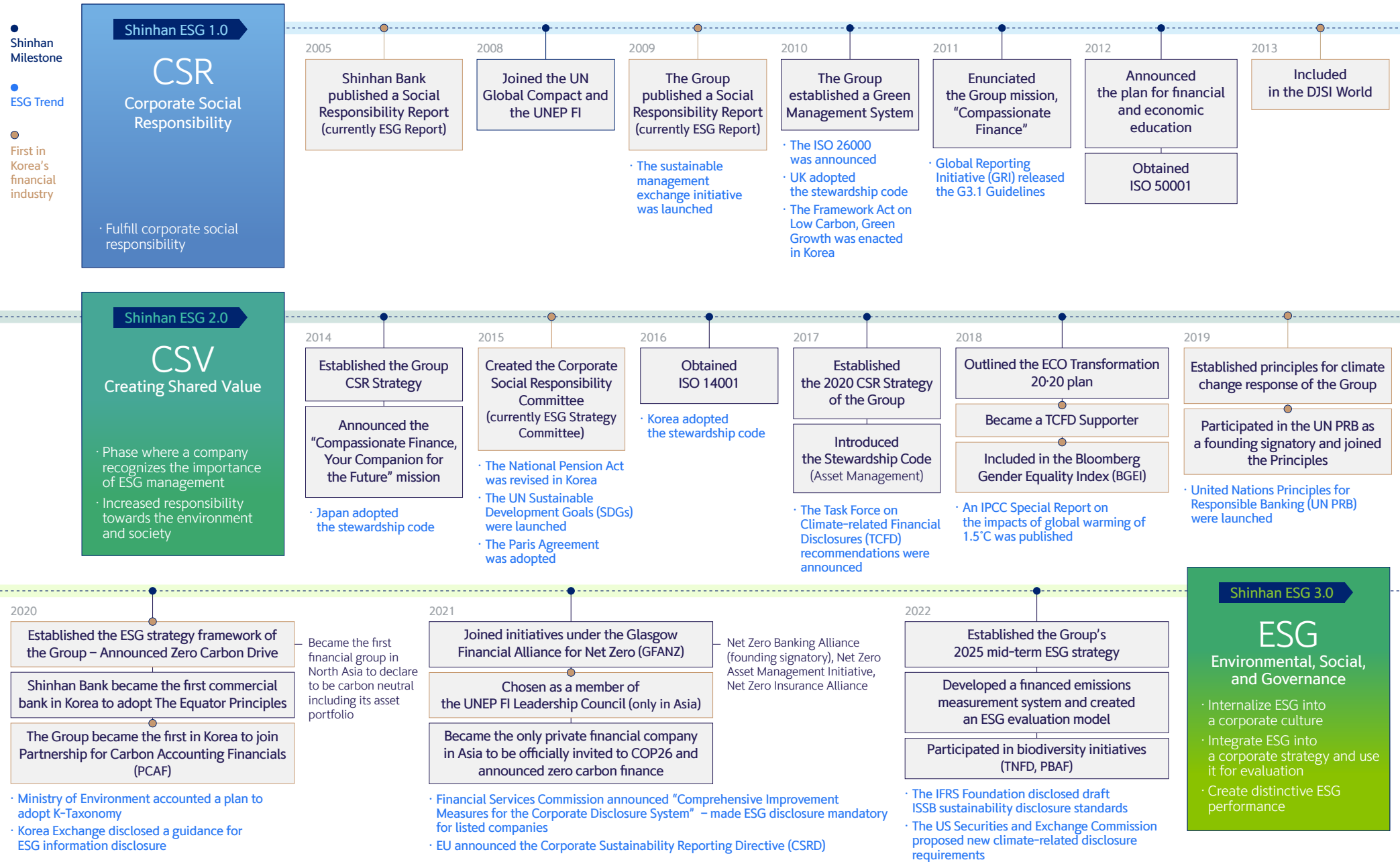
ESG Strategy

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, Trust.



ESG Milestones

Shinhan Financial Group is implementing ESG 3.0 on par with global trends of corporate environment, social, and governance (ESG).



ESG Initiatives

Shinhan Financial Group is taking an active part in initiatives that create standards of ESG agenda.

Joined in March 2007
Named Carbon Management Sector Honors in 2018



Carbon Disclosure Project (CDP)

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



UN Environmental Programme Finance Initiative (UNEP FI)

Public-private partnership between the UNEP and the financial sector

Joined in May 2008



United Nations Global Compact (UNGC)

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

Joined in September 2018



Task Force on Climate-related Financial Disclosures (TCFD)

A task force for disclosing financial information related to climate change

Joined in September 2019



UNEP FI Principles for Responsible Banking (PRB)

A framework for ensuring that signatory banks' practice for the UN SDGs and the Paris Agreement

Joined in February 2020



UNEP FI Principles for Sustainable Insurance (PSI)

Integrating sustainability factors with insurance management activities, including operation strategy, risk management, and product and service development

Joined in September 2020



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



Partnership for Carbon Accounting Financials (PCAF)

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



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 Alliance (VBA)

A group of international companies developing a standard for impact measurement and valuation that is not reflected in financial statements

Joined in April 2021



Net-Zero Banking Alliance (NZBA)

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



Net Zero Asset Managers Initiative (NZAMI)

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



Net-Zero Insurance Alliance (NZIA)

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



Taskforce on Nature-related Financial Disclosures (TNFD)

A taskforce for financial information disclosure related to preserving nature and biodiversity

Joined in September 2022



Partnership for Biodiversity Accounting Financials (PBAF)

PBAF Standard enables financial institutions to assess and disclose impact and dependencies on biodiversity of loans and investments

ESG Evaluation

Shinhan Financial Group is developing the ESG system through transparent information disclosure. By making such efforts, it is receiving recognition for excellence from ESG evaluation agencies.

GLOBAL RECOGNITION

[First time among Korean financial companies]



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 among Korean financial companies]



Received A+ grade for 8 consecutive years

[First time among Korean companies]



Receive the highest (AA) grade for 4 consecutive years

ESG Progress

Shinhan set 10 strategic KPIs and manages ESG as a quantitative goal as a way to strengthen ESG execution ability of the Group and Group subsidiaries.

🟢 Green 🟠 Win-win 🔵 Trusted

Green finance

8.15 KRW trillion
(2020-2022)

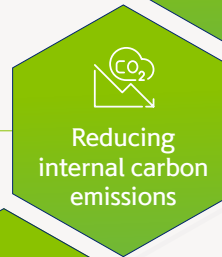


Innovative/New Deal finance

27.3 KRW trillion

Internal carbon emissions

99,163 tCO₂eq



Newly fostered companies

812 companies
(2015-2022)

Financed emissions (Carbon intensity)

20.36
(As of the end of Nov. 2022)



Microfinance

4.27 KRW trillion

Percentage of female management

8.7%

Percentage of female general manager

13.0%



Customers who participated in financial education

313,571 persons

Employee satisfaction level

76 points
(100-point scale)



Customer satisfaction

94.5 points
(Based on Shinhan Bank in 2022, 100-point scale)

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ESG Strategic KPIs in 2022

* These figures may be subject to change for they have not received third-party verification yet. Finalized figures are planned to be disclosed through the ESG Report at the end of the first half of the year.

About the Artists

“THISABLED” is a social venture that is creating a new art culture together with artists with developmental disabilities. The prefix “Dis” of “Disabled” that has a negative meaning was changed to “This” in the hope that this change in a single word will brought about big impact. To this end, THISABLED has joined hands with artists with developmental disabilities, and thus provides a foundation for social and economic independence.

Artists with developmental disabilities seek to engage in dialogue with the world through artwork, transcending language and culture. THISABLED has been in constant collaboration with Shinhan to establish arenas for dialogue between the disabled and non-disabled, beginning with the first exhibition of THISABLED in 2021 sponsored by Shinhan Bank, which was followed by incubation coaching provided by S² Bridge : Seoul in 2021, participation in the Shinhan Open Innovation Showcase in 2022, and issuance of a report on Shinhan Financial Group’s ESG activities.



Kim Chaeseong

With a fairy tale-like drawing style, artist Kim Chaeseong creates whimsical drawings that are full of curiosity and sometimes creates drawings that deliver a sense of love. Kim has abundant ecological sensitivity, telling diverse stories through characters he creates.



Kwon Hansol

Songs are always at the center of the drawings of artist Kwon Hansol, who expresses a unique world by using diverse themes and mediums. He provides a three-dimensional description of the beauty of subject matters that we easily come across, including cats, cars, and flowers.



Choi Seo Eun

Artist Choi Seo Eun began drawing on wooden plates because she was captivated by the sense of warmth delivered by trees and their texture. To Choi, woodcuts are a medium to deliver hope and love. With a unique expression technique, Choi is known for reinterpreting woodcuts.



Lee Darae

The drawings of artist Lee Darae feature familiar images of nature. Messages are communicated based on pure, warm sensibility that is delivered through strong but harmonious colors. Her drawings tenderly envelop the audience through nature’s breath and the artist’s gaze.

Imprint

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Challenge Artists

As a playground for artists with developmental disabilities, “HEARTISM” enables persons with developmental disabilities who are talented and love art to upload their works, and it is open to all. Shinhan roots for Challenge Artists who dream of becoming wonderful artists as they take on challenges, including artists [Park Jisoo](#), [Seon Siwoo](#), and [Han Sangwon](#), who created the artworks used for the Shinhan ESG Highlight.

