

Responsible Growth

Investments for the Future



Social Partnerships

SHINHAN FINANCIAL GROUP CSR REPORT 2019

Shinhan's Promise for a Sustainable Future

We established our mission 'Compassionate Finance, Your Companion for the Future,' with the goal of nurturing mutual growth according to mutual growth according to the values of 'customer,' 'society,' and 'Shinhan.' As a responsible financial institution, Shinhan has played a significant role in building a sustainable ecosystem for the environment and society.

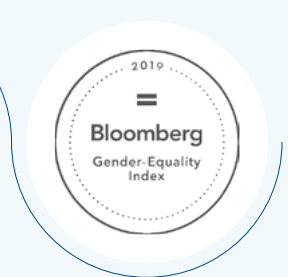
Shinhan Financial Group will continue to promote compassionate finance that allows everyone to grow and thrive together.

7&11 Years in a Row **6** years running **A+** Rating

DJSI World for 7 straight years, DJSI Asia Pacific, Korea for 11 consecutive years as 6th in the world in the financial industry (1st in Korea)

Selected for the Carbon Management Honors Club for 6 years running (Leadership A)

Awarded A+ rating for integrated ESG ratings for 5 years in a row



AA

Secured AA rating for 4 consecutive years

8 years

Included in the Global 100 for 8 years running

2 years

Bloomberg Gender-Equality Index for 2 years in a row

This report has been prepared according to the GRI Standards and the TCFD's recommendations, our financial group's reporting principles and the SASB's sustainability accounting standards (Commercial Bank). For further details on our corporate governance, please refer to the 2019 Annual Report on Shinhan's Governance Structure and Salary System and the 2019 Annual Report on our website (www.shinhangroup.com).



Contents

02 Shinhan Financial Group CSR Framework

Our Strategy

- 05 CEO Message
- 07 CSR Track Record
- 08 CSR Governance
- 09 Performance in the Top 10 Strategic Indicators 2019
- 10 Shinhan Financial Group's ESG Table

Theme Report

- 13 Environment
 - ECO Transformation 20 · 20
 - Establishment of the Group-wide Principles for Responding to Climate Change
 - Issuance of Sustainable Finance Bonds
- 16 Social
 - Innovative Growth Project
 - Hope Society Project
 - Shinhan Financial Group's Social Values Measurement
- 19 Governance
 - Sustainability Management Governance
 - Commitment to Global Initiatives
- 21 Special page
 - Disclosure on Financial Impact of Climate Change (TCFD)
 - Cultivating Female Leaders
 - The Group's Response to the COVID-19 Crisis

Business Impact

- 27 Providing Solutions to Enhance Customer Value
- 29 Fair and Ethical Business Practices
- 32 Increasing Financial Inclusiveness
- 35 Establishing a Creative and Open Corporate Culture
- 37 Carrying Out Corporate Social Responsibility
- 41 Manage Environmental and Societal Risks

Factbook

- 44 Corporate Governance Structure
- 48 Human Rights Management
- 50 Materiality Assessment
- 51 Stakeholder Engagement
- 52 2020 CSR Dashboard
- 53 ESG Data
- 64 Global Initiatives
 - Principles for Responsible Banking / SASB / TCFD / UNGP
- 69 GRI Standards Index
- 71 Independent Assurance Statement
- 73 About This Report

Our Strategy

- 05 — CEO Message
- 07 — CSR Track Record
- 08 — CSR Governance
- 09 — Performance in the Top 10 Strategic Indicators 2019
- 10 — Shinhan Financial Group's ESG Table

CEO Message



**“ THANKS TO ALL
THE STAKEHOLDERS
OF SHINHAN
FINANCIAL GROUP.”**

In 2019, amid the accumulation of uncertainties in the global financial market, Shinhan Financial Group continued to promote its 2020 SMART Project with the aim of making a leap forward to becoming Asia's Leading Financial Group. As a result, we recorded our highest annual financial performance ever by achieving balanced growth across our entire business portfolio in 2019, further reinforcing our status as the leading financial group in Korea. This success is entirely attributable to all our stakeholders' steadfast faith in and affection for Shinhan Financial Group.

'Building a Better World through Finance'

We believe that the exceptional performance of Shinhan Financial Group, which has opened a new path for Korean finance, is the result of our efforts to fulfill our corporate social responsibilities with the goal of creating a virtuous cycle of shared growth that benefits the world under our vision of 'Your Companion for the Future' through compassionate finance.

We declared the launch of 'compassionate finance' in 2011, established nine key CSR strategies in 2014, and launched the '2020 CSR Strategies' in 2017. We have created a robust and sustainable management system by consistently promoting socially responsible business management under the three principles of 'Responsible Growth,' 'Social Partnerships,' and 'Invest in Our Future.' In 2020, we will strive to successfully conclude our 2020 CSR Strategies, expand the values of sustainability and innovation finance across our entire business portfolio, and achieve systematic progress in our Environmental/Social/Governance (ESG) efforts. At the group level, we will promote the development of our ESG system in three directions, namely, 'Eco-friendly Management,' 'Win-win Management' and 'Trusted Management.' We will also pursue improvements in the relevant programs in our own unique way throughout the year.

“ We will promote our group-level ESG system in the three directions of ‘Eco-friendliness,’ ‘Win-Win,’ and ‘Trust’ and make the necessary modifications to specific ESG programs.”

Eco-friendliness Toward a Low-carbon Economy!

In terms of ‘Eco-friendly Management,’ Shinhan Financial Group led the low-carbon financial market based on its medium and long-term eco-friendly vision, “ECO Transformation 20:20,” which was announced in 2018. In September 2019, we joined the United Nations Principles for Responsible Banking (UN PRB) as a founding signatory. In December, we declared the “Group Principles for the Response to Climate Change” for the first time among domestic financial groups in a bid to systematically establish and implement our duties and responsibilities in fighting climate change as a responsible financial group. To achieve the transition to a low-carbon economy as early as possible, in 2020, we will conduct a climate change impact analysis of our entire group business portfolio and take proper actions according to the results, so that we can lead the Korean financial industry in the environmental sector, as well.

Win-Win Innovation Growth Ecosystem!

To promote Win-Win Management, we formed the Innovative Finance Promotion Committee for the first time in the domestic financial industry and implemented the Innovation Growth Project in February 2019 for the purpose of boosting the innovativeness of the industry and the country as a whole through the fulfillment of our role as an cutting-edge financial institution. In 2019, we contributed to strengthening the foundation for the development of new growth engines in Korea by offering active support to promising start-ups and tech companies. In 2020, we will launch the Triple-K Project to provide them with even more systematic support. More specifically, we will join hands with local governments to promote the Korea Cross-Country Plan, an initiative designed to promote the development of regionally specialized, innovative growth ecosystems. We will also implement the Korea to Global Plan to help innovative local businesses make inroads into overseas markets, expand their presence through our financial and networking assistance and by joining the government-led K-Uncorn Project, and provide cutting-edge businesses with support customized for their respective stages of development. Furthermore, through close cooperation with our stakeholders, we will make significant contributions to building a nationwide growth ecosystem for innovative businesses in 2020.

Trust Society of Hope!

Through our ‘Trusted Management,’ we will continue to strengthen the win-win platform designed for a trust-based social community through the Hope Society Project that we have promoted since 2017. In 2019, we launched the Social Value Measurement & Evaluation Model project to continue to quantify our changing social values, the first financial group in Korea to do so. We will strive to create even greater social value through our strategic Creating Shared Value (CSV) activities focused on effectiveness. In 2019, we developed an action plan for Shinhan Sheroes, a groupwide women's leadership development program, we launched in 2018, and took subsequent action for this initiative. We will continue to boost our organizational diversity by creating a virtuous cycle in the personal growth of female leaders within the organization.

Top-tier Shinhan the Innovator!

As a rule, ordinary businesses focus on going faster than others, whereas top-tier businesses take the course that no one else dares to venture down. In our efforts to achieve our sustainable management goals, we at Top-tier Shinhan aspire to Build a Better World through Finance as our corporate mission and contribute to building a world where everyone wants to live. To that end, we will innovate and develop ourselves first and fulfill our role of empowering positive changes in our customers and society through our best practices in sustainable finance. We look forward to your continued interest in and support for Shinhan Financial Group.

Thank you

CEO, Shinhan Financial Group
Cho Yong-byoung

















CSR Track Record

In line with the growing importance of ESG (environmental, social, and governance) activities, Shinhan Financial Group is actively implementing socially responsible management.

Compassionate Finance



CSR Track Record	2005 Shinhan Bank published a CSR report ● (First of its kind in the Korean financial sector) 	2008 Joined UN Global Compact and the UNEP Finance Initiative 	2009 Issued the Group's CSR report ● (First for Korean financial groups) 	2010 Established an integrated green management system 	2011 Made a Compassionate Finance declaration 	2012 · Announced plan to offer financial & economic education · Acquired ISO 5001 certification 	2013 Selected as a member of Dow Jones Sustainability Indices (DJSI) World ● 
ESG Trends			Launched the sustainable management exchange initiative	<ul style="list-style-type: none"> · Announced the ISO 26000 · Introduced the UK Stewardship Code · The Legislation of the Framework Act on Low Carbon, Green Growth 	Expanded implementation of the Global Reporting Initiative (GRI)		
CSR Track Record	2014 <ul style="list-style-type: none"> · Set up 9 CSR strategies for the Group · Announced Compassionate Finance, Your Companion for the Future mission 	2015 Installed CSR Committee ● 	2016 Obtained ISO 14001 certificate 	2017 <ul style="list-style-type: none"> · Established the 2020 CSR Strategies · Introduced the Stewardship Code (Asset Management) 	2018 <ul style="list-style-type: none"> · Principles for Responsible Banking launched by the UNEP FI · Announced ECO Transformation 2020 ● · Became a signatory of the TCFD recommendations ● 	2019 <ul style="list-style-type: none"> · Establishment of principles for responding to climate change ● · Signing the United Nations Principles for Responsible Banking (UN PRB) ● 	
ESG Trends	Introduced Japan's Stewardship Code	<ul style="list-style-type: none"> · Revision of the National Pension Act · Announcement of the UN Sustainable Development Goals (SDGs) · The Paris Agreement 	Establishment of Korea's Stewardship Code	Announcement of the TCFD Recommendations	Published a IPCC 1.5°C report	Enactment of the UN PRB	

● The first time among domestic financial institutions

2020 CSR Strategies

Shinhan Financial Group has established 'Your Companion for the Future.' as its new motto. We have also formulated and implemented the '2020 CSR Strategies' with the aim of raising the mid- to long-term value of all our stakeholders.

Three Pillars

Responsible Growth

Social Partnerships

Invest in Our Future

6 Commitments



Provide Solutions to Enhance Customer Value

- Providing customer-oriented products/services
- Offering products/services that can respond to environmental changes such as digital transformation



Increase Financial Inclusiveness

- Support for working groups and SMEs
- Expanded financial services through strengthened financial accessibility



Carry Out Corporate Social Responsibilities

- Environmental/social finance solutions
- Social Contribution Programs



Fair and Ethical Business Practices

- Ethical management protection of financial consumers through information protection



Establish a Creative and Open Corporate Culture

- Empowering employees and securing expertise to establish a creative organizational culture and a smart working environment



Manage Environmental and Societal Risks

- Environmental/social risk management
- Expanding eco-friendly management and raising awareness

UN SDGs*



* United Nations Sustainable Development Goals: A collection of 17 global goals designed as a blueprint for realizing the ideal of sustainable development. They were set by the UN General Assembly in 2015 with the target of achieving them by 2030.



Performance in the Top 10 Strategic Indicators 2019

In order to effectively monitor the implementation status of the 2020 CSR strategies, Shinhan Financial Group set up the Top 10 Strategic Indicators in 2017, and has since implemented annual plans to complete the initiative by 2020. Each subsidiary's annual performance in meeting the strategic goals has been reflected in the evaluation of the relevant management's performance as a way of securing mid-to long-term momentum for the initiative.

Providing Solutions to Enhance Customer Value

Customer satisfaction

93.9 points 

Digital finance subscription rate
(based on individual customers)


72% 

Education on financial economics

943,120 persons
(cumulative)

Fair and Ethical

Ethics education completion/
pledge rate

99% 

Enhancing Financial Inclusiveness

Working group finance
support

KRW **6.7** trillion
(cumulative) 

Start-up ecosystem
support

KRW **25.5** trillion
(cumulative)

Building a Creative and Open Culture

Employee training
hours

85 hours
(per person) 

Smart working system
participation rate

72.8% 

Realizing Social Responsibilities

Green financial
support

KRW **16.2** trillion
(cumulative) 

Environmental/Social Risk Management

Greenhouse gas Emissions
(Scope1+Scope2)

90,195 tCO₂eq 

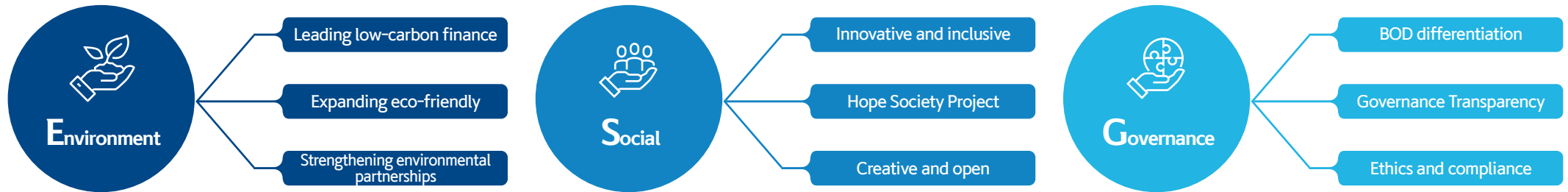


*tCO₂eq: A unit equivalent to carbon dioxide (CO₂) converted from all kinds of greenhouse gases (methane, nitrous oxide, etc.).

Shinhan Financial Group ESG Table

To make them more easily comprehensible to our stakeholders, we have divided our Group's major sustainability management activities into three categories: environment, social, and governance.

For further details, please refer to the Theme Report, Special Page, and Business Impact sections of this report.



Environment

Building a system for the promotion of green management

Leading Low-carbon Finance	Expanding Eco-friendly Management	Strengthening Environmental Partnerships
<p>Green finance</p> <ul style="list-style-type: none"> · Expanding exclusive and guaranteed loan/infrastructure PF · Investment in energy/eco-friendly refers to: <ul style="list-style-type: none"> · Issuance of green bonds · Promotion of eco-friendly consumption (card) <p>Environmental risk system</p> <ul style="list-style-type: none"> · Establishment and operation of an environmental/social risk management system ● · Analysis of climate change-related impacts on the Group's portfolio 	<p>Green policies</p> <ul style="list-style-type: none"> · Declaration of ECO Transformation 20-20* · Establishment of principles for responding to climate change ● <p>Promotion of environmental management</p> <ul style="list-style-type: none"> · Development & operation of a green management system · Acquisition of the ISO 14001 certification (Bank/Card/Investment/Life Insurance/Capital) · Creating a paperless environment 	<p>Participation in environmental initiatives</p> <ul style="list-style-type: none"> · Joining UNEP FI (2008) · UNEP FI Principles for Responsible Banking and Insurance (2019) ● <p>Disclosure of environmental information</p> <ul style="list-style-type: none"> · Financial disclosure following declaration of support for the TCFD and commitment to its recommendations (2018-) ● · Entered the CDP Hall of Fame for 2 consecutive years** ● <ul style="list-style-type: none"> - Leadership A for 6 consecutive years

* Loans and investments worth KRW 20 trillion in the low-carbon green industries, and a 20% reduction in greenhouse gas emissions by 2030.

** The Carbon Disclosure Project is a global project headquartered in the UK that requests the disclosure of information related to climate change issues.

● The first time among local financial institutions

Social

Expansion of financial support for society and diversification of programs

Innovative/Inclusive Finance

Innovative finance

- Formation of the Innovative Finance Promotion Committee ●
- Execution of the Triple K project
- A startup support program of Shinhan Future's Lab ●
- Launch of venture platform Inno-talk

Inclusive finance

- Leadership in mid-interest rate loans for working groups
- Success Do Dream Program
- Operation of exclusive platform for small-scale merchants and SMEs (All That Shopping)

Hope Society Project

Support for the vulnerable

- Support for people with low credit scores (Youth Debt Care, education allowance)
- Support for women whose career has been interrupted and self-employed people, etc.

Growth support

- Job creation programs
 - Support for youth overseas employment, Vocational School, and youth/senior job placement
- Investment in social enterprise fund
- Education support program
 - Financial education, Hope School software class, Shinhan Music Awards, scholarship programs, etc.

Creative and Open Culture

Diversity programs

- Establishment of a female leader training system
- Maternity protection and childcare support (daycare centers, decrease in work time, etc.)
- Inclusion in the Bloomberg Gender Equality Index

Human resources development

- Fostering of specialized experts
- Nurturing digital talent
- Operation of a mobile in-house education platform
- Implementation of an in-house startup system

Governance

Enhancement of systems and programs for compliance

Governance structure and leadership

BOD Differentiation

- Strengthening of BOD expertise
 - Mandatory appointment of outside directors with expertise
 - Reinforcement of sub-committee expertise
- Securing BOD diversity
 - Establishment of the principle of diversity in nationality, gender, and age
 - Shareholder outside director candidate recommendation system
 - Women account for at least 20% of director candidates

Stability in leadership

- Creation of a fair management succession system
 - Selection and fostering of CEO candidates
- Distribution of the director recommendation right

Governance systematization

ESG governance

- Establishment of Group-wide social responsibility management governance ●
 - Corporate Social Responsibility Committee
 - Group Sustainability Management CSO Council
- Development and launch of a social value measurement model ●
- Introduction of the Stewardship Code

Ethics/Compliance

- Group Compliance Officer Council, Internal Control Committee
 - Code of Ethics/ Standards of Conduct/ Insider Reporting System
 - Fair Trade Compliance Rules
 - Revitalization of ethics/compliance education
- Anti-money- laundering system

Ethics and Compliance

Customer protection

- Financial consumer protection system
- Establishment of an information security system
 - Designation of CISO for each subsidiary
 - Customer/individual information processing policy
 - Integrated Security Control Center

Human Rights

- Principles for shared development with partner companies and their Code of Conduct
- Establishment of a smart working environment
 - Expansion of the Smart and Flexible Working Hours System
 - Introduction of a PC shutdown system
 - Protection of employees' human rights
 - Mental health checkups for employees, human rights declaration, etc.

Theme Report

13 — Environment

ECO Transformation 20 · 20

Establishment of the Group-wide Principles for Responding to Climate Change

Issuance of Sustainable Finance Bonds

16 — Social

Innovative Growth and Hope Society Project

Hope Society Project

Assess Shinhan Financial Group's Social Values

19 — Governance

Sustainability Management Governance

Commitment to Global Initiatives

21 — Special page

Disclosure of Financial Impact of Climate Change (TCFD)

Cultivating Female Leaders

The Group's Response to the COVID-19 Crisis





ECO Transformation 20 · 20

Shinhan Financial Group declared ECO Transformation 20 · 20 in 2018 to contribute to the nation's transition to a low-carbon economy. We aim to loan and invest some KRW 20 trillion in the green industry by 2030 and reduce greenhouse gas emissions by 20%.

ECO Transformation 20 · 20 Performance

Green Financial Support



KRW 16.2 trillion
(cumulative total since 2017)

Greenhouse Gas Emissions* Reduction Rate



19% (compared to 2012)

*Measured by multiplying the consumption of electricity, gas, gasoline, etc., by the CO2 conversion factor

ECO Transformation 20 · 20 Content

Vision



A virtuous cycle of win-win that creates environmental & corporate values

Target

KRW 20 trillion of loans/investments in the low-carbon green industry

By 2030

20% reduction in greenhouse gas emissions (compared to 2012)

Vision



I. Leadership in the low-carbon financial market



II. Expansion of eco-friendly management



III. Enhancement of environmental leadership and partnership

Core strategies

- Invigoration of eco-friendly industrial investment
- Introduction of customized new products & services by industry
- Establishment of an environmental risk management system

- Expansion of investment in eco-friendly facilities
- Creation of a virtuous cycle of sustainable resources
- Establishment of a carbon management system

- Promotion of cooperation and expansion of networks
- Promotion of eco-friendly brand communication
- Sharing of climate change-related financial information



Establishment of the Group-wide Principles for Responding to Climate Change

The planned conversion to a low-carbon economy is also a challenge to the financial industry as it is involved in diverse fields of business. The role of the financial industry, as well as that of a GHG multi-emission company, is very important. Furthermore, financial institutions should not be content with the management of climate change-related risks but should seek out new opportunities, too. With the purpose of effectively responding to climate change at the group level, Shinhan Financial Group established and proclaimed its Principles for Responding to Climate Change in December 2019 for the first time in the domestic financial industry. We have thus laid a strong foundation for our systematic response to all potential environmental and social risks involved in the industry.



PARIS2015
CONFÉRENCE DES NATIONS UNIES
SUR LES CHANGEMENTS CLIMATIQUES
COP21·CMP11

2°C scenario

*Paris Agreement: an international agreement to keep the average global temperature rise below 2°C compared to pre-industrial levels, and to pursue efforts to limit the increase to 1.5°C.





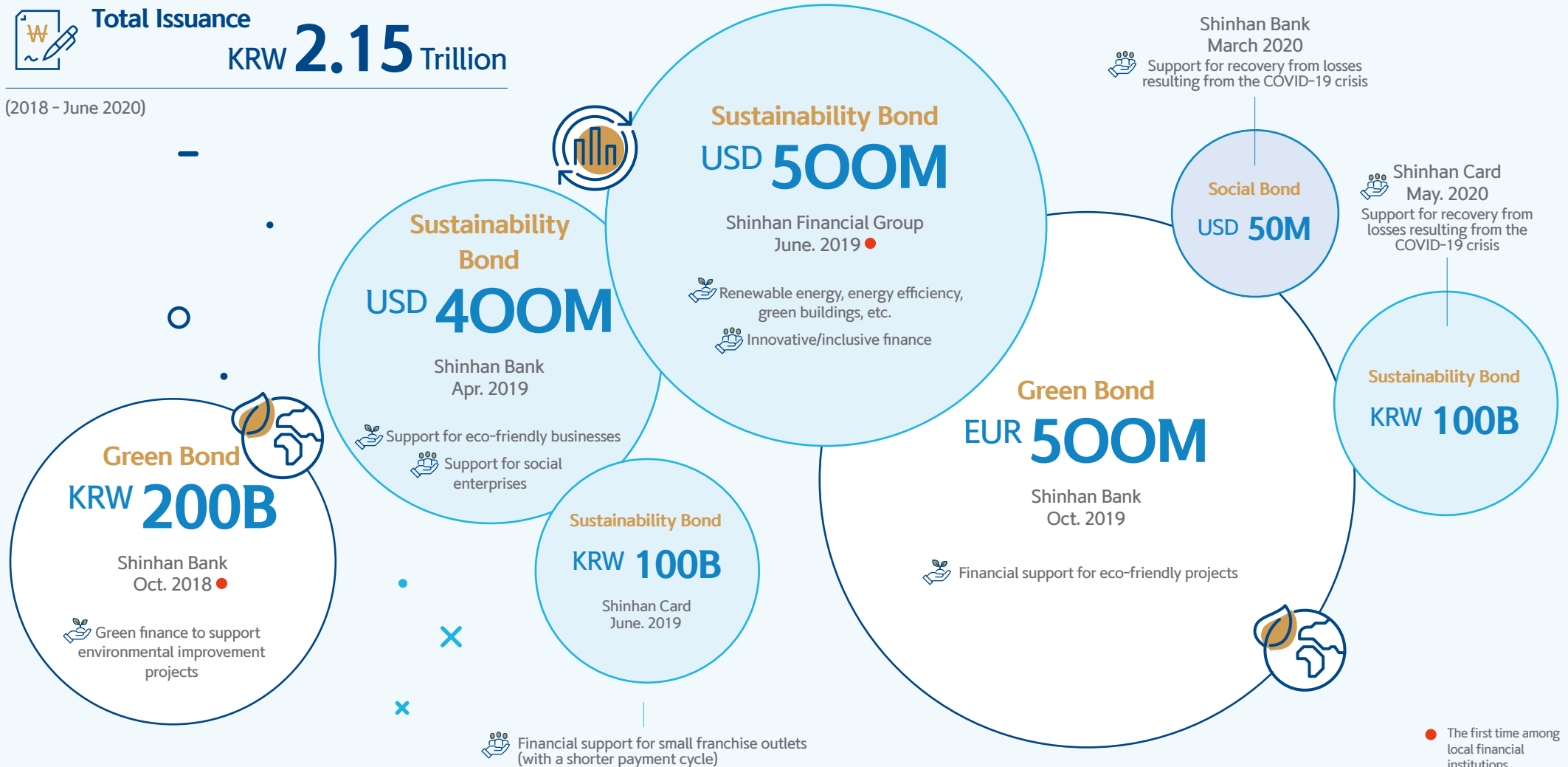
Issuance of Sustainable Finance Bonds

Since Shinhan Bank issued KRW 200 billion of Green Bonds in 2018 for the first time among domestic commercial banks, Shinhan Financial Group has been issuing sustainability bonds in various areas. Most notably, we recently issued Social Bonds worth USD 50 million in a bid to support the recovery of the national economy from the negative effects of the COVID-19 crisis and to fulfill our responsibility as a socially responsible financial group.



Total Issuance
KRW **2.15** Trillion

(2018 - June 2020)



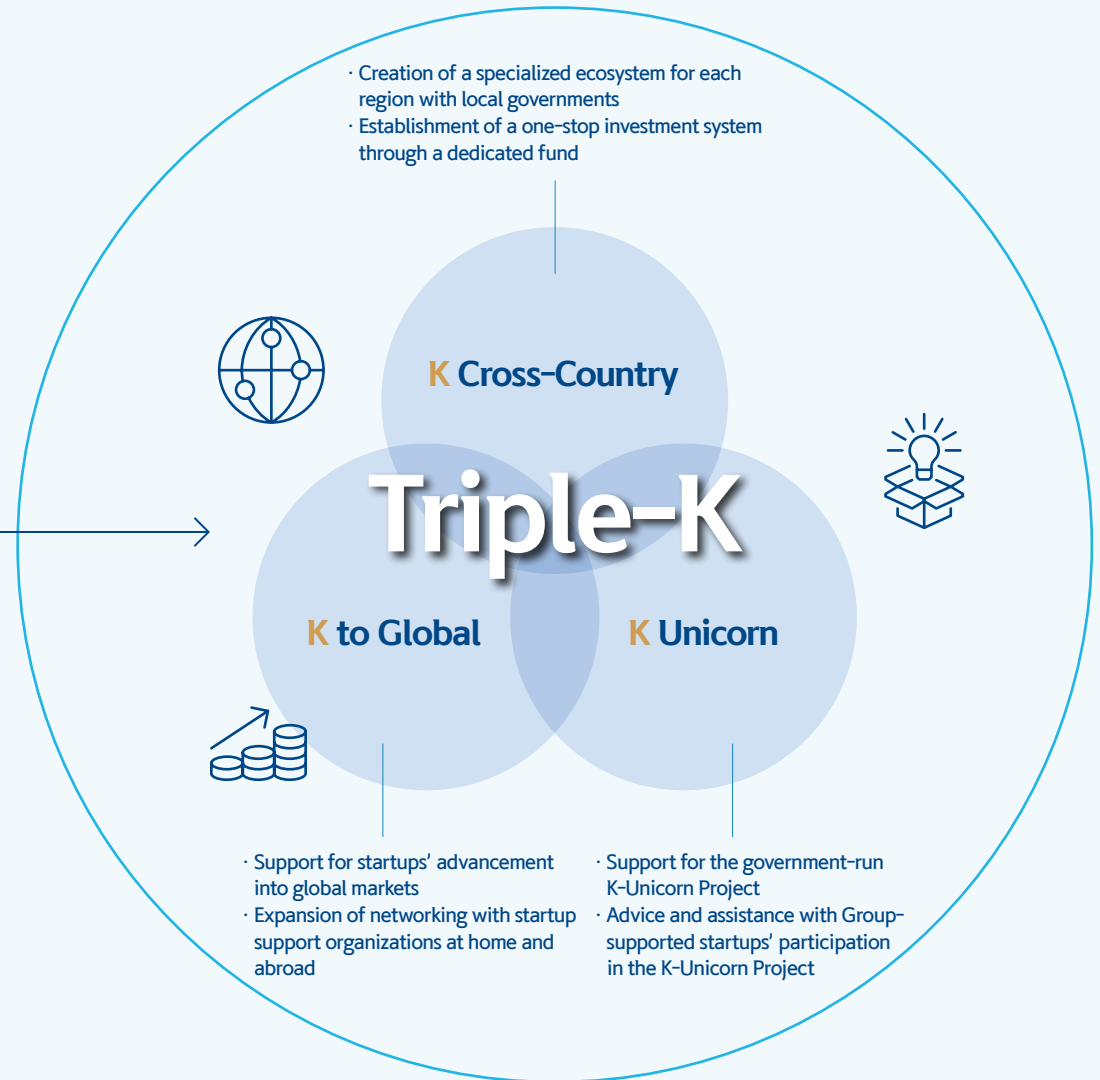
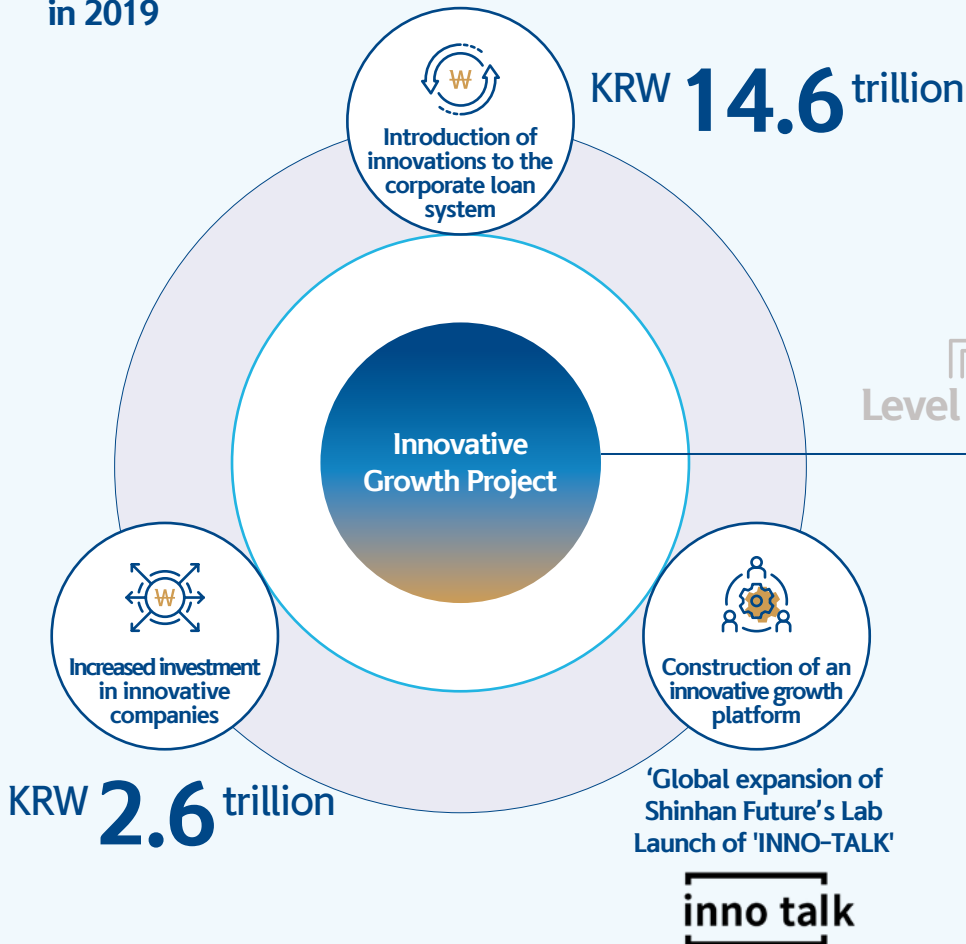
● The first time among local financial institutions



Innovative Growth

Shinhan Financial Group intends to establish an innovative growth ecosystem that provides support for the growth of innovative businesses through linkage with local communities, central government, and overseas platforms.

Major Achievements in 2019



※Detailed results are posted in Factbook (Quantitative Data).



Hope Society Project

As a Group-level social contribution initiative, the Hope Society Project aims to realize a hopeful society by creating a 'virtuous cycle of win-win' in the Group's efforts to raise the values of customers, Shinhan, and society at the same time.

Performance of the Shinhan Finance Hope Foundation
(support for the underprivileged, youth, and local communities)



KRW **378** billion,



284,315 persons

(2018-2019)



2019 Performance

• Credit recovery support	KRW 5.94 billion
• Youth debt total care	KRW 860 million
• Support underprivileged women whose careers were interrupted	KRW 2.28 billion
• Shinhan Childcare Center	KRW 2.85 billion
• Overseas job support for youth	KRW 1.48 billion
• Local customized job creation Project	KRW 1.3 billion
• Social enterprise fund	KRW 9.5 billion
• Hope School Software Education	KRW 420 million
• History Education Support Project	KRW 1.17 billion
• Regional Social Issue Resolution Project	KRW 2 billion

Key Projects in 2019

The Underprivileged

- Credit recovery support
- Youth debt total care
- Support underprivileged women and women on a career interrupted
- Shinhan Childcare Center (Taking elementary school students after school)



Social Goal: Support the financially vulnerable in education, employment, and self-reliance to help improve their financial status.

Job Placement

- Youth overseas employment support (Global Young Challengers)
- Local customized jobs
- Social Enterprise Fund



Social Goal: Empower jobseekers and support the growth of startups.

CSR Synergy

- Hope School SW class
- History education support
- Fix community issues



Social Goal: Discover persons in need and implement Shinhan's unique social contribution projects.



Measuring Shinhan Financial Group's Social Values



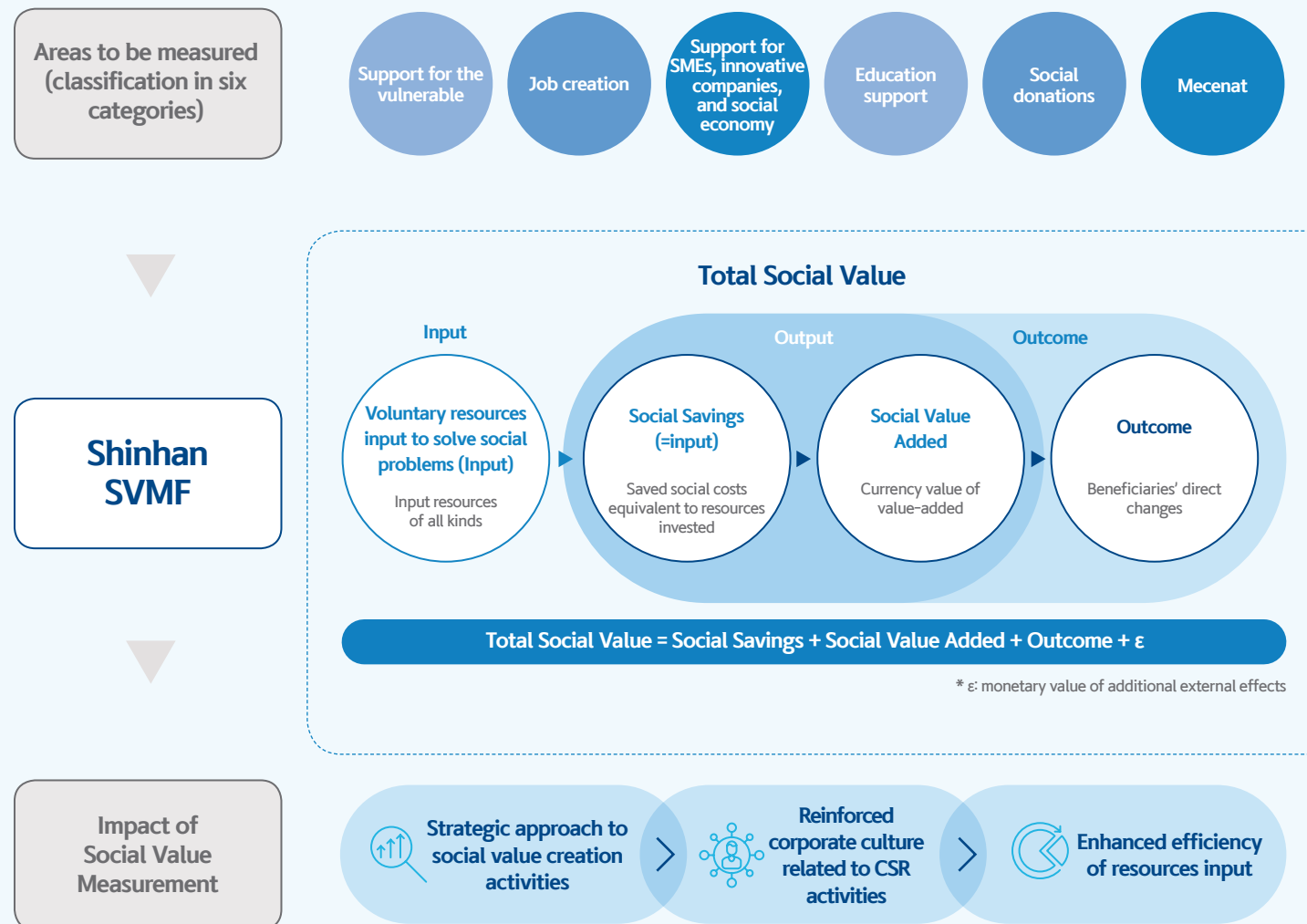
The Shinhan Global Young Challengers invested a total of KRW 1.7 billion and created social value of KRW 6.3 billion (370%).



The Shinhan Global Young Challengers program is being promoted by the Shinhan Financial Hope Foundation as part of an effort to help young people find jobs overseas by providing them with appropriate job training and networking assistance.

* Nov. 2018 – Dec. 2019

In collaboration with the Center for Global Business Ethics and Responsibility of Yonsei University, Shinhan Financial Group has developed the Shinhan Social Value Measurement Framework (SVMF), the first social value measurement model of any domestic financial company. Moving forward, we will further develop the measurement model and strive to create greater social value with a focus on initiatives with outstanding social value.





Sustainability Management Governance

For the first time in the domestic financial industry, Shinhan Financial Group launched the Corporate Social Responsibility Committee under its Board of Directors in 2015, followed by the formation of the Group Sustainability Management Council and the Working Group Council in 2019.



Functions of the Sustainability Management System

- Deliberation and resolution of the Group's sustainability management strategies, regulations, and policies
- Monitoring and supervision of sustainability management progress
- Promotion of sustainability management agenda for climate change, human rights, financial inclusiveness, sustainability finance, diversity, environmental/social risk management, information security, etc.
- Establishment and implementation of the Group's sustainability management strategies
- Monitoring and reporting of sustainability management performances
- Discussion of responses to sustainability management related issues
- Identification and implementation of the Group's sustainability management tasks
- Analysis and sharing of sustainability management trends
- Communication of the Group's sustainability management strategies and performance

Number of meetings of the Corporate Social Responsibility Committee in 2019

4





Commitment to Global Initiatives

Shinhan Financial Group has joined various global sustainability management initiatives and is working closely with them. We will continue to benchmark the global best practices in order to discover strategies that have a positive impact on society, the environment, and the economy, taking the lead in promoting sustainability management in our industry.

	Description	Date of Membership	Overview
	UNEP FI (UN Environmental Programme Finance Initiative)	Jan. 2008	Public-private partnership between the UNEP and the financial sector * UNEP FI : United Nations Environment Programme Finance Initiative
	UN Global Compact	May 2008	A UN pact that encourages businesses worldwide to adopt sustainable and socially responsible policies
	The first among the country's financial institutions		
	CDP (Carbon Disclosure Project)	Oct. 2014	A project which aims to make environmental reporting and risk management a business standard and drive disclosure, insight, and action on sustainable economies * CDP : Carbon Disclosure Project
	The first among the country's financial institutions		
	TCFD (Task Force on Climate-related Financial Disclosures)	Sep. 2018	A task force for disclosing financial information related to climate change * TCFD : Task force on Climate-related Financial Disclosures
	The first among the country's financial institutions		
	UNEP FI PRB (UNEP Finance Initiative Principles for Responsible Banking)	Sep. 2019	The principles to which banks should adhere when implementing the Paris Climate Agreement and the UN SDGs * UNEP FI PRB : United Nations Environment Programme Finance Initiative Principles for Responsible Banking
	The first among the country's life insurers		
	UNEP FI PSI (UNEP FI Principles for Sustainable Insurance)	Feb. 2020	A global framework for promoting sustainability management in insurance companies' operational strategies, risk management, and development of products and services * UNEP FI PSI : United Nations Environment Programme Finance Initiative Principles for Sustainable Insurance

*In Korea, we have participated in the Renewable Energy Option Initiative which advocates the securing of renewable energy options for power users (corporations/citizens) and the expansion of their use of renewable energy.

Special Page

Disclosure of Financial Impact of Climate Change (TCFD)

Shinhan Financial Group has conducted various activities in accordance with the Recommendations of the TCFD (Disclosure on Financial Impact of Climate Change) In 2019, it disclosed information as recommended by the TCFD for the first time among local financial institutions. We are currently participating in the second pilot program designed for financial companies to implement the TCFD with the focus on the UNEP FI.

Status of Shinhan Financial Group's Implementation

1. Governance

- Integrated management of climate change issues and sustainable management
- Setting and monitoring of quantitative targets for climate change

Board of Directors : Corporate Social Responsibility Committee meetings (held 4 times per year)

Board of Directors : Risk Management Committee

<Council> Group Risk Council (Group CRO)

<Council> Group Sustainability Management Council (Group CSO/working level officials)

2. Strategies

- Declaration of the eco friendly management vision based on Transformation 20 · 20
 - Setting the goals of investing KRW 20 trillion in green industries and reducing the Group's GHG emissions by 20% by 2030
- Providing hybrid funds for renewable, high-efficiency energy business, companies, and projects.
- Adopting best practices for environmental/social risk management
- Setting the Group's principles for responding to climate change
- Participating in 2nd pilot program to implement the TCFD

3. Risk Management

- Establishing a green management system for conducting and managing diverse analyses of climate change-related conversion risks, physical risks, and opportunity factors
- Selecting 12 material environmental and social areas based on the IFC guidelines as well as various international standards
- Base financial exclusion and conditional support policies on monitoring results from various viewpoints
- Classifying risk ratings for projects with a large financial impact → Conduct specific impact assessments and reflect the results in financial contracts, if necessary
- Analyzing the impact of climate change on the Group's portfolio

4. Indicators and Reduction Targets

- Proactive implementation of 'ECO Transformation 20·20'
- Monitoring investment portfolios to reflect climate change risk factors



TCFD Recommendations

Governance

- Disclose the organizational governance structure affecting risks and opportunities related to climate change.

Strategies

- Share the real and potential impacts of climate change-related risks and opportunities on business, strategies, and financial planning for critical units.

Risk management

- Announce how the organization identifies, assesses and manages risks associated with climate change.

Indicators and reduction targets

- Disclose the indicators and reduction targets used to assess and manage risks and opportunities related to climate change.



*The TCFD is an organization established by the Financial Stability Board (FSB) to analyze market conditions, develop practical guidelines, and discover and disseminate benchmarking cases in relation to the disclosure of information on climate change.

Special Page

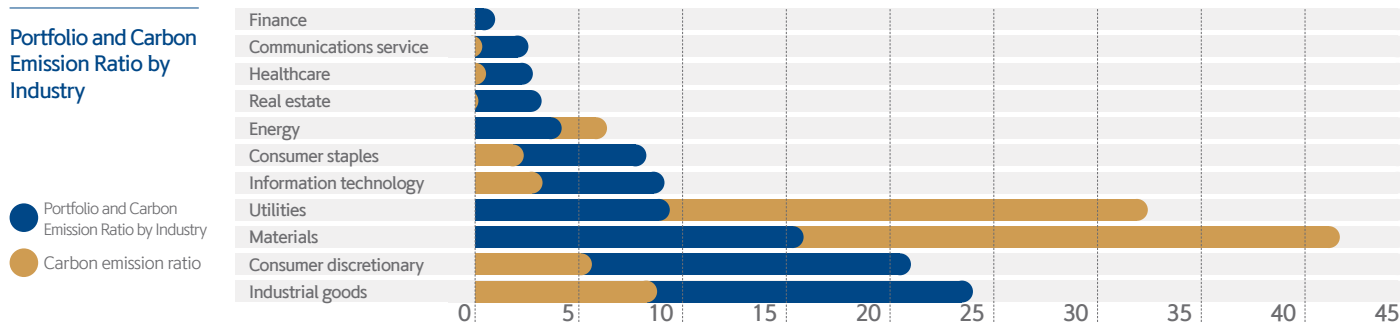
Disclosure of the Financial Impact of Climate Change (TCFD)

Climate Change Risk Analysis

To analyze climate change scenarios according to the TCFD roadmap, Shinhan Financial Group conducted an analysis of carbon emissions across the Group's entire portfolio at the end of 2019 in association with Trucost, a UK company specializing in climate change risk analysis. Based on the carbon emissions of our various assets (loans, bonds, stocks, etc.), we plan to analyze the impact of the Group's portfolio on climate change and establish a risk management process for climate change.

• Shinhan Financial Group Portfolio Analysis

In order to analyze its climate change risks, Shinhan Financial Group is conducting a review of its transition risks. As a preliminary step to analyzing the conversion risks, we have looked closely at the carbon emissions of our Group portfolio. We selected analysis targets by taking into account the size and importance of exposure among the Group's portfolio, which includes not only bonds and equities, but also credit accounting for a significant portion of the Group's exposure. The analysis of the Shinhan portfolio's carbon emissions in 2019 indicates that out of the 11 industries concerned, the largest amount of carbon (74.1% of total emissions) was produced by the material and utility industries.



Source: Trucost, part of S&P Global Market Intelligence [June 2020]

• Analysis and Countermeasures of Conversion Risk Scenarios

Based on these results, Shinhan Financial Group plans to further analyze conversion risks for each industry by applying various scenarios (including the 2°C temperature rise scenario). Most notably, we will respond to long-term risks by analyzing changes in carbon prices and the energy mix by scenario for those industries with high carbon emissions. In the long term, we will integrate our climate change risk management efforts into the Group's entire risk management system, and organically align the endeavors with the Group's overall decision-making system which decides on such matters as governance, strategies, risk management, indicators, and reduction targets, as suggested in the TCFD Recommendations.



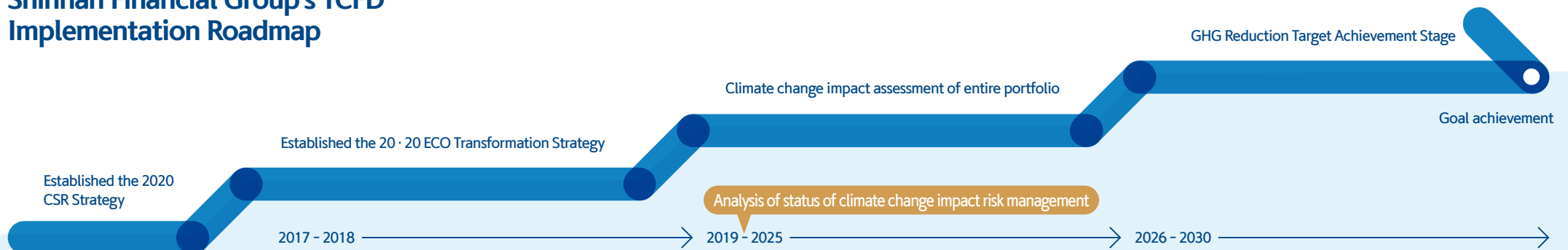
* A firm specializing in risk analysis based on carbon and environmental data.

Special Page

Disclosure of the Financial Impact of Climate Change (TCFD)

With the goal of integrating our risk management efforts relating to climate change into the Group's entire risk management system, Shinhan Financial Group has established an implementation roadmap for organizational governance, strategies, risk management, various indicators, and reduction targets as presented in the TCFD Recommendations. We will continue to disclose information on our actions and publicize our achievements under this roadmap annually.

Shinhan Financial Group's TCFD Implementation Roadmap

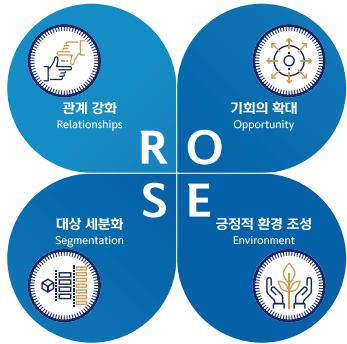


	2017 - 2018	2019 - 2025	2026 - 2030	
Corporate Governance		CSR Committee Set climate change agenda	Accelerate climate change agenda for business impact assessment	
Strategy		<ul style="list-style-type: none"> Active eco-friendly business investment Introduce new products and services by sector Establish environmental risk management system 	<ul style="list-style-type: none"> Analyze the current status of climate change (carbon emissions, etc.) for corporations with exposures of more than KRW 10 billion (including loans, bonds, and stocks) Analyze impact on climate change-related portfolio and establish management plans Manage portfolio risk weight 	<ul style="list-style-type: none"> Establish group-wide monitoring system to achieve reduction goals Check and re-establish quantitative indicators/reduction targets for the Group Disclose the results of efforts to achieve goals by stage
Risk Management		<ul style="list-style-type: none"> Low-risk portfolio: Enhancement of risk management High-risk portfolio: Expansion of the management area Unmanaged risk: Expansion of the management area 		
Quantitative Indicators and Reduction Goals		Achievement Status as of 2019 <ul style="list-style-type: none"> Green business investment KRW 16.20 trillion GHG emissions 90,195 tCO₂eq 	Goals for 2030 <ul style="list-style-type: none"> Green business investment KRW 20 trillion GHG emissions 89,347 tCO₂eq 	

*GHG Emission Measurement Method : Greenhouse gases are measured by multiplying Group companies' consumption of electricity, gas, and gasoline by the CO₂ 'conversion factor'.

Special Page

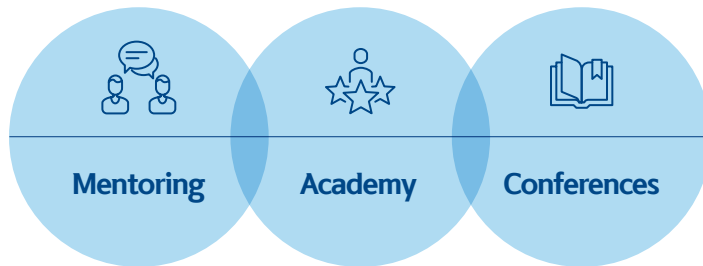
Fostering Female Leaders



Shinhan Financial Group emphasizes the importance of nurturing female talent in order to improve its organizational diversity. We have launched Shinhan SHeroes, the first program in Korea designed to foster female talent in the financial industry, while promoting the growth of women's talent and aptitudes through the Group training guidelines. The second phase of Shinhan SHeroes selected 49 female department heads and included such activities as mentoring, academic instruction, and a conference. We will continue to cultivate our female talent and strengthen their practical capabilities by running various programs and expanding the target audience.

Shinhan SHeroes Group Women Leader Training Program

SHeroes is a composite of 'SH' for Shinhan, 'She' for women, and 'Heroes.'



New female executives and department heads

13 persons



Cumulative figure during Shinhan SHeroes 1st and 2nd phases



Mid-term Roadmap for Fostering Female Leaders



Special Page

The Group's Response to the COVID-19 Crisis

Shinhan Financial Group has supported the recovery of the national economy from the Covid-19 crisis by establishing and implementing comprehensive support measures at the Group level to fulfill its role as a responsible corporate citizen. We are currently implementing comprehensive support measures at the under the motto of One Shinhan, in which all sixteen of the Group's companies are participating. This initiative includes practical support that draws on the characteristics of each of our subsidiaries across the financial and non-financial sectors.

Financial Sector

We are providing the Livelihoods Stabilization Package, which is designed to support individual customers, businesses, and small merchants whose have been negatively impacted by COVID-19, while actively participating in government-led financial market stabilization policies.

(As of June 5, 2020)

Financial Sector



Livelihood Stabilization Package



Support for financial market stabilization

Financial support for affected businesses and small merchants.

- New loans: KRW 5.15 trillion
- Extension of maturity, repayment of principal, and deferred interest payments: KRW 6.60 trillion

Participation in the Securities and Bond Market Stabilization Fund

- Stock market: 5 Group companies including Shihan Life and Shinhan Orange Life, for a total of KRW 1 trillion
- Bond market: Paid KRW 266.5 billion out of KRW 1.77 billion pledged

Support for stabilization of the short-term funding market

- CP/electronic short-term bond maturity refunding (KRW 200 billion) and new purchases (KRW 350 billion)

Non-financial Sector

We conducted the Hope Together fundraising campaign in partnership with Wadiz, a crowdfunding platform, and conducted various social contribution activities such as providing personal protective equipment including face masks to the underprivileged.

(As of June 5, 2020)

Non-financial Sector



Hope Together' campaign



Support for small business owners and individuals

Fundraising campaign with Wadiz, a crowdfunding platform

- KRW 5 billion fundraising goal (March-June 2020)

Implementation of social contribution programs

- Supply of 20.5 million KF94 masks to the underprivileged
- Donation of KRW 1.50 billion including personal protection equipment

Valuable Bag (Group campaign to support SMEs)

- Launch of the special Win-Win Hall for SMEs (selling 112 types of products supplied by 58 SMEs)



Business Impact

- 27 — Provide Solutions to Enhance Customer Value
- 29 — Fair and Ethical Business Practices
- 32 — Increase Financial Inclusiveness
- 35 — Establish a Creative and Open Corporate Culture
- 37 — Carry Out Corporate Social Responsibilities
- 41 — Manage Environmental and Societal Risks

2020 CSR Strategy #1

Provide Solutions to Enhance Customer Value

Digital Finance towards Customer Value

B Shinhan So, evolution of the digital platform

- Launch of MY Asset Service, which provides customers with open banking services, including transfer and asset management solutions

Ca Shinhan PayFAN, a comprehensive platform for everyday finance

- Provides an ultra personalized service that recommends customized benefits according to our customer TPO (time/place/occasion), and an expenditure management service that comprehensively analyzes and manages customer consumption patterns
- For the first time among domestic credit card companies, we have developed a touch payment system that makes smartphone payment possible at all our offline merchants. We have also, created a smartphone-free payment environment based on the Face Pay tapping facial recognition technology

Enhancing insurance customer convenience through digital technology

- Shinhan has launched mobile insurance services that enhance the convenience provided by mobile platforms without requiring an accredited authentication process **L**
- Shinhan has established a non-face-to-face business processing service through the 'One-touch Scraping Document Submission Service' which uses scraping technology to enable paper submission as well **L**
- Shinhan has secured internet insurance connectivity and expanding external affiliate channels based on an Open API **L**
- Shinhan has enhanced various digital-based services such as visit-free/document-free/one-stop beneficiary change service, mobile securities, and mobile notices **O**

J JEJUJINI, a digital platform devoted to Jeju

- Shinhan has launched of JEJUJINI, a specialized digital platform to benefit customers with contents about Jeju through non-financial services

G Designation as an innovative financial service by the Financial Services Commission

- Six business items designated, the most of any financial institution, as an innovative financial service business in the financial regulatory sector

Description	Innovative Financial Services
Shinhan Card (5 items)	<ul style="list-style-type: none"> • Credit card-based money transfer service • Credit evaluation service for individual business owners using credit card information • Small investment service linked to consumption and expenditure management • Biometric information-based payment and settlement service that allows payments to be easily processed through Face Pay • Real estate monthly payment card service
Shinhan Investment Corp. (1 item)	<ul style="list-style-type: none"> • Provision of the overseas stock gift certificate purchase service via an online platform

Innovative Service Using New Digital Technology

- Shinhan has launched of AI chatbot Aurora and Robo Advisor using AI prediction results along with the application of Blockchain loan screening **B**
- Development of the industry's first deep learning-based enterprise risk prediction model **I**

Shinhan AI

Establishment of Shinhan AI, the first AI-based investment advisory among Korean financial groups.

Shinhan Financial Group established Shinhan AI in 2019 with the goal of providing innovative financial services based on artificial intelligence.

Shinhan AI has expanded the investment advisory service—previously limited only to large asset owners—to the general public, lowered the high barriers in the existing asset management market, and provides differentiated investment strategies and product recommendations tailored to our customers.

Shinhan AI plans to expand the use of core AI technologies to various areas of finance such as risk management and consumer protection in order to help us grow into a company that promotes AI-based financial innovation.



Customer Satisfaction Improvements and Achievements

Improving performance by reflecting the voices of our customer

- Launch of the Deep FOCUS Customer Panel focus group composed of customers in their 20s-60s, and the collection of customer perspectives on new products/services through 2 focus group interviews **C**
- Improvement of participatory systems such as customer suggestion events (NEXT Shinhan Created by Consumers) and the PIONEER Customer Advisory **B**
- Immediate actions are taken to resolve consumer complaints by operating the VOC-based Service Recovery Squad. **O**
- Launch of the CEO Field Office where the CEO listens to the voices of local consumers on the ground across the country and the Customer Jury consisting of 100 customers **L**

B Operation of Customer-specific Branch Offices

- Operation of the mobile branch Bank Bird to offer financial services wherever needed
- Introduction of the Good Time Bank tailored to customers' convenience
- Operation of the Sunday Foreign Exchange Center for foreign workers



B Introduction of the Customer-oriented Performance Evaluation System

- Launch of the Grow Together Evaluation System which focuses on the sale of appropriate products from the customer's point of view and proper management of the products based on each branch office's autonomous sales capabilities

L Provision of Customized Services

- Provision of a wide range of customized services such as the 'variable insurance professional counseling service' through the call center, 'customer self-checking mobile happy call', 'the immediate connection and customized service for the elderly', and 'the sign language center for hearing-impaired people'



Consumer-Centered Management / Fair Trade Commission

O Introduction of the Optimal Customer-FC Matching Service

- Introduction of a customer-FC matching model that matches the optimal FC to suit customer preferences based on data to provide products and services that meet each customer's needs and expectations



Establishment of a Customer-oriented Management System

Shinhan Life Insurance has built a customer-centered management system based on big data that checks customer opinions in real time. This system was built using a customer voice monitoring dashboard installed in the offices of the CEO, CCO, and the heads of each sales channel.

The dashboard provides a real-time monitoring function that processes customer feedback received by phone and the Shinhan Life Insurance website into big data, enabling us to check key customer-related indicators including opinions collected company-wide and process the status and analysis of keywords and issues related to the customer voices thus processed.

We have established a three-stage alert system and published guidelines on proper responses depending on the changes in customer complaints compared to the previous month. In the first stage, we strengthen our observation of signs of anomalies. In the second stage, we report issues to the CEO and take actions to resolve them, while in the third stage, we issue a consumer protection alert to our employees, and establish and implement company-wide countermeasures immediately.



2020 CSR Strategy #2

Fair and Ethical Business Practices

Ethical Management and Compliance

G Enhancement of the Internal Control System

- The holding company's compliance officer, who is in charge of the Group's internal control, helps each subsidiary appoint a compliance officer and properly carry out internal control

Building a Culture of Ethical Compliance

- Designation of the second week of each month as Compliance Education Week and distribution of the Compliance Letter, which focuses on financial regulations, money laundering prevention, and best practices in ethical compliance **B**
- Constant practice of ethical management based on each employee's pledge to abide by ethical standards, self-diagnosis of employees' compliance with the regulations, self-inspection by department, and regular publishing of the Internal Control Web magazine **C**
- On-site inspections of branch offices and provide education on financial regulations and system changes, major compliance monitoring tasks, incident prevention, etc. **I**
- Ethics and Compliance Communication has integrated Legal Letter into the Group portal bulletin board every month and shared with executives and employees at the place of business; also the results of education are checked through self-registration by department **L**
- Enhancement of the prevention of bad business practices for all employees by inspecting financial product transaction history, unfair transaction history, and changes in properties **A**

Globalization of the Anti-money Laundering System

- Centralization of Suspicious Transaction Report (STR) to improve the quality of the report and strengthen the relevant expertise **B**
- Establishment of the Policy Statement and Compliance Guidelines to improve sanctions risk management **B**
- Enhancement of the anti-money laundering system including customer identification verification and customers' money laundering inspection; introduction of a risk assessment system that identifies, analyzes, and manages money laundering risks at the level of the entire Group **C**
- Launch of a company-wide risk assessment system to identify areas vulnerable to money laundering and terrorist financing, and implementation of improvement activities **I**
- Upgrade of the money laundering risk assessment system to secure proactive identification, evaluation and improvement of money laundering risks and made improvements after identifying, analyzing, and evaluating money laundering risks for headquarters and branches **L**

Whistleblower System

- Launch of Shinhan Guardian, a whistleblower system on Shinhan Bank's website via which employees, partner companies and customers can participate, and establishment of the Guidelines for Shinhan Guardian in order to clarify regulations on the protection of whistleblowers **B**
- Enhancement of public access through various channels such as the website, intranet, e-mail, fax, telephone, mail, and interview (internal/external); establishment of proactive protection measures based on anonymous reporting to prevent whistleblowers from falling victim to any personal disadvantage and others **C**
- Operation of a whistleblower system for direct reporting to the resident auditor through the company's intranet, at offline meetings, or by phone or e-mail, etc. **I**
- We operate the Sinmungo system on our website and dissemination of information on the system along with its processing procedures and reporting routes for internal control training **L**

G Enhancement of Compliance with the Market Order

- Enhancement of monitoring by subsidiaries to prevent violations by ensuring that employees properly understand the contents of the Financial Investment Services and Capital Markets Act and do not get involved in any market disturbances
- Conduct collective training to strengthen the internal control capabilities of all Group companies' compliance officers, and continuous video-based case training for all Group employees



Financial Consumer Protection

G Monitoring of Customer Investment Assets


- Management of the customer investment status of the Group's companies such as Shinhan Bank, Shinhan Investment, Shinhan Life, and Orange Life through the Dashboard, and establishment of an organic, systematic customer risk management process at the Group level
- Main market indicators, customer investment assets by subsidiary, and customer investment assets management by country


B Improvements in the New Product Review and Verification Process

- Review of product's suitability for customers from the time of product launch and enhancement of the prior review of investment products in terms of maximum loss
- Detailed risk classification for private equity and launch of private equity funds whose risk level is deemed reasonable for each sales channel

B Enhancement of Complete Sales Processes


- Compliance with the standard sales processes such as the investor propensity analysis before recommending investments
- Verification of the adequacy of new customers through smile calls, mystery shopping, etc.
- Enhancement of the protection system for older investors
- Promotion of post-management activities for each channel by staff in charge of branch offices and non-face-to-face channels

 Operations report dispatch service

 Automatic repurchase service (upon meeting targets)

 Yield notification service

 Fund variable transfer service

 Periodic balance notification service

 New service after repurchasing

I Enhancement of Internal Processes related to Investment Products

- [Selection] To expand the product selection committee: ① Appointment of an advisory group, ② Addition of financial product ESG standards, and ③ Establishment of an employee participation system
- [Post-management] Establishment of 'Product Supervision Department' for the first time in the industry (January 2020) to monitor investment products from launch to maturity
- Enhancement of internal control through the launch of a support team in the Prime Brokerage Service (PBS) Business Headquarters and Hedge Fund Management Division

C Protection of Customers' Financial Transactions by Strengthening the Fraud Detective System

- Launch of an accident prevention process using real-time overseas roaming information; Self-development and introduction of a model for identifying customers suspected of making illegal sales (illegal cash services); Detection of remote control apps to prevent voice phishing

C Development of Areumin Financial Friend

- Launch of Areumin Financial Friend, a financial education program that helps slow learners (people with developmental disabilities) to easily recognize and prevent financial fraud with educational materials published for the first time in book form for the first time among publications intended for slow learners

L Operation of the Financial Fraud Prevention Process

- Reflection in internal policies and conducting training to prevent financial fraud by sharing information on responses to suspicious voice phishing attempts and the insurance contract loan payment service, in addition to raising awareness through enhanced customer guidance and system improvements

Content Creation for Consumer Protection

- Regular posting of financial consumer protection content through official social media accounts (YouTube, Facebook, Instagram, blog, etc.) **B**
- Production and provision of animated videos to induce consumers' interest and improve their comprehension of essential precautions to be taken from their perspective **O**



Personal Information Protection

B Introduction of Digital Technology for Information Protection and Management

- Establishment of the 'Information Protection Reg Tech' system based on big data analysis
- Proactive establishment and operation of an intelligent security system with AI technology to protect information processing systems and customer personal information from external threats such as cyberattacks and hacking

C Upgrade of Information Protection & Management System

- Establishment of security policies, conduct of inspections, detection/monitoring of signs of abnormality, construction of information protection systems, and implementation of security controls to protect customer information from information leakage and infringement threats and to secure business continuity

O Leading the Efforts to Spread the Culture of Safe Customer Information Management

- Analysis of the impact on business of the revision of the three data bills in advance and conduct of special lectures by expert lawyers to strengthen personal information protection in the financial field



L Monitoring and Raising Awareness to Protect Personal Information

- Establishment of an abnormal behavior detection system for internal control to prevent personal information leakage and misuse
- Conduct of information protection training and distribution of leaflets on major information protection regulations to raise employees' awareness of information protection

G Certification of Information Protection and Personal Information Protection

- Acquisition and maintenance of information protection and personal information protection certificates (ISMS, ISO 27001, BS10012) implemented by the Korea Internet & Security Agency (KISA), the International Organization for Standardization (ISO), and the British Standards Association (BSI)

Description	Certification of Information Protection and Personal Information Protection
Shinhan Bank	• ISMS, ISO27001
Shinhan Card	• ISMS, ISO 27001, PCI-DSS
Shinhan Investment	• ISMS, ISO 27001, BS 10012
Shinhan Life	• ISO 27001



Joint Research on AI Security Technology with Shinhan Future's Lab Alumnus Company

Shinhan Bank has signed an MoU for 'joint research on artificial intelligence threat detection technology' with CTI Lab, a company specializing in the design and development of AI-based cyber threat intelligence platforms.

Shinhan signed the agreement in order to upgrade the artificial intelligence-based information security anomaly detection system by securing data analysis capabilities and acquiring technology know-how.

CTI Lab, a cyber threat intelligence company, was selected as Shinhan Financial Group's Future's Lab (Fintech Lab) in 2018. The parties will conduct research on new global security technology, upgrade the existing information security systems, and exchange technologies with each other.

Under the terms of the agreement, CTI Lab provides Shinhan Bank with various threat response technologies and algorithms, while Shinhan Bank offers a test environment and accumulated data.

Through these joint efforts, Shinhan Financial Group expects to build a threat response model optimized for the rapidly changing digital environment and financial business.



*Reg Tech3: A combination of the words 'regulation' and 'technology,' Reg Tech3 enables users to utilize ICT technology in order to conduct internal control and information security compliance checks more systematically and efficiently.

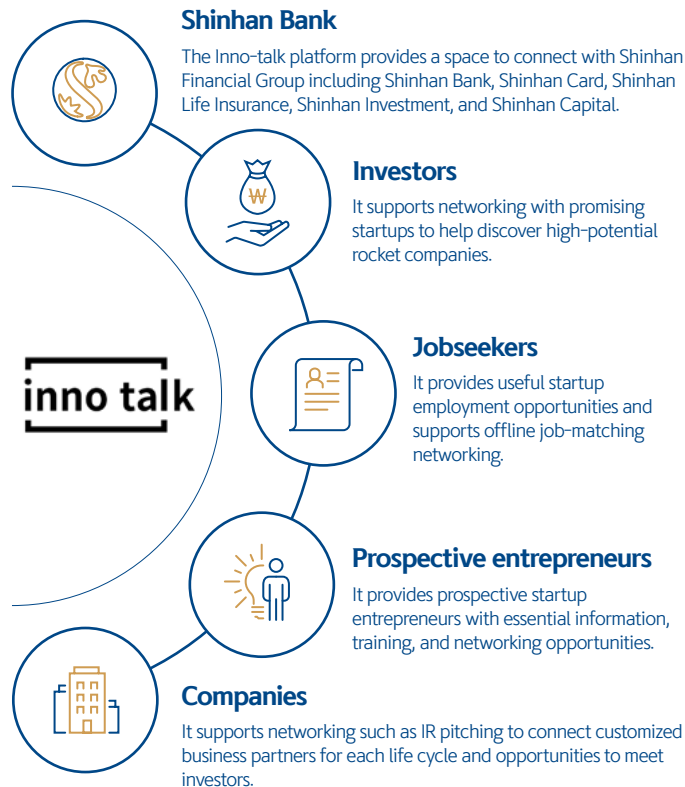
2020 CSR Strategy #3

Increase Financial Inclusiveness

Innovative Finance

G Inno-Talk, Shinhan's Innovation Support Platform

- EInno-talk, a compound of 'Innovation' and 'Talk,' provides all information as well as the consulting, investment and financial services needed to start a business under the motto of "Shinhan Financial Group has all the expertise you need to launch a startup!"



G Shinhan FUTURE'S Lab

- As of January 2020, a total of 172 companies, including 36 companies selected for the 6th phase, are cooperating with Shinhan FUTURE'S Lab to develop 62 joint business models with fintech companies
- The FUTURE'S Lab supports Korean companies aiming to make inroads into Vietnam and has expanded cooperation with 21 companies in Vietnam. We have also, launched the Indonesia Future's Lab in Indonesia for cooperation with 4 local companies

B Expansion of Financial Support for the Growth of SMEs and Innovative Companies

- Enhancement of financial programs that provide specialized finance to companies that create and offer jobs, companies involved in new growth engine industries, and companies with technological superiority, and support for the growth of companies that create socio-economic value
- Expansion of collaboration with external organizations such as the Korea Technology Finance Corporation in order to implement new guarantee loans with the structure of special grants and guarantee fees
- Consulting services in a wide range of areas such as finance, accounting, taxation, management, global expansion, and management succession to support the management issues of SMEs, startups/venture businesses, and social enterprises

(Unit: case)

Total Investment Amount (cumulative total since 2015)

KRW **171** billion



Description	Succession	Global	Growing Pains	Taxation	Accounting/ Finance	Management	Total
No. of consulting beneficiaries	53	26	9	47	27	6	168

Inclusive Finance

B Working Group Finance for the Financially Vulnerable

- Supply of KRW 636.9 billion, the largest amount in the industry, under the New Hope Sport Loan program, a working group loan program launched by the banking industry to help people with low credit ratings and low incomes
- Operation of New Hope Installment Savings offering higher interest rates than general installment savings accounts to help working groups' economically and support their wealth formation
- It will operate the SHB Household Debt Healing program, which is a unique debt rearrangement program that lowers participants' financial burden by converting debts into low-interest loans or extending repayment periods for customers whose credit ratings are likely to go down or whose multiple debts might result in arrears
- Launch of the Sol Pyeonhan Mid-interest Rate Loan, which requires neither personal visits nor paper documentation, in order to expand working groups' access to non-face-to-face finance in May 2019; implementation of the Non-Face-to-Face Sunshine Loan program for the first time in the domestic banking industry in September 2019
- Expansion of fee discounts for social enterprises to companies designated as social enterprises and application of a 50% fee discount on retirement pensions and asset management to cooperatives, social cooperatives, village businesses, and self-supporting enterprises starting from July 2019

No. 1 commercial bank in public finance loans for working groups

KRW 4.4 trillion
(cumulative total as of the end of 2019)



C Launch of New Financial Products for Mid-interest Rate Loans

- Support for people with low credit ratings with the launch of mid-interest rate loans charging 11% per year on average

L Premium Discounts for the Socially Disadvantaged

- Support for the socially underprivileged, including people with disabilities and their family members, beneficiaries of medical aid, and recipients of the basic livelihood security program.
- Support for suspension of policyholders' premium payments when they suffer temporary economic difficulties, such as unemployment and/or business closure, as well as natural disasters, social disasters, etc.

I Customized Total Financial Services for SMEs and Middle-Standing Enterprises

- Shinhan will launch the Shinhan Financial IB Plaza, a financial platform designed exclusively for companies offering specialized products and services, to provide them with optimal financial solutions, including direct and indirect financing, to unlisted companies, SMEs and middle-standing enterprises
- Contribution to the establishment of a virtuous cycle ecosystem where financial institutions and startups can thrive together by supplying venture capital through investment associations to startups with high growth potential
- Operation of the Shinhan Partners program that provides comprehensive consulting to help SMEs and middle-standing enterprises achieve sustainable growth and development

Shinhan Partners

657 companies



G Operation of the Smart Loan Center - a Mid-Interest Rate Credit Loan Platform

- One-stop service from product recommendation to execution by seeing at a glance all the credit loans and mid-interest rate loans offered by Shinhan Bank, Shinhan Card, Shinhan Life and Shinhan Savings Bank



C Policies to Protect the Financially Vulnerable and Publication of a Manual

- Establishment of schemes designed to resolve information asymmetry, such as the issuance of cards for youth, seniors, and people with disabilities (Braille credit cards), AI chatbot counseling, and guidelines on services for the socially disadvantaged



Mobile Service Customized for Customers with Disabilities

In order to increase the convenience of customers with disabilities, we are providing information on our branch offices for the disabled via the mobile channel SOL, through which they can reserve dedicated teller windows. We have produced promotional videos for our preferential financial services designed for customers with disabilities, such as braille credit cards, preferential interest rates, fee exemption, and non-tax benefits, and posted them online as well as via our social media channels.



Activities Aimed at Improving Financial Understanding

Financial and Economic Education for Future Generations

- Personalized experiential education programs such as children's financial experience classes, career experience education, everyday financial education for young people with developmental disabilities, etc. **B**
- Financial education customized for students including pocket money management, the cultivation of healthy financial habits, and the use of basic common sense in financial transactions **L**
- Provision of tailored finance education for school children by financial consultants and the development of financial education curricula customized for high school seniors following the annual College Scholastic Ability Test **O**
- Operation of the 'Compassionate Finance Camp' since 2012 in an alliance with elementary, middle, and high schools to help young people acquire acute financial awareness and experience the appropriate financial environment **I**
- Provision of a financial career experience program at headquarters for students, including special lectures on future finance by big data experts, as well as work space visits **C**



Financial Education for the Financially Underprivileged

- Continuous implementation of the Financial Experience Class on the Wheel in schools located in financially deprived regions, everyday finance education for North Korean defectors, and financial education for seniors **B**
- Education for the elderly in cooperation with the South Korea Senior Center Association on the topics of finance, asset management, voice phishing, and financial fraud prevention to help them become financially self-reliant **L**
- Launch of 'Shinhan Card Areumin Financial Friend', a financial education program that enables slow learners (people with disabilities) to understand financial activities and access financial services easily **C**

Beneficiaries of Finance and Economy Education in 2019

156,427 persons



B Establishment of the Digital Platform for Financial Education

- Expansion of AR/VR-based financial education to children and teenagers
- Operation of the Online Financial Education Center on YouTube



Publication of the Report on Ordinary People's Financial Life 2019

Shinhan Bank has released the Report on Ordinary People's Financial Life 2019 based on big data. The report sheds light on the utilization of analyzed data and includes a detailed analysis of ordinary people's everyday financial life. The report, released as an e-book on Shinhan SOL, has since enhanced visualization content and introduced personalization areas, as well, including the recommendation of customized links by gender and age. The report presents the results of an analysis of the financial life and consumption trends of 94,000 salary transfer customers in Seoul, one million business card transaction customers in Seoul, and 10,000 ordinary people aged 20-64 from across the country who are involved in everyday economic life and activities. The main contents of the report include three-year financial trends based on big data, the financial map of office workers in Seoul, and ordinary people's core issues in 2019 in accordance with nine recent financial trends. The report has been shared online over 100,000 times through blogs and cafes. Shinhan Bank plans to expand the scope of the analysis and link the results with its customer service.



2020 CSR Strategy #4

Building a Creative and Open Culture

Talent Acquisition and Human Capital Development

B Cultivation of Trusted Financial Experts

- Operation of the Financial Expert Course by Task, building a Self-directed Learning Culture, and launch of the Talent Cultivation Program Centered on Future Competencies

C Operation of the Autonomous Learning Program "S-Learnch"

- Launch of the S-Learnch ('Learnch' is a compound noun of 'learn' and 'lunch') program as a learning opportunity during the lunch break
- S-Learnch videos are shared through mobile platforms with employees in remote locations

O Group Coaching Seeking Growth through Mutual Feedback

- Introduction of group coaching to openly share mutual feedback and any necessary improvements, in place of the rigid atmosphere typical of the existing one-on-one interview method



O Data Analysis Education and Competition

- Expansion of data analysis education designed to accelerate customer-oriented innovation by including the analysis of cases of business practices
- Holding of a data analysis competition to enhance data analysis capabilities and promote a smart work environment

L The Management Leader and Digital Talent Development System

- Selection of high-potential talent (management leaders) as next-generation leaders, establishment of the S-LEADER' coaching model to foster professional talents, and support for coaching capabilities by specialist coaches
- Operation of the Digital Talent Training Curriculum with the aim of becoming a leading company in *insurtech*(insurance technology) in line with the Group's digital transformation strategy



Shinhan Bank Shinhan Card

Shinhan's In-house Venture SPARK and I'm Ventures

Shinhan Bank began running the in-house startup program SPARK in 2016, the first of its kind among domestic banks in 2016. We are expanding startup collaboration so that our employees' fresh ideas can be developed and commercialized into real business models through expanded internal and external startup opportunities.

Shinhan Card runs I'm Ventures, a startup development and in-house venture program aimed at discovering joint business models, in collaboration with startups. The selected startups undergo a collaboration model incubation period and, depending on the results, participate in the VISA Singapore Innovation Center's Joint Creation Process, which consists of upgrading and commercializing innovative ideas. Startups which display a strong ability to collaborate and achieve results are also given equity investment opportunities.



Promotion of Employee Wellbeing and Human Rights

G Smart Working System

- Spreading a smart working culture by introducing a PC usage time management system in line with the nationwide introduction of the 52-hour working week

G Maternity Protection

- Introduction of two-hours-less-per-day work period during pregnancy, prenatal leave, maternity leave and parental leave, and operation of six in-house daycare centers to promote the health of our female employees and their children

Expansion of Diversity

- Operation of the 2nd Group female leader training program Shinhan SHeroes **G**
- Operation of S-WING, a specialized female leadership program **L**
- Launch of High Five, a workshop for fostering female leaders **A**
- Implementation of global recruitment (GR) for discrimination-free hiring **I**



L Launch of Program to Increase Employee Happiness

- Providing employees with an e-book service in partnership with the reading subscription platform, Millie's Study
- Launch of Shinhan Culture Day 2019_Happiness of KRW 10K to help promote employee creativity, flexibility, and openness through cultural life

B Support for Employees Self-development Efforts

- Launch of Taling, a hobby platform designed exclusively for employees who can take 5 classes a year
- Introduction of the Library in My Hands service and support for reading on mobile devices in partnership with Kyobo Book Centre in order to encourage employee reading habits

J Certification as a Family-friendly Company

- Selected as a family-friendly certified company by the Ministry of Gender Equality and Family for our implementation of family-friendly systems and initiatives in accordance with the Act on the Promotion of the Creation of a Family-friendly Social Environment, the engagement of management in the matter, and employees' high satisfaction on surveys

Average rate of employee satisfaction in the 2019 Shinhan WAY Survey (4.0 on a 5-point scale)

80 points

Shinhan Card

SMART Work Publication of the Action Manual 《HOW40》

In order to respond to the shift towards a 40-hour work week, Shinhan Card has published its work-related principles in a story format. 《HOW40》 is composed of 40 key words in 3 chapters, such as Human Power, On Time, and Work Smart. The title 'HOW' is an acronym formed by combining the initial letter of each of the three phrases, and represents the three key elements required in smart work, namely, Humans, Time, and Work. The number '40' signifies the 40 practical principles required to work smartly for no more than 40 hours per week. Along with the publication of HOW40, Shinhan Card has launched a SMART Work field action campaign targeting all of its employees. We plan to continuously devise and promote a series of work innovation programs and build an organizational culture that leads the way in change and innovation.



2020 CSR Strategy #5

Carry Out Corporate Social Responsibilities

Sustainable Finance and ESG Investment Products

B A Investments in New and Renewable Energy Development Projects

- KRW 322.3 billion for 12 projects (11 projects + 1 blind construction) in 2019
- Increase of KRW 40 billion for 9 additional projects compared to 2018

I A Increased Responsible Investments (ESG Investment)

- Cumulative commitment of KRW 900 billion for eco-friendly business such as solar power, in 2019
- Increase of KRW 87 billion for 3 additional projects compared to 2018
- Increased investment in startups/venture businesses (2 cases, KRW 20B) and social enterprises (KRW 100M, KRW 1B)
- Increasing the fund asset with the launch of Jinpum (Sincerity) Variable Life Insurance in connection with socially responsible investment (SRI funds)

C Issuance of Specialized ESG Bonds for Small Merchants

- Issuance of KRW 100 billion of ESG bonds to enhance the value of local communities by shortening the payment cycle for small merchants during the 2019 Chuseok holiday, etc.

I A Making Investment Decisions by Considering ESG

- Implementation of strategic investment including expanded investment in green financial institutions and green industries to increase investments that meet environmental management standards and help promising companies generate positive management results
- Investment of KRW 142.3 billion in the ESG sector in 2019, including securitization of the beneficiary certificates issued by a Spanish waste management company in the form of an account receivable fund (40M euros), investment in preference shares issued by a Swedish wind power generation company (KRW 13B), and equity investment in photovoltaic power generation in Mexico (KRW 24B)

A Expansion of ESG-based Fund Management

- Reflection of the ESG evaluation data from ESG evaluation agencies in the operations of the strategic TOPs Beautify SRI Fund (AUM KRW 46.4B)
- Immediate reflection of corporate governance issues and environmental/social issues in the socially responsible investment portfolio, and the establishment and trial run of a scoring system that evaluates companies' ESG factors



Shinhan Financial Group

Declaration on the Implementation of the UN PRB

Shinhan Financial Group officially announced the adoption of responsible banking principles by the global financial industry at the opening ceremony of the United Nations Principles for Responsible Banking (UN PRB) held at United Nations headquarters in New York on September 22, 2019. The UN Principles for Responsible Banking constitute an international agreement that defines the roles and responsibilities of the financial industry regarding the implementation of the Paris Climate Agreement and the United Nations Sustainable Development Goals (SDGs).

With the implementation of these principles, Shinhan Financial Group plans to promote and advocate sustainable management at the global level henceforth. We will further advance our efforts to promote sustainable management while discovering new business opportunities in key areas such as inclusive economic growth, innovative financial support for fostering startups, and financial support for the renewable energy infrastructure.



Shinhan Life Insurance Joined the UN PSI, a First in the Korean Life Insurance Industry!

Principles for Sustainable Insurance (PSI)

Shinhan Life Insurance joined the United Nations Sustainability Principles (PSI), a first in the Korean life insurance industry. We will make decisions based on ESG (environmental, social, and governance) factors in our overall management activities while continuing to stress the importance of sustainable management among our employees, customers, business partners, and other domestic financial companies.

Promotional Status

Principles	Promotional Status
Consider ESG in the insurance company's decision-making processes.	<ul style="list-style-type: none"> · Operation of a sustainability management system: Social responsibility operation regulations, Group environmental/social risk management best practices, environmental management rules, contract regulations. · Organization of Sustainability Management: Group CSO Council, Sustainability Management (Environmental Management) Working Council.
Raise ESG awareness and develop risk management solutions together.	<ul style="list-style-type: none"> · Establishment of an environmental management system and acquisition of ISO 14001 certification: Establishment of environmental management policies, expansion of paperless work processes, and training aimed at raising employee awareness of environmental management, etc. · Providing environmental/social insurance products and services: Launch of products for vulnerable people in terms of insurance (seniors, the sick), operation of support systems for financially vulnerable members of society, etc. · Investment in the green industry and venture companies · Participation in the Stewardship Code (July 2019)
Promote a wide range of ESG-related activities in cooperation with governments and other key stakeholders.	<ul style="list-style-type: none"> · Promotion of ESG social contribution activities: 1 company for 1 school, senior financial education, support for the underprivileged at home and abroad, environmental protection and upcycling activities for local communities, etc. · Promotion of the Hope Society Project: Implementation of Group-level social contribution projects (support for the financially disadvantaged, overseas scholarship programs, etc.)
Secure reliability and transparency through regular public disclosure of the implementation of the principles.	<ul style="list-style-type: none"> · Regular disclosure of information through the Company's and UN PSI websites, annual reports on the corporate governance and compensation system, Group social responsibility reports, and business reports, etc.



Social Contribution

Social Contribution for Job Creation

B Support for Youth Employment and Entrepreneurship: Shinhan Do Dream Spacet

- A platform that provides office and study space for startups along with various educational contents and proactive networking opportunities
- 450 young people were selected and provided with education to strengthen their entrepreneurship capabilities, including industrial analysis, business model development, data analysis, marketing, and law, through which a total of 230 items have since been commercialized

B Youth Employment Do Dream to Support Job Matching: GIGOMANJANG (High Spirits)

- Support for job matching between SMEs and youth jobseekers, cultivation of talented people in the era of the Fourth Industrial Revolution, and support for the growth of companies related to Industry 4.0.

G Advertising Campaign to Promote Startups: Gibalhan (Whimsical) Advertising

- A project whereby Shinhan Financial Group lends advertising space and time to domestic startups for the promotion of their services and products



Shinhan Do Dream Space



Shinhan Do Dream Space 'Job Matching Day'



Launch ceremony of Youth Employment Do Dream GIGOMANJANG



Gibalhan Advertising Campaign

Shinhan Financial Group

Support for Social Enterprises through Partnerships

Since 2018, Shinhan Financial Group has collaborated with SK Group in supporting social enterprises and social ventures in a drive to invigorate the social economy ecosystem. In November 2018, the two parties signed a MoU to identify promising actors and agents of the social economy, invigorate the financial ecosystem of social enterprises, help social enterprises to boost their business competitiveness and capacity-building skills, and develop and promote systems of measuring social value. In 2019 we formed Fund II, worth KRW 12 billion, with SK Group (Chairman Chey Tae-won) in order to support social enterprises.

Fund I, which is worth KRW 20 billion, was formed for the purpose of 'invigorating the financial ecosystem of social enterprises'. The combined value of Funds I and II amounts to KRW 32 billion, making it the largest social enterprise support fund in Korea to be led by a commercial financial institution. Social Enterprise Fund II was raised by Shinhan GIB (KRW 7.5B), Shinhan Financial Hope Foundation (KRW 2B), and SK Group (KRW 2.5B). The funds will be invested in companies that create social value such as social enterprises, preliminary social enterprises, social ventures, and impact enterprises. Through the Hope Society Project and the Innovative Growth Project, we will provide social economic support worth around KRW 300 billion and contribute to invigorating the financial ecosystem of social enterprises through a process of continuous investment by 2023.



Social Contribution for the Local Community

C Launch of the 500th Areumin Library, a Community Culture Sharing Space

- Creation of a reading culture space customized to the characteristics of diverse institutions including regional child centers, community welfare centers, and children's wards in hospitals, so that everyone can receive learning support through books under equal conditions

C Shinhan Card Euljiro 3-ga Project for Community Growth

- Shinhan Card's win-win social contribution project for the Euljiro area, where its headquarters are located, consists of creating a virtuous cycle of community development and win-win by connecting people and culture in the area together

B Shinhan The Dream Sarangbang for the Silver Generation

- A customized social contribution project designed to create an environment conducive to informatization education to members of the silver generation caught in an informatization education blind spot and provide them with financial education to help them manage their assets more effectively
- Around 20 facilities are selected every year to support the improvement of information classrooms and rest areas, environmental improvement of information centers in 41 senior welfare facilities by 2019, and education for 2,000 seniors to prevent them from becoming victims of financial fraud



The 500th Areumin Library in the Seoul Upcycling Plaza



Shinhan Card Euljiro Sai@Euljiro 3-ga Station



Shinhan THE Dream Sarangbang Informatization Class

Shinhan Financial Group

Global One Shinhan Volunteer Festivals

In 2009, Shinhan Financial Group integrated the volunteer activities conducted by its subsidiaries into the Global One Shinhan Volunteer Festivals, creating far-reaching synergistic effects at the group level. In 2019, under the slogan of Sharing Happiness, 2019 Global One Shinhan Volunteer Festival, we launched 30 volunteer programs aimed at promoting the values of coexistence to support the socially disadvantaged and vulnerable, sympathy to preserve traditional values and culture, and symbiosis to draw attention to the importance of environmental protection throughout the month of May in cooperation with employees working for 23 global networks in 20 countries.

We will continue to make investments aimed at empowering social enterprises to develop their financial ecosystem.



2020 CSR Strategy #6

Manage Environmental and Societal Risks

Integrated Environmental/Social Risk Managements

G Operation of the Environmental/Social Risk Management Best Practices

- Selection of significant environmental/social aspects and performance of management such as monitoring
- Establishment of conditional financial standards for illegal activities and the construction of coal power plants
- Environmental/social risk assessment of development project financing with significant environmental/social impacts.
- Reflection of management procedures to reflect mitigation measures in financial contracts, if necessary



Environmental/Social Risk Management Best Practices

Establishment of environmental/social risk management best practices that define environmental/social risk management objectives, principles, major tasks, and R&R.

Management of Significant Areas

Selection of significant areas of environmental and social aspects, performance of management such as monitoring, and establishment of conditional financial standards for illegal activities and the construction of coal power plants.

- Introduction and implementation of checklists to check for environmental/social effects in addition to the quantitative aspects of risk review.
- Establishment of an environmental/social risk monitoring system to check significant areas every quarter.

Environmental/Social Reviews

Establishment of a management procedure that evaluates environmental/social risks for development project financing with significant environmental/social impacts, and, if necessary, reflection of mitigation measures in financial contracts.

- Review of environmental/social impacts involved with the implementation of large-scale development projects and reflection of the results thereof in PF investment decisions.

G Relational Finance Using ESG Information

- Comprehensive evaluation of not only existing financial information upon the evaluation of relational finance* but also ESG information (governance-related issues like labor disputes, industrial safety, customer satisfaction, turnover rate, employee benefits, social contribution, accounting transparency, managerial morality, and reputation)

* Relational finance: A scheme by which long-term (more than 3 years) funding required by a company is provided, along with offers of long-term loans, equity investments, and management consulting, including accounting and legal services based on long-term trust

O Reflection of the Guidelines on the Principles of ESG Investment

- Considering the impact of the economic activities and corporate governance of the investment target companies on the environment/society in the event of asset management (stocks, bonds, alternative investments)
- Selecting and managing significant areas on the basis of the Group's environment/social risk management system

B Considering ESG Items in the Non-financial Sector upon Credit Evaluation

- Ethical management, environmental issues, product liability, job creation performance, reputation, etc.

C Establishment of the Equator Principles* Process

- Establishment of the process and the roadmap for the first time among local commercial banks

* The Equator Principles are asset of transaction principles related to project financing. They constitute a voluntary agreement wherein financial institutions pledge not to finance large development projects that carry a risk of environmental destruction or human rights violations. So far, more than 100 financial institutions around the world have pledged to observe these principles



Environmental management

B L C I Ca Certification of the Environmental Management System ISO 14001

- Acquisition of ISO14001 certification, the highest level of environmental management recognition granted to companies that strive to build eco-friendly infrastructures and innovative resource values

B Implementation of GHG/Energy Reduction

- Contribution to national GHG reduction by implementing the government's reduction target every year as a GHG/energy management company
- Exceeded the 2019 annual emission allowance target (103,249 tons) by approximately 25% in 2019 thanks to the emission reduction efforts of all our employees
- Implementation of diverse measures for saving energy in 2019, such as the replacement of LED lighting at headquarters and associated buildings and branch offices across the country, the replacement of old boilers, the operation of an eco-friendly data center, and compliance with the recommended cooling and heating temperatures
- Operation of a company-wide environment and energy council on a quarterly basis to monitor performance in environmental protection and energy management

B Publication of Environmental Reports

- Shinhan became the first company in the domestic financial industry to publish the annual 'Shinhan Bank Environmental Report'
- Transparent disclosure of quantitative data such as the current status of green finance-related products and financial support activities, energy consumption, pollutant emissions, and green purchasing performance along with the bank's environmental management strategies and performance results

B Promotion of Eco-friendly Leadership Campaigns

- Creation of a culture of voluntary eco-friendly management among employees through initiatives led by CEOs, executives, departmental heads, and managers
- Environmental protection and energy saving activities such as paperless reporting, plastic-free meetings, use of eco-friendly wreaths, and minimization of standby power

Introduction of Eco-friendly Vehicle

- Introduction and use of electric vehicles for business purposes **B**
- Replacement of all business vehicles with hybrid vehicles **C**
- Installation of EV charging facilities **I**
- Continued introduction of eco-friendly vehicles for business use **L**



Shinhan Financial Group

Energy consumption through Facility/Operation Improvements in the Shinhan Data Center

Established with the aim of building an optimal green data center, the Shinhan Data Center carries out integrated management of all the data collected by Shinhan Financial Group. The design of the center was awarded a Gold prize in the LEED rating system run by the U.S. Green Building Council (USGBC), a green building and international eco-friendly building certification agency, in recognition of the center's efforts to maximize energy efficiency and minimize GHG emissions. The data center has introduced LED lighting for most of the lighting in the lobby, server rooms, and underground parking garage, saving more than 1.3 million kWh of

energy annually.

In 2019, we installed bypass valves in cooling towers (2 units during operation and 3 units during off hours) in winter to reduce power consumption by heat sources (freezers, cooling towers) by 165,905 kWh per year, as well as reducing the amount of water used by the cooling towers by 174 tons. We reduced the heat transfer load (air conditioner, EHP) by 70,976 kWh through the efficient control of outside air inflow and temperatures in the operation room and offices throughout the year. We also reduced energy consumption by 11,756 kWh by installing motion detection sensors in the emergency staircases on all the floors of our buildings. Most notably, while our IT equipment power consumption increased by 381,676 kWh in 2019 YoY, the power efficiency of the data center (PUE, the closer to the value 1, the better the power efficiency) was recorded as 1.44 in 2019, compared with 1.46 in 2018, due to a reduction of 248,728 kWh in the use of electricity for general purposes.



Fact Book

- 44 — Corporate Governance Structure
- 48 — Human Rights Management
- 50 — Materiality Assessment
- 51 — Stakeholder Engagement
- 52 — 2020 CSR Strategy Indicator Dashboard
- 53 — ESG Data
- 64 — Global Initiatives
UN PRB / SASB / TCFD / UNGP
- 69 — GRI Standards Index
- 71 — Independent Assurance Statement
- 73 — About This Report

Corporate Governance

In the interest of long-term development and protecting stakeholders including shareholders and financial consumers, Shinhan Financial Group is committed to establishing a governance structure that secures transparency, soundness, and stability, and at the same time, fully reflects its pathway to growth a strong organizational culture.

Independence of Board of Directors

To ensure the soundness of the Board of Directors, the Group appoints independent outside directors, as is stipulated in its Article 39 of the Articles of Incorporation, the Annual Report on Corporate Governance the official website. Furthermore, the Group voluntarily abides by the independence requirement of outside directors of listed corporations as specified by the New York Stock Exchange (NYSE)

Diversity and expertise in the composition of the Board

In an effort to materialize a diverse governance structure, the Group stipulates “principle of diversity” in the composition of the Board of Directors, and the provision ensures that directors cannot have common backgrounds or represent specific interests. We have also adopted a clear standard of diversity which requires to arrange a long list of candidates for outside directors with varying experience and perspectives in terms of ethnicity, gender, age, experience and cultural backgrounds. At present, the Board of Directors consists of outside directors from four different nationalities including South Korea, Japan, the United States, and France to contribute their respective, global viewpoints to corporate management and other efforts made in line with the principle of diversity include more defined standards to encompass over 20% of female candidates on the long list.

In March 2020, independent director Jae-won Yoon was appointed as a female director.

To strengthen our expertise, the Board of Directors is composed of independent directors who are experts in the six fields of finance, business administration, economy, law, accounting and IT, as specified by the Act on Corporate Governance of Financial Companies. It is because of the unique characteristics of the financial industry that we aim to appoint independent directors of such wide-ranging experience.

Board composition by expertise (Unit: persons)

Area of Expertise	Before March '19 Shareholders' Meeting	After March '19 Shareholders' Meeting	As of 2020
Finance	4	5	5
Economy	1	1	1
Business Administration	3	3	3
Accounting	1	1	1
Law	1	1	1
Information Technology	1	1	1
Global	0	1	1
Total	11	13	13*

No. of female candidates in the outside director pool (Unit: persons)

Classification	No. of outside director candidates	No. of female candidates in the outside director pool (proportion)	Variation compared to the previous period
As of end-December 2015	149	14 (9.4%)	+3
As of end-December 2016	219	48 (21.9%)	+34
As of end-December 2017	182	42 (23.1%)	-6
As of end-December 2018	131	33 (25.2%)	-7
As of end-December 2019	108	30 (27.8%)	-3

* Since 2017, the number of female candidates has decreased by narrowing down outside director candidates by verifying qualifications, although the proportion relative to all candidates has increased.

Principle of the Operation of the Board of Directors

Obligation to Participate in Activities of the Board of Directors

Shinhan Financial Group is a listed corporation on the New York Stock Exchange (NYSE) and adopts a minimum attendance rate of 75% as the qualification requirements for outside directors as specified in the guidelines of Institutional Shareholder Services (ISS). In 2018, there were a total of 13 Board of Directors meetings held (four general meetings per quarter, and nine temporary meetings), while the average attendance rate of directors was 97%. The group discloses the activities and attendance rate of the Board of Directors through the annual report on corporate governance.

Prohibition of Concurrent Board Membership

In accordance with Article 39-2 of the Articles of Incorporation stipulates that the outside directors of the Group cannot be elected as outside directors of other companies. Whether or not they are holding a concurrent office is transparently disclosed in the brief biographical information of the Board of Directors.

Status of the Board of Directors (Base date: March 26, 2020)

Classification	Name	Date of first appointment	Experiences	Gender	Term in office
Chairman of Board of Directors (Independent director)	Cheul Park	March 26, 2020 (First appointment date: March 25, 2015)	Senior Deputy Governor, Bank of Korea Chairman & CEO, Leading Investment & Securities Co.,Ltd	Male	1 year
Executive Director (CEO)	Yong Byung Cho	March 26, 2020	CEO, Shinhan BNP Paribas Asset Management CEO, Shinhan Bank Shinhan Finance Group CEO (current)	Male	3 years
Independent director	An Soon Park	March 26, 2020	Chairman, the Korean Residents Union in Japan (current) Chairman, Taisei Group Co., Ltd. (current)	Male	1 year
Independent director	Yang Ho Byeon	Mar. 27, 2019	President, Korea Financial Intelligence Unit Company Advisor, VIG Partners (current)	Male	2 years
Independent director	Jae Ho Sung	Mar. 27, 2019	Chairman, Korea council of International Law (current) Professor, Sung Kyun Kwan University School of Law (current)	Male	2 years
Independent director	Jae Won Yoon	March 26, 2020	Vice Chairman, Korean Academic Society of Taxation (current) Professor, Hongik University Business school(current)	Female	2 years
Independent director	Yoon Jae Lee	Mar. 27, 2019	Secretary to the President for Finance and Economic Affairs CEO, KorEI	Male	2 years
Independent director	Hyun Duk Jin	March 26, 2020	Council member, The Korea Educational Foundation (current) CEO, PHOEDRA Inc. (current)	Male	2 years
Independent director	Kyong rok Choi	March 26, 2020	Research Associate, Information Technology Center at Keio University CEO, CYS Corporation (current)	Male	1 year
Independent director	Yong Hak Huh	Mar. 27, 2019	CIO of Alternative Investment, Hong Kong Monetary Authority First Bridge Strategy Ltd. CEO	Male	2 years
Independent director	Yuki Hirakawa	March 26, 2020	CEO, Hirakawa Industry Co., Ltd. CEO, Level River Industry Co., Ltd. (current)	Male	1 year
Non-executive director	Ok Dong Jin	March 27, 2019	Deputy President, Shinhan Financial Group CEO, Shinhan Bank (current)	Male	2 years
Non-executive director	Philippe Avril	March 26, 2020	Chief Country Officer, BNP Paribas (Japan) Director, BNP Paribas Securities (Japan) Ltd (current)	Male	1 year

Process and Criteria for the Appointment of Independent Directors

Independent directors are elected at the general shareholders' meeting with the recommendation of the Independent Director Recommendation Committee. Shinhan Financial Group makes sure that independent directors with financial experience and expertise in various areas can be included in the committee based on the independence requirements stated in the related laws and regulations. The Independent Director Recommendation Committee recommends the candidates after verifying that they are qualified to meet the requirements specified in the related rules and regulations through a fair and transparent process and fully utilizes recommendations by shareholders, stakeholders, and external advisory agencies, if necessary.

the Appointment of Independent Directors

1. Expertise: An individual that is equipped with sufficient experience and expertise in related areas such as finance, economy, management, accounting, and law that are required to carry out the duty
2. Fairness in carrying out duties: An individual that is not influenced by special interests and is able to conduct his or her duty for the interest of all shareholders and financial consumers
3. Ethical responsibility: An individual that has a proper sense of ethics and responsibility to conduct his or her duty
4. Faithfulness: An individual that is able to make efforts required to carry out the duty of an independent director in good faith

Diversity of board composition: Nationality, gender, age, experience, background and harmonization with current board members

Compatibility to Shinhan Financial Group: An individual who is deeply empathetic to the vision, growth path and corporate culture of Shinhan Financial Group, and who will contribute to the growth of the company by inheriting and further developing them

Effectiveness of management advisory: Considering the paradigm shift in the financial industry, a balanced selection of experienced business management experts is required to combine the comparative advantage factors in various industries

Evaluation of the Board of Directors

The Board of Directors evaluates the adequacy of resolutions and reporting items, level of management information provided, its roles and responsibilities, and others with regard to the operation of the board each year and refers the result to its operation in accordance with the Internal Code of Corporate Governance (evaluation of the performance of Board of Directors and others).

All members of the board are also evaluated on their performances in conjunction with an external assessment agency to ensure the fairness and independence of the evaluation based on operating performance (including the appropriateness of the meeting duration, agendas, and frequency of the meetings) and their given roles (for the activities relevant to the authority of the board defined in the Internal Code of Corporate Governance of the Shinhan Financial Group)

Evaluation of Independent Directors

The initial term of independent directors is 2 years, provided that the term of re-election shall not exceed one year. In case of recommending independent directors for reappointment, annual performance evaluation results are reflected (in accordance with Article 24-4 of the Internal Code of Corporate Governance, and Article 10-3 and 10-7 of the Regulation of Independent Director Recommendation Committee). Currently, an internal evaluation of independent directors is conducted based on the methods agreed upon by the board with the help of an external assessment agency to ensure the objectiveness and anonymity of the evaluation.

The evaluation of independent directors in 2019 was conducted in January 2020. In the case of independent directors subject to re-appointment, the evaluation results of independent directors were submitted to the first meeting of the Independent Director Recommendation Committee held on February 5, 2020 to reflect them in making reappointment decisions.

The evaluation consists of self-assessment (by the director him/herself), the board's evaluation (by all other independent directors), and the evaluation by employees. Evaluation indicators include professionalism, job fairness, ethical responsibility, integrity, and 12 detailed evaluation indicators.

In addition, opinions on each independent director are described comprehensively to reflect quantitative factors to the assessment.

Performance Assessment and Compensation

The compensation system for inside directors is determined by the Remuneration Committee and the Board of Directors and the amount of variable compensation is decided based on both annual and long-term operating and financial performance of the group. As for independent directors, their compensation system is determined by the Board of Directors and the total amount of remuneration varies depending on the number and level of participation in meetings of the board and sub-committees. The compensation cap of directors is approved at an annual shareholders' meeting and the Board of Directors determines the details within the maximum ceiling for the year. As for inside directors, details on the compensation for the group Executives including internal directors are additionally reviewed by the Remuneration Committee, which consists of independent directors only.

Remuneration System

The compensation limit of the Board of Directors is determined at the general shareholders' meeting by resolution and compensation is paid fairly and transparently according to the compensation rules after the shareholders' resolution. The information on the employee compensation system including the remuneration information of directors and auditors is disclosed transparently through an annual report on the governance and remuneration structure. In particular, the annual compensation for internal and independent directors of the board and individual annual compensation paid by us to our directors and auditors whose annual compensation is over KRW 500 million is disclosed in an annual report on the business plan and governance.

Key Performance Indicators for CEOs and Executives

For the CEO of the holding company, the group KPI and the achievement rate of strategic tasks are evaluated at a certain rate so that both the company's financial performance and non-financial evaluation factors can be reflected in the assessment.

Shinhan applies its key performance indicators (KPI) concerning shareholder value (total shareholder return), profitability (ROE and ROA), soundness (NPL), risk (RAROC), efficiency (CIR), and others. To assess their non-financial performance, we are evaluating their achievement in strategic tasks in line with the strategic directions of Shinhan (Digital Transformation, Globalization, Proactive Risk Management, etc.). Executives of the holding company are evaluated on their performances based on the group's KPIs and the implementation rate of key strategic tasks according to their duties.

Criteria for Deferred Compensation, Alignment, Clawback, and Guarantee of Performance-based Compensation

The performance-based compensation consists of performance units and performance shares. The performance units are paid by cash in a lump sum based on the operating and financial performance of the company of the previous year, while performance shares are provided in the form of deferred compensation based on the 4-year performance after they are initially granted. Among the performance-based compensation, the performance shares are subject to adjustment based on the average performance of 4 years after they are initially granted, while the final amount is determined according to the market price of the company's shares at the end of adjustment period. The total amount to be paid can be adjusted if a corporate loss takes place before the payment or the company fails to achieve the expected performance. Furthermore, the plan is designed to adjust the amount to be paid when the market price of the company's share falls due to decreasing corporate value.

CEO Compensation

In 2019, our Group chairman and CEO received total compensation of KRW 1.26 billion, consisting of salary and wages. In addition, he was granted 22,178 performance shares whose exercisability will be determined by a review of our business performance and share price movements during the period from 2019 to 2022.

CEO-to-Employee Pay Ratio (Group-wide; Unit: KRW million)

CEO's total compensation	Employee compensation	Ratio (times)
1,260	Average 115	9.1

Shares held by Executive Directors and CEOs

There is no requirement to hold shares in the company, but the directors have acquired shares as part of responsible management.

Title	Name	No. of shares held	Multiple of base salary
Chairman & CEO	Cho Yong-byoung	12,000	1.16
Other Executives	Park Woo-hyeok	2,141	0.40
	Ryu Seung-heon	7,903	1.80
	Chang Dong-gi	68	0.02
	Jeong Ji-ho	1,321	0.30
	Kim Im-geun	2,075	0.47
	Lee In-gyun	5,000	1.35

※ Based on share price as of Dec 30, 2019, the group CEO owns shares worth KRW 534.6 million and receives a basic salary of KRW 450 million.

Shareholders with ownership of 5% or greater (As of December 31, 2019)

Shareholder	No. of shares owned	Shareholding percentage (%)
National Pension Service	47,063,799	9.92%
BlackRock Fund Advisors	29,063,012	6.13%
Employee Stock Ownership Association	24,252,302	5.11%

Human Rights

Promise to Respect Human Rights

Shinhan Financial Group is committed to the protection of human rights and respect for human rights as set out in the Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights by the UN Commission on Human Rights. The Group also pursues a co-prosperous relationship with its part-ner companies, including subcontractors and service providers, by ensuring all transactions are carried out in a fair and equitable manner.

In particular, we ensure that human rights violations that can occur in all areas, such as selling financial products and providing financial services, are eliminated, and in the event of a human rights violation, we take the lead in human rights-centered management by doing our best to promptly and efficiently address the issue.

The promise of respecting human rights applies to our affiliates and subsidiaries as well as partner companies and subcontractors.

Stakeholders of Human Rights Risk Management

Respect for the human rights of all stakeholders is the foundation for Shinhan Financial Group to achieve its mission "Compassionate Finance, Your Companion for the Future" and to prosper and grow together with employees, customers, and all members of society. Shinhan Financial Group's human rights principles reflect our belief that everyone deserves basic rights and freedom and our commitment to protecting them. As an influential company that supports the growth of local communities, a financial service provider, and a partner, Shinhan Financial Group will strive to protect human rights by complying with employment and labor laws in all regions where we operate our business.

* Details of Shinhan Financial Group's human rights principles and management stakeholders can be found on the website (www.shinhangroup.com/kr/csm/2019/csm_hrgReport.jsp).

Areas of Concern Relating to Human Rights Issues

(Stakeholders: **Employee** **Customer** **Shareholder/Investor** **Partner** **Community** **Government / Association**)

Protection of Labor Rights

- Provide executives and employees with safe and pleasant work environments and prevents unfair labor practices such as forced labor or child labor.
- Observance of Working Hours: In accordance with standards prescribed by the pertinent labor relations laws and regulations at which a business site is located, specify regular and overtime work hours and provide employees who has worked extra hours outside a regular work schedule with overtime allowance according to the aforementioned rules.
- Reward Employees with Proper Salaries: Pay employees' salaries and benefits above the level of the minimum wage set forth in the pertinent labor relations laws and regulations at which a business site is located.
- Prohibition of Discrimination: Do not discriminate against employees without grounds in human resources management including the maintenance of employment, performance evaluation, promotion and salary payment because of their educational or regional background, age, gender, ethnicity or religious beliefs.

Application of ESG Screenings for Investments

- Restrict sales activities such as loans and deposits and investments in specific regions, industries, companies or individuals suspected to be engaged in forced labor or child labor.
- Restrict sales activities such as loans and deposits and investments industries, companies or individuals that may be inclined to upon the human rights of indigenous people caused by significant environmental and social impact.

Improved Accessibility to Financial Services

- Equal Services: Do not offer discriminatory financial services to customers based on gender, ethnicity, religious beliefs, or political inclination.
- Information Protection: To prevent any human rights infringement arising from the leakage of customer information, take necessary technological actions and collect the minimum information necessary for sales activities.
- Protection of the Financially-deprived: Provide additional information and guidance for users such as the elderly, the disabled, and the less fortunate whose access to financial services is limited.

Process of Managing Human Rights Impacts

By adopting ex-ante assessment of the substantial and potential impact of its management activities, Shinhan Financial Group fulfills its obligation to meet human rights due diligence requirements and has been conducting a human rights risk assessment for all stakeholders annually since 2016.

Results of the Human Rights Risk Assessments

The human rights risk assessment identifies six potential human rights issues and mitigation plans to prevent the identified human rights issues in advance were established by the relevant affiliates, departments and partner companies.

Human Rights Impact Management Process

Risk Identification & Due Diligence

- Identify potential human rights issues and risks
- Management activities and potential issues in the supply chain
- Check the area of occurrence
- Conduct human rights impact assessments
- Identify material issues

Action

- Establish plans for resolution and mitigation

Monitoring

- Carry out mitigation plans
- Annual review of potential issues

Reporting

- Report results and review evaluation process

Action

- Identify the latest human rights risks and impacts
- Review the financial process
- Review the priority of human rights impacts and identify vulnerable groups

- Internal review and sharing of evaluation results
- Issue and review mitigation plans for core human rights issues

- Protect employees in customer-facing jobs
- Monitor human rights issues
- Provide training in human rights protection

- Report to the group's Sustainability Management Council and CSR Committee
- Disclosure of performance through SCR reports

Evaluation Results

Employees

- Bullying in the workplace
- Securing industrial safety and health for employees

Customers

- Customer information protection for partner companies (437 trustees, 119 targets for action)

Partner companies

- Management of the stress of customer service employees

Local community

- Protection of indigenous people in the community (large-scale development project)

The underprivileged

- Improving financial accessibility

Employees

- Operation of an internal whistleblowing system
- Precise analysis of health checkup results and health risk assessment
- Mental health checkup for employees

Partner companies

- Emotional worker protection system (operated by 7 group companies)

Customers

- Inspection and action on information protection status for group companies and suppliers

The underprivileged

- Financial and economic education (156,577 persons in 2019)
- Additional services such as staff assignment for vulnerable groups (646 dedicated bank counters)

Local community

- Environmental/social impact assessment for the development of PF financing

Resolution of Shinhan Guard's Report Cases

100%

Operation of the protection system for customer service employees

100%

Security inspection monitoring of partner companies

100%

Operation of dedicated counters for vulnerable groups

100%

Social risk review for large-scale development projects

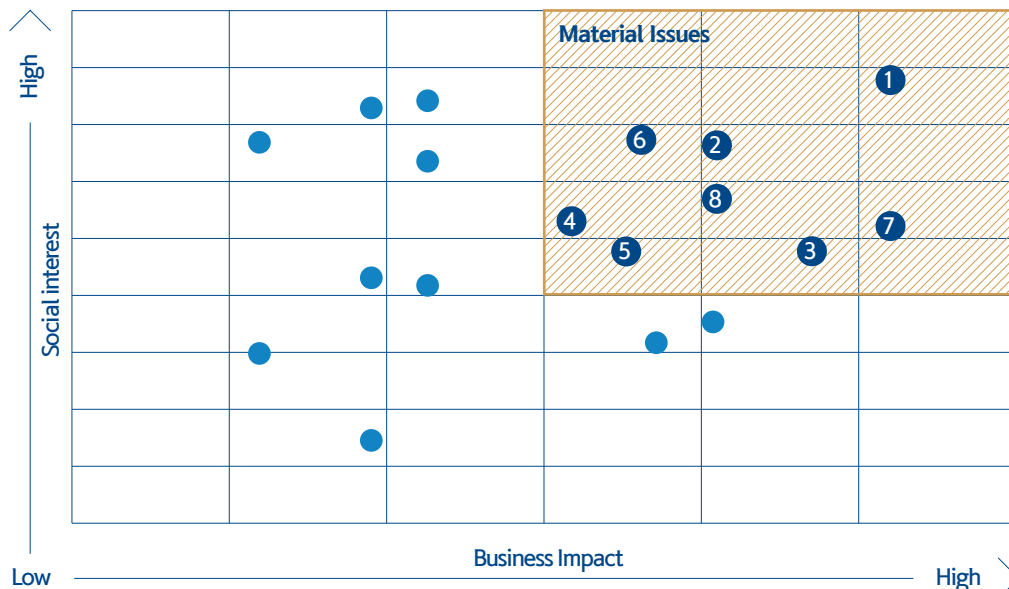
11 cases

Materiality Assessment

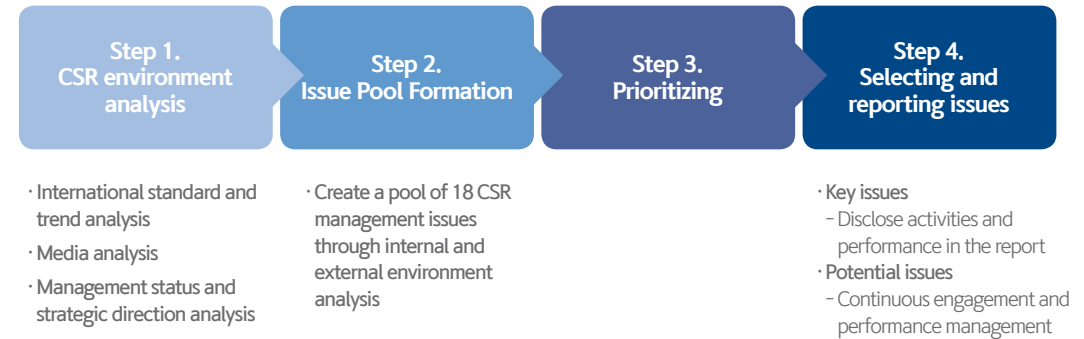
Shinhan Financial Group carries out materiality assessments that select material issues from the perspectives of customers, the Group and society based on the definition of materiality according to the guidelines of GRI Standards and the Five Part Materiality Test methodology of AccountAbility AA1000SES. In addition, the group has derived material issues by applying a broad scope encompassing its 2020 CSR strategies and the strategic directions of the Group and stakeholder influence among others.

A total of eight issues, including digital transformation, were selected as key issues, and the selected issues are linked to Shinhan Financial Group's CSR strategies to manage related-activities and performance. CSR activities and achievements related to the key issues are disclosed in the report and on our website.

Materiality Matrix



Materiality Assessment Process



Materiality issues and CSR strategy mapping

2020 CSR Strategies	Material Issues	Performance indicators	2018	2019	2020 Goal
Enhance customer value Provide solutions	① Digital transformation	Number of participants in financial literacy courses	70.1%	72%	72.2%
Fair and ethical business	② Ethical management and compliance	Percentage of employees receiving ethical behavior training and signing a pledge	99%	99%	98%
Cumulative: from 2017 Improve financial inclusiveness	③ Inclusive finance	Financial support for working families (cumulative)	KRW 4.1 trillion	KRW 6.7 trillion	KRW 6.3 trillion
	④ Support for innovative growth	Support for the start-up ecosystem (cumulative)	KRW 8.5 trillion	KRW 25.5 trillion	KRW 25.8 trillion
Build a creative open culture	⑤ Human resource development	Average annual training hours per person	105 hours	83 hours	100 hours
Fulfill positive social responsibility	⑥ Sustainable finance	Support for eco-friendly finance (cumulative)	KRW 16.1 trillion	KRW 16.2 trillion	KRW 20 trillion (2030)
Environmental/social risk management	⑦ Response to climate change	GHG emissions	95,933tCO ₂ eq	90,195tCO ₂ eq	89,347tCO ₂ eq (2030)
	⑧ ESG and mid- to long-term risk management	ESG risk management process	Applied	Applied	Applied

* Accumulated: From 2017

Increasing Value for Stakeholders

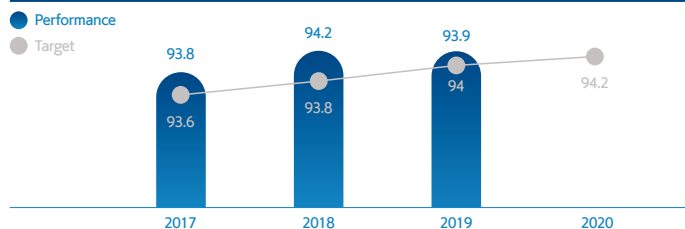
Shinhan Financial Group is committed to the mutual growth of the values of the Group and society through communication with diverse stakeholders. It fulfills its responsibilities and obligations for its customers, shareholders, and investors, and strives to attain greater satisfaction and co-prosperity of its executives and employees and partner companies. Moreover, it realizes compassionate finance that aligns with various entities such as local community, NGOs and government agencies, resulting in a virtuous cycle in society.

We collect opinions through various channels from stakeholders and reflect all opinions in our activities to promote the CSR strategy. Shinhan Financial Group will implement CSR activities by reflecting the opinions of our stakeholders.

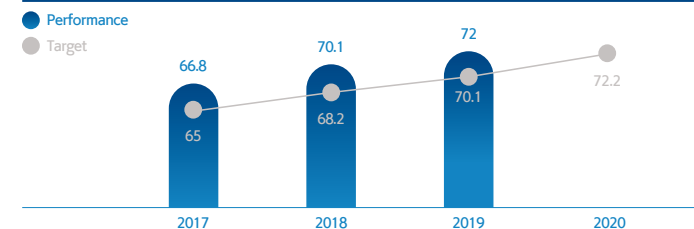


2020 CSR Dashboard

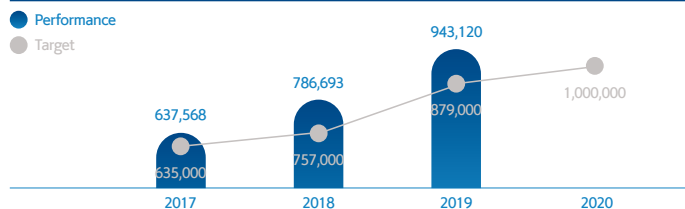
Customer satisfaction (Unit: points)



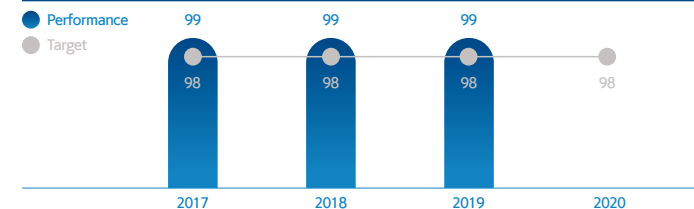
Subscription to digital financial services (Unit: %)



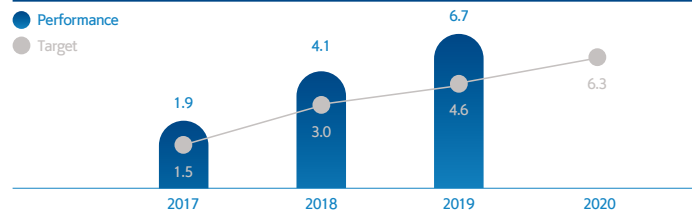
Number of participants in financial literacy courses (Unit: persons, cumulative)



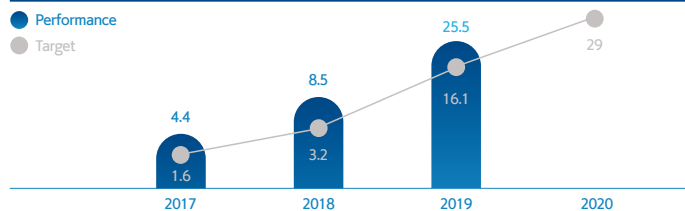
Percentage of employees receiving ethical behavior training and signing a pledge (Unit: %)



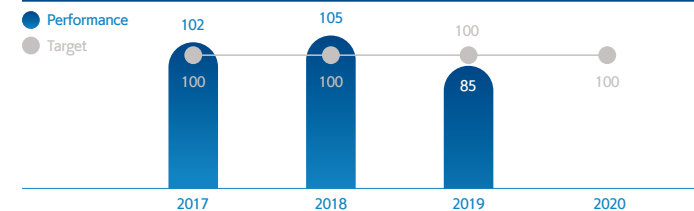
Financial support for working families (Unit: KRW trillion, cumulative)



Support for the startup system (Unit: persons, cumulative)

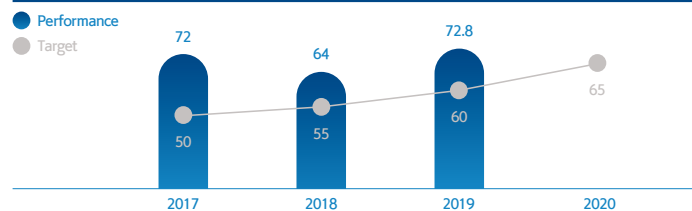


Employee training hours (Unit: hours per person)

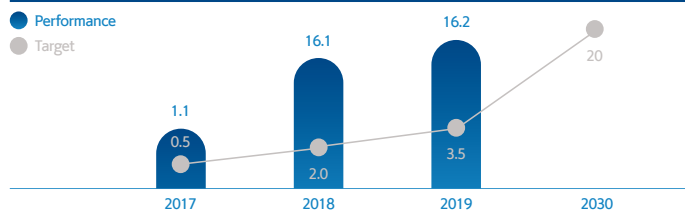


* As a result of newly promoting the Innovation Growth Project in 2019, the annual target (KRW 62 trillion in loan, KRW 2.1 trillion in investment for 5 years) and related performance were reflected.

Smart working system participation rate (Unit: %)

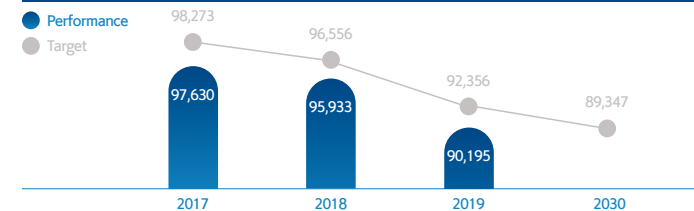


Value of investments/loans for eco-friendly industries* (Unit: KRW trillion, cumulative)



* The energy/environment company loan balance not reflected in 2017 was newly included from 2018, and the previous year's reported amount of KRW 16.8 trillion was modified to KRW 16.1 trillion after review.

Volume of GHG emissions (Unit: tCO₂e)



Quantitative Data - Economy

1. Quantitative Data - Economy

(Unit: KRW billion)

Creation of Economic Value	2016	2017	2018	2019
Sales	31,989.7	38,432.5	35,344.0	43,859.1
Pre-tax profit	3,170.5	3,797.6	4,466.6	4,911.5
Net Profit ¹	2,774.8	2,918.8	3,156.7	3,403.5

¹ Net profit: Based on shares of controlling company

Distribution of Economic Value

	2016	2017	2018	2019	
Shareholders/investors	Dividends and interests	4,718.5	4,643.3	5,745.4	6,853.3
Employees	Wages	1,827.0	1,914.7	1,945.3	2,147.1
	Welfare benefits	688.5	753.5	791.3	770.9
Government	Corporate tax	345.6	848.4	1,268.3	1,269.1
Community	Social contribution investment	49.4	104.1	181.6	227.0
Partners	Purchases and services	1,452.8	1,482.7	1,583.3	2,070.4

2. Revenue by segments

(Unit: KRW billion)

Revenue by segments	2019
Retail (individual)	4,182.0
Enterprises	3,505.4
IB	407.9
Project financing	274.6
Asset management	455.6
WM/PB	470.7
Others (Insurance, etc.)	1,835.4
Total	11,131.7

3. BIS Leverage Ratio

(Unit: KRW billion)

	2017	2018	2019
(Basel III) Tier 1 Capital	27,673.0	30,678.0	31,699.8
(Basel III) Total exposure (on and off balance sheet exposures)	464,100.0	512,921.0	572,346.9
((Basel III) Leverage Ratio	5.96%	5.98%	5.54%

4. Tax by Country

(Unit: KRW billion)

		2016	2017	2018	2019	
Domestic	Sales	31,018.8	37,253.2	33,602.6	41,716.3	
	Operating profit	2,876.1	3,503.5	4,023.9	4,378.3	
	Corporate tax	284.0	759.9	1,173.2	1,177.2	
Overseas	Japan	Sales	169.8	176.4	187.8	221.3
		Operating profit	72.0	103.0	99.6	98.4
		Corporate tax	23.1	29.0	29.5	18.2
	China	Sales	230.1	284.4	284.9	226.9
		Operating profit	12.8	35.1	49.1	19.3
		Corporate tax	4.1	9.9	10.6	12.0
Vietnam	Sales	148.8	194.5	296.8	463.2	
	Operating profit	62.8	61.5	124.4	172.4	
	Corporate tax	12.6	12.2	24.4	35.8	
U.S.A.	Sales	91.7	108.8	135.1	171.8	
	Operating profit	29.1	36.5	15.9	24.0	
	Corporate tax	10.3	15.4	1.2	4.1	
Other total	Sales	330.5	415.2	836.8	1,059.6	
	Operating profit	55.9	90.4	186.5	353.9	
	Corporate tax	11.4	22.0	29.4	21.8	
Total	Sales	31,989.7	38,432.5	35,344.0	43,859.1	
	Operating profit	3,108.6	3,830.0	4,499.4	5,046.3	
	Corporate tax	345.6	848.4	1,268.3	1,269.1	

Quantitative Data - Economy

5. Effective Tax Rate

(Unit: KRW billion)

	2018	2019
Earnings before tax	4,466.6	4,911.5
Reported tax amount	1,268.3	1,269.1
Reported tax rate (%)	28	26
Actual tax amount paid	900	1,140.3
Effective tax rate (%)	20	23

6. Defined benefit plan obligations and other requirement plans

(Unit: KRW billion)

	2016	2017	2018	2019
Present value of defined benefit liabilities	1,690.0	1,695.2	1,842.0	2,063.1
Fair value of external accumulated assets	(1,559.1)	(1,688.1)	(1,714.6)	(1,943.6)
Recognized liabilities from defined benefit plan	130.9	7.1	127.3	119.5

7. Policy Impacts

(Unit: KRW billion)

	2016	2017	2018	2019	
Fees of major associations	Korea Federation of Banks	8.6	8.3	9.2	8.8
	Credit Finance Association	1.8	2.1	0.2	1.4
	Korea Financial Investment Association	17.7	20.9	21.4	21.5
	Korea Life Insurance Association	0.7	0.9	0.9	2.0
	Korea Chamber of Commerce & Industry	0.4	0.5	0.4	0.4
Total fees of relevant associations	29.2	32.7	32.1	34.1	

※ Shinhan Financial Group strictly complies with the Political Funds Acts of Korea which prohibits donations by corporates or entities and never offers any funds intended to directly influence the existing policies or the formation of a policy such as political funds, campaign funds, or funds for lobbying a specific political group or party. However, it contributes to the development of public goods with associations whose political neutrality is checked and maintained. The Group fully understands the possibility of costs on policy influence that may turn into a risk factor in the mid-and long-term and preclude the possibility by managing the total donation details and sizes. According to contribution management guidance, the Group has established a working-level contribution committee in charge of operating contribution and deliberating donation decision and execution and if the donation exceeds KRW 1 billion, it is obligatory to pass a resolution by the Board of Directors in advance.

8. Financial Accidents and Measures

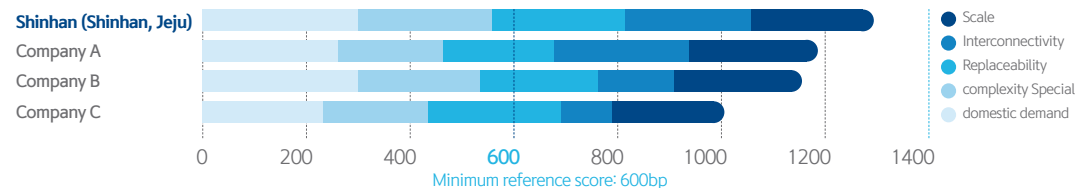
(Unit: Cases)

	2016	2017	2018	2019	
Violations ¹	Embezzlement	5	1	7	3
	Malpractice	2	2	2	2
	Bribery	-	3	-	-
	Intercession of private loan	2	-	1	-
	Violation of real-name policy	1	3	2	3
	Provision of private loan	4	3	3	1
	Other	2	3	1	1
Measures ²	Salary reduction	6	2	3	5
	Reprimand	5	2	10	9
	Warning	5	13	18	40
	Caution	7	14	11	12
	Other (beyond salary reduction)	8	5	11	3

¹ Only the financial incidents reported to the Financial Supervisory Service are reflected (excluding actions before OrangeLife was incorporated)

² Status of disciplinary measures related to financial accidents (including actors, aids, supervisors, etc.)

9. Assessment Results of Systemically Important Banks (D-SIB*)



Source: 2019 Financial Services Commission

* D-SIB: Domestic Systemically Important Bank

The Financial Services Commission evaluates and selects the importance of domestic banks and bank holding companies in consideration of size, interconnectivity, and replaceability.

Quantitative Data – Economy

1. ESG Bonds

(Unit: KRW 1 billion)

		2019
Shinhan Financial Group	Sustainability bonds ¹	578.9
Shinhan Bank	Green Bonds ²	648.7
	Sustainability bonds	463.1
Shinhan Card	Sustainability bonds	100.0
ESG bonds issued		1,790.7
Total bonds issued ³		17,387.8
ESG bond issuance rate		10.3%

¹ Sustainability Bond² Green Bond³ Total amounts issued by Shinhan Financial Group and Bank

2. ESG Project Financing (PF)*

(Unit: KRW billion)

		2019
ESG themes	Solar power	219.7
	Waste	111.7
	Wind power	82.5
	Other renewable energy sources	167.7
Total new ESG PF amount		581.6
Total new PF amount		3,653.9
New ESG PF rate		15.9%

*Shinhan Financial Group IB sector (GIB) performance

3. ESG Asset Management ¹

(Unit: KRW billion)

		2019
ESG themes	Renewable energy/energy efficiency	918.1
	Eco-friendly transportation	507.2
	Natural resources	169.2
	Job creation, SME financing	103.5
	SRI fund ²	39.6
Size of ESG asset management		1,737.6
Size of total asset management		30,591.5
ESG asset management ratio		5.7%

¹ Shinhan BNP Paribas Asset Management performance (AUM)² Social Responsible Investment Fund

4. Shinhan Bank ESG Finance

(Unit: KRW billion)

		2019	
Corporate finance, investment bank	ESG loans	Eco-friendly loan (balance)	10,457.0
		2 eco-friendly guarantee loans	88.9
		4 eco-friendly exclusive loans	26.2
		6 eco-friendly policy loans	70.7
	Total amount of ESG loans		10,642.8
Total amount of all corporate loans (balance)		123,816.0	
Ratio of ESG loans		8.6%	
Retail	ESG loans	Buttress Jeonse loan	3,290.1
		Shinhan Sol Pyeonhan New Hope Spore Loan (digital only)	121.6
		EV-MYCAR Loan	0.6
	Total amount of new ESG loans		3,412.3
	Total amount of new personal loans		40,205.0
Ratio of ESG loans		8.5%	
ESG investment (AUM) ¹	Renewable energy/energy efficiency		0.9
		Natural resources	11.3
		Job creation/SME financing	79.2
		SRI fund ²	14.2
Total amount of ESG investment (AUM)		105.6	
Total investment amount (AUM)		8,298.4	
Ratio of ESG investment		1.3%	

¹ Sales amount of ESG investment product sales² Excluding the sales amount of Shinhan BNP Paribas Asset Management SRI Fund

5. Effective Tax Rate

(Unit: KRW billion)

				2019
Corporate Finance/ Investment Banking	ESG new loans	Shinhan Card	Use of eco-friendly cards	112.4
		Shinhan Life Insurance	Eco-friendly loans	9.6
		Shinhan Capital	Sustainable environment/energy	72.5
		Jeju Bank	Loans for solar power businesses	13.7
Retail	ESG investment (AUM)	Shinhan Investment	Renewable energy/energy efficiency	741.8
			Eco-friendly transportation	125.9
			Natural resources	3.1
			Job creation, SME financing	370.8
			Infrastructure for developing countries	366.9
			SRI fund ¹	36.3
		Shinhan Life Insurance	SRI fund ¹	190.5
Asset management ²	ESG investment (AUM)	Shinhan Life Insurance	Renewable energy/energy efficiency	423.2
			Eco-friendly transportation	16.6
			Infrastructure for developing countries	43.7
		OrangeLife	Climate change	20.1
		Shinhan Capital	Renewable energy/energy efficiency	124.8
		Shinhan Alternative Investments	Renewable energy/energy efficiency	200.0
			Eco-friendly transportation	176.7
			Job creation, SME financing	32.0
	Shinhan REITs Management	Green certification/ green buildings	301.8	

¹ Excluding the sales amount of Shinhan BNP Paribas Asset Management SRI Fund² Groups other than Shinhan BNP Paribas Asset Management

6. Fossil fuel exposure

(Unit: KRW billion)

		2016	2017	2018	2019
Fossil fuel exposure ¹		3,443.3	3,197.4	3,985.5	5,069.2
	Narrow exposure ²	248.5	277.8	304.6	141.4
	Coal mining industry	91.5	133.1	176.9	40.8
	Crude oil and natural gas mining industry	5.3	144.6	104.3	76.2
	Service industry related to crude oil and natural gas mining	151.7	0.1	23.4	24.5
	Wide exposure ³	3,194.8	2,919.6	3,680.9	4,927.8
	Corks and related products manufacturing industry	3.0	3.1	2.2	1.1
	Briquettes and other coal product manufacturing industry	22.6	10.5	5.8	13.8
	Crude oil refining and processing industry	1,221.9	967.9	1,518.4	1,826.1
	Lubricant and grease manufacturing industry	37.8	53.2	48.9	59.4
	Other petroleum refinery product reprocessing industry	26.3	28.8	24.0	28.4
Electricity, gas, steam, and water industries	Thermal power generation industry	1,316.6	1,224.7	1,462.5	1,920.4
	Gas production and pipe supplying industries	566.6	631.5	619.1	1,078.6
Ratio of fossil fuel exposure compared to total loan amounts within the group		1.38%	1.21%	1.40%	1.65%

¹ Energy Industry Classification Status (Korea Energy Economics Institute) - Activities such as distribution and transportation are not considered as energy production activities and thus have been excluded from this category. Only mining, manufacturing and supplying of energy-related products are included.² Narrow exposure: Direct mining of fossil fuels (mining industry)³ Wide exposure: Direct mining as well as manufacturing/power generation businesses

7. Environmental and Social Risk Review of Project Financing

(Unit: Case)

		2018	2019
Number of environmental and social risk review projects		4	11
	Grade A	2	4
	Grade B	2	4
	Grade C	0	3

Quantitative Data – Inclusive / Productive Finance

1. Financing for Working Class

(Unit: KRW billion, based on new amounts)

		2016	2017	2018	2019
Shinhan bank	New Hope Spore loan	472.0	543.8	635.4	637.0
	Shinhan Sunshine Loan	-	11.6	11.7	192.1
	Shinhan New Hope Dream Loan	-	1.4	1.9	1.6
	Shinhan Stepping-Stone Loan	-	0.6	1.1	1.9
	Mid-interest rate loan for the working class	60.0	109.3	159.5	115.6
	Household Debt Healing Program (Credit Loan 119)	633.0	768.7	948.2	1,072.5
	Loans for social enterprises	-	0.7	33.4	51.3
	Shinhan Card	Mid-interest rate loan	-	-	-
Jeju bank	New Hope Spore loan	5.6	6.4	7.1	5.1
	Mid-interest rate loan for the working class	2.3	0.6	0.6	0.3
Shinhan Savings Bank	Sunshine loan	84.0	186.0	235.6	378.6
	Mid-interest rate loan for the working class	11.9	24.8	51.8	57.4
	Shinhan Hug Loan	41.0	57.0	73.3	86.7
Total					2,626.5

2. Others Inclusive Finance

(Unit: KRW billion, based on new amounts)

			Unit	2016	2017	2018	2019
Shinhan Bank	Savings account	New Hope Installment Savings	KRW billion	206.5	161.6	73.1	24.4
		Shinhan Smile Dream Savings	KRW billion	-	0.4	0.4	0.1
		Shinhan Youth Dream Savings	KRW billion	-	138.1	110.9	71.7
		Stepping Seed Savings	KRW billion	-	41.1	32.5	38.0
		Yellow Umbrella deduction for small businesses/merchants	KRW billion	-	62.8	46.7	34.7
		Other	Microfinance*	KRW billion	18.0	18.0	16.2
	Case			1,617	1,575	1,353	1,335
	Shinhan Life Insurance	Mid-term Healing Program		KRW billion	-	170.3	287.8
Fee discount for socially vulnerable groups			KRW billion	-	-	0.6	0.2
Premium discount for socially vulnerable groups			KRW million	47.0	63.0	53.3	58.2
		Deferred payment of insurance premiums for disaster-affected families	KRW million	4.0	20.0	11.8	15.4

*13,246 cumulative microfinance cases

Quantitative Data – Inclusive / Productive Finance

3. Innovative Finance

(Unit: KRW billion, based on new amounts)

		2017	2018	2019	
Loan	Technological finance	8,689.0	10,765.7	12,558.1	
	Job creation & innovative growth guarantee loan	123.7	418.5	1,699.3	
	Loans secured by IP	-	-	89.1	
	Loans secured by moveable assets	6.6	18.7	52.0	
Total				14,398.5	
Investment	Discovery	Shinhan Future's Lab	0.8	1.6	8.8
		Company discovery investment	0.0	12.3	27.4
		Finance for new tech companies	26.1	13.8	35.6
	Nurturing	Company nurturing investment	19.0	234.8	270.7
		Shinhan BNPP FoFs	0.0	100.0	180.0
		Government matching fund	26.0	0.0	51.1
		Social enterprise fund	0.0	9.0	14.5
	Hybrid finance ¹			2,023.8	
	Social contribution	Hope Society Project			20.1
		Two Dream Space (region-specific)			3.0
Commitment			6.0		
Total				2,641	

¹ Investment in vitalizing social overhead capital, Real estate development investment, Expanded investment in corporate value, Productive financing, etc.

4. Social Enterprise Support

(Unit: KRW billion, based on new amounts)

		2016	2017	2018	2019
All companies within the group	Loan	15.6	20.7	57.9	93.9
	Goods Procurement	0.3	0.1	1.2	1.0
	Sponsorship and donation	0.2	0.1	0.1	3.5

* Data coverage: 2016-17 bank, 2018 group

5. Social Contribution

Amount of investment in social contribution	Unit	2017	2018	2019
Charitable donations ¹	KRW billion	21.1	81.2	69.5
Investment in local community ²	KRW billion	49.0	69.6	122.1
Commercial initiatives ³	KRW billion	34.0	31.0	35.3
Total	KRW billion	104.1	181.8	227.0

¹ Charitable donation: Donation of cash and goods, sponsorship for cultural arts that are not part of a marketing strategy, matching funds, employee volunteering hours, etc.

² Investment in local community: Donation to partner organizations important to community strategy, dispatch of employees, training programs to promote local employment

³ Commercial initiatives: Community activities for the success of the company, such as increasing brand awareness through support for colleges and event sponsors, and product and service promotion (Only the amounts directly used for partner organizations/charities are included)

Investment Amount by Donation Types

	Unit	2017	2018	2019
Cash	KRW million	49,400	181,583	222,787
Employees' volunteering hours converted into working hours	KRW million	9,198	106	413
Voluntary service time (time)	hours		234,843	69,367
Converted value of goods donations ¹	KRW million	150	68	262
Indirect costs ²	KRW million	2,252	176	3,547

¹ Goods donations: The market value of donated products/services

² Indirect costs: Expenses spent on program management, etc. other than those directly spent on social contribution programs

6. Financial Support Activities

(Unit: Cases)

Exemption of financial fees for financially vulnerable groups (Shinhan Bank)

	2017	2018	2019
Financial service fee exempted accounts	74,925	198,277	200,530
Number of newly opened financial service fee exempted accounts	115,940	362,529	359,898

* Data coverage: 2016-17 bank, 2018 group

Quantitative Data – Customers

1. Customer Satisfaction

(Unit: point)

	2016	2017	2018	2019
Shinhan Bank	95.8	96.2	95.4	95.5
Shinhan Card	87.2	87.6	88.3	89.0
Shinhan Financial Investment	94.6	94.4	93.2	93.3
Shinhan Life Insurance	95.0	96.0	96.0	96.0
OrangeLife	-	-	-	92.0
Jeju Bank	97.6	97.6	97.5	97.6

※ OrangeLife was incorporated into the group in 2019

2. Information Protection

	Unit	2016	2017	2018	2019
Number of cases of customer information leakages	Cases	0	0	0	0
Information protection training for executives and employees	Training hours	132,820	132,820	129,810	136,913
	No. of participants	21,597	20,776	20,551	21,574
Information protection training for external/business partners	Training hours	25,182	24,309	23,908	23,059
	No. of participants	5,352	5,423	5,171	5,321

3. Customer Complaint Handling

(Unit: case)

	2016	2017	2018	2019
Total no. of customer complaints	2,307	2,175	2,582	3,270
No. of processed cases	2,307	2,175	2,581	3,270
Completion rate (%)	100%	100%	100%	100%

4. Digital Financial Service Subscription Rates*

(Unit: persons)

	2016	2017	2018	2019
Transaction customers	49,985,533	50,880,325	51,277,162	51,714,602
Web/mobile registered customers	27,344,988	30,208,372	32,849,518	37,227,321
Usage of digital financial services	54.7%	59.4%	64.1%	71.9%

* Ratio of the number of customers relative to the number of customers of each group company (Bank/Card/Investment/Life/Orange/Savings/Jeju)

Quantitative Data – Employees

1. No. of Executives and Employees

(Unit: persons)

		2016		2017		2018		2019	
		Female	Male	Female	Male	Female	Male	Female	Male
Total number of employees		9,522	12,646	9,308	12,414	9,143	12,265	9,899	12,508
Positions	Management ¹	6	167	8	185	10	188	14	226
	Regular employees	9,046	11,440	8,893	11,262	8,702	11,039	9,333	11,134
	Contract workers	470	1,037	407	967	431	1,038	552	1,148
Total number of turnover and retirees		827	956	793	1,137	858	1,057	480	937
Number of voluntary turnover ²		192	248	352	553	655	694	357	523

¹ Executives and directors² (Excluded) honorary retirement, regular retirement, disciplinary dismissal, transfer within group, (Included) voluntary retirement

2. Safety and Health

		Unit	2016	2017	2018	2019
No. of industrial accidents	case		2	5	11	8
Absence from industrial accidents	day		5	79	242	196
Absenteeism	%		0.0001	0.0015	0.0045	0.0035
Total missed hours	time		40	632	1,936	1,568
Total work hours	time		44,336,000	43,444,000	42,816,000	44,814,000
Accident rate	%		0.0090	0.0230	0.0514	0.0357

3. Diversity

(Unit: persons)

		2016		2017		2018		2019	
		Female	Male	Female	Male	Female	Male	Female	Male
Female leadership	Management	6	167	8	185	10	188	14	226
	Upper-level managers	2,332	8,334	2,489	8,326	2,427	8,207	3,006	8,669
	Managers	709	1,468	732	1,447	774	1,514	1,094	1,744
Number of veteran employees		425	662	405	648	387	628	410	604
Number of employees with disabilities		55	153	57	152	58	146	66	154

4. Maternity Leave Status

(Unit: persons)

		2016		2017		2018		2019	
		Female	Male	Female	Male	Female	Male	Female	Male
Employees scheduled to return to work in the current year after maternity leave (persons)		790	11	879	12	842	21	854	25
Employees who returned to work in the current year after maternity leave (persons)		715	8	796	10	722	19	658	19
Share of employees that returned to work in the current year after maternity leave		91%	73%	91%	83%	86%	90%	77%	76%
Returning employees that served over 12 months after maternity leave in the previous year (persons)		412	8	485	7	573	9	608	20
Share of returning employees that served over 12 months after maternity leave in the previous year		65%	100%	68%	88%	72%	90%	77%	105%

Quantitative Data – Employees

5. Labor Associations

(Unit: persons)

	2016	2017	2018	2019
No. of candidates to join labor associations (persons)	16,446	16,228	15,926	16,016
No. of members of labor associations (persons)	15,938	15,938	15,592	15,515
Membership ratio of labor associations	96.91%	98.21%	97.90%	96.87%
Persons eligible for labor union membership	15,965	15,745	15,429	15,469
Union members	15,457	15,455	15,095	14,968
Ratio of union members	96.82%	98.16%	97.84%	96.76%

※ Labor associations: labor union, labor-management council etc.

6. Increase in Awareness of Ethics and Human Rights

		Unit	2017	2018	2019
No. of participants in training	Training hours	Persons	22,019	21,646	23,226
	Signing on the pledge of ethical behavior (persons)	Persons	21,893	21,391	22,399
	Compliance pledge signing rate	%	99%	99%	99%
Training hours	Online training (hours)	Hours	27,013	43,292	46,452
	Human rights education (hours)	Hours	3,670	21,646	23,226

7. Competency Enhancement

	Unit	2016	2017	2018	2019
Total education hours	hours	2,352,974	2,056,932	2,073,900	1,745,284
Total education expenses	KRW million	22,713	25,030	23,960	25,321
Education hours per person	hours	115	102	105	85
Education expense per person*	KRW million	1.1	1.2	1.2	1.2

* The total training hours/expenses per capita were divided by the number of training targets (the number of full-time employees)

Quantitative Data – Environment

1. GHG Emissions (Scope1,2)

	Unit	2016	2017	2018	2019
Scope1+2	tCO ₂ eq	98,590.1	97,630.5	95,933.0	90,195.0
Scope1	tCO ₂ eq	16,732.1	16,733.3	15,699.1	14,086.5
Scope2	tCO ₂ eq	81,858.0	80,897.2	80,263.9	76,108.4
GHG emission intensity (Employees*)		4.9	4.9	5.0	4.2

* Regular workers excluding Jeju

2. GHG Emissions (Scope3)

(Unit: tCO₂eq)

		2016	2017	2018	2019
Scope3		18,501.7	19,462.5	19,158.6	18,643.2
Business trips	Airline (Domestic)	95.8	181.8	79.3	80.3
	Train	117.3	188.6	116.5	87.8
	Bus	30.5	47.5	9.4	12.2
Cash-in-transit	Gasoline	-	-	-	-
	Diesel	409.8	418.6	429.3	483.9
	LPG	3.1	0.7	-	-
Purchase of Products and Services	Printing paper	5,031.4	4,581.2	3,613.8	3,240.8
	Credit cards	11,800.3	13,128.8	13,996.4	13,569.4
	Savings accounts	191.6	175.8	164.7	159.5
Capital goods	Laptops	0.1	2.3	-	-
	PC desktop	180.5	28.2	112.9	134.0
	Monitors	79.6	143.0	65.1	30.4
	Printers	66.1	122.3	156.1	184.1
	LED lights (50W)	226.4	176.1	148.3	353.4
Waste	Credit cards	113.3	126.0	134.4	130.3
	Savings accounts	4.1	3.8	3.5	3.4
	General waste (Incineration)	41.1	26.9	31.8	64.8
	Recyclable waste (Paper)	22.6	20.6	4.9	5.1
	Recyclable waste (Styrofoam)	0.1	-	-	-
	Recyclable waste (Glass)	1.5	1.9	2.6	2.8
	Recyclable waste (Cans)	0.0	0.0	0.0	0.0
	Recyclable waste (Plastic)	0.1	0.2	0.3	0.5
Water	Tap water	65.0	64.1	65.4	83.5
	Underground water	21.6	24.2	23.9	17.0

Quantitative Data – Environment

3. Energy Consumption

	Unit	2016	2017	2018	2019
Total Energy Consumption	MWh	53,945.5	56,411.7	54,158.1	51,015.0
Electricity	MWh	33,327.0	35,395.1	34,343.1	32,548.9
Gas	MWh	5,532.1	5,588.3	5,991.2	5,113.9
Gasoline	MWh	14,879.6	15,261.3	13,659.4	13,195.5
Diesel	MWh	206.8	167.0	164.5	156.7
Energy Intensity (employees*)		2.7	2.9	2.8	2.4

* Regular workers excluding Jeju

4. Paper Consumption

(Unit: metric ton)

	2016	2017	2018	2019
Paper	764.7	666.3	542.8	410.1

5. Water Consumption

(Unit: m³)

	2016	2017	2018	2019
Tap water	195,745.0	192,978.0	197,136.0	289,410.0
Underground water	64,970.0	72,813.0	71,903.0	51,321.0
Total	260,715.0	265,791.0	269,039.0	340,731.0

6. Waste Discharge

(Unit: metric ton)

	2016	2017	2018	2019
General waste	334.0	324.8	258.3	444.9
Recycled waste	214.1	117.4	85.9	99.3

7. Environmental Investment

(Unit: KRW million)

	2016	2017	2018	2019
Purchase of eco-friendly IT products	4,310.0	2,409.0	4,676.0	4,984.0
Purchase of eco-friendly IT products	1,480.0	737.0	599.5	1,185.7
Replacement of outdated facilities	-	1,309.0	1,375.3	549.8
Total	5,790.0	4,455.0	6,650.8	6,719.5

Global Initiative – Principles for Responsible Banking

Report Framework		Report Area
Principle 1: Alignment		
1.1	Business model	2020 CSR strategies
1.2	Linkage among strategies, SDGs, the Paris Convention and relevant frameworks	Performance of 'ECO Transformation 20-20,' Shinhan's sustainable development goals initiative
Principle 2. Impacts		
2.1	Impact Analysis	Materiality Assessment, Measuring Shinhan Financial Group's Social Values
2.2	Target Setting	Materiality Assessment, 2020 CSR strategies
2.3	Plans for Target Implementation and Monitoring	2020 CSR Strategies Dashboard
2.4	Progress on Implementing Targets	2020 CSR Strategies Dashboard
Principle 3. Clients & Customers		
3.1	Policies and process for responsible management of clients and customers	Fair and Ethical Business Practices
3.2	Endeavor to encourage sustainable economic activities of clients and customers	Innovative, Inclusive Finance
Principle 4: Stakeholders		
4.1	Identification of stakeholders, management and communication of key pertinent issues	Communication with stakeholders
Principle 5. Governance & Target Setting		
5.1	The relevant governance structures, policies and procedures to put in place to manage significant positive and negative (potential) impacts and support effective implementation of the Principles.	Sustainability Management Governance
5.2	The initiatives and measures has implemented or is planning to implement to foster a culture of responsible banking among its employees	Sustainability Management Governance
5.3	Governance Structure for Implementation of the Principles	Sustainability Management Governance
Principle 6. Transparency & Accountability		
6.1	Progress on Implementing the Principles for Responsible Banking	Global Initiative – Principles for Responsible Banking

Global Initiative – SASB

Sustainability Disclosure Topics & Accounting Metrics

Topic	Report Framework	Report Area
Information security	(1) Number of data breaches, (2) percentage of personally identifiable information (PII), (3) number of account holders affected	Quantitative Data
	Identification of data security risks and explanation of solutions	Safe Personal Information Protection
Inclusive Finance	The number and amount of loans for programs designed to promote SMEs and community development	Quantitative Data – Innovative, Inclusive Finance
	The number and amount of overdue and non-current loans eligible for programs designed to promote SMEs and community development	IR Resources > Management Performance Status Q1 2020 24p~26p
	The number of fee-exempted accounts provided to customers with no bank account or insufficient balance	Quantitative Data
	Financial education for financially vulnerable groups (number of participants in financial education)	Quantitative Data – Financial Support Activities
Integrated credit analysis of environmental, social and governance factors	Credit exposure by business and industry	IR Resources > Management Performance Status Q1 2020 24p~26p
	Description of an approach to integrate environmental, social and governance (ESG) factors into credit analysis	Quantitative Data
Ethics	Total monetary losses incurred from fraud, insider trading, antitrust, anti-competitive behavior, market manipulation, negligence or other legal proceedings related to regulations on the financial industry	Quantitative Data
	Description of whistleblower policy and procedures	Quantitative Data
Risk management	G-SIB scores	Quantitative Data
	Approach to integrate the results of mandatory and voluntary stress tests into capital adequacy plans, long-term business strategies and other business activities	Quantitative Data

Activity Metrics

Report Framework	Report Area
Number of individual and SME customers and received (deposit) amounts	IR Resources > Management Performance Status Q1 2020 24p~26p
Number of individual, SME, large corporation customers and loaned amounts	IR Resources > Management Performance Status Q1 2020 24p~26p

Global Initiative – TCFD

Report Framework	Report Area
Governance Structure	
a) Supervision of the Board of Directors on the risks and opportunities relating to climate change	Sustainability governance implementation of TCFD recommendations
b) The role of management to evaluate and manage the risks and opportunities relating to climate change	
Strategies	
a) The risks and opportunities concerning climate change identified by the organization for short mid- and long-term investigations.	Implementation of TCFD recommendations Sustainable finance and ESG investment products
b) Impacts of the risks and opportunities regarding climate change on the organization's business, strategic, and financial plans	
c) Resilience recovery of the organization's strategies in consideration of a range of scenarios on various climate changes including one with below 2°C	
Risk Management	
a) Organization's process to identify and evaluate the risks related to climate change	Implementation of TCFD recommendations Integrated ESG risk management
b) Organization's process to manage and control the risks related to climate change	
c) The ways in which the process to identify, evaluate, and manage the risks related to climate change is integrated into the organization's overall risk management	
Indices and Reduction Targets	
a) Indices adopted by the organization to assess the risks and opportunities concerning climate change in accordance with its strategy or risk management process	Integrated ESG risk management
b) Scope 1, Scope 2, and Scope 3 GHG emissions and related risks	Advancing the Environmental Management System ESG Data
c) Methodology used by the organization to manage the risks and opportunities and performance against targets in terms of climate change	Integrated ESG risk management

Global Initiative – UNGP

Report Framework		Report Area
Part A: Governance of Respect for Human Rights		
Policy Commitment		
A1	What does the company say publicly about its commitment to respect human rights?	Promise to Respect Human Rights
A1.2	How has the public commitment been developed?	
A1.3	Whose human rights does the public commitment address?	
A1.4	How is the public commitment disseminated?	
Embedding Respect for Human Rights		
A2	How does the company demonstrate the importance it attaches to the implementation of its human rights commitment?	CSR Governance
A2.1	How is day-to-day responsibility for human rights performance organized within the company, and why?	
A2.2	What kinds of human rights issues are discussed by senior management and the Board, and why?	Promise to Respect Human Rights
A2.3	How are employees and contract workers made aware of the ways in which respect for human rights should inform their decisions and actions?	
A2.4	How does the company make clear in its business relationships the importance it places on respect for human rights?	
A2.5	What lessons has the company learned during the reporting period about achieving respect for human rights, and what has changed as a result?	Human Rights Risk Assessment
Part B: Defining a Focus of Reporting		
Statement of salient issues		
B1	State the salient human rights issues associated with the company's activities and business relationships during the reporting period.	Human Rights Risk Assessment Results
Determination of Salient Issues		
B2	Describe how the salient human rights issues were determined, including any input from stakeholders.	Human Rights Risk Assessment Results
Choice of Focal Geographies		
B3	If reporting on the salient human rights issues focuses on particular geographies, explain how that choice was made.	Human Rights Risk Assessment Results
Additional Severe Impacts		
B4	Identify any severe impacts on human rights that occurred or were still being addressed during the reporting period, but which fall outside of the salient human rights issues, and explain how they have been addressed.	Human Rights Risk Assessment Results

Report Framework		Report Area
Part C: Management of Salient Human Rights Issues		
Specific Policies		
C1	Does the company have any specific policies that address its salient human rights issues and, if so, what are they?	Areas of Concern relating to Human Rights Issues
C1.1	How does the company make clear the relevance and significance of such policies to those who need to implement them?	CSR Governance
Stakeholder Engagement		
C2	What is the company's approach to engagement with stakeholders in relation to each salient human rights issue?	Process of Managing Human Rights Impacts
C2.1	How does the company identify which stakeholders to engage with in relation to each salient issue, and when and how to do so?	
C2.2	During the reporting period, which stakeholders has the company engaged with regarding each salient issue, and why?	
C2.3	During the reporting period, how have the views of stakeholders influenced the company's understanding of each salient issue and/or its approach to addressing it?	
Assessing Impacts		
C3	How does the company identify any changes in the nature of each salient human rights issue over time?	Human Rights Risk Assessment Results
C3.1	During the reporting period, were there any notable trends or patterns in impacts related to a salient issue and, if so, what were they?	
C3.2	During the reporting period, did any severe impacts occur that were related to a salient issue and, if so, what were they?	
Integrating Findings and Taking Action		
C4	How does the company integrate its findings about each salient human rights issue into its decision-making processes and actions?	CSR Governance
C4.1	How are those parts of the company whose decisions and actions can affect the management of salient issues, involved in finding and implementing solutions?	
C4.2	When tensions arise between the prevention or mitigation of impacts related to a salient issue and other business objectives, how are these tensions addressed?	
C4.3	During the reporting period, what action has the company taken to prevent or mitigate potential impacts related to each salient issue?	Human Rights Risk Assessment Results
Tracking Performance		
C5	How does the company know if its efforts to address each salient human rights issue are effective in practice?	Human Rights Risk Assessment Results
C5.1	What specific examples from the reporting period illustrate if each salient issue is being managed effectively?	
Remediation		
C6	How does the company enable effective remedy if people are harmed by its actions or decisions in relation to the salient human rights issues?	Human Rights Risk Assessment Results
C6.1	Through what means can the company receive complaints or concerns related to each salient issue?	
C6.2	How does the company know if people feel able and empowered to raise complaints or concerns?	
C6.3	How does the company process complaints and assess the effectiveness of outcomes?	
C6.4	During the reporting period, what were the trends and patterns in complaints or concerns and their outcomes regarding each salient issue, and what lessons has the company learned?	
C6.5	During the reporting period, did the company provide or enable remedy for any actual impacts related to a salient issue and, if so, what are typical or significant examples?	

GRI Standard Index

Universal Disclosures(GRI 100)							
Topic	Disclosure	Indicator	Page	Topic	Disclosure	Indicator	Page
Organizational Profile	102-1	Name of the organization	2	Stakeholder Engagement	102-40	List of stakeholder groups	51
	102-2	Activities, brands, products, and services	2		102-41	Collective bargaining agreements	61
	102-3	Location of headquarters	Back cover		102-42	Identifying and selecting stakeholders	51
	102-4	Location of operations	Website business line		102-43	Approach to stakeholder engagement	51
	102-5	Ownership and legal form	Website shareholder composition		102-44	Key topics and concerns raised	51
	102-6	Markets served	Website business line	Reporting Practice	102-45	Entities included in the consolidated financial statements	73
	102-7	Scale of the organization	60		102-46	Defining report content and topic Boundaries	50
	102-8	Information on employees and other workers	60		102-47	List of material topics	50
	102-9	Supply chain	Website business line		102-48	Restatements of information	52
	102-10	Significant changes to the organization and its supply chain	n/a		102-49	Changes in reporting	n/a
	102-11	Precautionary principle or approach	20, 41		102-50	Reporting period	73
	102-12	External initiatives	20		102-51	Date of most recent report	73
	102-13	Membership in associations	54		102-52	Reporting cycle	73
Strategy	102-14	Statement from senior decision-maker	5~6	102-53	Contact point for questions regarding the report	73	
	102-15	Key impacts, risks, and opportunities	5~6	102-54	Claims of reporting in accordance with the GRI Standards	73	
Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	8	102-55	GRI content index	69~70	
	102-17	Mechanisms for advice and concerns about ethics	29	102-56	External assurance	71~72	
Governance	102-18	Governance structure	44~47	Management Approach	103-1	Explanation of the material topic and its boundary	50
	102-20	Executive-level responsibility for economic, environmental, and social topics	19		103-2	Management approach and its components	8, 10~11
	102-32	Highest governance body's role in sustainability reporting	19		103-3	Evaluation of the management approach	52
	102-35	Remuneration policies	44~47				
	102-36	Process for determining remuneration	44~47				
	102-38	Annual total compensation ratio	44~47				

Topic-specific Standards

Economic Performance(GRI 200)

Topic	Disclosure	Indicator	Page
Economic Performance	201-1	Direct economic value generated and distributed	53
	201-2	Financial implications and other risks and opportunities due to climate change	21~23
	201-3	Defined benefit plan obligations and other retirement plans	54
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	17
	203-2	Significant indirect economic impacts	18
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	54

Environment Performance (GRI 300)

Topic	Disclosure	Indicator	Page
Energy	302-1	Energy consumption within the organization	63
Water	303-3	Water withdrawal	63
Emissions	305-1	Direct (Scope 1) GHG emissions	62
	305-2	Energy indirect (Scope 2) GHG emissions	62
	305-3	Other indirect (Scope 3) GHG emissions	62
	305-4	GHG emissions intensity	62

Social Performance(GRI 400)

Topic	Disclosure	Indicator	Page
Employment	401-1	New employee hires and employee turnover	60
	401-3	Parental leave	60
Occupational Health and Safety	403-6	Promotion of worker health	36
	403-9	Work-related injuries	60
Training and Education	404-1	Average hours of training per year per employee	61
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	60
	405-2	Ratio of basic salary and remuneration of women to men	· Ratio of bank executive positions (average basic salary of women/ average basic salary of men): 1.0
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	48~49
	412-2	Employee training on human rights policies or procedures	61
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	17~18
Public Policy	415-1	Political contributions	54
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	59 · Number of customer information related cases: 62

INDEPENDENT ASSURANCE STATEMENT

Introduction

Shinhan Financial Group commissioned DNV GL Business Assurance Korea Ltd. (“DNV GL”), part of DNV GL Group, to undertake independent assurance of ‘Shinhan Financial Group CSR Report 2018’ (the “Report”). The directors of Shinhan Financial Group have sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of Shinhan Financial Group in accordance with the terms of reference. DNV GL’s assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith.

Scope and Basis of assurance

Based on non-financial data, sustainability activities and performance data of 2019 generated from Shinhan Financial Group, we have evaluated the adherence to AA1000 Accountability Principles (AP) 2019. We have reviewed the Topic-specific disclosures of GRI Standards which were identified in the process of defining reported content;

No.	Material topic	GRI Topic Specific Disclosure	No.	Material topic	GRI Topic Specific Disclosure
1	Digital transformation	N/A	5	Human resource development	404-1
2	Ethical management and compliance	205-3	6	Sustainable finance	FS8
3	Inclusive finance	FS14	7	Response to climate change	201-2
4	Support for innovative growth	FS7	8	ESG and mid- to long-term risk management	N/A

* FS: GRI G4 Financial Services Sector Disclosures is applied

We performed our work using AA1000AS 2008 with 2018 addendum2 and DNV GL’s assurance methodology VeriSustainTM 3 (Ver. 5.0) which is based on our professional experience, international assurance best practices. DNV GL provides Type 1 and the moderate level of assurance. But some environmental performances have been verified by Type 2. The assurance was carried out from May and till June 2020. The site visits were made to SHINHAN FINANCIAL GROUP, Korea. We undertook the following activities as part of the assurance process:

- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- Interviewed representatives from the various departments;
- Conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data; and.
- Reviewed the materiality assessment report.

¹ The AA1000 Accountability Principles 2018 is the 4 principals used as a guideline to evaluate, manage, improve responsibility and the sustainable performance of the publisher designated by AccountAbility and communicate with.

² The VeriSustain protocol is available upon request at DNV GL Website (www.dnvgl.com)

³ The AA1000 Assurance Standard 2008 with 2018 Addendum is the assurance standard set by AccountAbility.

Limitations

The engagement excludes the sustainability management, performance, and reporting practices of Shinhan Financial Holding Company’s other subsidiaries, associated companies, suppliers, contractors and any thirdparties except Shinhan Financial Holding Company and its eight subsidiaries (Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Orange Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital, and Jeju Bank). We did not interview external stakeholders as part of this Assurance Engagement. Economic performance based on the financial data is cross-checked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as data on the website of Shinhan Financial Holding Company and its eight subsidiaries. These documents, financial statements and the announcements are not included in this Assurance Engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. The baseline data for environmental and social performance are not verified, while the aggregated data at the corporate level are used for the verification. DNV GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

Conclusion

On the basis of the work undertaken, nothing comes to our attention to suggest that the reported data and information disclosed in the Report do not give a fair representation of SHINHAN FINANCIAL GROUP’s related sustainability performance. Further opinions with regards to the adherence to the Principles are made below.

The Principle of Inclusivity

SHINHAN FINANCIAL GROUP has identified internal and external stakeholder groups such as customers, Government, Local Communities, shareholders and investors, employees and partner companies. SHINHAN FINANCIAL GROUP engages with the stakeholders at the company and business unit levels through various channels. SHINHAN FINANCIAL GROUP collects opinions through various channels with stakeholders, and each opinion is reflected in the activities to promote the CSR strategy. Stakeholder definition, participation methods, key expectations, and SHINHAN FINANCIAL GROUP’s efforts to respond are described in the Report. In particular, SHINHAN FINANCIAL GROUP is pursuing sustainable management direction along with the United Nations Sustainable Development Goals (UN SDGs), and is promoting activities to create sustainable management performance in terms of business characteristics and ESG (Environment, Social and Governance)

The Principle of Materiality

SHINHAN FINANCIAL GROUP has conducted the materiality assessment to prepare the Report. The pool of 18 sustainability management issues was derived through various international standard and trend analysis, media analysis, management status and strategic direction analysis. In addition, 8 material issues were selected through prioritization as material topics. SHINHAN FINANCIAL GROUP reports its performance in connection with the ‘2020 CSR Strategy’ on material issues identified through materiality assessment. We have reviewed the materiality assessment process and noted relevant material topics prioritized from the process are addressed in the Report.

The Principle of Responsiveness

SHINHAN FINANCIAL GROUP selects material topics in consideration of the 2020 CSR strategy, group strategy direction, and stakeholder impact, and reports response strategies, goals, and performances on these material topics. The Report presents the meaning and direction of SHINHAN FINANCIAL GROUP's sustainability management, which helps to understand SHINHAN FINANCIAL GROUP's sustainability management. In particular, SHINHAN FINANCIAL GROUP established the CSR Committee to actively respond to the needs of stakeholders and fulfill social responsibilities. It responds to material issues related to overall sustainability management, such as the results of sustainability management evaluations and stakeholder interests. In addition, SHINHAN FINANCIAL GROUP participates in international initiatives such as the Task Force on Climate-related Financial Disclosures (TCFD), the UN Principles for Responsible Banking, and the UN Principles for Sustainable Insurance. SHINHAN FINANCIAL GROUP is responding to the expectations of its stakeholders through the establishment of the group's "Climate Change Response Principles," and issuing sustainability bonds.

The Principle of Impact

The impact on stakeholders related to material topics should be identified, monitored and assessed. The Report presents direct and indirect impacts of material topics identified materiality assessment. In particular, SHINHAN FINANCIAL GROUP has developed the "Shinhan Social Value Measurement Framework (SVMF)" a social value measurement model, to promote more meaningful corporate social activities and sought to increase the effectiveness and sustainability of its social contribution projects. We expect that SHINHAN FINANCIAL GROUP will increase the effectiveness of its CSR activities through the Shinhan SVMF model and reflect the results in the Report.

Reliability of Specific Sustainability Performance Information

DNV GL evaluated whether it follows the principles of the report AA1000 AP (2018) as described above (Type 1 verification). In addition, the reliability was verified for greenhouse gas emissions (Scope 1, 2), greenhouse gas emissions related to business travel (Scope 3), energy consumption, water usage, waste emissions, absenteeism rate as specific sustainability performance information. We have interviewed the in-charge person, reviewed the process of gathering and processing data and test information on a sampling basis. In-charge person can explain the source and process of the data identified above, which is considered traceable. The intentional error or misstatement is not noted from the data and information disclosed in the Report. Data owners were able to demonstrate the origin and interpretation of the data in a reliable manner. The data was identifiable and traceable.

Competence and Independence

DNV GL applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV GL Code of Conduct⁴ during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV GL has provided Shinhan Bank's 2019 greenhouse gas emission verification and Shinhan Bank's ISO 14001:2015 and ISO 50001:2011 certification. In our opinion, this does not affect the independence or impartiality of our work.



June 2020 Seoul, Korea

A handwritten signature in black ink, appearing to read "J.S. Lee".

Jang Sup Lee

Country Representative

DNV GL Business Assurance Korea Ltd.

⁴ DNV GL Code of Conduct is available from DNV GL website (www.dnvgl.com)

ABOUT THIS REPORT

Reporting Principles

This Report complies with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI) and fulfills the conditions in accordance with the Core Option. The financial information included in the Report follows the Korean International Financial Reporting Standards (K-IFRS), which uses the unit of the Korean won (KRW).

Reference Standards

This Report complies with the TCFD Recommendations and Principles for Responsible Banking. The performance and progress on human rights activities according to UN Guiding Principles on Business and Human Rights (UNGP) is also reported. SASB's Commercial Bank Matrix is reflected in this Report.

Reporting Period and Scope

The reporting period of this Report is from January 1 to December 31, 2019. Some qualitative activities and results from 2019 have also been included. For identifying trends, data for the previous three to four years have been reported. The scope of the report includes the eight Group affiliates of Shinhan Financial Holding Company, Shinhan Bank, Shinhan Card, Shinhan Investment Corp., Shinhan Life Insurance, Shinhan BNP Paribas Asset Management, Shinhan Capital, and Jeju Bank, which amount to 98.99% of all Group affiliates in terms of sales volume. In order to minimize reader confusion, separate explanations are given for issues requiring attention on the scope of reporting, while abbreviations of the company names are used for reader's convenience. Quantitative performance presented in the Report is based on 2019, while cumulative amounts are from 2017. If the cumulative period is different, it has been separately stated.

Reliability of the Report

To improve the reliability of the Report, a verification process was undertaken in accordance with the AA1000AS (2018) assurance standard based on its principles of inclusivity, materiality, responsiveness, and impact by global verification institute, DNV GL. The format of the engagement was structured to meet the AA1000AS Type I, will certain performance related information was verified according to the Type 2 of the same assurance standard. The results of verification can be found on pages 71 and 72 of the Report.

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